

PETER SCOTT CONSULTING

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How can we get our people to change?

Every organisation is being constantly subjected to a mix of external and internal forces being exerted on it, any one of which can, unless effectively managed, potentially debilitate or destroy the organisation.

In particular law firms are now facing external pressures and challenges of a nature which they have never before encountered and which if not addressed quickly and effectively are likely to be ultimately destructive. In this Briefing Note, we look at particular challenges currently being seen in law firms and the techniques some firms are using to manage the changes necessary to overcome those challenges.

The issues which I most often come across in the face of ever more demanding requirements from clients, tend to relate to –

- The expertise, performance, behaviour and attitudes of the people in a firm;
- The need for law firms to be run as businesses.
- The knock – on effect which the above may have on how people should be rewarded.

The above issues are usually at the heart of the need to manage change in law firms, and unless they are managed effectively a firm will not prosper and indeed may not survive.

Faced with such challenges, what should a managing partner do?

Given that law firms are collections of individuals and most are organised as partnerships (and are still culturally 'partnerships' even if structured as LLPs or limited companies), then **taking your people with you** is the fundamental requirement. The people in the business will need to be persuaded that change is necessary and so building a consensus within a firm as to the need to make changes should be the first step.

How can that consensus be achieved?

If we look at **performance issues**, it is clear that expertise is why clients instruct lawyers, and having the required expertise to ensure client satisfaction should be a given, but it is not. The ability of firms to provide clients with the expertise they now require, in terms of its quality and delivery, features high on the list of feedback received from clients of law firms who commission client perception surveys. The need to develop specific expertise and methods of delivering advice to satisfy the changing needs of clients and to maintain a competitive edge for a firm, should be a prime reason why law firms need to continuously address two fundamental questions

What kind of law firm do we realistically need to become if we are to gain a competitive advantage over our rivals? and

What do we need to do to get there?

Client feedback can and should be a powerful tool to secure necessary change. Listening to clients by using such well tried and tested methods such as face to face client perception surveys will reveal how a firm will need to change in terms of its expertise, client delivery and the attitudes of partners. If a firm has gone to the trouble of finding out what its clients will require from it in the future and how it is currently performing (or not) then it is incumbent on that firm to take action to do something about it. Ultimately it is how a firm uses that feedback which will determine its future.

In the face of feedback from clients, many partners will take on board the messages and understand what will need to change. Some however will go into denial, as shown by the following reactions of a group of partners when I delivered some strong client messages to them about their performance –

One half of the partners said that the clients' statements could not possibly refer to their firm!

The other half acknowledged that possibly the statements did refer to their firm but that the clients were mistaken!

Another powerful tool to use to change the way partners behave and perform is 'peer pressure'. However, often partners are not prepared to be seen to openly criticise or even make constructive comments to improve their colleagues' performance or behaviour. They will do so however if their feedback can be given on a confidential basis. Using confidential internal questionnaires or 360 degree or similar all - round feedback and then providing partners with that feedback can prove to be a useful means to obtain buy – in to the idea that some partners will need to change the ways in which they perform and behave, **if their firm is to have a future.**

Closely linked to partner performance, and a current topic of debate in many firms, is the issue of **how partners should be rewarded** if a firm is going to be competitive in its markets.

Reward is a strategic issue for law firms. Being able to reward people appropriately is vital if a firm is to be able to recruit and retain the best people and to get the best out of its people, because gaining competitive advantage is about its people performing at higher levels than rivals.

However, one of the major undercurrents of disillusionment and unhappiness in law firms is brought about by reward structures **not being seen to be fair**. David Maister makes the point very well when he says -

“Those who contribute the most to the overall success of the office are the most highly rewarded. Notice that this does not suggest what the pay scheme should be. The determining factor is just whether the people think it rewards the right people.”

Again, gauging internal opinion on a confidential basis is often necessary if a firm is to change the way in which it rewards its partners. This is likely to be the case in particular if there is the prospect of moving from a traditional lockstep system based on seniority and equal sharing to a more performance – based approach. However, if confidential soundings indicate there is a groundswell of views in favour of a change, then with careful planning a move to a system which more fairly rewards contribution can be achieved.

However, gaining a complete consensus immediately in a partnership to implementing changes which are likely to affect a number of partners can be difficult to achieve. That is when the ‘people skills’ of a managing partner will be tested to the full, particularly abilities to understand the partners and what makes each of them ‘tick’, to effectively communicate the need to change and to use the 80 / 20 rule by harnessing the will of the majority who do want to change into a strong team which can drive forward the process.

With the benefit of a strong supportive team, a managing partner may then feel strong enough to face up to the reactionary internal forces holding back the firm. Backed up by a strong team around him, one managing partner put it to those partners who were unwilling to change in the following way –

“The train is about to leave the station but you still have a chance to jump aboard”

The choices for those partners were clear – jump on board or be left behind. It was their choice.

Managing change in a law firm can be a difficult and complex matter and, like a continuing journey, is never over. There is no single or ready - made solution to this, but recognising the need to change, initially on the part of those whose job it is to manage a firm, is vital. Every aspect of a firm will need to be challenged by them to first identify the **BIG ISSUES** (not the paper clips!) which will need dealing with if a firm is to move forward, and then to obtain a consensus to those changes.

Progress will not happen on its own. Instead, changes in a law firm must be made to happen.

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