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Moving the Middle:
Optimizing Leadership Time to Improve Productivity
By Thomas S. Clay

Today's stagnant or shrinking legal services market puts significant pressure on law firm leaders at all levels to find new ways to increase productivity and build firm value. In my work advising law firms, regardless of the type of project I'm working on, there is always some linkage to the objective of increased productivity.

However, it is important to define productivity in the context of a law firm partnership. C. Jackson Grayson, Jr., Chairman of the American Productivity Center in Houston, said: "Productivity is nothing more than a mathematical ratio. It's output over input, that simple. But a company has to supply the content of the words input and output. And if you define your input and output the wrong way, you get into trouble."

This is where law firms may go wrong. Even if they are currently doing well economically, most firms have defined productivity in a very narrow way, and they may suffer as marketplace realities and dynamics continue to change substantially.

Partner productivity should be defined as more than just the ability to produce working attorney fee receipts or to generate business. To correctly understand the input factor, firms should consider other value-adding contributions like excellent leadership, superior client service, skill and knowledge sharing, service innovations and efficiencies among others, all of which can truly add value to the partnership.

Spending Time with the Right People

Most managing partners recognize the critical need to spend time with lawyers in the firm. However, they are often frustrated with not having enough time to do so. In my experience, this often is because they are misallocating their time. They are not spending enough time with the right people to get the results they want.

The secret to achieving far more overall productivity is to focus leaders' time on the majority of the firm's lawyers — its 'Solid Citizens.' Reallocating leadership time in this way will result in a vastly improved return on the firm's leadership investment. The proof of this premise is simply in the math, as you will see.

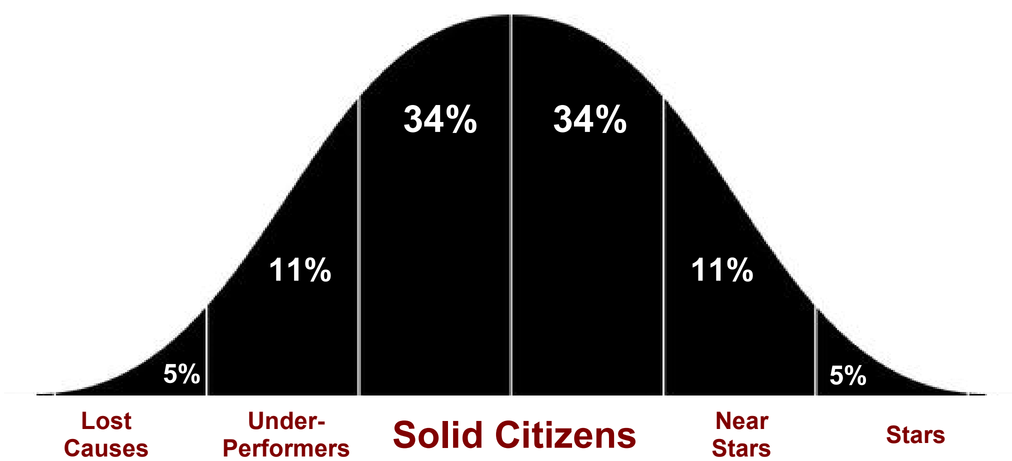
The partners in a firm can be categorized using the following definitions:

- Stars: These are partners who have demonstrated over a long period of time that they can add clear value to the firm, benefitting everyone. Traditionally, firms have defined their Stars as those who originate new business or generate large working attorney fee receipts, but some firms are beginning to recognize that other objectively measured contributions can also qualify a partner as a Star
- Near Stars: These are the lawyers who are on their way to becoming stars and will need guidance and encouragement to achieve their full potential.
- Solid Citizens: These are typically good lawyers, good people and those who don't make waves. Most of the time they meet minimum economic performance expectations.
- Underperformers: This category can have two different definitions—those who, for some reason, are in decline and those who have not yet hit the productivity levels expected of partners.
- Lost Causes: These are folks who should not remain with the law firm.

In any law firm, the allocation of partners along these lines will result in a bell curve distribution. One could argue the steepness of flatness of the curve, but not the probability that there will be a bell curve of partner contributions.

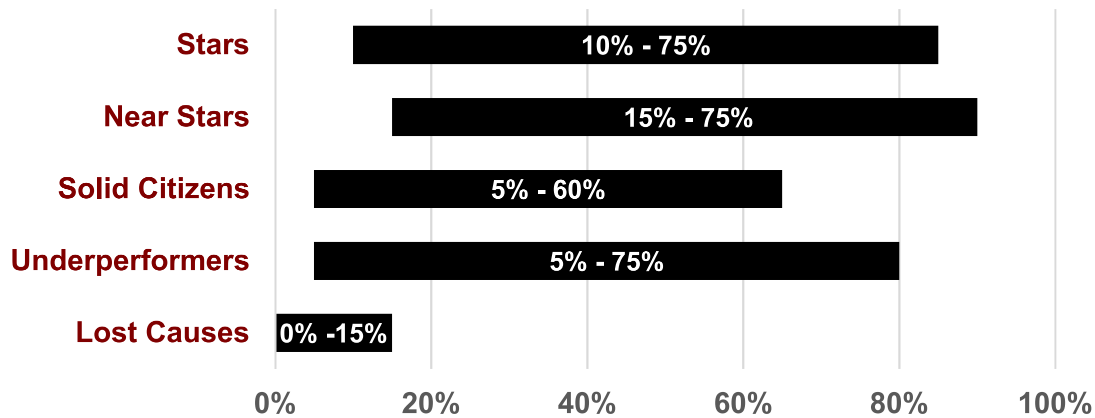
Partner Contributions

The key issue to consider is that two-thirds of partners are Solid Citizens and one-third represent the other four categories combined. This is where the math comes in. When you start thinking about it in numeric terms, it's clear that incremental increases in contribution from the largest population, i.e., the Solid Citizens, will result in a greater increase in overall productivity than a larger percentage increase by the other one-third.



The bell curve represents the totality of partner contributions including billable hours, marketing and business development, and all "value adding" activities. The overall objective is to increase total partner contributions and improve productivity, thereby shifting the midpoint of the bell curve to the right.

I often ask law firm leaders to comment on how they think they should allocate their time among the five categories of partners to affect the greatest return on investment. Below is a sample of their responses. As you can see, there is a wide divergence of views, except with respect to Lost Causes. The responses as to allocation of leadership time, in percentage ranges, were:



So how should a law firm leader allocate his or her time most effectively to get the best results from each of the five partner types?

Stars

Stars want three things from their leaders. They are:

- Recognition. This typically is something that can be done in a very short amount of time with a pat on the back, but it is critical to the psyche of stars. Most leaders readily understand this.
- The availability of resources and/or removal of roadblocks so they can fully achieve their goals. Stars abhor anything that keeps them from doing so. Most leaders get this as well.
- Finally, Stars want to know that firm leadership is dealing efficiently and effectively with Lost Causes and Underperformers. They simply cannot stand seeing their colleagues underperform or, as they put it, “act like 9 to 5-ers.” If they know these folks are being dealt with, they are far less apt to become dis-incentivized.

The reality is law firm leaders don’t need to spend much time with Stars and, frankly, Stars don’t have the time to spend with firm leaders. They just want to make sure that the firm is attending to the three things that matter most to them.

Near Stars

Near Stars are essentially the same as Stars except they are likely younger and on their way up. They will need additional resources, encouragement and guidance, which might include a coach, specialized business development or leadership training, time to devote to referral sources, or positions on key committees or task forces. Like Stars, they are intrinsically motivated and usually don't require enormous amounts of time from firm leaders.

Lost Causes

When there are Lost Causes among your partners, if they are clearly beyond help, then recognize it and remove them from the firm. For all concerned, this should be done quickly and humanely but with rigor so the pain is not prolonged. Dragging out the process is energy sapping and counter-productive and it takes away from more productive uses of leadership time.

Underperformers

Where there is a clear record of underperformance over time, leaders should work with the underperformer to develop an agreed-upon plan for improvement over the course of no more than 18 to 24 months. The plan should have milestones, benchmarks and metrics related to the specifics of the underperformance at issue. Time to develop the plan should not be onerous and may be done in steps with practice leaders, office managing partners and final approval by the managing partner. These efforts need to be reinforced with periodic check-ins by leaders with the underperformer.

Solid Citizens

The greatest investment of leadership time needs to be spent with Solid Citizens. Too often this group goes unchallenged on their contributions to the firm, or they are neglected because they are good people, good lawyers, and generally meet their obligations. They don't make waves. They don't complain. Sound familiar?

However, here is where the math emerges again.

In a hypothetical firm with 100 partners, assuming a bell curve distribution of partner types, approximately 68 partners would be Solid Citizens. If the firm can achieve a 2% average increase (which is a low estimate) in each Solid Citizen's contribution however defined, the result will be 136 more percentage points of contribution to the firm.

In contrast, there is less potential for performance improvement in the other four groups represented by a hypothetical 32 partners. Stars are essentially "maxed out" in terms of contributions and an expectation that they do much more may be unrealistic. Near stars might show big performance gains, but they are a relatively small group.

Underperformers have a lot of room for improvement in theory, but typically the best possible scenario for underperformers is simply getting to solid citizenship. They are unlikely to ever become Stars. Removing Lost Causes will decrease whatever contributions they might be making to the firm although that is unlikely to be significant.

The relative increases in contribution by each partner type might look like this example:

	Partners/ 100	Average Performance Increase	Total Increase
Solid Citizens	68	2%	136
Return on investment			**136**
Stars	5	1%	5
Near Stars	11	5%	55
Underperformers	11	2%	22
Lost Causes	5	0%	0
Return on investment			**82**

A comparison of the total performance increases for each of the five partner groups clearly shows that a rigorous focus on Solid Citizens will almost always yield greater value gains than will be realized by spending additional time with the other groups. It should also be noted that the second greatest potential gains come from Near Stars who are generally self-motivated and do not need a great deal of leadership attention to thrive.

Moving the Middle

The criticism most often leveled at Solid Citizens by firm leaders is that they do not "act like owners." They meet their billable hour and revenue goals – but do little more. This may be driven by complacency, or perhaps from a failure of the firm to articulate its expectations for partners and then hold them accountable.

Regardless of the reasons, firm leaders can intervene effectively with this group–because Solid Citizens have the capability to improve with the right guidance and encouragement. To move Solid Citizens up the bell curve, firm leaders need to:

- Ask each partner what he/she can do to add greater value to the firm
- Find out what motivates each person
- Require short, specific individual development plans
- Have regular, scheduled check-ins to monitor progress
- Provide honest feedback on progress toward plan goals
- Offer training where appropriate

Too often firms try to address this problem with financial incentives through the compensation system. This is nothing more than a bribe and a short-term one at that. Effective motivators, especially in law firms, are more likely to be achievement, recognition, the quality of the work, responsibility, advancement and growth. Leaders need to articulate to Solid Citizens how these things might be achieved and help them toward those goals.

Return on Investment

When law firm leaders are asked what they would need in order to be more effective, invariably their number one response is: 'More time.' And yet time is an inelastic resource.

As leaders struggle to use their limited time to the greatest advantage, it is important to optimize the value of their 'people time.' If leaders spend their time on the cohort of partners with the highest potential for incremental improvement, the firm will realize the highest return on its leadership investment. It’s just the math.

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