



Show Me the Culture and I'll Show You the Money

BY DEANA KARDEL ON MARCH 14, 2017 ·

The long-term profitability of any law firm can be significantly increased by paying attention to one thing—the health of the firm's culture. This simple truth gets overlooked because managing partners and legal administrators are trained to chase dollars instead of good behavior. To drive revenue, many law firm leaders first analyze their financial reports for income and expense justifications. In difficult times, profitability pressures force leaders to implement workforce cuts while demanding more from those they retain. They reduce marketing expenses while being asked by clients for write-offs and discounts, or they even take to spinning-off as groups, or merge. Yet profitability challenges prevail. The secret weapon to winning those challenges lies within the conditions that manifest the firm's culture. Once a firm's culture is healthy and solidly in place, the dollars can't help but follow.

Culture is defined as the behaviors and belief characteristics of a group which are established by the group's leadership. Managing partners decide what type of culture they want to establish by their behaviors and by those who surround them. Managing partners must never lose sight of the fact that they create their firm's culture (whether intentionally or not) and the culture they create is at the very core of the firm's growth, stagnation or decline.

Creating and directing a culture is multi-faceted. Every decision within a firm, either consciously or unconsciously, works toward advancing the firm's culture, maintaining it or dismembering it. Creating a culture that manifests profits can absolutely be accomplished, but it takes a commitment to optimizing the key elements that make up the culture. At the core of any cultural relations plan is the firm's vision. Surrounding that vision is the leadership team, incentives, professional development and a solid business development strategy. The initiatives within each of those programs that surrounds the vision must work in harmony to motivate and inspire the lawyers and the employees who embody the firm.



The Firm's Vision

Great leaders in virtually every industry know the importance of establishing and communicating their unique vision. Some might call this a mission statement but I would argue an inspiring vision is much more, because it answers the question of what is important about what we do. Additionally, to be a leader, one must have followers. What makes people want to follow a leader? The *Harvard Business Review* article titled *To Lead, Create a Shared Vision*, reveals what employees look for and admire in a leader. The number one requirement stated was honesty, and the second was that they be a forward-thinking visionary. Yet the article stated that only three percent of leaders have the time or the inclination to be a visionary.

To create vision that resonates, managing partners should ask questions such as: What is in it for the firm's constituencies made up of partners, associates, managers, staff and clients? What motivates you and them to come to work at your firm every day? What do clients see in your law firm that differs from another? If the firm is new, the motivational and inspirational vision is very different from a firm that is expanding into new markets, is merging with another, or possesses a legacy. Forward-thinking visions vary from firm to firm. However, instituting a resonating vision is the foundation and first step for establishing and directing a firm's culture.

Firm Leadership

Firm leaders include managing partners, branch office, practice group and committee chairs and members, practice group or department team leaders, equity partners, board members, and administrative management, just to name a few. These leaders collectively are internal spokespeople that exemplify the firm's behaviors, attitudes and intentions. They are at the heart of the firm's cultural norms. A healthy culture is not built upon establishing the vision alone, but rather it is built over time through the leaders who are skilled at connecting group and individual successes to that of the firm's vision and goals. It is a deliberate way to inspire and motivate people toward advancements and profits as culture is translated from the top down. This means that once the firm's vision is established, step two is to ensure those at the helm effectively communicate the vision in ways that build consensus, self-accountability, and positive momentum. Firm leaders must be skilled at early and healthy issue-spotting. Leaders should be highly skilled at mobilizing and motivating others. They must be skilled at communicating key talking points and they must also understand that their behaviors and communications are the example that others carefully watch and replicate.

The firm's leadership group also must be cohesive. It can be argued that the better functioning the firm's leadership, the swifter the firm's progress. Personality conflicts are stifling distractions that waste time, energy and money. To that end, it is important to clearly define every person's job description, from the managing partner down, so that expectations, both up and down and between job functions, are understood. Specific requirements such as roles, responsibilities and reporting must be articulated. Of equal value, but in my experience missing from many job descriptions, are two key areas of responsibilities: 1) the expectation of working towards the firm's purpose and 2) the authority as it relates to customer service requests and monetary approvals. These additional ingredients reflect the cultural behaviors and attitudes relating to client service and fiscal responsibility, and as such, impact profitability.

Professional Development for Attorneys and Staff

A commitment to continued learning and professional development programs for the attorneys and the staff is a smart way to ensure the firm delivers superior client service, attracts and retains leading talent, and boosts efficiencies and overall productivity, which in turn enhances personal and professional expertise and satisfaction—all fundamental components for increasing profitability. It is essential that leaders purposefully foster the educational training needs, professional direction, and goals of their members.

A comprehensive learning and development plan begins with a clear and honest diagnosis of the well-being of the firm's clients, attorneys and employees, who at varying levels, work collectively to make or break the firm. As a part of the learning and development process, attitudes, behaviors and capabilities, analyzed separately and collectively, should be compared and contrasted. Internal and client intelligence that honestly identifies challenges and opportunities can in turn be used to guide the prioritization process related to the firm's developmental resource allocations and important next steps. Revenue cannot help but follow when a firm purposefully creates the conditions that foster a healthy culture made up of a diverse group of high performing and skilled attorneys and staff and who work collectively to assure highly satisfied clients.

Behavioral Incentives

There is an interesting balancing act that goes on between meeting the firm's needs with those of the individual partner. The key to striking a healthy balance is to create the conditions that recognize best practices, attitudes, and behaviors that support the firm's priorities and reinforce its vision. This can be done through effective rewards and recognition programs. Behaviors that get repeated are those that get rewarded – this is a fact of human behavior and it applies to both good and bad behaviors.

Most people want to do a better-than-good job. Most people want to succeed and feel proud of where they work. Most people want to surround themselves with people they like and trust. Most people want to live a life with integrity and pride. Most want to be rewarded fairly for what they contribute and want the same for their colleagues. Most importantly, most people want to be appreciated for what they do. While financial rewards are obviously significant, leaders must also look thoughtfully at how they recognize the behaviors they want repeated. This becomes ever more important with the growth of Millennials and Gen-Xers in the workforce. Today more than ever, firms can gain significant competitive advantages by employing incentives that play to varying generational ideals.

Further, whether spontaneous or planned, key leaders should be skilled at spotting and seizing every opportunity to recognize and praise behaviors that energize individuals and their teams. Success breeds success. Opportunities such as department or practice group meetings, social and client functions, lunchroom and water-cooler gatherings, etc. should be seen as important opportunities for spreading the firm's key talking points and positive gossip. The firm's leadership presence, communication style, and day-to-day behaviors spur actions and reactions that make up the firm's behavioral norms. What is communicated and delivered establishes and reinforces the model and tone that others assimilate and repeat. How someone is recognized or talked about, either in front of, behind their back, or on paper, works to root the firm's culture and following attitudes and behaviors. It is those rewarded and reinforced attitudes, behaviors, and results that collectively work towards the firm's advancement, stagnation, or decline.

Business Development Strategy

Competition within the legal industry is fierce. Working to build the law firm brand known for delivering superior results while providing clients with business advantages are a must. Firms have larger-than-ever marketing expenses made up of business development, database systems, social media, public relations, advertising, and personnel who implement a myriad of programs. Pressures for even more marketing resources to protect or gain market share are mounting. These marketing expenses impact profits. Yet unfortunately, it is rare for a firm to implement an internal cultural relations plan that complements its marketing efforts.

I would invite law firm leaders to start their strategic planning process by first looking internally at their culture. Do your lawyers trust each other enough to share client intelligence? Are rewards in place that give partners and associates the sense that they are appreciated and recognized fairly for their business development and administrative contributions? Do the clients, attorneys and staff at all levels know how to talk about the firm's multitude of services, its brand message, and/or how clients benefit from the firm's services? Does everyone know about and spread positive gossip relating to the firm's major wins and advancements? Do your constituents know, communicate and advance the firm's vision?

The goal is to optimize the return on the investment of time and money and ensure that everyone is positioned towards the same end game. When business development challenges arise in a healthy organization, people collectively dwell on the solution, not the problem. The firm culture has, at its backdrop, a strong desire for overall success. This is done by incorporating internal and external relationships into the equation of the firm's strategic plan. The result is a culture that encourages a mindset of client relations and business development excellence. The firm's brand is fully and positively supported, strategic initiatives are embraced and momentum for success continues. A healthy culture is a sure way to collect the greatest return on the valuable marketing dollars that the firm invests.

The process for building a profitable law firm culture is a matter of purposeful choice—it should not be left to a matter of chance. When people work successfully towards a shared vision, they spawn the conditions that generate positive momentum. With positive momentum comes an increase in the number of successes. With more successes comes greater overall satisfaction. With more professional satisfaction, people at all levels experience first-hand how a rising tide can raise all ships, and when that happens, they are motivated to work harder and give even more. No matter the chain of events and circumstances, the firm's managing partner is awarded the culture they choose to manifest.

About the Author



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