EDGE International Review

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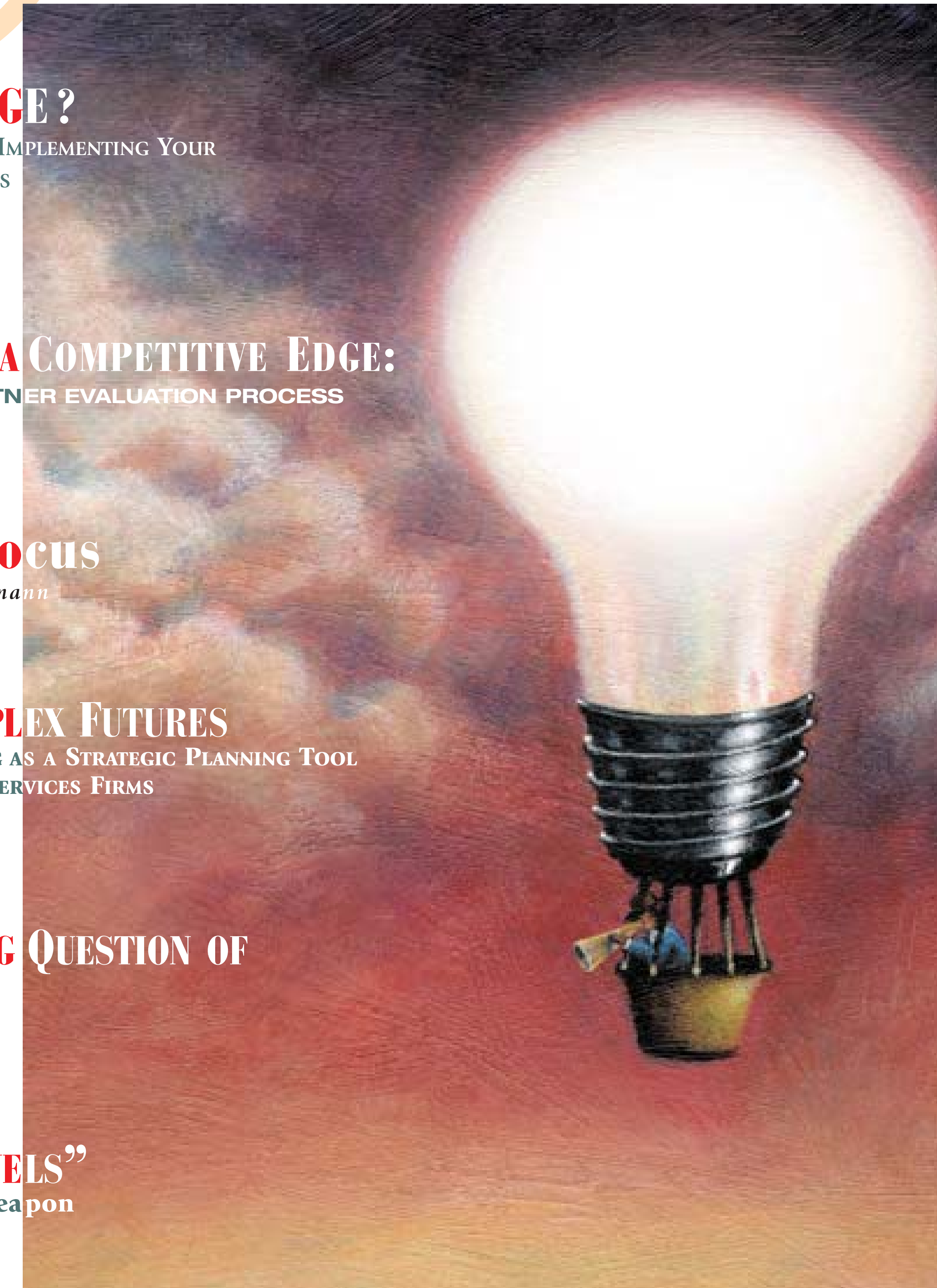

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EDGE 20TH ANNIVERSARY

Dear Clients and Friends,

This past year marked the 20th Anniversary since Edge was founded in 1983 …and an exciting couple of decades it has been.

We've enjoyed a history punctuated with numerous significant achievements: from being the only North American based firm to qualify to be profiled in the UK Law Society Directory of Consultants for Solicitors; to having been identified, in an independent survey conducted and published by Aspen Law & Business in the early 1990's, as "the #1 most popular marketing consultants amongst the largest law firms throughout the United States;" to being acknowledged as the leading consultants in providing hands-on assistance to practice leaders and the members of their practice group to accelerate their efforts toward developing high performance; to having been identified by Of Counsel in December 2002 as one of the top three consulting firms chosen by US law firm managing partners for assistance with general management and strategy matters.

Today Edge continues to work exclusively serving professional service firms and has developed an international presence having seven partners with offices in four countries. Clients include those ranging from specialized boutiques, to firms of over 2000 professionals and we are honored to have served 16 of the Global 50 law firms and three of the Big Four accounting firms during the past five years.

Today, we also find ourselves flattered by the feedback and comments of a good many managing partners who have continued to inform us of how our prior mailings have been among their most valuable sources of management information. To celebrate our anniversary, we are therefore pleased to launch the inaugural issue of the Edge International Review, a quarterly collection of pragmatic articles and prescriptive counsel penned by both Edge Partners and respected colleagues. It is our hope that this new format will make these articles more readable and easier to store and reference. All of the articles in this edition and from previous mailings are available for you to download from our website – **www.edge.ai**

We thank you for your continued support over the past 20 fascinating and successful years. We trust that you will continue to find value in your new format and promise that we will always strive to bring you the most current and progressive thinking.

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Developing a Competitive Edge:

Creating a Partner Evaluation Process

by Karen MacKay, EDGE INTERNATIONAL

Karen MacKay *is a Partner in Edge International. Her practice concentrates on five key areas. She develops and facilitates partner evaluations as part of practice group planning and firm strategies; facilitates meetings and retreats; conducts client and prospect market research; provides counsel on issues related to strategic growth and administrative management; and is skilled in all areas of career development, from recruiting and mentoring to compensation.*

Myers Briggs qualified and a Certified Human Resource Professional, Karen earned her MBA from the Rotman School of Management at the University of Toronto. While her work with Edge International frequently takes her to the United States as well as abroad, she resides in Toronto.

Intellectual horsepower fuels most law firms. Indeed, it is a staple of the business. Yet, abundant intellect fails to suffice as the end-all factor of law firm success. To develop a competitive edge, law firms must understand the multi-faceted notion of outstanding performance. Then they must accurately and comprehensively evaluate this performance.

Performance exceeds the boundaries of numbers and fees. Too many firms evaluate partners primarily on numbers. Fundamentally, though, performance also includes behavior - - the underlying actions lawyers take to grow, maintain and improve their business. These actions either produce the key to success or lead to a road of failure. As such, evaluating these facets of performance is critical.

Measuring the ability to adjust to new competitive realities offers far more insight than hours billed and fees generated. The same concept applies to assessing a lawyer's adaptability in a post-merger environment or a lawyer's transition during cultural and compensation change. Given the complexity of business issues that law firms face today, effective business planning requires new tactics, and partner evaluation is a key component of today's business plan.

To jumpstart this process of effective evaluation, firms should reference the following list of positive partner behaviours based on the leveraged contribution model. Ask if partners abide by the following success-building actions:

1. Do they make intellectual/technical contributions used by others ?
2. Do they transfer skills to other professionals via mentoring and teaching?
3. Do they make methodology improvements that are used by others?
4. Do they increase market awareness of their practice?
5. Do they generate projects and tasks for others to work on?
6. Do they successfully cross-sell colleagues to clients?
7. Do they strengthen, not just maintain, existing client relationships?
8. Do they attract specific strategically important new clients (quality not quantity)?
9. Do they solicit new kinds of work that give others the opportunity to learn new skills?
10. Do they make themselves more valuable in the marketplace by acquiring new skills and knowledge?
11. Do they achieve visibly higher levels of client satisfaction than is the norm?

All of these actions are crucial to law firm success, and while it may be unlikely for any one partner to possess all of these key attributes, exploring them will help identify, value and leverage each individual's strengths. It also will enable firms to identify developmental needs and provide partners with strategies for building skills. Without carefully evaluating these behaviours, high turnover (disgruntled employees) or low turnover (unmotivated professionals) provides the only source of feedback.

Jim Collins, author of "Good to Great" says, "The good-to-great companies did not focus principally on what to do to become great; they focused equally on what not to do and what to stop doing."

This process works best when applied courageously. Thus, identify what needs to be initiated, as well as, what needs to be eliminated. Most firms have invested significant amounts of time, effort and money in the recruitment, development and assessment of associates. Capitalize on that investment; do not let it go to waste by ignoring the ongoing development of partners.

DEVELOPMENT, ACHIEVEMENT AND JOB SATISFACTION

Private practice is a tough environment in which to earn a living. Stress, lack of job satisfaction and lack of partner productivity are issues that repetitively arise.

No one sets out to become an unproductive partner. It happens over time. Compensation is often the only feedback partners receive, with no strategies in place to prompt them to ask tough questions about their practice, the firm, or how either fits into their future. As a result, malaise kicks in and begins to chip away, first at their confidence, then at their respect within the firm.

Highly successful partners, on the other hand, possess a good measure of self-awareness, sound judgment, intellectual horsepower, sensitivity and political savvy, as well as, superb communication skills, the ability to build consensus, a healthy sense of humour and a willingness to change.

Firms should set high standards. They should provide partners with tools for promoting self-awareness —tools for observation, feedback and reflection, and then provide positive rewards for achievement. In so doing, firms can contribute immensely to lowering stress and increasing job satisfaction. More importantly, firms will be positioned to identify and develop a pool of future leaders.

Most lawyers begin their legal careers completely self-focused. After all, passing Bar exams is a lone effort. But as lawyers journey along the path to partnership, this self-focus and lack of leadership changes. Lawyers are coached into changing roles. Further along, somewhere between senior associate and full equity partnership, lawyers must acquire the skills needed to support and lead groups.

Thus, a lawyer's orientation must change, whether it be to lead a client team, a practice group, or a group working on a large transaction. The necessary skills and actions required to bring out the best in partners, associates and staff can be learned, but not without feedback

BEYOND THE NUMBERS

If a firm evaluates a partner's performance based only on numbers (billable time, non-billable contribution, fees billed and cash collected), both the firm and the individual will miss valuable insight with potential to reap greater results and rewards for both of them.

The underlying actions of this performance are what firms really need to evaluate. This is because strong leadership skills are fundamental to performing as an effective partner. The development of these leadership skills depends on certain actions, which, in turn, requires a threefold assessment. First, partners must possess a clear understanding of key success factors. Second, they need to evaluate their current skills and attributes. Third, they need a gap analysis to identify developmental needs. This self-awareness is key to enabling partners to make accurate behavioural adjustments, all of which is impossible without feedback – which brings us to partner evaluation.

THE FORMULA

A partner evaluation process helps to uncover actions that impact all four components of the profitability formula:

UTILIZATION X RATE X MARGIN X LEVERAGE

UTILIZATION: Are partners working hard enough or perhaps too hard? Those with excessive billable hours may be compromising the future for today's income. For example, are they spending any time building solid client relationships? What about allocating hours toward mentoring and teaching other professionals new skills?

RATE: Partners must continually develop knowledge and skills that make them more valuable in the marketplace – thus justifying an increase in their Rate. By increasing their value to the marketplace, they are better able to bring in work for others and increase market awareness of the practice, not to mention increase the quality of the work attracted.

MARGIN: Margin is impacted by efficiency and proper utilization of the firm's resources. Partners with behaviour problems burn through associates and staff and consume inordinate amounts of the firm's resources.

LEVERAGE: Leverage is one of the most important elements of profitability, directly influenced by individual partner action and overall performance. Partners who make intellectual and technical contributions leveraged by others are more profitable to the firm, as are those who effectively mentor and develop associates. Partners who make methodology improvements and share them are also more profitable, as are those who generate work effectively done by others.

Numbers speak to the importance of Leverage. A highly effective partner working alone hits the wall at approximately $3 million in fees. A highly effective, highly leveraged business developer can manage a practice between $7 and $10 million. The latter, however, requires certain skills, behaviours, self-awareness and adjustment to reach such levels, all of which can be achieved through partner evaluation.

Leverage offers further benefits too. Partners who leverage off one another and cross-sell can make a critical impact on strengthening and deepening client relationships. Consider measuring the composition of practices within the firm. How much is generated by others (inbound)? How much is self-generated (on the ground)? And how much is generated for others (outbound)? By analyzing the composition of a practice, firms can identify issues that lead to business planning or individual profile building

HOW TO EVALUATE

Assuming feedback enables partners to excel beyond the threshold of partnership, let us examine ways to tackle partner evaluation.

First, the methodology must be individualized. Just as off-the-shelf products fail to meet a firm's needs, the approach to partner evaluation must be developed within the unique framework of that particular firm.

Second, the evaluation should encompass a 360-degree perspective of the firm. That is, it should comprise three components: self-evaluation, peer evaluation and upward evaluation. To eliminate even one component may cause a firm to fail. This 360-degree perspective provides partners with comprehensive insight. Consider the following:

- Self-evaluation provides an opportunity for partners to reflect on their contribution and on their practice.
- Peer evaluation provides partners with feedback from colleagues. Partners are able to contemplate how well colleagues know them and how accurate their view of their contrbution is. This also reveals whether colleagues value a partner's contribution.
- Upward evaluation provides partners with feedback from those they lead, mentor and coach. As associate demographics change, partners will need to adjust interpersonal skills accordingly. It is important for partners to understand how their actions influence the team.

THE METHODOLOGY

Surveys provide the best method for identifying these perspectives, and technology plays a valuable role in their effectiveness. There are many surveys from which to choose, so firms should carefully select an application with sufficient flexibility to meet their specific needs.

The ability to weigh opinion based on the relationship between the respondent and the partner is critical. For example, input from an associate who has billed 100 hours on a particular partner's work should add more value to the process than one who has billed only ten.

Firms also should ensure that a survey presents the collective feedback of the evaluators as a group, while protecting individual identities. Anonymity always increases candor.

Another consideration is quantitative analysis, which links behaviour to results and provides optimum feedback. This enables partners to see how behavioural adjustments impact results, and how, in turn, results impact rewards.

MESHING FEEDBACK WITH FIRM CULTURE

When a firm first approaches the idea of partner evaluation, others are likely to eye it with suspicion. New programs always are considered suspect until fully integrated into a firm's culture. As such, the first attempt will likely fail to induce full participation.

Firms may prefer to begin by offering the evaluation on a volunteer basis. Only those with a healthy measure of self-awareness, confidence and self-esteem will come forward willingly, and when feedback leads to adjustments that, in turn, lead to results, others will follow.

In any case, learning new skills and adjusting behaviour based on the results of an evaluation will require an investment by both the individual and the firm. Some firms have even engaged business coaches to support partners trying to change behaviours revealed through the feedback process. Firms should be prepared to follow through effectively on the evaluation results.

Begin the process by looking at the desired outcome. What is the precise goal of attaining this new information? This answer will help determine what information the firm needs to collect, as well as, the appropriate methodology for collecting it.

Above all, successful incorporation of evaluations into firm culture requires the process to be a credible one. This means the approach must be relevant, intelligent and unbiased. All three of these characteristics are necessary to build credibility.

THINK BEFORE LEAPING

Firms should ask the following questions before embarking on a partner evaluation process:

- What is the goal of implementing partner evaluation?
- How will individuals utilize the information gathered to their personal benefit?
- How can the firm use the information gathered in business and professional development planning?
- What will the firm gain from the evaluations?
- How does partner evaluation fit into the short- and long-term strategy of the firm?
- How will the firm develop, launch and continue a program that is credible, intelligent and unbiased?

360° PERSPECTIVES – A CLOSER LOOK

Let us examine each perspective more closely and provide examples to consider:

SELF EVALUATION

Providing partners with an opportunity to contemplate their practice, their goals and their future will positively influence their motivation, job satisfaction and ability to manage stress.

EXAMPLE: As a partner, pose these questions to yourself:

Are you a mentor — formally or informally — of an associate in the office? If so, what specifically does your role as mentor entail?

- What have you done in the past year that has made you more valuable to the marketplace? (i.e. what has justified an increase in your hourly rate?)
- What macro economic, industry or market forces will impact your practice (positively or negatively) over the next one to three years?

When partners specifically articulate answers to these sample questions and contemplate what needs to be done, human nature prompts them to either take appropriate action or stick their heads in the sand. Partners should be prepared to act before responding to these questions.

PEER EVALUATION

O was some power the giftie gie us
To see oursel's as ithers see us!
—Robert Burns

For partners to see themselves through the eyes of others enlightens self-awareness. If self-awareness is an important component of emotional intelligence, how can firms raise awareness so that partners are able to make adjustments that will benefit themselves and the firm?

Peer evaluations ask fellow partners to articulate an opinion about other partners. Such evaluations ask what partners know, what they value, and what they think could be done better. It also reveals the trust and respect partners have for each other. This validation of a partner's own thoughts about his/her behavior, provides the self-confidence to adjust things that need to change.

EXAMPLE: As a partner, how would your peers respond to the following statements about you:

Strongly disagree — Somewhat disagree — Somewhat agree — Strongly agree — Do not know

- This person exhibits legal competence and provides counsel and advice to me when I ask for assistance.
- This person is concerned about long-term issues, not just short-term profits or personal fee credits.
- This person fosters co-operation as opposed to com-petitiveness between practice groups.

UPWARD FEEDBACK

Asking associates to provide feedback to partners is a sensitive endeavor fraught with land mines. How can a firm ask associates to provide feedback in a safe way that is sensitive to the inherent lack of trust many associates feel, particularly in an economic climate where associate job security is tenuous at best?

Protecting the anonymity of associates is critical to the success of gaining upward feedback. Using external resources and technology helps preserve the anonymity of specific individuals. The care and security firms take with evaluation results also helps build the trust required once feedback eventually meshes with firm culture.

EXAMPLE: As a partner, how would associates respond to the following statements about you:

Strongly disagree — Somewhat disagree — Somewhat agree — Strongly agree — Do not know

- This person provides constructive feedback that helps me grow as a professional.
- This person "checks in" with me from time to time, even when we are not working on specific files together.
- This person conducts meetings in a manner that elicits involvement.

A FOURTH PERSPECTIVE – CLIENT FEEDBACK

The final component of a model partner evaluation is client feedback. Firms should consider the concept and methodology of this perspective with great care. While some clients may eagerly complete a survey, most would first require some measure of confidence as to where the information is going and how the firm plans to use it. In this case, an interview would work better than a survey.

As long as the approach is professional and sensitive, clients should appreciate the interest in adjusting partner behaviour according to their feedback. It should go without saying, firms should only ask clients for feedback if they are willing to act on the results.

CONCLUSION

The importance of partner evaluation is slowly emerging as a vital topic among firms. In particular, multi-office firms are now seriously exploring partner evaluation as a means of measuring performance and strategies in order to ensure consistent development of partners and avoid the typical "pockets of quality" across the firm. Post-merger firms also are exploring partner evaluation as a strategy to address individual lawyers and specific practice areas that may no longer fit the firm's culture or performance standards.

Nevertheless, the partner evaluation process can be a daunting one. It even could get voted down. After all, partners maintain the right to refuse participation. Fear also may prevent a firm from implementing this new process. If so, consider how many partners in the firm are frustrated, over-stressed, and struggling with changes to the legal industry. The positive results of partner evaluation will far outweigh the initial angst of implementing a new process.

When implemented courageously, credibly and professionally, partner evaluation offers a host of benefits to a firm. Above all, it provides the feedback and awareness necessary to produce effective change, not only in term of hours billed and fees charged but more importantly, in the long-term business development of the firm. It is this change that enables a firm to generate a competitive edge.

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by Robert Millard, **EDGE INTERNATIONAL**

FACING COMPLEX FUTURES;

Scenario Planning as a Strategic Planning Tool in Professional Services Firms

"I never think about the future. It comes soon enough."—*Albert Einstein*

Scenario planning is one of the most powerful tools available to professional service firm managers to develop robust, flexible strategies that remain profitable under a range of different possible futures. Never before has the future been as unpredictable as today. New technologies emerge, cross fertilize, transform and disappear on a daily basis. Interconnections between firms and markets in which they operate become ever more complex. Changes in global, regional and even local economies are measured in days, even hours, rather than months or years like before. New knowledge and the trends that it spawns spread around the world at breakneck speed, compared to during the last decade or two of the 20th Century, during which most managers learnt their skills. The future is indeed not what it used to be.

Unanticipated change, either internal or external, has destroyed many a profitable firm over the years. But if the change events could have been anticipated in advance, then the firm's strategy could have been adapted to minimize the impact, or even capitalize on it. The increase in uncertainty in today's markets can actually increase the competitive advantage of those progressive firms that ensure that their strategies are robust and flexible enough to accommodate a range of different possible futures.

The trouble is that few managers even discuss the future beyond the current year or two in any detail, focused as they are on today's challenges and pressures. When they do, they tend to rely on trying to predict the most likely future using forecast tools such as cash flow projections, rather than anticipate a range of possibilities. The firm's strategy is therefore based on only one future scenario, namely the one that management hopes will transpire and is working towards. This is a little like rolling a pair of dice with the expectation that 'double six' will come up every time. Commonly used forecast tools can produce simplistic and misleading management data because they are based on only a handful of key assumptions or variables (such as growth in fees, reduction of debtor days, growth in the size of the firm and development of new markets.) Unfortunately, these yield no more than the illusion of control as they fall flat as soon as variables that cannot be 'managed away' emerge, sometimes with catastrophic results.

When crises do arise, managers focused on defusing their immediate effects and are hardly equipped to simultaneously address the wider strategic implications. Add to this the fact that firms themselves are inherently highly complex and dynamic systems. An action in one area of the firm is seldom without consequences within the ever-evolving structures and interactions both in other parts of the firm and in its external environment (for instance its clients, financiers, competitors.) So change management is never a simple matter. Firms that change their strategy constantly in response to every changing market pressure inevitably erode the consistency on which continuity depends and often run out of steam. A compelling case can be made for caution, yet caution needs to be applied with eyes wide open.

Scenario planning is a tool that prepares a firm for a variety of possible futures. Originally a military planning tool (where it is critical for a battle plan to withstand a variety of possible enemy responses,) scenario planning came into its own as a business planning tool in the decades following World War II. Essentially, scenarios are carefully crafted, credible stories based on different possible futures that are developed in order for decision makers to better understand the implications, in this case for the firm. Two of the best known examples of scenario planning in action in recent years are as follows:

ROYAL DUTCH SHELL AND THE OPEC OIL PRICE

In the early 1970s, Shell developed two business scenarios that addressed, amongst other things, the possibility of OPEC significantly increasing the price of crude oil. At that time, conventional thinking did not include this as a possibility. Nevertheless, Shell developed a strategy that allowed it to react quickly and effectively when OPEC did exactly that in the late 1970s, quickly outstripping the other oil companies in profitability during the crisis. Today in the 21st Century, scenario planning remains one of the most important tools in Shell's strategic planning arsenal for attempting to understand the likely future permutations of an ever more complex world.

APARTHEID SOUTH AFRICA

The late 1980s was a particularly torrid period in South Africa's history. Insurrection in the so-called black 'townships' reached epidemic proportions as clashes between freedom fighters (then called "terrorists" by the government of the day) and security forces and their surrogates became more numerous and bloody. Trade sanctions were in full force and all white males of eligible age were conscripted into the military. It was very difficult to foresee a future that comprised anything less than more fighting, more hate, more bloodshed.

Against this background, scenario planners from Anglo American (a major South African corporation now listed in London,) headed up by Clem Sunter (one of their most senior executives,) set about developing a set of possible scenarios for South Africa's future. One of them, the "High Road," outlined a future where power had been transferred to the black majority through democratic elections, but where racial hate and fear had been defused. With sanctions ended, the economy was prospering again. South Africans were all working together to rebuild the country. The Anglo American team took the scenarios on a nation wide road show and published a book on them which became an immediate best seller.

Inconceivable though the "High Road" seemed to be in the late 1980s, as more and more people were exposed to the scenarios and the underlying logic, the realization dawned that both the "High Road" and it's opposite, completely disastrous "Low Road" were equally plausible. The rest is history. Democratic elections came in 1994. Nelson Mandela and former president FW de Klerk shared the Nobel Peace Prize. Although imbalances still exist, South Africa has become in many respects one of the most racially tolerant and progressive countries (in terms of civil rights) in the world. The demise of apartheid and the success of what followed were in no small measure a direct result of Anglo American's scenario planning exercise.

Postscript: *Clem Sunter also co-authored a book on scenario planning in June 2001 (The Mind of a Fox - Scenario Planning in Action, Human & Rousseau Tafelberg, Cape Town.) In it, the authors included an open letter to President George Bush, who had just been elected, in which they warned that they believed the key uncertainty during his tenure was the possibility of a major terrorist attack on an American city. Little did they know how topical their book was to become just three months later.*

A WINDOW ON THE FUTURE

Scenario planning is an art more than a science, whereby stories are developed around different paths that may be taken to achieve different futures, and what those futures might look like. The stories are not intended to be predictions or forecasts. They are a constructive means of asking critical "what if" questions and then testing the firm's strategy against the answers. Scenario planning is a highly creative process to determine answers to questions about how the firm should best adapt its strategy to develop resilience against possible future events that are unanticipated and beyond the control of the firm. (See figure 1.) Like the most effective strategies, it works best over a medium term timeframe. Say, two to five years.

People unconsciously do scenario planning all the time in everyday life. (Should I drive to work or take the bus? What should we do this weekend? Where should we go on vacation?) It is less common for groups, though, especially when the firm's leadership is preoccupied with

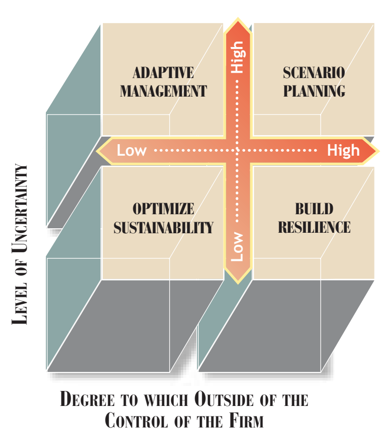

Figure 1. *Scenario planning works best to develop strategic responses to possible future events that are both unforeseen and beyond the control of the firm.*

"being right." Visual planning tools like mind mapping and brainstorming and external facilitators are very useful for breaking a group free from the creativity-strangling tendency to seek and evaluate solutions before the issues are fully developed.

The range of questions that would be useful for a firm to develop scenarios around is incredibly diverse: What if we unexpectedly lost our most lucrative client (or clients?) What if we lost a key fee earner? What if the dollar devalued significantly against the Euro? What if a rival firm introduces a new technology that renders a key service that we provide obsolete? What technologies out there could become such a threat? How vulnerable is the firm to new legislation (for instance the Madrid Protocol to IP oriented law firms?) What if a serious and public reputational crisis arose with the firm? In the next five years, will the trend towards consolidation and full service firms continue or will clients begin to favour niche, specialist firms? How much of a threat are firms in cheaper emerging markets like India and South Africa?

The central question is critical. It needs to be of fundamental importance and must be not only "owned" by the firm's management, but seen to be so. Once this question has been properly focused, the scenario planning team researches the issues surrounding it seeking out the driving forces and the key uncertainties. This process needs to be as wide ranging as possible. One way to achieve this is to interview a range of people of differing mindset or background to those in the firm, to get as diverse a range of inputs as possible. These key uncertainties are then used to develop

the various stories, the 'plots' possibly being further refined through additional research. Each story depicts a different way in which the key uncertainties could arise to create a different picture of the firm.

After these various scenarios have been formulated, the next step is to test the firm's strategy against them, to see how robust it is under each. Unlike forecasts, scenario planning is not a matter of dry statistical data with accompanying conclusions. Properly done, it is a vibrant and intellectually challenging experience giving participants a real feeling of what it would be like to live inside a particular scenario's reality. While the ability for those formulating the scenarios to be able to suspend disbelief and concentrate on applying creative and innovative thinking is critical, it is equally important for each scenario to be plausible and realistic. The best scenarios are stories to which the target audience can easily relate. If they are too far-fetched, the audience will not be able to accept the underlying logic. If they are too frightening, then they may freeze the audience into panic. They should be controversial to stimulate debate and each should be sufficiently different to make distinction between them easy.

The final stage of the process is for the participants in the exercise to critically evaluate their firm's strategy while asking themselves questions like: How well would our current strategy stand up under that that scenario? What do we need to change? How do we go about that? What contingency plans can be put in place? In this way, if such a situation should arise in the future, the firm is faced with a challenge that it has already anticipated.

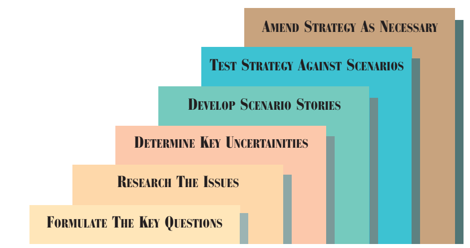

Figure 2: *The scenario planning process*

A FINAL WORD

In those firms that apply scenario planning best, it is an ongoing process where the stories become the language of the strategic planning process. Management is constantly on the lookout for new forces that could yield new uncertainties. The 'radar' is not only turned on, but constantly sweeping the horizon. New uncertainties, in turn, yield new possible futures against which the firm's strategy must be tested. Some of the key advantages of scenario planning over other strategic planning techniques are that:

- It involves a wide spectrum of people within the firm, getting more comprehensive input and also improving buy-in to the actions that result;
- It allows for several different interpretations to be applied to the same set of circumstances. Dissent and disagreement amongst participants is encouraged rather than avoided because so long as the disagreement is soundly based, it can lead to another equally plausible outcome that needs to be considered;
- Being highly creative, it stimulates innovation in the way that the firm operates, both externally and internally;
- It allows the firm to carefully consider the course that it would need to take were a calamity to befall it, under sane and controlled circumstances which do not exist in times of crisis. (This makes it a highly effective risk management tool.)
- It uncovers strategic options and ways of generating competitive advantage over rival firms, that may not have been discovered otherwise.
- While covering a range of eventualities, it allows the firm a safe environment within which to develop a cautious, coherent and consistent strategy, which in turn prevents the uncertainty and discomfort of constant changes in strategic direction. When it does become necessary to change direction fundamentally, everybody understands why and the level of acceptance and buy-in is considerably higher than where people are presented with dry data and forecasts.

Robert Millard is the partner in Edge's offices in Johannesburg, South Africa. An MBA graduate of Henley Management College in England and an alumnus of the Harvard Business School's 1998 "Leadership in Professional Services Firms" program, he has more than a decade's experience as managing director of a South African consulting practice.

Robert's practice also includes personal strategic coaching and support to professional service firms managers in several professional fields. He can be reached at **millard@edge.ai**.

Firms rarely build their entire strategy on industry dominance. Industry strategies typically complement an already existing expertise or client base within the law firm...these strategies are powerful, especially when combined with a geographic and a practice strategy.

INDUSTRY FOCUS

by H. Edward Wesemann, EDGE INTERNATIONAL

H. Edward Wesemann is a partner with EDGE International. His practice is limited to strategy and growth issues.

It is common at law firm retreats to have question and answer session with a panel of clients. Invariably, a partner in the audience will ask a panelist, "what is the most important issue to you in selecting outside counsel." I'm sure that the person asking the question is expecting the response to be about "cost", "quality of legal work" or "responsiveness." Those things are important and are eventually mentioned by the panel. But the most common response, especially if the panelist is an entrepreneur or an operating person, as opposed to a lawyer, is, "I want someone who knows my business."

The desire to use a lawyer who understands a client's business is not surprising. If a law firm goes out looking for any type of service, they will invariably ask about the experience the service provider has with law firms. In truth, there is probably nothing terribly unique about providing services to any industry. But, to clients the industry is their livelihood and they believe that there are nuances about the industry they are involved with that justify specialized industry knowledge.

Fortunately, industry focus presents one of the simplest and most powerful strategies a law firm can employ. Since few law firms attempt to position themselves along industry lines, focus on specific industries can create a strong differential advantage. Better yet, only three actions are required to establish an industry focus: the creation of an industry group, membership in a trade association, and development of industry-specific contacts and knowledge. In fact, implementing an industry focus strategy is so simple, it is difficult to understand why it has yet to surface as the standard among the most aggressive law firms.

In fact, implementing an industry focus strategy is so easy that it is amazing that it is not a standard among aggressive law firms. Most likely it is the result of two arguments frequently heard against creating industry groups. First, there is the fear that the firm will have political difficulty focusing on some industries and not others. Second, there is the view that the firm's existing clients are from such diverse industries that there is no reasonable industry core to justify the firm's focus. The political concern may be legitimate. The process of creating strategy involves the selection of certain options and the exclusion of others. This means that the firm can not reasonably create a focus on every industry in which firm clients are represented. At the same time, law firms are often amazingly unaware of industries in which they have strength through their existing client base. Sometimes the selection of industry focuses is so obviously that the political issues never arise.

INDUSTRY CATEGORIZATION

It is rare for a firm's clients to represent a completely random distribution of industries. By the sheer nature of the client development process, new clients often stem from the same industry because they tend to be referred by existing clients. Logically then, firms should first identify the existing industries represented in their firm.

Categorizing clients by industry is easier than it may seem, without becoming overly mechanical. Virtually every industrialized country subscribes to an industry classification system. The U.S., Canada and Mexico use the North American Industrial Classification System (N.A.I.C.S.). The EU uses the Nomenclature Generale des Activites Economiques dans l`Union Europeenne (NACE). Every business has a primary code and, perhaps, several additional secondary codes, that can be determined through industrial directories or an internet search. It is unnecessary for a firm to classify every client. In most law firms, approximately 20 percent of clients produce more than 80 percent of the firm's revenues. At least for the first cut, it is wise for a firm to focus on the industries of its larger clients.

THE INDUSTRIAL LIFE CYCLE

All industries operate within a well-established life cycle. In its simplest form, this cycle includes emergence, growth, maturity, decline and perhaps death. An industry's point within this cycle helps determine its attraction to a particular law firm, based on how the client's position within the cycle affects its legal service needs and how well law firms can provide the unique services to meet that need.

Emerging Industries. The legal needs of clients in an emerging industry are usually basic. The client is focused on issues relating to starting a business and establishing itself in a marketplace. As a result, its legal needs revolve around such items as incorporation and governance, employment agreements, intellectual property protection and similar services. Businesses in emerging industries are often financially unable to pay substantial legal fees. Accordingly, competition for legal dominance in the industry is low. Becoming a competitive player is based on knowledge and reputation, and in some cases, simple awareness of the industry's existence. In the earliest stages of emergence, volatility characterizes both the businesses operating in the industry and the industry itself. Emerging industries often are built in response to consumer or economic trends and are untested in the marketplace. For example, hydroponic agriculture experienced rapid emergence and relatively high capitalization in the 1980s but failed to develop a marketplace.

> ***Establishing "ground floor" dominance in a successful industry can place a law firm in the role of a market maker for the capital acquisition, initial public offerings and consolidation that occurs as an industry reaches the growth stage.***

The good news about emerging industries is that the risk of a volatile marketplace can be offset by incredible rewards for successful law firms. Establishing "ground floor" dominance in a successful industry can place a law firm in the role of a market maker for the capital acquisition, initial public offerings and consolidation that occurs as an industry reaches the growth stage. This is how the law firm of Wilson Sonsini Goodrich & Rosati established early dominance in the silicone valley. The difficulty with emerging industries is that they can be difficult to identify and access. Frequently, by the time emerging industries become well recognized they have become growth industries. Often, the best access is through public institutions such as universities and publicly sponsored incubators. Of course, everyone wishes he or she held the vision to foresee the potential of Apple Computer during its garage operation stage. The tough part is, even if one possessed such foresight, how would one go about locating the right garage?

Growth Industries. Industries in the growth stage require substantially more legal services that are sophisticated. Growth requires capital, and clients in growth industries often look to their lawyers for access and introductions to financing. This stage also represents the time when companies consider entering public equity markets and face issues such as licensing technology, international trade and other sophisticated practice areas. From the law firm's perspective, growth companies often are able to pay higher fees, both because they are more profitable and because the proceeds from acquired capital provide the income source for paying such fees.

As an industry enters the growth phase, awareness of the industry within the legal marketplace increases, and competition subsequently intensifies. Whereas industry knowledge and expertise differentiate law firms in the emergence phase, this same knowledge and expertise now is expected from all competitive firms hoping to represent businesses within growth industries. Therefore, aggressive marketing permits law firms to enter a growing marketplace even without having experienced the emergence stage. Bankers and investment bankers provide the most common access to clients in these industries, but as industries grow, trade associations play an increasingly important role in introducing service providers to potential clients.

Mature Industries. The majority of industries fall into the mature stage. Thus, most legal clients fall into this category as well. While the legal work produced by mature industries may not include cutting- edge transactions that command premium rates, the steady volume of routine work compensates for lower fees. Law firms find that mature industries tend more readily to accept leveraged client service models. Work revolves around the day-to-day needs of real estate transactions, employment and labor issues, commercial litigation, environmental concerns, government compliance issues and similar practice areas. At this stage in industrial development, three to four first-tier companies dominate a well-defined marketplace, and the likelihood of consolidation decreases.

Competition for legal work among mature industries is strong. To some extent, price competition and the expectation of industry knowledge replace the original value of industry knowledge. In mature industries, relationships play an integral role in the development of legal business. Trade associations and industry referrals also continue to play an important role.

Based on profitability and means of access, most law firms favor clients within growth industries if given a choice. While emerging industries offer unique ground-floor opportunities, market volatility still greatly increases the risk of high attrition, even among industry leaders. As the industry moves toward establishment and growth, the risk increases for businesses from other industries to absorb clients. Mature industries produce a large volume of legal work, but client relationships are well formed within this stage. To gain a client from a mature industry, a firm essentially must steal a client from another law firm. The good news in this scenario is that within many growth industries, little competition exists among law firms that have established industry specialization.

CLASSIFYING A CLIENT BASE BY INDUSTRY

There are essentially four industry strategies that a law firm may pursue. Clearly dominance is the most effective strategy but that often requires additional supporting strategies.

STRATEGY #1:

CREATING DOMINANCE. As with most marketplaces, three to four law firms tend to dominate as the primary service providers to an industry or industry subsection. Moreover, as with other levels of dominance, five characteristics must exist for dominance to emerge.

- Critical Mass. To become dominant in an industry and successfully beat the competition, a law firm generally must employ a higher number of industry-specialized lawyers than its competitors. The size and maturity of the industry clearly defines the critical mass, but clients must perceive the firm to possess substantial resources devoted to the industry and sufficient depth to handle all industry issues.

- NAME RECOGNITION. An industry dominant firm must enjoy strong name recognition within the industry. Due to the prevalence of industry associations, firms can create industry name recognition fairly simply through sponsorships, advertising, programs and events. Unaided name-recognition market surveys provide a clear test of a firm's industry recognition. Such surveys ask a respondent to name three well-respected law firms serving the industry. Highest name recognition firms are indicated by respondents who name the dominant firm among the top three, 75 percent of the time and who name the dominant firm first, more than 50 percent of the time.

- HIGH PROFILE WORK. Dominant law firms within an industry will handle the large majority of the most signifi cant legal work generated in that industry. Such work includes major litigation cases, government representations and transactions between dominant industry businesses. In fact, a law firm's engagement in one of these significant industry assignments can create for the firm an image of dominance faster than any other action.

INFLUENCE. Clients also expect a dominant law firm to hold the power to exert influence both within an industry and on behalf of the industry. It is likely for an industry dominant firm to both employ lawyers from the industry and to generate the lawyers that serve as newly appointed general counsels of businesses within the industry.

SIGNATURE CLIENTS. A dominant industry law firm will represent at least one of the industry's leading companies. Even if a firm represents a large number of clients from the industry, firms only achieve dominance convincingly by gaining as a client a dominant member of the industry.

STRATEGY #2:

LEVERAGING DOMINANCE. Within the legal marketplace, the value placed on industry dominance is often so significant that a law firm can leverage that position to other industries. For example, a law firm with dominance in the mass retail industry might use its experience and expertise to extend its dominance to shopping center construction and management. This "horizontal" extension of dominance to another similar industry can also translate to "vertical" extensions, whereby a firm representing a large number of construction companies might seek to extend its dominance to construction material suppliers.

Generally, firms must hold the following five conditions to leverage dominance successfully from one industry to another:

1. The two industries must possess a compatible set of expertise, skills and contacts developed by the firm. This compatibility must go beyond the abstract. It must be specific and definable, and it must present value to the clients of the leveraged industry.

2. The firm must already enjoy some degree of positive image within the leveraged industry. Firms often derive this through trade association speeches or trade magazine advertising that serves both industries.

3. The two industries must consist of parts of clusters located in the same region. Even at the industry level, the firm must be headquartered or at least have a significant office in the region where the industry is situated. If the industry is regulated heavily, it is possible in some cases for a Washington, D.C. office to meet this requirement.

4. The firm can create critical mass in the leveraged industry through a minor retooling of the critical mass in the existing industry. For example, firms can count lawyers twice if they gain experience in the second industry.

5. A vacancy or a severe weakness must present itself among the currently dominant industry law firms. This is simpler than it may sound. Many industries are without dominant law firms and are open for exploitation. They, of course, represent the greatest opportunities for leveraging dominance.

STRATEGY #3:

OPPORTUNISM. Certain circumstances, particularly with emerging and relatively new growth industries, create an opportunity for a firm to enter an industry where it has little experience, expertise, client representation or name recognition. The relative infancy of industry focused strategies can cause significant industries to hold a defuse group of firms, each representing a single industry member. This can be caused by an emerging industry with insufficient time to develop the competitive marketplace necessary for the creation of dominant companies within the industry. Alternatively, it can be caused by the clustering of the industry within multiple geographic locations where the business community is too small to support a large legal community.

Opportunism may take two forms. First, a firm can legitimately attempt to build itself into a dominant position by aggressively pursuing clients in the industry and becoming highly active and supportive of trade associations and industry issues. This is a difficult and time-consuming strategy where the rewards of success must adequately correspond to the projected cost and risk. Second, a firm can use industry focus to develop credibility to implement a second strategy. For example, a firm may vigorously pursue dominance in international trade in order to obtain greater representations in anti-dumping cases. The recognition in the international trade industry, where dumping presents a major concern, leads to increased dumping cases. Thus, an industry focus strategy leads to new opportunity.

STRATEGY #4:

Industry Vacation. Sometimes a firm may want to remove itself strategically from an industry, even without holding dominance in that industry. Representing certain industries may conflict with other strategies for developing a certain dominant image for the firm or in developing certain skills and expertise for attorneys. For example, a firm's insignificant representation of clients in an industry where other firms enjoy dominance, could negatively affect that firm's attempt to develop dominance in another industry. The attachment of a firm's image to a declining industry also could produce a negative affect on the firm, leaving no opportunity to advance the firm or the quality of work within the industry.

Thus, a firm's weak position in a thriving industry or its attachment to a weak industry can dilute the vitality of a firm's image and create a distraction from more effective strategies. In such instances, firms may preserve success by removing themselves from an industry.

STRATEGIES FOR HIGHLY COMPETITIVE INDUSTRIES

Creating dominance within highly competitive industries requires law firms to make strong, concerted efforts. Remember that industry dominance draws from more than the number of industry clients a firm holds. Name recognition, critical mass, signature clients and other issues define dominance. While industry constraints are less restrictive than they once were, some industries still ban their firms from representing competitors, even with no ethical conflict of interest. For example, firms representing Coca-Cola are unlikely to solicit much work from PepsiCo. Still, representing one dominant industry member, such as Coca-Cola, may prove sufficient to establish dominance within that industry.

Nevertheless, if industry dominance with one major client is elusive, and no clear path for industry dominance emerges, a firm may employ several strategic options. First, firms can use the competitive industry to leverage entry or growth into another less competitive industry. Second, firms can pursue the manifestations of dominance even if competition makes dominance impossible. If a firm displays dominance in several industries, the marketplace will presume dominance in other industries. As a result, even if a firm lacks dominance in the competitive industry, the trappings of dominance in that industry and several others, will lead the market to support their dominance in other industries. This strategy may seem like a smoke screen, but it works. Third, firms can continue, of course, to serve the client in the competitive marketplace while developing dominance-building resources to other industries.

> ***One of the most advantageous aspects of developing an industry strategy is that its pursuit requires far fewer resources than other strategies. Investment in an industry focus strategy primarily requires focus, expertise development and industry association activities... industry focus presents a minimum risk, high reward opportunity that should play a role in every firm's strategic planning.***

CREATING AN INDUSTRY FOCUS STRATEGY

Firms rarely build their entire strategy on industry dominance. Industry strategies typically complement an already existing expertise or client base within the law firm. Yet these strategies are powerful, especially when combined with a geographic and a practice strategy. One of the most advantageous aspects of developing an industry strategy is that its pursuit requires far fewer resources than other strategies. Investment in an industry focus strategy primarily requires focus, expertise development and industry association activities. Compared to opening offices for a geographic strategy or hiring laterals for a practice strategy, industry focus presents a minimum risk, high reward opportunity that should play a role in every firm's strategic planning.

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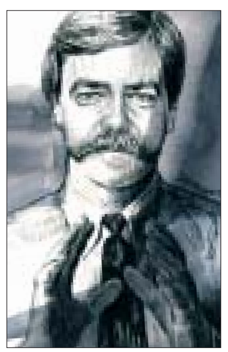
Why Change?

The Challenge of Implementing Your Strategic Initiatives

by Patrick J. McKenna, EDGE INTERNATIONAL

The first thing you have to do is draw each partner a picture that clearly presents the problems of the present with the possibilities of the future...the latest competitive changes...or new cost issues.



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I once heard it said that a consultant is like a seagull; they fly in from afar, circle your head a few times, drop something white in your hands and you think it's a report. Only some time after they have departed do you realize what this white stuff really is!

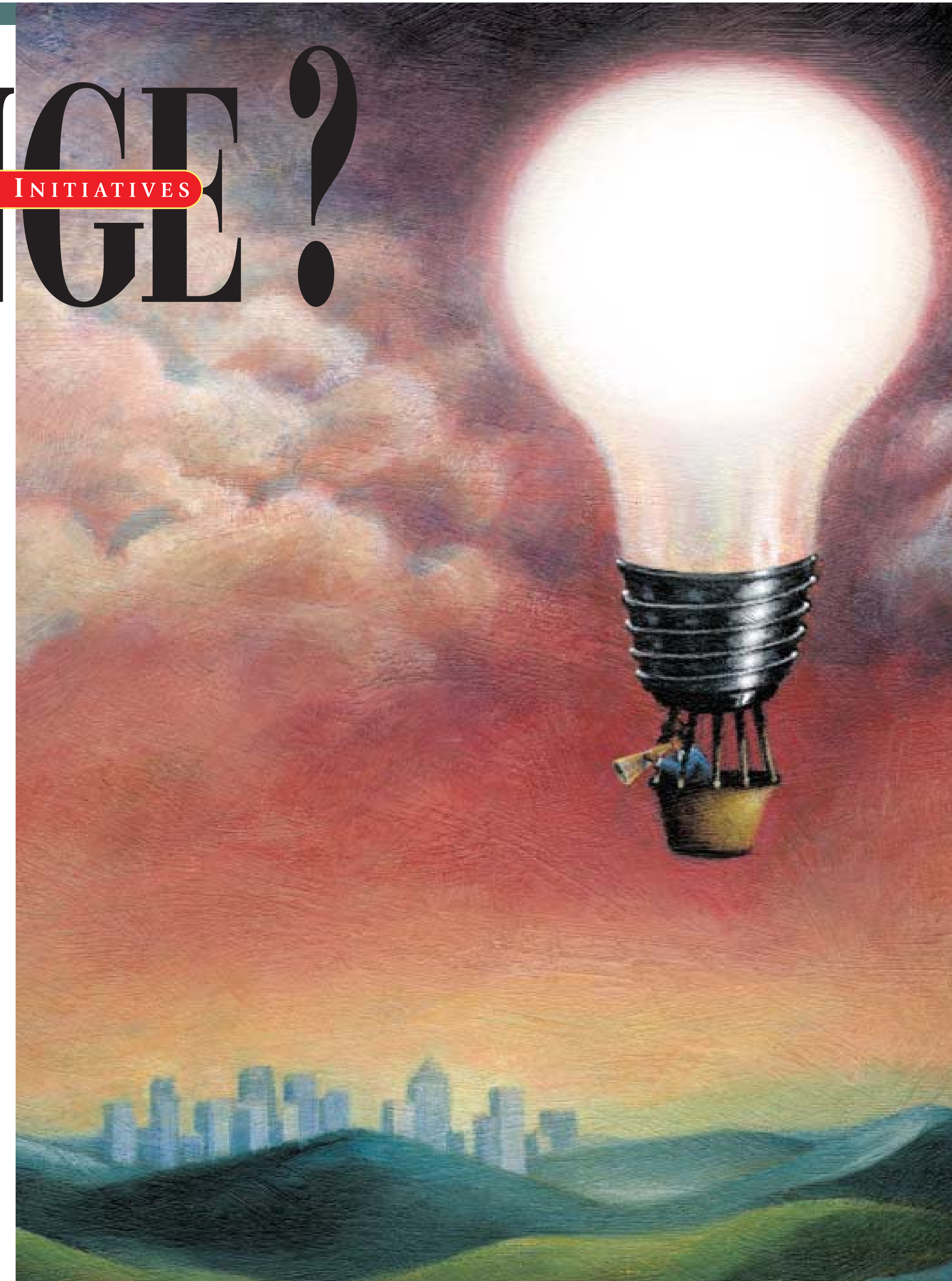
I have since come to conclude that the catalyst for this analogy likely stems from those firms who have had the misfortune of either retaining advisors who are not adequately trained in how to bring about organizational change, or those that prefer not to get their hands dirty in the implementation of their grandiose recommendations.

Indeed, every few years a new theme emerges in law firm management. In the late 1980s we witnessed resistant attorneys being forced to take the marketing of professional services seriously. We have all since observed initiatives like alternate billing methods, total quality management, branding programs, knowledge management, and practice group leadership assume center stage. Meanwhile, many of our skeptical and often times, senior partners have chosen to sit on the sidelines, reflecting upon what this new initiative is all about. Truth be told, these are your partners who are likely to be advising some junior to "keep your head down, billables up, as this too will pass."

So why is it that these professionals are so skeptical? All too often, it is a direct result of our gravitating to the temptation of adopting techniques that have us, either attempting to persuade, coerce or sell our fellow partners on some new program.

- Meanwhile, as managing partner or practice group leader, you sit there pulling your hair out, and wondering:
- Why, when threats or opportunities are clearly evident, do my extremely intelligent and highly talented colleagues NOT SEE the need to make changes in their personal behavior?
- and Why is it, when these partners do see the need to make changes in their behavior, do they often still FAIL to take any decisive action?
- and further, When these partners finally do take decisive action, why is it that they fail to PERSIST – stay with the critical exercise program?

Our professional landscape is littered with firms who introduced various "flavor-of-the-month" programs. Every so often, one of those initiatives produced some favorable results. However, even those firms with the best of results have had difficulty sustaining progress. If everyone is talking about how critical it is to



be adaptive to marketplace changes and flexible in being quick to implement some new program or initiative, why is it that so few firms are actually able to achieve this goal?

I believe every firm faces an inevitable tension between what it is and what it intends to become. Yet how do you, as a conscientious managing partner or practice leader, ensure that your efforts and priorities are treated seriously such that they become more than just some passing fad? Here are my four propositions:

1. Whenever you are about to initiate any new strategy, program, direction, initiative or idea, it's successful implementation will usually always require some or all of your partners to change their behavior, in some way.

2. The only way in which to introduce and sustain any kind of behavior change within a professional service firm, is one partner at a time.

3 Your firm will only travel as far and as fast as each partner, and then all partners collectively, are prepared to change their individual behaviors.

4. Any hope you have, to bring about a successful new strategy, program, direction, initiative or idea is directly correlated to the amount of time, energy, and enthusiasm you are prepared to devote to coaching and helping each partner see the need for change, the need to take action, and the need to follow through.

1. HELPING YOUR PARTNERS SEE THE NEED TO CHANGE

In most cases, the need for changing behavior is not readily visible or easily understood by your colleagues. If it were visible, we could hardly blame ourselves or someone else for not seeing the need.

The essence of being professional is rooted in doing the right thing and doing them very well. Then one day, our competitive environment changes, new client needs evolve, or new competencies are required to be successful—and what was once the right thing suddenly looks like it might be the wrong thing.

So, when we are presented with evidence that a strategy, technology, or service offering was right in the past but now is wrong, why do we ignore and deny the evidence? Largely this is the result of a natural human tendency to find comfort in the familiar and successful ways of the past. And that is why the first stage of change often results in no change.

SHAKE YOUR PARTNERS FREE FROM THEIR EXISTING MODE OF OPERATING.

Your partners have existing views, beliefs, and values; and they maintain them for one primary reason – they have worked in the past, and as far as that particular partner can see, they continue to work. There are great pressures to respond to shifts by doing what you know how to do, rather than by venturing into unknown territories or paths. This is not about trying to teach an old dog new tricks. Rather the challenge is how to teach your old dogs to unlearn the old tricks!

Unfreezing each partners willingness to change begins with altering how that partner (individually, and then collectively) views your firm, their practice, their external business environment, and their future prosperity. You must recognize that many of your colleagues have strong existing habits and beliefs and you must invest the time (most often in one-on-one, informal meetings) to determine what those beliefs are. Without this understanding, it is almost impossible to overcome any of your partner's failure to see.

Until you recognize that your partner's views on accepting the need for any kind of change, are blocked by their existing beliefs that argue for past successes and against future change, you will fail to break through the barrier to change. If you cannot break through their inbred views, biases, prejudices, and beliefs – their hearts and minds will not follow.

A professional firm changes only as far, as fast, or as easily as each partner is prepared to change their personal behavior. If your initiatives can't get off the ground or lack staying power, it would seem that your partners have not bought in to the program. Indeed, many partners may find it far more comforting to hang on ferociously to what works, until undeniable evidence rips their fingers from the supposedly tried and true.

Here are some tactics that you can employ to help your partners see the need for change:

DRAW THEM A PICTURE AND INITIATE DIALOGUE ON THE DATA.

The first thing you have to do is draw each partner a picture that clearly presents the problems of the present with the possibilities of the future. We often fail to understand that our colleagues are working flat-out, fourteen hours a day, serving their clients and often are not privy to the latest competitive changes in the outside world, profitability problems, or new cost issues. If we then don't put our colleagues in touch with the relevant information, in the absence of anything to the contrary, they quite rightly assume that everything is working as it should.

You need to create visual images or verbal pictures of the old and new so that the distinction is understood as more than mere rhetoric. You then have to enhance the simple descriptions between the old and new - the distance between those two descriptions, such that the greater the disparity presented, the easier for your partners to actually see the difference and begin to recognize the acute need for change.

Let's use as an example, the initiative that currently occupies many firm's plans; the introduction of client teams designed to better serve the largest and most important of the firm's clients.

There is ample statistical evidence available supporting the trend toward Fortune 1000 companies consolidating the number of law firms that they wish to use over the next few years. The evidence forms a convincing picture that only those firms who devote serious effort and non-billable time to providing exceptional client service are likely to survive the cuts. Surviving the cut translates into measurable increases in revenue from satisfied clients as well as the potential of that client availing itself of other services that they do not currently retain us for. Not surviving the cut could have financial repercussions such that the firm may experience declining revenues and a negative financial impact to all partners.

In one-on-one meetings with each of your partners, you discuss your findings, seek their counsel on what action the firm should take, determine which clients might be best suited to begin efforts with forming teams around, and brainstorm ideas as to what specific action the team might take with these clients that the clients would actually value. You explain to each partner that this initiative will require an expenditure of non-billable time and probe to discern any concerns that your colleague might have.

It all starts with getting to know your people, their strengths, their shortcomings; their aspirations, and their fears. There is no substitute for face-to-face human interaction. The very best way to get to know what other partners in your firm want is to sit down and communicate with them about it - on their own turf. Find the common ground.

A natural human tendency is to find comfort in the familiar and successful ways of the past. And that is why the first stage of change often results in no change.

You must address the need for change on three fundamentally different levels:

Belief In The Need For Firm Change:

Why do we need to change?

What is wrong with the way we do things now?

Belief In The Practicality of Change:

Is this proposed change practical?

Is there a better or less arduous way to do it?

Belief In The Need For Personal Change

Why do I need to change?

What's in it for me?

Your picture and the accompanying data should evoke some initial sense of dissatisfaction and an openness to discussing alternate possibilities. A certain level of nervousness, concern, and discomfort must be in the air for real change to have a chance.

CREATE A SENSE OF URGENCY.

Nothing whatsoever will happen just because your partners are aware of the need for your new program or initiative. How many times in your life have you been aware of something you needed to do differently, but were never able to do it. (Most of us just need to revisit last January's New Year's resolutions to understand that.) The fact is, people won't change unless they feel a compelling need to do so. Their felt need must be urgent enough to prompt them to act. Furthermore, it must be urgent enough to help them overcome their fear of change.

Using the prior example of client teams, and as you discuss the need to take action with each of your partners, what would create a sense of urgency for each partner?

Fear is one of the primary motivators. You may find that some may fear that if they don't devote some serious attention to providing a higher level of service to one of their key clients, that irrespective of their not being the responsible partner, the loss of that client could adversely impact their billable hours. Fear is one of the primary motivators because it reflects the deep-seated human need for safety and security.

> ***Nonstop, two-way communication is needed to offset ambiguity, counteract confusion, overcome gossip, shift attitudes, and keep your partners on course.***

As Abraham Maslow noted in his famous hierarchy of needs, when fears arise that threaten our safety, we are obliged to act and have a stronger sense of urgency. So what are our partners afraid of? Like all of us, they fear losing ground, losing face, or being left behind (social exclusion). And we are all afraid of failure. Suddenly faced with the prospect of failure or social exclusion, many of your partners are likely to feel a stronger sense of urgency to change what they are doing.

Any of your partners can also feel a sense of urgency derived from I call the four F's: **fulfillment, fellowship, followership**, or **faith**.

Fulfillment reflects the common human need for achievement. Virtually all of your partners need to feel that they have accomplished something, that they are valuable, and that their efforts result in something they and others in their group will be proud of. So one way to increase a partner's sense of urgency is to appeal to their need for achievement, to help them attain a greater level of self-esteem through participating in the new initiative. These partners will welcome your coaching and assistance (and your new initiative) if it can help them exceed in some way – to win the competition, to achieve a higher status, to be recognized as an expert, to use their expertise in some way that benefits others.

Another driver of urgency for some of your partners is the need for **fellowship**, or social inclusion. This manifests itself in our desire for acceptance and belonging; in our response to peer and group pressures, and in our conformance to the norms of the practice group we belong to. Therefore, partners may feel an urgent need to change because they want the approval of their peers.

Sometimes, the urgency comes from **followership** – from being inspired or motivated by those in your firm whom they perceive as the informal leaders, teachers or mentors. For these partners, that informal leadership represents a cause, a movement, a philosophy, a passion, or a direction that they may feel that they lack. Following those they look up to, can motivate them to action.

Finally, some of your partners will feel an urgent need to change because of their need to believe in something greater than themselves. They can come to embrace certain principles – truth, righting wrongs, making things better – and be driven by a picture that changes how they see their world, and thus, how they choose to behave. In this regard, the stimulant is often a coach, who builds this partners sense of urgency through **faith**.

Ultimately, to succeed in creating any sense of urgency, you have to discern what would be the most compelling to each of your partners. What would cause this individual to want to take action? The questions you might ask each partner include:

- **How important to you is this?**
- **What will happen if we don't pursue this initiative – what would be the negative consequences?**
- **What are you likely to lose?**
- **What will happen if we continue doing what we are doing now?**
- **How much worse could it get?**
- **What will happen if we do successfully change our direction?**
- **How much better could the new direction be for us?**
- **What would be the possible benefit to your practice (or career)?**
- **What would have to be different for you to be able to change your behavior?**

REPEATING YOUR MESSAGE IS CRITICAL.

Any communication gaps are going to cause problems. Bad news, rumors, and worst case thinking quickly creeps in to fill the void. The less we know, the more we suspect. People in your firm will make up their own explanations for events and actions that they don't understand. Keep the dialogue going. Nonstop, two-way communication is needed to offset ambiguity, counteract confusion, overcome gossip, shift attitudes, and keep your partners on course. Communication is the prescription for overcoming resistance to any initiative, for preparing your colleagues for the positives and negatives of any course of action, and for giving people a stake in the process.

Your communications must provide specific detail on how the proposed change will affect clients and professionals, explain the business reasons underlying the new direction, the scope of the change (even when it contains bad news), identify how success will be measured (devise metrics for progress), and how people will be rewarded for success. You also need to predict the negative aspects of implementation. There are bound to be some negatives and your partners are better prepared by being told to expect them.

Partners need to hear the disparity between the old and the new, presented clearly at least five or six times, for them to understand its seriousness and to ensure that they get it. Think of communication and trust as being yoked together. Communicate in terms of their interests, not yours. Use e-mail, voice mail, teleconferences, videos, memos, notes, breakfast meetings, brainstorming sessions, and face-to-face conversations to spread your message and keep people informed.

Keep doing it until your partners tell you that you are overdoing it. Just when you are sick of repeating the same core messages over and over again, that's when people are starting to hear you. First, they don't hear. Then, they don't understand. Then they don't believe. If you stop repeating yourself now, they will conclude that you weren't serious after all.

YOUR CHANGE TOOLS

As a managing partner, or practice leader you have at your disposal a wide variety of "mundane tools" embedded in your daily message sending and receiving activities that can be used to energize and influence the firm's articulated values, direction, and desired behavior.

TIME SPENT.

Time spent. The time you spend wandering around the firm meeting with people is your most powerful tool. Nothing speaks louder about what is of bedrock importance than where and how you choose to spend your time. Where you spend your time is not a matter of chance. Choices are made daily about what to do and with whom. From the monthly breakfast meeting on business development issues to the selection of which performance measures to track on a regular basis, are choices that over time, send clear signals to your partners about what you believe to be really important. The managing partner of one east coast firm kept reiterating in internal speeches and private conversations that the firm's highest priority was in providing "unsurpassed client service". Yet his visible allocation of effort - the attention he devoted to visiting with clients of the firm, measuring the actual satisfaction of clients, or making client service a discussion item on every meeting agenda – strongly suggested otherwise. Consequently, partners felt, in part because of what they saw of his visible efforts, that he wasn't really committed to his stated objective.

MEETINGS.

Since agendas directly symbolize priorities, agenda management can be a potent change tool.

We used without success, all of the tricks in the consultants handbook, to discern why some firms get serious results from their business development efforts while others do not. Then someone suggested looking at the minutes of the practice group's meetings. At least one part of the puzzle emerged. The high performers talked up marketing constantly; the mediocre didn't.

ATTENDANCE.

Who attends which meetings, and who presents material, can signal new approaches and new substantive directions.

QUESTIONING APPROACHES.

Among the clearest indicators of the direction or redirection of interest are the sorts of questions you consistently ask. The type of questions asked have a pervasive effect on the issues the firm worries about.

If your messages, focus, and time investment don't all play the same tune, your ability to maintain course will become impaired. It is the constant, consistent, effective reinforcement provided by these devices that accounts for outstanding performance.

SEARCH FOR OPPORTUNITIES THAT ALLOW YOUR PARTNERS TO EXPERIENCE THE DIFFERENCE.

We all learned at a very young age that being told the stove was hot, wasn't as meaningful a learning experience as actually touching it! Our primary objective should be to expose our partners directly to the most important and forceful aspects of the new change. The impact of an experience allows for more to be learned and retained. It is best to physically ensure that people cannot easily avoid the experience but must take the brunt of it right between the eyes.

When it comes to determining what Fortune 1000 corporate counsel are thinking, there is probably no substitute for hearing it directly from the horse's mouth. Invite a number of general counsel to attend one of your partner's meetings and be brutally candid with the assembly about what specifically they are not getting from their external service providers, that they require.

Changing entrenched and habitual behaviors often requires forcing a serious and inescapable shock to the system. The longer the behavior has been in place and the more it is seen as resulting in past successes, the greater the shock required to help partners break free.

2. ENLIST SUPPORT AND DEAL WITH RESISTANCE

Law firms are inherently social systems. The professionals that occupy your firm have identities, relationships, attitudes, emotions and power structures. When you try to introduce a new strategic program or initiative, the change may be perceived as endangering some partner's prosperity, working and social arrangements, or status in the firm. And usually, all of these come into play, adding layers of complexity to your implementation process.

In helping your partners see the need for change, you need to:

- Identify and enlist the support of those partners with a pro-change disposition and consider ways to optimize the enthusiasm they bring to the initiative. Consider:
  - Are enough of your key power partners at least mildly supportive of the change?
  - Do these partners have the relevant expertise to make the proposed change happen?
  - Do these partners have sufficient credibility with others such that their support of the implementation effort will be treated seriously?
  - Are these partners capable of forgoing their personal agendas in favor of the best interests of the firm (or practice group)?
  - How can you get them to work with others?
- Identify those partners who will participate most directly in the implementation.
  - Where and how will this change create pain or loss in the firm?
  - Who will react negatively to having their social systems disrupted?
  - Which partner has something to lose?
  - How is that partner likely to react?

Make your list.

- **Once you have identified those partners most likely to experience some discomfort with the new direction, you need to think about how these individuals can be coached through the process.**

  - **Is there some other senior partner that they look up to that is on-side with the change and could serve as a mentor?**

  - **Can you invest the time to do some one-on-one coaching and hand-holding yourself?**

Resistance is often behind the glassy-eyed stares you get following a presentation of the firm's new strategic direction, the subtle sarcasm you might detect when you propose your latest initiative, and other peoples abrupt departure from the partner's meeting when you enthusiastically want to describe a project you've been considering. What people are saying to you, either directly or indirectly is, I've heard your idea and I don't get it, I don't like it, or I'm not sure I trust your motives.

Here are three primary forms resistance takes (driven by either logic or emotion) - and some things you can do to make each work for you rather than against you:

"I DON'T GET IT."

There is a degree of resistance that involves the world of facts, figures, and data. It crops up often when highly intelligent people try to share their brainchildren with their colleagues. They go to some lengths to explain how a certain change of behavior can solve a particular problem.

So, when you see one of your colleague's eyes glaze over, eyebrows furrow, or head tip slightly to one side or another, they're sending you an unspoken message: "I don't get what you're saying." That's your cue to slow down, touch base with the person, and solicit their input before they get so confused or lost in the morass of your new initiative that they lose interest altogether. After all, if your partner doesn't get your idea, there's little chance he or she will support it.

If you find yourself in this position, step back from your idea and consider your audience. How can you communicate the idea to this individual in a language that they can understand? Will a story, pictures, a model, slides, an on-site walk-through, help?

Sometimes this resistance emanates from a lack of clarity: your partner sees your flow chart of activities and milestones like the wiring diagram for the next space shuttle. Have them help you rethink the project with an eye toward simplicity and coherence.

Sometimes the resistance is due to an overly ambitious plan: your partner looks at the project and thinks, "we'll never get this done – not in my lifetime." Enlist that partner's help to restructure the effort into achievable and incremental chunks.

Your initiative will seldom follow your planned trajectory or timetable. The key to handling this form of resistance is in being flexible and open to revisions. Keep in mind that your partners are most likely to get excited by and vigorously support only those initiatives that they themselves have had some small part in formulating. Your job is to help them play some part in "devising it" in a form that helps them "get it."

"I DON'T LIKE IT."

Any time some partner perceives himself or herself as losing something in a change initiative, you can expect this kind of resistance. Sometimes your proposed strategy, program or idea can trigger an emotional response, typically rooted in fear, that causes a colleague to actively oppose it. Some of the fears underlying these responses include:

- **the concern that something about your idea will make this professional look bad or lose status in the eyes of others;**

- **an apprehension that your idea will endanger this professional's financial security; or**

- **a level of anxiety that your new initiative may cause this professional to fail, perhaps as a result of - and in the wake of - your own success.**

Unfortunately we approach this type of resistance from a very reasoned and logical perspective (rather than accepting or recognizing the emotional underpinnings). We believe that if we just provide this individual with relevant and accurate data, they will agree with making the change to their behavior. We believe that if we make a sound business case for this change, they will accept it. We are bewildered when they don't act quickly and vigorously. We then assume that there is either something wrong with our logic and powers of persuasion, or there is something acutely dysfunctional about this individual.

What do we then do? We try harder! We try harder to persuade them. In other words, we keep doing the same thing, only more of it. In fact, our zealousness may backfire. This partner may react to our zeal by becoming even more resistant to the proposed change.

Data and facts will appeal only to the rational aspects of our colleagues' personalities. Sometimes these partners will resist for reasons that are not so rational. Their emotions then get in the way of productive communication. If they are never aired, these fears fester until what was once a tiny speed-bump on the road to implementation is now an enormous boulder, blocking your way. In these cases, which are more often than you might think, you need to find approaches that address your colleague's emotional needs in order to move forward.

> ***Sometimes...resistance is due to an overly ambitious plan....enlist that partner's help to restructure the effort into achievable and incremental chunks.***

Those fearful of the change must be provided a chance to speak up. They need to be listened to with an open mind. This is not only fair but recognizes that value can be derived from such opposition. Sometimes a proposed change may be based on insufficient insight and deserves to be challenged. At other times, partners are skeptical because past failures have inoculated them against the need for change. You need to discern which of these motivations are driving your partner's emotional opposition.

Those fearful of the change must believe that you care about them – that you have their best interests at heart, and that your desire to help them is sincere. Whether you are trying to help a colleague improve performance, make better choices, do something differently, avoid ineffective behaviors or change an attitude or perspective, you show caring by offering to help rather than waiting to be asked.

Recognize and address the fears underlying this resistance and your initiative is more likely to continue to successful implementation.

" I'M NOT SURE I TRUST YOUR MOTIVES."

Picture this: You're in a meeting with your accountant when she says, "I've got good news for you. I've found some loop holes that will significantly reduce your taxes." Prior to the Enron debacle - you might have welcomed both the accountant and her ideas with open arms. Now, however, the system of checks-and-balances she represents is tainted by what you've read and seen on television, and every idea she proposes gets run through a filter of suspicion in your mind. While the other two types of resistance have to do with your ideas, This resistance is about you. When you're the one doing the proposing, your history with others, as well as their bias, prejudice or mistrust, influence how your idea is heard and received.

This resistance is the toughest to deal with because it's so hard to believe - and accept - that there are people in the world who may not trust your motives. However, if you choose to deny or ignore it, your initiatives will never get off the drawing board.

Try these techniques for working through and moving beyond all levels of resistance:

- **Focus on conversation, not presentation. Ask questions to find out what's going on in the other person's mind and why she opposes your idea.**
- **Listen carefully to what others say in response to your idea-both verbally and through their body language and behaviors.**
- **Avoid knee-jerk reactions, like defensiveness, sarcasm and shutting down.**
- **Find ways to connect with others. Paraphrase their concerns to show that you're listening; embrace suggestions that piggy-back on your idea; and make it clear that there's room - and opportunity - for others to join you as you move forward to implement the idea.**

Resistance at any level is good because it demonstrates that others hear you and are intrigued enough about your ideas to oppose them. That may sound like cold comfort, but it's not. Figure out what's behind a colleague's resistance and you'll be well on your way to turning opposition into support.

Now this is the point at which we wrap up most of our new initiatives. We develop our strategic plan, we unveil it to a meeting of the partners, we present the supporting data, we adopt the plan as our collective direction going forward, we assign various action components to different groups to implement, and then we beseech the partners to get with the program.

But, why is it, when these partners do see the need to make changes in their behavior, do they often still FAIL to take any decisive action?

The next issue of The Edge International Review will contain Part Two of ***Why Change.*** The second part will address the issues of helping your partners take action and nurturing your partners to follow through.

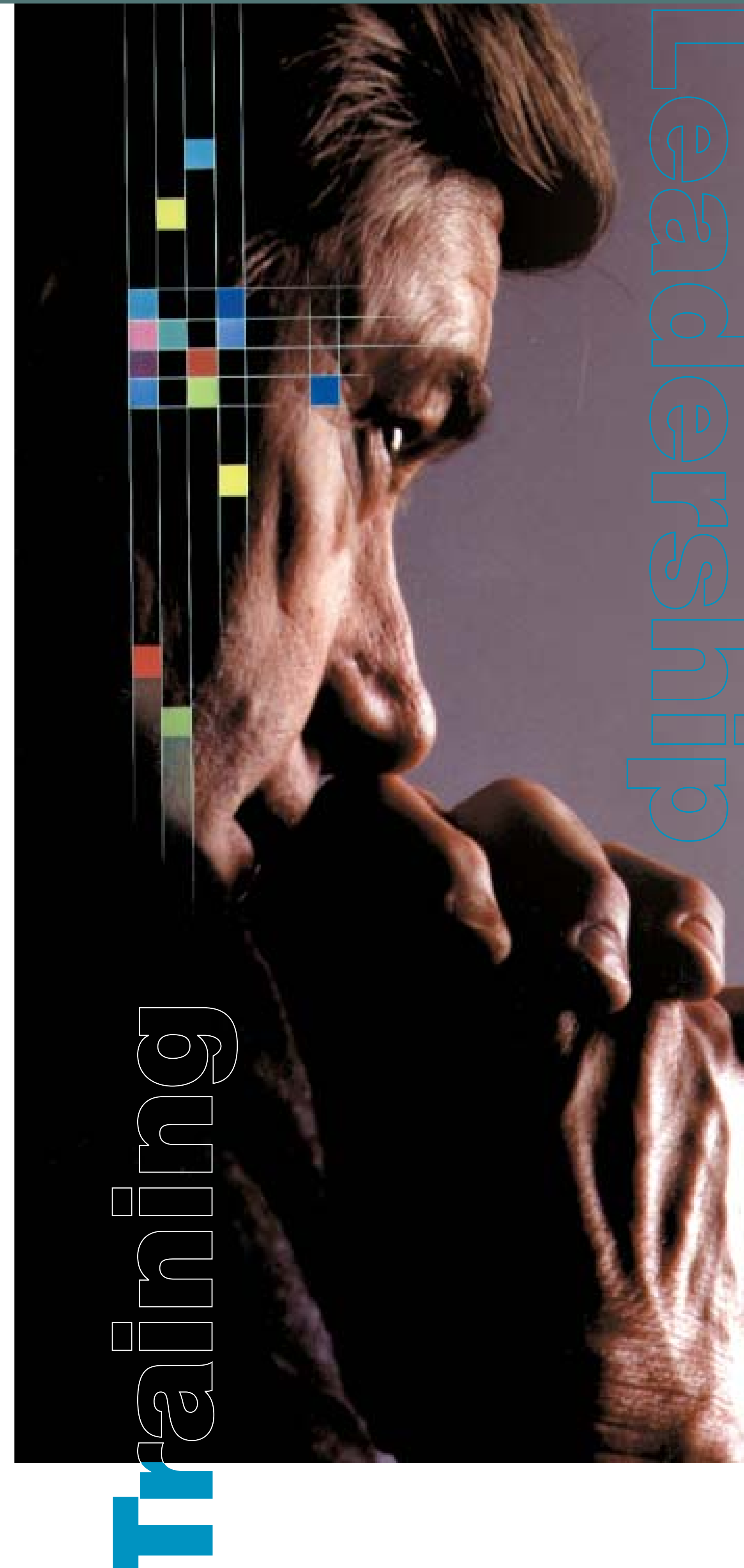
The LEADING Question of LEARNING

by Nick Jarrett-Kerr, EDGE INTERNATIONAL

Nick Jarrett-Kerr is a partner with Edge International. Nick is a Solicitor and the former Managing Partner of a large regional U.K. law firm. His consulting practice specializes in professional service firm leadership, management and strategy.

I had a Partner once who firmly believed that all leadership and management abilities are a matter of natural talent and cannot be learned. For example, he felt that Partners divide themselves into two basic types – those who are born leaders and those who are not. It was, in his view, a waste of time to try to improve the skill of the born leader by extra training, and complete nonsense to try to instill any management skills into those whom he considered to have no natural ability. For those reasons, he would never attend Training courses himself (he was a born leader of course), and was equally unhappy to allow any of the lesser mortals in his team to attend. Not surprisingly, neither my Firm nor I agreed with his radical and arrogant view, and we soon parted company! At the other extreme, another partner in a Law Firm told me quite recently that he thought that though he might have some management skills, marketing ability was not one of his natural skills areas and he did not intend to try to develop here; he clearly wanted to remain in a comfort zone in which an abundant supply of interesting work would somehow magically appear.

Behind these stark and extreme examples lies an interesting debate about which much has been written – can leadership skills be taught and learnt, or do you have to be a 'born leader'? You can probably guess which side of the debate I lean towards, but even so, I have



found that the whole question of management and leadership training in Professional Service Firms is not as simple as it seems.

Right up front, any Professional Service Firm which is committed to develop management and leadership skills needs to recognise the big difference between basic management skills and visionary leadership skills. The former encompasses the skills, competences, know-how and behaviours required to develop good functional management. The latter relates more to the ability to create a vision in a fast changing world, to motivate individuals and teams, to lead them through change, and to foster innovation. But in both cases, partners in Professional Service Firms can, in my view, develop and hone the necessary skills. All such partners will have already demonstrated their brainpower to become partners in the first place. They will already have or should be encouraged to acquire at least baseline skills across the leadership and management spectrum. They hopefully can be persuaded to accept that good management and leadership is absolutely pivotal to success. They perhaps understand less clearly that the need for more and better abilities is bound to increase. The relentless pace of change will see to that, along with more demands for compliance, better service, different regulatory structures, and the challenge of globalisation and competition. The problem, however is, that although these issues seem to be widely recognised in the Professional Service Firm sector, little progress is being made. Management and leadership deficiencies continue to be cited as causes of poor performance.

I have noticed six particular problem areas which often occur in Professional Service Firm training programmes

- Fee-earning is allowed to take precedence over training, with both Partners and fee-earners cancelling out on training dates as soon as the most minor client commitment intervenes
- Training and development in 'soft' skills is not as valued as training and development in technical areas; partners and fee-earners can be sceptical about the benefits of training.
- There is insufficient recognition that most professionals will only learn, or change their behaviours, of their own volition and not at the will of others.
- Partners and fee-earners who are sent on external courses are often expected to share what they have learned internally, but very rarely get round to doing so; and there are often few mechanisms or disciplines within Professional Service Firms to police this.
- The supply of training opportunities is mixed in quality, often inflexible and lacks practical application. In addition, it is often not sufficiently tailored to meet the specific needs of the individual or Professional Service Firm
- The demand for training and development in management and leadership skills from the Professional Service Firm is unclear and unfocused, with the result that the return from the training investment is not as good as it should or could be.

What I hope is noticeable is that at least three of these problem areas illustrate common cultural/behavioural problems in many Professional Service Firms and highlight what emerge as the acceptable or normal behaviours in the organisation. Perhaps more importantly, all the listed problem areas are themselves issues of leadership.

SOME KEY CAPABILITY QUESTIONS

1. Do we have the ability, at Firm, Team and individual level to develop a clear sense of direction for our organisation, and to frame some clear and achievable objectives?
2. What are the skills gaps and shortcomings currently hindering us from achieving our goals? Will we able to do tomorrow what will be necessary then, but which may not be necessary now?
3. How confident do we feel about our ability to make and see through the tricky decisions and priorities in our firm?
4. How motivated are our people to move up a gear? What do we need to do to increase their ambition?
5. Do we have the ability to encourage or require our people to learn and develop? Do we even accept the need to do this?
6. What are our communications skills like? What are we like at giving feedback?
7. Does everybody in positions of management understand their roles and responsibilities, and do they have the tools, know-how and time to fulfil those responsibilities?
8. What is our staff turnover like? Do our people enjoy their work? Do we understand what we need to do to improve in these areas?
9. Are we comfortable that we and our staff are team players or are there more than the occasional spot of undermining or selfish solo performances? Do we know what needs to be done to improve teamwork?
10. How can we improve delegation and supervision?
11. What are we like at sharing what we have learnt throughout the firm?
12. How can we improve our ability to win and keep business?
13. Do we know what measures we need to take for our clients to appreciate and value our services?
14. How well do our people manage their accounting and financial responsibilities?
15. To what extent are we aware of the risks which face our business and do we have the capability and resources to manage such risks?

There is room in the training wardrobe for both the 'tailor made' and 'off-the-shelf' approaches. In Edge International, for example, we have the tried and tested sales training program *Rainmaking*® and the powerful and famous PracticeCoach® program (which incorporates the work of David Maister and has been famously described as a complete management initiative as opposed to a skills training program). And there are many excellent course providers with increasingly sophisticated management and leadership training programs which can supply much of the formal learning which is needed.

But every firm is different and no single training template can ever be enough. What I find so fascinating is the huge overlap which exists between strategy and training. As soon as Firms start to ask themselves some of the really key questions about their capabilities and the relationships between those capabilities and overall performance, they find again and again that they are uncovering a whole host of Training and Development needs at every single level of the organisation. What is also clear is that a customised approach is often necessary to meet the needs which have been identified. Over the last two years, I have found that some of my most interesting and rewarding work has been in helping Firms to address these areas.

Both my colleagues and I designed, facilitated and led Partner Training and Development Sessions and Workshops across a whole range of Management and Leadership Topics. I have found repeatedly that my experience as a solicitor, former Managing Partner and accredited trainer has been immensely valuable in making those programs relevant, practical, focused and valuable.

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by Gerry Riskin, **EDGE INTERNATIONAL**

"Client Panels"

a competitive weapon

There is no more powerful or effective way to get your team reflecting upon its client service performance than to expose them to a well-run client panel. Existing clients are your most highly credible sources of insights as to the current client-service behaviors of the firm. Prospective clients are living, breathing reminders of what it might take to attract new clients.

Assuming that a client panel will pull itself together is a disservice to your firm and the panelists alike – the event should be spectacular and have impact.

COMPOSITION OF PANEL:

A panel should be comprised of CEO's (including entrepreneurs) and/or General Counsel, all of a significant stature relative to your firm. Their mere presence should command respect and attention.

Highly specialized firms may find a different constituency from within the client to be preferable. For example, IP specialists might want the senior department head or the IP Counsel of a major client as opposed to General Counsel. In the top tier of the Fortune list, most General Counsel allow their specialists to choose outside law firms. You want the people who do or could hire you.

Some firms have included some of their own lawyers on a panel; for example, those who were previously "in-house" in client or prospective client companies. My experience is that such participants work out well provided they have internal credibility—and most do. Even so, the majority of the panel should be from outside your firm in order to create the appropriate significance for the event, including garnering the respect of the attendees.

PANEL SIZE:

The optimal panel size is four: three from existing clients and one from a prospective client. If one of your panelists is a no-show, you can still hold a strong event with three. A panel of two is dangerously small and a panel of one impossible. You will find that the panelists fuel each other and collectively create the confidence to be constructively critical. A panel of one or two will not be nearly as forthcoming nor, consequently, as valuable.

EXTENDING INVITATIONS:

Extending the invitation to prospective panel members is an act of diplomacy. You want it made clear to each invitee that if she or he is not interested it will never be broadcast internally that the invitation was extended and declined. The good news is that most potential panelists will accept an invitation extended by someone with whom they are personally acquainted.

Law firms are notoriously late in planning events. It is imperative that you give your invitees adequate notice. You not only want to secure their availability, you also want to avoid the embarrassment of looking like the firm does everything at the last minute or the appearance that the invitee was a last-minute substitute for someone else whom you would have preferred.

It is important that the invitation include an explanation as to the purpose of the panel. Put simply, the panel is assembled to help the individuals not only present better, but to better understand—from the perspective of clients and prospective clients—how the delivery of legal services are perceived and, in particular, the factors that go into the formulation of preferences clients develop of some law firms over others.

Finally, the invitation should obtain the panelists' consent to be interviewed in preparation of the event, including identifying specifically who will be contacting them (along with that person's credentials).

PREPARATION OF PERSON CONDUCTING PANEL:

It is essential that your external retreat facilitator (or your internal session chairperson) properly prepare for this event. When extending the invitation, request a CV, which will then be supplemented by any additional information you can find about the panelist and his or her company. Existing clients will be known to some of your internal people, who will be an excellent source and should be consulted.

Your panel facilitator must know the panelists well enough to give each a strong introduction that will serve to enhance their credibility and make them feel important and honored (as they deserve). This preparation will also maximize the effectiveness of the pre-retreat interview process with each panelist, as well as serving to impress the panelists

REASONS FOR BRIEFING THE PANEL

It is essential that each panelist be interviewed and briefed somewhere between a month and two weeks in advance of the event. This will make a world of difference to the quality and value of the panel presentations. Seemingly magically, the panel will be filled with examples and illustrations by focused presenters instead of the same old concepts expressed from a changing variety of talking heads.

RISKS OF FOREGOING THE PANEL BRIEFING:

Not preparing the panel beforehand results in the following risks:

- **"winging it", or**
- **prepared, but in a slightly unhelpful direction (missing the point), or**
- **overly abstract and conceptual comments without examples and illustrations that lead to clear understanding**

THE BRIEFING PROCESS:

The briefings are usually conducted by telephone for logistical reasons, which is fine. A letter or personal conversation should cover the following:

- Review the panelist's CV and other information obtained internally and externally before contacting each one and begin by making it clear that you have done so.
- Communicate the purpose of the briefing, which is to be a catalyst to help each panelist formulate thoughts for the nine-minute presentation. Remind each panelist that he or she are free to make whatever points they think appropriate, but that this twenty-minute preparatory interview may stimulate the creation of a useful list of bullet points around which the presentation can be built. To be clear here, the person briefing the panelist is not dictating content. Rather, the interview is to help the panelist formulate thoughts that the interviewee can politely ask to be tracked in a set of bullet points.
- Ask the panelist a question or two that will assist in making a more meaningful and personal introduction, for example, for General Counsel: "As a lawyer working inside 'ABC,' from what do you derive the greatest professional satisfaction?" or, for a CEO, perhaps: "As CEO of 'ABC,' what do you believe has been your greatest achievement in recent months or years?" The answers to these questions allow an introduction on the day that will significantly transcend a mere recital of the CV.
- Ask each panelist to reflect upon law firms that they have preferred above others, now or in the past, and to articulate what it was about those firms that distinguished them from the firms that were not preferred. Here is where the interviewer can make a significant difference. In almost all cases, the panelist's initial response will be abstract and conceptual: "I preferred the firms who gave us better service"; or, "understood us"; or, "understood our industry". These are potentially valuable answers but unhelpful and worthless without illustrations and examples. This is an opportunity to get each panelist thinking in more concrete terms by asking: "Can you recite an example or illustration of specific behaviour that demonstrated to you that a firm understood your business?" By digging deeper and deeper for examples and illustrations, you are gently and appropriately enhancing the preparation of the panelist and the utility of their address to your firm. Indicate to the panelist what you have just done and ask that, as they create their bullet points, to please reference the illustration or example they think will best illuminate each point.
- The next question is the corollary of the last one: ask each panelist to reflect upon law firms that they have not preferred and perhaps have discontinued relationships with, and, most importantly, to articulate what it was about those firms that disappointed them. Examples and illustrations are equally crucial here.
- The most critical part of the discussion is to encourage the recollection of anecdotes, examples and illustrations that can be told on the day of the client panel. Check to make certain that each panelist is comfortable mentioning examples during the event. If so, then even if a panelist overlooks a strategic example, the facilitator can jog their memory during the question period and ask them to kindly recount it.

TIMING:

I strongly recommend that the initial comments of each panelist be limited to a time period of nine minutes or fewer. The presentations are limited in favor of allowing ample time for questions, answers and open discussions following the presentations, which would take up the balance of a session of, say, 90 minutes in its entirety.

THE QUESTION PERIOD:

After panelists have presented their nine minutes, the audience is usually ready to ask questions. If the audience is large, portable microphones should be used—they dramatically enhance the focus and reduce distracting side conversations. The facilitator or chair can rephrase, supplement, or distribute a question to other panelists if appropriate. To prevent embarrassing silence, the facilitator should have identified key people with default questions ready, just in case. Such default questions should be held in reserve and used only of silence occurs or a particular panelist has not been asked a question.

BRIEFING ATTENDEES FROM YOUR FIRM:

Do not assume. Politely, gently, diplomatically (or, if your prefer, directly) remind your attendees that they are about to host an extremely significant set of visitors who are vital to the firm's success. While the attendees should enjoy the process and learn from it, they should at no time forget to treat the visitors with unqualified respect and diplomacy. Gently debating an issue with a panelist during the question period is fine; attempting to wrestle them to the mat on an issue is intolerable behavior. Of course your attendees are smart people who ought to know this—I am suggesting a reminder may prevent even one momentary lapse. This is obviously best communicated privately before the honored guests enter the building.

OPTIONAL BREAK-OUT SESSIONS:

An option that will enhance the effectiveness of your client panel will be to follow the event with break-out groups which can be given an hour to identify a few specific actions that can be taken in order to improve client service, and, in particular, to enhance the probability that the firm will be a "preferred" firm rather than one that disappoints. These break out groups can, at your option, include a panelist as an outside resource.

The break-outs should culminate in a wrap-up plenary session that allows each break-out group reporter to take three or four minutes to quickly review the key action points recommended by the group.

There is a very direct correlation between actually implementing actions and the future success of the firm. Most firms either do not go through these exercises or fail to bring about even incremental change as a result. Therefore, it is not hyperbole to say that those that do both derive a significant competitive advantage. If there is not a clear path to transforming learnings into action, you are wasting your time. The path is constructed with specificity and follow up.

THANKING THE PANEL:

Subject to legal, moral and specific corporate policy limitations on giving gifts (check in advance), it is a nice touch to have an esteemed firm member (or the individuals who personally invited the panelists) present thank you gifts publicly at the end of the session. Not only will the panelists feel appreciated, it role models gracious behavior for the attendees.

CONCLUSION:

If handled well, client panels are a unique and effective way to gain a competitive advantage. Guard against the perception that throwing an esteemed panel together is the ball game and the rest will take care of itself. It will not.

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