

COVID 19 and Law Firms: Delivering Change as a Leader- June 2020

“If we want things to stay as they are, things will have to change”

(Giuseppe di Lampedusa, The Leopard)



The current COVID 19 crisis- and the now inevitable economic recession- is now impacting every law firm. This was on top of the other major drivers for change- digitisation, Artificial Intelligence, clients wanting more for less, new entrants into the market such as accountancy firms, aggressive poaching of partners by high-paying firms, and firms with great pedigree (and great lawyers) going under. And, of course, the uncertainty of Brexit. It is not surprising that commentators have described the current position as “**VUCA**”, short for volatility, uncertainty, complexity, and ambiguity. On top of that, law firms, filled with bright, mobile professionals are notoriously difficult places to deliver change- or even to implement a strategy.

Our aim here is to help law firm leaders to deliver change using our combined experience leading and advising law firms because leading a law firm at the moment is a lonely place- but we can help.

The first issue is that leading lawyers to change is always tough. A typical law firm partnership is made up of smart people who know they have alternatives-often combined with a short-term focus on PEP. In this traditional law firm model, leadership is **always** by consent. The command and

control approach simply does not work. (We will cover in a separate bulletin the new competition from listed firms, PE backed firms and the accountancy-based law firms.)

“Everyone thinks of changing the world, but no one thinks of changing himself” Tolstoy

The second issue is that in almost every law firm we have worked with, partners agree wholeheartedly that the rest of the firm needs to change- but that “my practice is different”. Repeated through a firm, the result is stasis and no change. The leopard has not changed his spots.

We have seen too many partner conferences where the Managing Partner talks about the change- often brilliantly conceived- where the change is described with the change being described in transport terms- “the train/plane leaving the station/ taking off ; you are on it or off it”- followed by the change not being delivered. We have also seen firms where a managing partner has tried to drive change through without building consent- resulting in failure and loss of the managing partner’s authority.

So, what is the answer?

Two key issues are key to success - building a consensus for change combined with a top-down/ bottom-up approach.

Firstly, create the desire for change- often described as the “burning platform”. In one law firm we were working with, one practice suffered a 34% fall in revenue due to market conditions. However, the partners insisted that the market would soon come back, and that no change was needed. We persuaded the partners to accept change in two ways- firstly, creating a P&L with the practice PEP under the current revenue fall, and asked if they, as owners of the business, were happy with this. Secondly, with agreeing a contingency plan should the market not come back. That practice is now thriving.

Secondly, harnessing the power of the partnership in a top-down, bottom-up approach. We have used this not only in law firms but also in a leading UK bank. Detailed meaningful strategy can only be created top-down; but unless it is then developed with the people who are delivering the work, the change will not happen, and risks being de-railed by the “permafrost” layer in the middle. The proposed top-down change is taken to the firm at all levels. The change is discussed, checked, amended, and support built. And then- and only then- is the change implemented. This process may take longer in the short run, but delivers longer term results.

Finally, a checklist for change: -

1. Make the strong case for change by winning the hearts and minds

Law firms are collections of bright individuals and many are still organised as partnerships, and so ***taking your people with you*** is a 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 is a necessary first step.

Partners in law firms are sensible people and can distinguish between strong logical arguments which make good sense to them, from proposals which are weak or flawed. If they are presented with sound and well-thought through common sense arguments for a particular course of action then many partners are likely to be supportive.

Managing partners should however not assume that their partners have as much knowledge about the business and the threats and opportunities which may exist. There is often a vital first step to take, namely to 'educate' partners as to the reasons which make particular courses of action necessary. If they can have their eyes opened to the facts, then they will be more likely to accept changes.

The Emotional Intelligence of delivering change also needs to be addressed. Many bright people do not always think logically when proposals are made which are likely to affect them- and lawyers are adept at counterarguments. Emotions such as fear may also drive their thinking and so a managing partner needs to approach the process of persuading people to change with these issues in mind and to adopt a tone and a style of persuasion to address the emotional side of change.

As always it is about ***communication, communication and more communication!***

2. Enlist external help if necessary

Sometimes it may be useful to enlist the help of trusted third parties to assist with persuading, because some partners will always believe that their managing partner has an 'agenda'.

As a managing partner I learned this lesson many years ago when my then firm (*Jaques & Lewis*) was in the process of becoming a part of *Eversheds*. The proposal was that we would drop our *Jaques & Lewis* name shortly after joining but a number of partners were insisting on retaining the name for five years, which could have derailed the whole process. My solution was to enlist the help of our 'PR' advisor who addressed the partners at a meeting and told them that the 'goodwill' of the firm resided in each of them, not in the name *Jaques & Lewis* and that they should do the 'courageous and gutsy thing' and agree to drop the name immediately in favour of the name *Eversheds*! They agreed without further argument. An object lesson for anyone trying to conclude merger negotiations!

3. Use client feedback to support your case

The use of client feedback can be used as a powerful tool to win hearts and minds and to secure consensus. Well tried and tested techniques such as face to face client perception surveys will usually reveal how a firm will need to change in terms of what future expertise clients will require, how clients view service delivery and the attitudes of a firm's people. If a firm has gone to the trouble of finding out how it is currently performing (or not) and how clients want it to perform in the future, then it should take to heart that feedback, because its future is likely to depend upon it.

Partners sometimes however will go into 'denial' when presented with negative client feedback, as shown by the following reactions of a group of partners when I delivered some strong client messages to them about the firm –

-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 lying!

4. Ensure partners 'own' the changes

One of the lessons learned by many law firm leaders who have successfully changed their firms for the better, has been to let their partners believe that ideas for change have come from the partners themselves rather than being imposed on them. Using carefully facilitated sessions with groups of partners to 'brainstorm' issues will develop ideas which the partners will feel they 'own' and achieving consensus in this way is likely to be that much easier. This technique was used very effectively at Clifford Chance to deliver process improvement.

5. Harness the power of 'the team'

Attempting to manage a change process alone can be difficult (and even dangerous) for a managing partner. Before starting out, the law firm leader should assemble a strong group of supportive partners to help drive forward the process.

Harnessing the power of the team can be a vital component in the change process if the chance of success is to be maximised. The team will need to be chosen carefully.

Ideally a managing partner should gather together the most influential thinkers, whose intellects, common sense and commitment are respected throughout a firm. Choosing from a broad base throughout a firm can also be politically sensible so that each part of a firm can feel its views are represented.

Teams put together for strategic purposes or for gaining consensus for change need not be (and often should not be) wholly internally resourced. Those within a firm who are attempting to drive the process should ask themselves whether they have all the skills to successfully carry out the tasks. If not, it may be advisable as mentioned above to bring in external advisors who do have the appropriate skills and knowledge to help ensure success. Sometimes only an external person will be able to identify the real problems which need resolving in a firm.

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, but we hope that this short paper is helpful.

We would be happy to help you with a tailored solution to deliver your priorities- contact us if you would like to talk.