THE AMERICAN LAWYER
An ALM Publication
www.americanlawyer.com
March 2012

MANAGEMENT

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Buried In Paper

Administrative duties prevent practice groups from reaching their full potential, a survey suggests.

If 51 percent of a corporation's product lines or departments functioned at a fair to poor level, what would a CEO do? That's the situation my colleagues at Altman Weil and I found with law firm practice groups in our latest survey on practice group performance. Our survey asked managing partners in U.S. law firms to assess their practice groups in a variety of areas.

Eighty-one firms responded. Of those, 7.4 percent were firms of 500 or more lawyers, 12.3 percent were firms of 250–499 lawyers, 45.7 percent were firms of 100–249 lawyers, and 34.6 percent were firms of 50–99 lawyers. Only 49 percent of respondents rated the overall performance of their practice groups as very good or excellent. Even fewer rated their groups as very good or excellent in generating new business (42 percent) or cross-selling (41 percent).

This means that a majority of managing partners believe that their practice groups, as a whole, are performing at a fair or poor level in each of these three categories. At a time when the growth of legal business is flat and few people believe that it will return to prerecession levels anytime soon, it is imperative that practice groups, as law firms' primary competitive engines, operate at maximum effectiveness. Firms are spending a great deal of time, money, and other resources on practice group development, and they are not achieving the return they should.

Why? The most glaring causes are shortcomings by senior leadership in attending to a few simple things.

The survey identified three areas in which there is a clear correlation between specific practice group activities and better performance. They are: time spent on group leadership by practice leaders, mandatory leadership training of group leaders, and practice group planning. In our survey, for example, firms in which group leaders spent more than 250 hours per year on leadership activities scored almost 15 percentage points higher than firms in which group leaders spent fewer than 100 hours a year on such activities.

> "THE SURVEY SHOWED THAT ONLY 63 PERCENT OF FIRMS HAVE A FORMAL PRACTICE GROUP PLANNING PROCESS. IN THE ABSENCE OF PLANNING, NOT MUCH IS GOING TO HAPPEN."

Much of this is common sense. In fact the survey showed that firms were aware of the merit of investing in each of these areas—but that many were not doing so, or were not doing so effectively.

Consider what the survey showed on the subject of leadership training. Overall, 58 percent of respondents offered such training for practice group leaders, but only 13 percent made it mandatory. Among firms with 500 or more lawyers, all offered training to their group leaders, but only one-third of those firms required it. This is a missed opportunity.

The key is to do a few things better that will render significant improvements in practice group effectiveness. They are:

■ **DEFINE ROLES PROPERLY AND CLEARLY.** Law firm practice groups were initially conceptualized as externally oriented—groups of lawyers focused on clients, strategy, competitiveness, and growth. However, over the last 15 years many practice groups have morphed into internally oriented operational units that exist primarily for administrative, organizational, and management purposes. The survey shows roughly a fifty-fifty split between internal and external group orientation in today's law firms.

While internal management of administrative matters is important, it should not be a practice leader's main focus. Those tasks should be delegated to deputies within the groups and/or to nonlawyer personnel and professionals. Group leaders will never be as effective as firms want them to be, and as they should be, unless they are unburdened from administrative tasks.

A first step is reviewing the practice leader's job description. It should not include dozens of areas of responsibility. Rather, it should articulate a clear set of areas to focus on that will move the group forward competitively by acquiring, retaining, and increasing business, and by building and sustaining market position.

ENSURE THAT TIME IS USED WISELY. Most firms expect that their practice leaders will spend enough time on practice group duties, but few firms demand it. In our experience, many managing partners just assume that professionals, being professionals, will do the right thing, and thus there is little need for close management. This assumption is not correct. In addition, simply setting an expected number of hours for leaders to spend on practice group tasks and activities is insufficient. They need to spend time *on the right things*.

To achieve this, senior leadership (managing partners and others) must communicate with practice leaders in an effective way. This might include coaching, encouragement, and other means of motivation. Effective interaction with senior management that includes ongoing face-to-face communication is usually a clear predictor of how successful practice leaders will be.

Busy professionals almost always have good intentions. They intend to get the right things done, but it is all too easy to move from crisis to crisis and overlook important issues. Senior leadership should be the catalyst for keeping practice leaders on track and focused on those investments that will benefit their groups in the long term.

Providing practice leaders with adequate training on leadership and plan formulation will also be invaluable as they make decisions about how to use their time most effectively.

TAKE LEADERSHIP DEVELOPMENT SERIOUSLY. Leadership development works best in firms that recognize the need for continual and tailored skills training. New practice group leaders probably require 30–40 hours of leadership and management training over the first two years. More experienced leaders may need less. Our experience is that the best firms have individual leadership development plans for all of their leaders, customized to the specific needs of each person.

Along with the training, there must be an effective and robust evaluation program for practice leaders. At a minimum the group leader should be evaluated for development of a group plan and how well group members carry out the plan. Firms should evaluate how well group members are carrying out their individual plans (if they have them), achieving any articulated metrics (beyond billable hours and revenues), and exhibiting leadership skills.

Providing coaches for practice leaders, especially new ones, can be very effective. It is important that new leaders develop and sustain the right behaviors and not be distracted by things that will not enhance the group's competitiveness.

EMPHASIZE PLANNING. The survey showed that only 63 percent of firms have a formal practice group planning process. In the absence of planning, not much is going to happen.

Every firm should install, support, and sustain an effective planning process. This should not be an overwhelming, bureaucratic, or formulaic task. The program should assure collaboration among group members and sharing of plans with other group leaders to promote collaborative activities like cross-selling. The best plans will be short, focused, and achievable.

Regular one-on-one communication with senior management and periodic evaluation of efforts and results is essential to maintaining the plan's effectiveness. At larger firms, this oversight should not be the managing partner's responsibility. Instead, another senior leader should be designated to support the practice group functions. Other departments, such as human resources, IT, and finance will need to be involved as well.

HOLD GROUP LEADERS ACCOUNTABLE. One of the biggest reasons that practice leaders fall short of expectations is that senior leadership fails to hold them accountable. If a firm wants practice leaders to get things done, it must move beyond a policy of hope and into the realm of effective accountability.

A firm cannot hold group leaders accountable from afar. It cannot do it through e-mails and memoranda. It can only be done through ongoing personal interaction. Accountability in a professional services environment does not take the form of threats, nor can it be accomplished through incentives like compensation. Rather, it results from finding the things that motivate each professional to get the job done, inspiring them to act and, when necessary, coaching them on how to get there.

Role clarity, leadership skills, effective planning, and sufficient time to focus on the needs of the group are the key components of a results-oriented practice group program. Other issues, like good leadership selection, appropriate compensation adjustments for practice leaders, and useful management data on group performance, should also be considered.

Each of these considerations is interdependent. Executed correctly, the pieces will mesh to improve practice group performance. A failure of any part will affect the entire dynamic. The ultimate driver is sustained accountability—and that must come from the firm's senior leadership.

Our experience, along with these survey results, tell us that law firms currently see practice group performance as important—but not that important. Investments in training, planning, time, and resources aren't being made at the levels they should be. There is not the degree of accountability needed to create real excellence.

What is an acceptable practice group return on investment for law firms? Returning to the corporate analogy, what percentage of product lines or departments should receive a "very good" or "excellent" rating in a healthy, thriving business? We think 80–85 percent is a reasonable expectation. The bar is high—but the path is clear.

In a time in which law firms face ever-greater competition, practice group performance should be recognized as a way to achieve a competitive advantage. As with all performance-improvement initiatives, the firms that realize this first, and act upon that realization, will set themselves apart.

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