

# Managing Partners: Seeking Higher Profits? Look at Your Culture



Law firms endure times of declining profits, hiring freezes, and personnel challenges. Those pressures force leaders to cut their workforce while demanding more from those they retain, reduce expenses when being asked for discounts, spin-off as groups, or merge.

Management looks to their financial reports to drive revenue. Partners ask profitability questions. Managing partners look for answers – answers to solve the ups and downs they worry about.

One solution is for leaders to survey their successful clients' business models. What are the common denominators? Why does one business thrive, while others fail? When managing partners compare operations between companies, and even among law firms, they'll discover that most profitability answers lie within the culture they create and direct.

Creating and directing a culture is multi-faceted. Decisions within a firm, either consciously or unconsciously, work toward advancing the firm's culture, or not. The collective behaviors and beliefs of the people working within forecast the firm's future.

Creating a culture that manifests profits can be accomplished with a commitment to the following:

- A shared dedication to an inspiring vision;
- A strong and visible leadership team made up of members who get along and respect each other;
- Proper rewards and recognitions (in addition to money) that inspire good behaviors;
- Continuing professional development programs that strengthen retention and foster healthy communications; and
- A plan that supports marketing and business development investments.

## **An Inspirational Vision**

To be a leader, one has followers. Hence, the question becomes: what makes people want to follow? The Harvard Business Review article "To Lead, Create a Shared Vision," reveals that the number one requirement was honesty, and second was that he/she be forward thinking. Yet most leaders don't have the time or inclination to create a forward-thinking vision. To move past this, leaders must ask questions. What is in it for the firm's partners, associates, managers, staff, and clients? What motivates them as a group and as individuals? If the firm is new, the vision will differ from a firm that is expanding, merging, or possesses a legacy. The primary building ingredient for profits is a vision that resonates.

## **The Leadership Team**

Culture is translated from the top down. Hence, the people at the helm must work to build consensus, commitment and positive momentum around the firm's vision. Leaders must be skilled at communicating in ways that meet the reasonable needs of their constituents, while advancing the firm. A healthy culture is not built upon establishing the vision alone, but rather it is built over time through leaders who are adroit at connecting group and individual successes to the firm's. It is a deliberate way to move people towards success.

Managing partners must also inspect their management team including practice group and committee leaders. They are the beacons of the firm's vision whose behaviors, attitudes, and intentions get replicated. Leaders should motivate and inspire. It is also important that

the leadership team is cohesive as disputes and personality conflicts are costly time, money, and energy distractions.

## **Rewards and Recognitions**

Behaviors that get repeated are those that get rewarded. This applies to both good and bad behaviors. Most everyone wants to be recognized and rewarded fairly for their good work and firm contributions. Yet very common are resource competitions between the firm, groups, and partners. While financial rewards are obviously significant, today's leaders must reward in new ways. A workforce with increasing millennials and generations Xers makes reward diversification urgent.

Whether spontaneous or planned, leaders should spot and seize opportunities that recognize behaviors that motivate individuals and teams: success breeds success. Practice group meetings, social and client functions, lunchroom and water-cooler gatherings are opportunities to spread the firm's vision and positive gossip. Leadership presence, communications, and daily behaviors spur actions and reactions that make up the firm's behavioral norms. The leaders establish and model behaviors others repeat. How someone is recognized or talked about, either in front of or behind their back, roots the firm's culture that foreshadows the firm's advancement, stagnation, or decline.

## **Professional Development**

A professional development plan begins with an honest diagnosis of the firm's clients, attorneys and employees. Attitudes, behaviors and capabilities, analyzed separately and collectively, should be compared and contrasted. This intelligence identifies challenges and opportunities that work towards proper resource allocations and priorities. Satisfied constituents who are positioned for growth breed success.

A professional development plan is a smart way to ensure superior client service, attract and retain leading talent, and boost efficiencies and productivity – all fundamental components of profitability. Training and development, mentoring, and continued learning programs are necessary for setting expectations and inspiring actions. Revenue cannot help but follow a culture made up of high performing attorneys and staff who share core values of quality client service and satisfaction.

## **Strategic Marketing and Business Development**

To say the legal industry is competitive is an understatement. We see larger marketing expenses for sponsorships, advertising, public relations, and personnel who implement a

myriad of programs. These marketing expenses impact profits.

To ensure firms receive the greatest return on their investments they should start the strategic planning process by looking internally. Do your lawyers trust each other enough to share clients? Are rewards in place to appreciate and recognize people fairly for their business development and administrative contributions? Do the clients, attorneys and staff promote the firm's services, brand message, and client benefits? Is positive gossip spread relating to major wins and advancements? Answers to these questions determine the conditions that work for or against the firm's business development initiatives. A healthy culture can't help but boost the returns of the firm's marketing investments. Accordingly, the backdrop to any business development plan should be a cultural relations strategy.

Profitability is a matter of purposeful choice to establish a vision that creates positive momentum. With positive momentum comes increased success, and with that, greater satisfaction. With greater satisfaction, people at all levels are motivated to work harder and give more. No matter the chain of events and circumstances, the firm gets the culture its leader manifests.

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