

# PETER SCOTT CONSULTING

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### **Ambition or Complacency - which is driving your firm?**

I recently attended a reception at my former firm to mark the publication of a history of the firm and while I was there I asked myself

*“How was a small group of mid – sized firms who came together twenty - five years ago able to become the major law firm it is today with offices across the globe?”*

My knowledge of the firm and its leadership provided a clear answer – **ambition**. It has been ambition, built into the DNA of the firm which has driven a determination on the part of those leading the firm to achieve goals which twenty – five years ago appeared to many outsiders as being out of reach for a new ‘interloper’ firm. Other law firms have similarly grown and developed into businesses which are on any basis, highly successful, and ambition has also undoubtedly been a potent driving force behind their progress.

It is important perhaps to define for these purposes what I mean by a ‘successful law firm’ because each individual is likely to have a different view of what success means to them and their firm.

I am not necessarily referring to size because there are many highly successful small boutique firms which compete on their terms with their much larger brethren, although for the practice of some types of law, size in the form of manpower is vital as it provides the necessary **resource** to deliver client services and support infrastructure.

**Success** to me means creating a **competitive** law firm which can

- Win and retain more profitable clients and work than rivals;
- Recruit and retain the best people, who in turn help to win and retain more profitable clients and work; and
- Continuously adapt the business to changing market conditions so as to stay ahead of rivals (to remain competitive is a never - ending process);
- Generate high profits both to reward its people and to invest in its future.

## **There can however be no place for complacency in the modern law firm**

Radical change in the markets in which law firms operate is happening at an ever quicker pace and will not stop. Law firms will need to focus strongly on change management and be ever more agile and nimble if they are to successfully think ahead, embrace new ideas and deliver business transformation. They will need to consistently do things differently and keep innovating. **Law firms which are complacent and do not face up to and deal with these challenges will not survive.**

There is now a compelling need for firms to urgently and critically review their strategic thinking, their organisations, including their governance, ownership, performance, reward and other operational structures. To do this a highly focused approach will be required, involving identifying those critical areas of the business where things must change if a firm is to increase its competitiveness to survive.

Every aspect of a firm should be challenged and measured for its effectiveness to meet present and future needs and to contribute to its competitiveness and financial success. Too often issues requiring attention are internally recognised but no steps are taken to deal with them. To be complacent and permit fundamental problems to go unresolved by doing nothing is a recipe for failure.

### **Ambition**

When I speak of **ambition** I am referring to a firm having a strong desire to achieve stretching, but realistic and achievable goals in the light of the resources available to it and over realistic timescales. Those resources can only consist of **great people** (your human capital) together with **financial** resources, which are interdependent but are all too often both in short supply.

### **Great people**

Looking at those law firms which have powered ahead over the past few decades, they have all tended to have a common people factor present, which has provided, nurtured and driven their ambitions, namely **leadership**.

The kind of leadership I am referring to here is that which:

- **Is thinking and visionary.** Sometimes when partners are bemoaning the fact that their firm has no direction and is falling behind competitors, they are really trying to say that they want someone to provide that direction for them – a leader. Leadership is often discussed in terms of *'the vision thing'* and in firms today a 'vision' for change is very much what is needed. The desire by partners to be led by

someone with an appropriate vision of what a firm can become should not be underestimated.

Ask partners what they want most from their firms and many will say that they want to be in a firm which knows where it is going and is determined to get there and which, as clients rethink their own plans for the future and new markets emerge and existing markets contract or disappear, is able to focus a firm's partners to ask the right questions for formulating a realistic vision which people will buy into:

- Where are we now?
  - What do we collectively and individually want to achieve for the business?
  - What kind of firm do we realistically want to be?
  - How are we going to get there?
- **Challenges** everything a firm does and how it does it and is never satisfied with anything which is less than '*best*'. For example:
- Why do we continue to accept work from some of our people which is second rate?
  - Why do we not strive for excellence in everything we do?
  - How do we get our people to make client satisfaction their No.1 goal?
  - As technology continues to develop, is there not a better way of doing this to make us more competitive and profitable?
- **Is inspirational** and able to **communicate** its ambition and vision so as to ensure its people want to go on the journey with the firm. This will involve:
- Making the case for change which is perhaps one of the greatest challenges today for leaders of law firms, and the best leaders know they must build consensus that change is necessary when it comes to transforming a law firm from what it is now into what it could become.
  - Clearly explaining the objectives of the proposed changes as part of developing a new vision for the firm that describes a better future and an explanation of what the firm is changing from and what needs to be changed in detail.

- Getting their partners to a point where the partners believe that it is they themselves who have recognised the need to change and found the answers.
- **Has the determination to implement change for the better by**
  - Streamlining the organisation to drive out inefficiencies and benefit from economies of scale brought about by consolidation.
  - Managing a continuous process of forward planning, decision – making and implementation.

### **All partners need to share the ambition**

It is not only the leadership of a firm which must have ambition if a firm is to succeed. The rest of a firm's people must also share that ambition. Unfortunately it is not always present and one of the most important tasks for leaders of law firms is to ascertain whether enough people share that ambition and if not, what they will need to do about it.

If you are presently planning a partner retreat or awayday when you may be discussing how your firm will need to adapt to change to remain competitive for the future, it may be useful beforehand to conduct a confidential partner questionnaire to try to really understand your partners' attitudes and appetite for change and whether they share your ambition and are prepared to follow you to achieve your vision.

I suggest using a **confidential** partner questionnaire because otherwise partners will not say what they really think. Ideally responses should be provided to an independent third party who undertakes not to disclose '*who has said what*'. Only if managed on that basis will partners be completely open and frank.

Set out below is a selection of questions which I have used before with firms and which are likely to reveal much about your partners' attitudes and their ambitions for themselves and your firm - or their complacency!

### **How to use these questions**

The first question on the list below (*What needs to be changed in our firm?*) can in particular be used very effectively in the following way to help implement changes **for the better**.

At your next partner awayday or retreat use a break out session to get the partner groups 'brainstorming' this question and then ask them to each list no more than six changes which if implemented would change the firm for the better. Each time I facilitate an exercise like

this partners come up with essentially their same six changes – they know what needs to be changed and this process can provide them with a mechanism to enable them in a group context to freely express themselves, without individuals feeling threatened.

Above all, the real benefit of doing this is that once there is a declared consensus within a partnership that certain changes need to happen, it will be easier to implement those changes. If partners believe they have themselves originated ideas then they are likely to be more willing to take those ideas to heart and agree to changes which implement those ideas.

Answers to other questions, if they indicate a level of complacency and lack of ambition on the part of some, should provide a wake - up call to the rest of a firm.

What needs to be changed in our Firm?
Are you content to be earning your current income?
If not, how much would you realistically like to earn?
Would you be prepared to behave differently and change your working practices to earn more?
Are you prepared to stretch yourself to earn more?
Why do you come to work?
How motivated do you feel?
How does this compare with earlier in your career?
What would you like to achieve in the next phase of your career?
What might stop you?
What are your personal plans and ambitions?
When are you planning to retire?
Is there any aspect of your own behaviour which could be modified to improve the competitiveness of our Firm?
Does our firm have the right people on board to help it achieve its agreed objectives?

Are all our partners 'hungry' and passionate about building our Firm?
What should be the skills and behaviours required to succeed at our firm?
What do you most like about our Firm?
What do you least like about our Firm?
Is there anything holding back our Firm?
Are you prepared to put our Firm's interests above personal agendas?
Are you prepared to be managed and to fully support the management of the Firm?
Are you prepared to accept and apply necessary financial disciplines?

Ambition, which banishes complacency and in its place encourages innovation and the embracing of technology and new ways of more flexible working, combined with developing agile and effective strategic responsiveness are what will create tomorrow's competitive law firms.

Some businesses will grasp these opportunities while others will fall by the wayside. To do nothing must not be an option when survival is at stake.