

PETER SCOTT CONSULTING

Briefing Note March 2019

What management does a law firm need if it is to achieve its ambitions?

Law firms need to be agile if they are to successfully identify and respond quickly to threats to their businesses and to take advantage of opportunities. To be agile, law firms must focus strongly on change management, have quick response times to threats and strategic opportunities, have streamlined decision – making processes and have people who are open minded, flexible and prepared to learn new skills and ways of operating.

I have written before about **ambition** (see my Briefing Note of February 2018 - <https://www.peterscottconsult.co.uk/briefings/Feb2018.pdf>), which is the key determinant which stands out in relation to those law firms which have powered forward to success over the recent past. However, if firms are going to be able to achieve their ambitions and goals, then given the competitive pressures on them, they will need to review strategic thinking around the **fitness for purpose** of their organisations, and in particular the quality of all their people, including their lawyers and those in management.

The needs and ambitions of the people in a law firm will need to be supported and facilitated by organisational structures designed to help and not hinder the development of a firm. The two need to be aligned and operate in tandem if a firm is to successfully achieve its goals.

Well - designed management structures on their own however will achieve little without the presence of great people. On the other hand even great people are likely to be held back if the organisational structures within which they must work are not fit for purpose and are preventing a firm becoming agile and more competitive.

At the same time as law firms are challenging their strategic options, they should also be reviewing their management structures and the quality of the people within those structures to ensure they remain *fit for purpose*.

Each law firm is different and the manner in which one firm is structured and managed may not be appropriate for another firm, even though two firms may on the surface appear similar. To review what a law firm may need in terms of how it is to be most effectively structured and managed, it can be useful to begin by focusing on certain key questions, including:

Are your management structures sufficient to ensure your firm can meet the challenges now facing it?
Do you have the management structures and people in place to: <ul style="list-style-type: none"> - Identify the key issues and challenges you face? - Manage the changes brought about by those challenges?
Do you have adequate leadership and a ' Top Team ' in place <ul style="list-style-type: none"> - To challenge every aspect of your firm's operations and every assumption on which its current plans are based? - To develop and communicate a realistic and achievable vision for your firm to inspire your people and which they will believe in and follow? - To build consensus that change may be necessary and to implement that change?
Is your decision-making sufficiently streamlined to enable you to deal quickly with threats and strategic opportunities?
Do you have the means to adequately manage projects such as an office move or a new office, a merger or acquisition or a new IT system?
What else needs to be managed? In relation to the functions of finance, business development, risk and compliance, HR, training and development, IT, knowledge management and innovation – <ul style="list-style-type: none"> - How are they currently organised and managed? - Is each managed by the 'best person for the job' - How are these functions internally overseen and co-ordinated? - Are there more cost-effective ways to manage these? - Are any of these functions outsourced and if not, then should they be?
When did you last review your governance documents, your decision-making processes and the roles, authority and responsibilities of your people?

Having established what will need to be managed in your firm and the challenges which are likely to be involved, analyse in the light of those challenges how your organisational structures should best be tailored to deal with them.

There is no single answer as to what to do or how to do it because each law firm is different. There are however certain common threads to the issues experienced by firms, and steps

which others have taken can be useful pointers to how a firm might usefully approach matters.

Leadership

First and foremost in today's law firms there is a need for **leadership**.

The particular type of leadership should I suggest, be:

- **challenging** leadership, which is prepared to question every aspect of a firm's operations and every assumption on which its current plans are based, to ensure a firm's agility and continuous innovation and improvement;
- **communicating** leadership which has the ability to develop an ambitious but realistic and achievable vision for a firm which people can believe in and will follow;
- **consensus building** leadership which is able to convince those within a firm that change is necessary, and which has the determination and drive to implement that change; and
- **inspirational** leadership which can persuade people (or at least most people) to climb aboard for the journey.

A Top Team

A prerequisite for and an intrinsic part of an effective leadership and management structure should also be a **Top Team** made up of capable people who are prepared to work as a team.

A law firm, to achieve competitive success, will need certain roles to be performed to the highest standards. However, before choosing your *Top Team*, ask yourself a few questions:

- What roles will have to be performed in the next stage of your firm's development? (roles may need to change as a firm's needs change)
- Are there people in the firm capable of successfully carrying out those roles?
- If there are, will they be prepared to take on those roles and if so upon what terms?
- What will happen if the right people are either not willing to take on those roles or they do not exist within the firm?
- How will you reward the people in whose hands you are willing to place your future?

If firms can put a *Top Team* in place for that kind of leadership team then they are likely to be able to look forward to the future with some confidence.

Streamlined decision – making and implementation

One of the reasons why some law firms do not progress as well as they should is that their ability to make decisions and implement important matters when required, is lacking. A Top Team will therefore need to be an intrinsic part of a governance structure designed to ensure that speedy and effective decision – making and implementation happens.

If you are thinking of reviewing your decision – making and implementation processes, begin by taking a critical look at:

- The future needs of your business
- Your governance documents (partnership agreement / LLP members agreement / articles of association etc);
- Your decision – making processes in relation to strategic and change matters;
- The composition, role, authority, responsibilities and above all the **abilities** of your management board or other governance bodies you have in place;

to ensure your business is *in shape* to effectively meet the challenges you are now facing.

There are of course many other aspects of a law firm which will always need attention, but if a firm can ensure that it is effectively dealing with the above, then it is likely to make progress towards becoming *fit for purpose* to achieve its ambitions.