

## WHAT REALLY WORKS

### Effective, Proven, and Often Very Simple Law Firm Management Approaches That Work and Have Stood the Test of Time

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As a management consultant focused on strategy development and execution for the last 49 years, I have had the good fortune to do something for living that I truly enjoy. It was what I wanted to do when I went back to grad school, after my time as a naval officer (a long time ago), and I am still doing it. I learned early on that the true test of consulting effectiveness is not your ability to identify and state what the issues are, but what your clients can do to successfully address those issues (i.e. - make what's wrong right). That fix-it solution (whatever it turns out to be) requires creativity, clarity, follow-through, and measurement of the results.

Coming up with solid recommendations that can be implemented within the resources available or likely to be available to a firm or practice requires some experience. Like all professionals, I have had to learn from that experience (and its hard knocks) - I give you two early examples.

- Many of our clients know that as part of my service in the US Navy, I spent a year in Vietnam on riverboats on the Mekong River and its tributaries. We operated in 33 foot waterjet boats (PBRs) and were mostly combatting the Vietcong and, and sometimes, the North Vietnamese. We learned that when the going got tough, needed artillery (either from the Vietnamese Army or our own Army) was difficult to get and, often, not very accurate or timely. Much of the Mekong River and its major tributaries are navigable, particularly for lower draught ships. I came up with what I thought was an absolutely brilliant solution - outfitting a destroyer escort (DE) for the river (primarily by cutting off its sonar dome - the Vietcong did not have submarines) and using the existing five inch gun system (unbelievably accurate) as a floating and flexible artillery support. Since I was a pretty low level officer, I had to run my suggestion up the chain of command - I received a number of congrats for creativeness from my seniors, but no one was going to risk their career on what they probably considered a really dumb ass idea. So, my brilliant idea died.
- Early in my career as a consultant, I conducted a number of assignments in the criminal justice system (which would ultimately lead to my serving law firms). One of the first police departments I studied was in Maywood, Illinois, a small suburb directly west of Chicago that was undergoing a major shift in its racial makeup. We interviewed citizens and citizens' groups and found out that their major concern (at that time) was that the police were just not visible enough (demonstrating that not that much has changed in 45 years). In my slowly forming consulting mind, I thought that the more visible you can make police cars, the better the police visibility. So, I recommended that Maywood paint all of their police cars orange. The Village Board thought that was a crazy idea, but there was a happy ending - they did repaint the police cars considerably brighter colors, but not orange, and visibility did dramatically improve.

## **Law Firm Management Solutions**

So, with a lot of other industry consulting experience under my belt, my consulting career with law firms (starting in 1984) had that focus on solutions – addressing issues by recommending changes to firm management. I thought it might be useful to our clients and friends to list and share the solutions that work just about every time they have been tried – so here we go.

### **Use a Multiyear Budget to Focus on Growth and then Manage to It**

Most law firm budgets – still now – are one year in length and as conservative as possible (to a degree, so that firm management can claim every year that they beat budget). Most other businesses are very different – they budget to grow and they then manage that business to achieve that growth – and their budgets are usually for three to five year periods. That means that activity and resources (rather than just saying “*I wish we could grow*”) are focused directly on growing.

In our last annual survey (at the beginning of 2019), the biggest issue mentioned (by far) by law firm CEOs and COOs was their perceived lack of growth. Unless you set objectives and execute strategies directly intended to achieve that growth, it will not happen. And if you achieve it, you better reward for it.

### **Growth is Not Free – You Have to Financially Support and Plan for It**

Both the one year and three year budgeting processes are considerably less effective if, along with allowing for growth, firms do not plan for the cost of that growth. For example, when you take on a lateral partner (supposedly with that ever desirable and coveted book of business), there are significant costs. It takes about six months for the new partner to ramp up, do work, bill it, and then collect it. That investment cost has to come out of the hide of the other partners, so it must be budgeted for (as well as the expected level and timing of the revenue that comes from these new partners).

The cost of ramp-up is why – all things being equal – we believe well thought out mergers are a better strategy for long-term growth than just exclusively adding laterals. But mergers are tougher to do, so firms’ financial planning for growth ought to include consideration of the rewards and costs of both options. And, the best growth strategy probably includes a little bit of both.

### **Even with Technology, Get It on One Page**

Most law firms have invested quite heavily in technology. And they have had to, in order to remain competitive and to meet increasing client cybersecurity demands. But, a natural byproduct and/or result of significant investments in technology is being awash in data almost to the point of inaction. This naturally leads to the fact that – in many cases – law firms (or, for that matter, businesses) cannot see the forest for the trees.

A number of years ago, I read an excellent biography of Dwight Eisenhower and, it was so long ago, I cannot even remember the author. Eisenhower, of course was surrounded by massive egos in his generals and admirals (Patton, Montgomery, Bradley, etc.), but most historians clearly give Eisenhower the credit for literally getting it (D-Day) done. What has stayed with me from that biography is a simple rule that Eisenhower instilled on his various staffs (both as a general and president). Simply, that anything that staff members wanted him to act on had to be presented on one page. His point was that if you had not thought it through to be able to get it on one page, its probability of success (and of being approved by Ike) was low.

In today’s technology driven environment, that admonishment is even more critical. The use of “*dashboards*” in a variety of information systems speaks to Eisenhower’s dictum. But, the effective use of these dashboards is considerably less than it could or should be. My suggestion, regardless of technical system capabilities, get the information on one page so decision makers can act on it. The KISS (keep it simple, stupid) concept works.

## **A Strong Industry Focus and Approach Is Probably Essential to Longer Term Success**

Virtually every law firm of any size has developed some sort of an industry focus. We have found, in spite of a general understanding of the importance of industry organization and focus, the great majority of law firms are not doing it nearly as well as they should. Too many firms are still organized primarily around legal specialties, rather than by an industry focus. In fact, many firms are still saying that their industry groups are for marketing purposes only and that the legal specialties are the true organization of the firm. But, clients are organized by markets/industries, not legal problems.

Our opinion - primarily drawn from extensive interviews with clients - is that their law firms' industry teams with formal industry expertise and visibility are very important to them. Clients do expect legal expertise as a given, but more and more demand industry expertise as a differentiator. While many websites have long lists of attorneys assigned to specific industry groups, it is not difficult for clients to pick up the fact that these firms' industry structure is a paper tiger.

Some of our recommendations regarding industry organizations follow.

- Make industry teams and groups the **primary** client delivery, client handling, and marketing structure for a law firm.
- Focus marketing efforts and resources on these industry groups and industry expertise, rather than on legal specialties or individual partners.
- Make industry team leaders visible in the marketplace and in the industries they are pursuing.
- Consider new approaches - like developing industry advisory teams (made up of industry leading clients and non-clients) to provide input to law firms' specific industry teams.

## **When Partners Bolt, Do As Much As Possible to Hold on to Their Client Work**

Probably more so than any other profession, firm changing attorneys take their work (i.e. - book of business) with them to their new firm. That's why virtually all firms are looking for "*laterals with books of business.*" But, it does not have to be that way. A very good client of ours in the Southeast has had a very solid (and successful) continuing approach to laterals leaving. The Firm goes to "*general quarters*" and does everything possible to keep most or all of the continuing work with their clients. While they have not been totally successful, they have been able to hold on to a good bit of work - making for smaller and less damaging departing "*books of business.*"

Unless there is a feeling that losing a partner and her/his clients is probably a good thing (and, sometimes it really is), there should be a process in place for mobilizing the managing partner, the practice group leader, the industry group leader, and others to immediately meet with the clients of that partner or partners who is leaving and convince them to stay. Simply, if you do not make an attempt to keep the work, the client will more than likely move the work. And remember, clients (just like all of us) want to be wanted.

## **Do Not Only Collect Data, But Visibly Use It in Making Management Decisions**

Law firms are now collecting a good bit of management data - financial and operational activity is being captured, compared, displayed, and distributed. While for many firms, the collection of data has grown dramatically, the effective use of that data to make better management decisions has not. It is generally true that the investment in increased technology and management aiding systems has not produced significantly improved financial results to cover the cost of that technology. The problem usually seems to be a combination of not having sufficiently trained key people who use these specific (and very expensive) systems and the management data produced/presented along with a clear unwillingness to change. A place to start is to invest in the training needed to actually use the systems.

## **Make Better Use of Non-Attorneys in Practicing Law and Dealing with Clients**

Over the past 15 to 20 years (and in many cases before that), law firms have been hiring higher caliber (in terms of qualifications and talent) non-attorneys to handle significant management responsibilities (law firms now have C suites for the COO, CFO, CMO, CPO, etc.). But in spite of the talent and experiences that some of these senior people (and, for that matter, mid-level people too) bring to the table, most law firms still have a strongly delineated by the “front office” and the “back-office.”

We believe it helps the effectiveness of client service to selectively use the talents of non-attorneys in the delivery of service to clients, particularly in major transactions and/or trials. This can come in terms of managing tasks, developing management reports, and a whole variety of things. Years ago, when I was the partner in charge (at Arthur Young) of a complicated and complex management audit of a very large investor-owned utility, I utilized an Arthur Young auditor to manage the tasks, billing, and expenses. We came in way under budget and, since it was a fixed fee engagement, we combined an excellent result for the client with an unbelievable profit margin. Where I have seen similar approaches tried in law firms, they usually work quite well.

## **Marketing and Client Development Is a Contact Sport**

Attorneys, accountants, doctors, and other professionals really (in their hearts) prefer that marketing be done indirectly. But, what they prefer and what really works are often very different things. It is extremely important that a law firm have an effective website (and other important marketing aids like effective CRM systems), but law firms’ people have to be the ones that sell the work and initiate and maintain the relationships. In legal services, the attorney is the product – yes, qualifications are critical, but clients are retaining people, not websites. At some point in time in the sales process, the key attorney will have to demonstrate her/his ability and responsiveness to client issues. So the more the actual practicing attorney and her/his qualifications are visible to the potential client, the higher the probability of success.

The lesson we have learned in looking at marketing efforts of firms of all sizes is that the better a law firm presents true qualifications and the unique abilities of its people (in the context of the benefit to the client), the more productive the marketing effort and investment will be.

## **Use Smaller More Intimate Client/Potential Client Sessions to Demonstrate Expertise**

All law firms have various presentations/seminars for clients and potential clients. Usually, they are very well done and well attended – but just too darn large to really be effective. We have found that getting small groups of clients and potential clients together (say, about 25 people) results in considerably more communication, discussion, understanding, and ultimately being retained.

We saw it at Arthur Young years ago – all of our offices had an annual tax issues seminar and they competed with each other to see how many people they could get to attend. It always reminded me of the parable of the wedding feast – going out to the highways and byways to drum up attendance. In truth, we would have been better off focusing on small groups of comparable clients and nonclients to go over major tax issues and ensure and encourage solid participation, communication (not just with us, but also with each other), and understanding.

## **The Term “My Client” Is a Tangible Micro-Aggression**

After serving hundreds of law firms over the years, I still react very negatively to the term, “my client.” The truth is that all clients are the firm’s clients (served by those attorneys the best fit the clients’ needs). My rule of thumb has always been that the payee on the check which pays for legal services is the possessor of the client. In virtually 100% of the cases, that is the name of the law firm, not the name of the individual attorney.

The solution is a very simple one – the term “my client” is not an acceptable term in discussions about serving clients and client matters. “Our client” is a very acceptable substitute and one that can overcome the micro-aggression (a hot term on campus nowadays) of the thought that individual partners possess clients.

This completes our suggestions for simple things that work and have stood the test of time. I remember the definition that effective management is really nothing more than "*applied common sense*." In other words, if it generally makes sense, considering doing it and if it does not, do not.

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### **About Smock Law Firm Consultants**

Smock Law Firm Consultants is a focused smaller strategic management consulting firm serving law firms. We help our clients address and resolve those key issues that have a major impact on a firm's near-term success and its long-term direction and focus. We focus on six key areas of practice - (1) **strategic planning** at the firm and practice levels; (2) **strategic plan implementation and execution**, in essence, helping clients do what they said they would do; (3) **mergers and combinations assistance**, helping identify, negotiate and implement combinations; (4) **practice/industry team management**, helping the team concept achieve its potential; (5) **law firm economics**, helping our clients improve profitability and deal with longer term financial issues; and (6) **strategic management issue resolution**, assisting in resolving issues of vexing management concern (e.g. - partner compensation).

We believe there are three factors that clearly set us apart.

- The primary success factor for any consulting firm is the results achieved by our clients - in both the near and longer term. Our client references can speak directly to those results.
- Our *first string* and, actually our **only** string (Smock and Giuliani) is, simply, **the most experienced twosome of senior consultants serving the legal profession**.
- We tailor our approach to every consulting assignment to the unique needs and requirements of the client. We are known for our **originality and creativity** in doing that and for our scrupulous avoidance of promoting *law firm management dogma*.

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