

# Developing the High-Performance Law Firm

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The characteristics that define high-performance organizations are the same for law firms as they are for other companies.

Although many in the profession think that "law firms are different," the truth is that the underlying principles of success are constant. Successful organizations share common characteristics—they assess their situation, create a clear, compelling vision of the future, devise a plan, set goals, efficiently implement the plan, develop performance measures, manage their performance, and maintain momentum over time.

**T**here's an interesting myth circulating that law firms are different from other businesses. That the pressure of generating billable hours versus investing in business-development time, and the difficulty in managing many different practice areas are issues unique to law firms, and therefore "corporate" solutions won't apply. I've heard this story many times as a law firm consultant, and it wasn't until I broke out

of the law firm paradigm and consulted with high-performance corporations that I saw that high-performance factors apply universally.

All businesses have their shades of difference. Although products, services, processes, and organizational cultures differ, core business principles remain the same: Increase revenue, decrease costs, develop loyal buyers, build excellent internal systems, and improve individual performance.

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Whether you're selling insurance, building computers, or providing legal services, these basic business principles remain constant.

## HOW ORGANIZATIONS ACHIEVE SUPERIOR PERFORMANCE

On the surface, achieving superior performance looks simple. Create a plan and make it happen. Developing a plan isn't the hard part, however. The challenge is in actually implementing it.

### Strategic Performance Measures

High-performance organizations get things done by measuring progress toward goals. Studies have shown that organizations that create strategic performance measures outperform those that don't. Simply creating and tracking measures alone, however, is not the magic bullet. There is a lot of work that goes on before and after creating measures that result in higher performance. The major elements of developing a high-performance firm are:

- Developing a unified vision for the future;
- Building a plan;
- Establishing goals;
- Choosing the right measures that track progress toward goals;
- Managing performance to achieve the measured goals; and
- Establishing an organizational culture that is committed to achieving goals over time.

### Key Success Factors

Successful organizations focus on the key factors that drive superior results. Some factors increase revenue, others decrease costs, whereas others affect both sides of the equation. Figure 1 lists many of these key success factors. Look at the chart and ask yourself how well your organization is doing in each of the key success factors.

### The Balanced Scorecard

So how do these key success factors fit together? Firms need to take a balanced approach to building a strong organization. The four components of a balanced approach to managing are:

1. People development;
2. Operational excellence;

3. Client strategy; and
4. Financial results

The balanced scorecard approach is a strategic management system that looks at the entire firm, beyond mere financial results. Financial results are lag indicators, measures of what has already occurred. By measuring and managing from a "balanced" perspective (people development, operational excellence, and client focus), your firm can track the lead indicators, the up-front factors that are predictors of financial success. Tracking lead indicators allows for midcourse corrections and permits a leader to more effectively manage the firm.

Focusing on people development, internal operations, client strategy, and financial goals develops the basic building blocks for success. It's a cascading effect that begins with your people. If they're happy, motivated, skilled, and performing on schedule, they will be more likely to operate efficiently and effectively. If you have good people and excellent operations, your organization will be equipped to serve your client's needs. If these three areas are humming along, the result will be superior financial performance.

The balanced scorecard approach is a way to measure and manage the implementation of strategy. In our work, however, we have learned that much more is needed to build a high-performance organization.

## THE HIGH-PERFORMANCE BUSINESS-DEVELOPMENT PROCESS

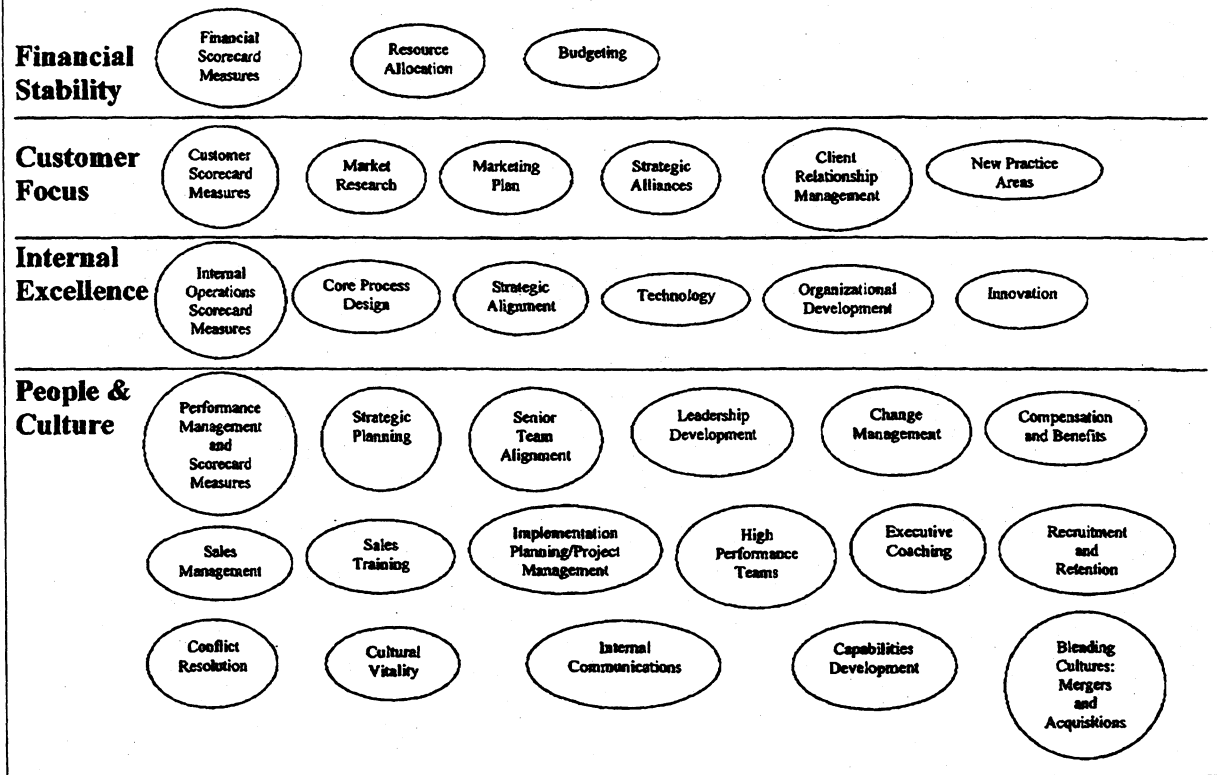
Just creating measures, however, is not enough. Prework must be done or the plan won't stick. The worst thing you can do is to ask your lawyers to give up billable time to build a plan, only to watch it die the slow, painful death of nonimplementation. If it fails, you'll have a hard time getting them to try again. You must do it right the first time.

### Passion and Focus

Developing an environment that is conducive to accepting change is essential. There must be energy, a cultural vitality, that will drive the firm to the new levels of performance. Although many might consider this a "soft" factor, unleashing the passion of the people in your firm is a major driver of extraordinary results.

FIGURE 1

### Are You Firing On All Cylinders? HIGH PERFORMANCE KEY SUCCESS FACTORS



So how do you develop a passionate workforce that is focused on improving its performance? The critical ingredient is inclusion of partners, associates, and staff in the process of building the future of the firm. Including a diverse population in a collaborative planning process works wonders. It focuses everyone on a shared mission to achieve common goals. It taps into the vast reservoir of intellectual capital, the collective wisdom that resides within your firm. When people build their own plan, they are motivated to see it through.

Don't underestimate the critical importance of this foundational work. You've seen what happens when a plan made by a select few is hoisted onto the shoulders of others to implement. Those who didn't build it have little motivation to carry it out. When people collaboratively build a plan, however, they form a common understanding of

each other's needs and develop a shared vision, mission, and set of values. The walls come tumbling down between practice groups and departments, and a new sense of purpose arises. Successful high-performance organizations channel this energy into accomplishing strategic objectives. This is the fertile ground on which to build your firm's future.

## THE FIVE-PHASED BUSINESS DEVELOPMENT PROCESS

There are five major components to building a successful, high performance law firm: (1) assessing, (2) visioning, (3) redesigning, (4) performing, and (5) sustaining.

### I. Assessing

If you want to get somewhere, you first need to get your bearings. You must take an external look

at the marketplace—your clients, prospective clients, competitors, and overall market conditions, as well as look internally at how well the business is functioning.

### ***External Market Research***

When conducting your external market research, some questions to ask are:

- How are you perceived in the marketplace relative to your competitors?
- What do consumers of legal services want?
- What is the regulatory environment?
- What other market conditions may impact the success of your organization?

The tendency to focus too much on internal operations is one of the biggest problems facing all types of organizations. Operational issues can obscure the real need—to serve the client by fulfilling and exceeding their expectations. High-performance organizations open a channel to the outside world by collecting, analyzing, and utilizing data that gives them feedback on how to develop loyal, long-term clients.

### ***Internal Capabilities Analysis***

- What are your internal strengths and weaknesses?
- What are the key issues facing the firm?

To paraphrase Sun-tzu, a fourth-century BC Chinese writer and strategist, great advantage comes from a thorough understanding of yourself. Self-knowledge provides the foundation for building on your strengths and overcoming your weaknesses. It is the starting point for developing a plan to achieve your goals. Once you know your capabilities and identify key issues, gaps can be identified. The next step is to create a plan that will fill the gaps in order to achieve your goals.

As an example, one of our clients conducted a "Cultural Vitality" survey to determine how managers were performing in areas like leadership, collaboration, communication, management, and innovation. The results showed weakness in certain areas, and plans were implemented to address areas of greatest concern.

## **2. Visioning**

One of the questions to ask yourself is, "If I were starting this law firm from scratch, would I do anything differently?" The assessing phase involves knowing where you are. Visioning is all about determining where you want to go. It focuses an organization's energy by clarifying future goals and enrolling people in the process of how to get there.

The visioning process is made up of two major components:

1. Senior leadership alignment; and
2. Vision mapping (strategic planning).

### ***Senior Leadership Alignment***

The following questions are key to addressing this part of the process:

- Are there power struggles, personality issues, or other factors between senior leadership that get in the way of achieving your firm's goals?
- Is there common agreement about the vision for the future?
- Has the leadership of your firm clearly articulated its vision for the future?

The performance of your firm depends on how well leaders lead. Leaders that are aligned, focused, decisive, and communicative provide the foundation upon which to build a high-performance firm.

There are two aspects of alignment to focus on. One is the alignment of your leaders as a management team. How well they work together is one of the key success factors for achieving high performance. The other aspect of alignment concerns ideas, beliefs, and visions. The senior leadership group must agree on and communicate organizational values, determine overall strategic directions, and identify key top issues. Once the leadership is aligned the firm is ready to dive deeper into the planning process.

### ***Vision Mapping***

Once you've established your starting point (assessing) and you have a general sense of where

you want to end up (senior leadership alignment and planning), the vision-mapping process provides the roadmap that shows the path for getting the high-performance process in motion. It gets the firm mobilized in a mission to achieve the goals they have created for themselves by unleashing the collective intellect, passion, and commitment in the firm.

Vision mapping is strategic planning with a twist. It allows stakeholders to build their own future collaboratively. (Figure 2 is an example of a Vision Map for a medium-to-large law firm.) Utilizing the senior leadership alignment work, a firmwide vision map is created—a roadmap that establishes the current reality, the vision for the future, the initiatives that are needed to get from today to tomorrow, and milestones to check progress along the way. Participants in the vision-mapping process are usually a cross-sectional group of attorneys from different practice areas who create the firmwide plan.

As an example, a major US law firm wanted to develop a long-range plan. Board members and practice leaders convened to develop a vision map—they agreed on their overall strategic directions, the current reality, and a vision for the future. They also mapped out an action plan that got them on the road to achieving their long-term goals.

The next step is vision mapping at the practice group level. Partners and associates (and representative paralegals and support staff) use the firmwide plan for guidance and to customize a plan for their particular practice area. The same process should be conducted for paralegals, support staff, and departments. Their Vision Maps will be in support of achieving firmwide and practice group plans to ensure overall alignment throughout the firm.

Firms should utilize retreats to conduct their vision mapping sessions. A few years ago, in conjunction with the publication *Of Counsel*, I conducted a survey of medium and large law firms and found an astonishing number did not use retreats to plan for the future. They were mostly social functions meant to build collegiality. Although bonding is important, I believe it is a missed opportunity to go deeper and make a bigger impact. Firms can still build rapport among partners through the vision-mapping process while tackling the most important issues facing their future.

Vision mapping can also be used for specific initiatives. For example, an international specialty-chemicals company needed to find \$20 million in savings or new revenue. A cross-sectional group was assembled from different departments and spent three days focusing on the stretch goal of "The \$45 Million Challenge." The group found \$60 million, and by the end of the first year, the company realized \$28 million in savings and new revenues.

### 3. Redesigning

You've completed the assessment and visioning parts of the process. You know the major initiatives that will get you to your desired future. The redesign phase is all about systems and processes that will help you achieve your goals. If one of your goals is to reduce time and costs spent on each client's case, do you have a process for capturing best practices and cataloguing prior cases? Processes must be developed in alignment with strategic goals to become a high-performance firm.

#### **Process Redesign**

The internal operations of an organization are made up of planned and default processes. To maximize efficiency and effectiveness, a cross-functional group should be formed to collaboratively analyze a situation and refine or create new processes to achieve the goals on their Vision Map.

For example, in a major health-care company, there were many services available as people moved through the "continuum of care." The Vision Mapping process identified marketing throughout this continuum as a major strategic initiative; however, there was no formalized process for cross-selling between the services. In response to this gap, a series of marketing and sales redesign sessions were conducted that focused on standardizing processes to achieve this goal.

#### **Organizational Design**

Form follows function. Once you determine what you want to achieve, it is also important to take a look at your organizational structure to see whether it is efficiently set up to support your desired outcomes.

FIGURE 2

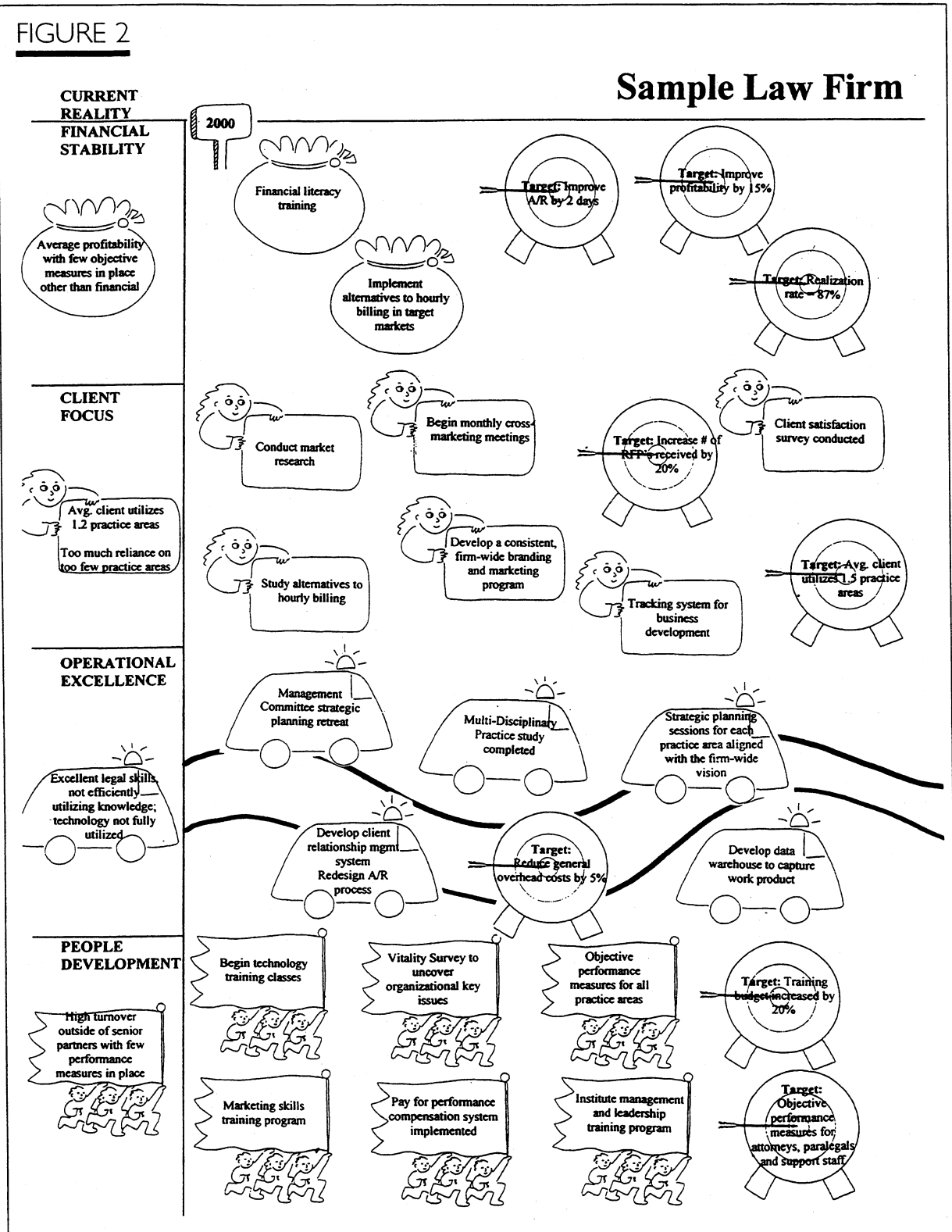
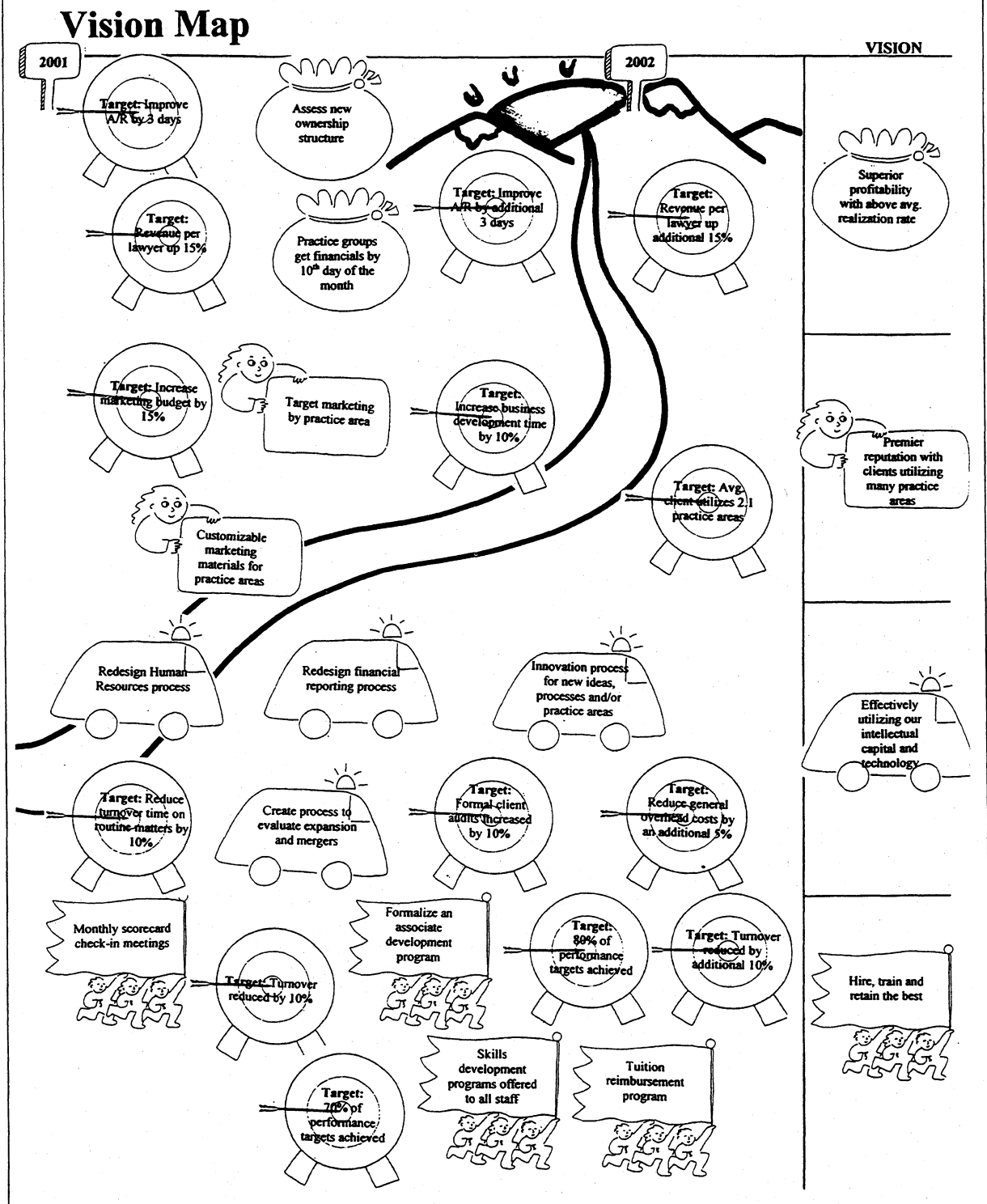


FIGURE 2 continued



#### 4. Performing

Once you have mapped out your plan, the next phase focuses on implementing the plan. If you asked leaders to identify their biggest challenge, many would say it's getting the most out of their organizations. Although many firms can create plans, the challenge is to carry them out. Managing the performance of an organization is a primary job of a leader, and without the right tools it is a nearly impossible task.

There are two major factors in this category: (1) developing balanced scorecard measures, and (2) managing performance so that targets are achieved.

##### *Balanced Scorecard Measures*

What gets measured, gets managed, and what gets managed, gets done. The first step, then, is to agree on the right measures. By studying the Vision Map and determining the major initiatives that need to be accomplished, a firm can develop objective performance measures that can track progress toward your goals.

What you choose to measure is critical. Good navigators depend on many factors along the way to determine whether they are on track or have blown off course. Looking from a balanced scorecard perspective, measures must be chosen in each of the major scorecard categories (people, operations, client, financial) to be sure you are focusing on the key areas that will drive your success.

Look back at the sample Vision Map, and you will see targets in each of the four categories. These are examples of the critical success measures that must be tracked and managed.

##### *Managing Performance*

The major elements of managing for high performance are:

- Setting goals;
- Measuring progress toward goals;
- Building skills;
- Providing coaching; and
- Developing a powerful desire to succeed.

Great coaches get results because they know how to inspire top performances from their people. As a society, we love the professional sports model

because it gives us a glimpse into the world of peak performance. Imagine your workplace operating with the energy and efficiency of a championship-level sports team. The goal of a high-performance leader is to get people performing with the passion and focus possessed by professional athletes.

A well-designed performance management system will address many of these issues:

- Do leaders know how to lead?
- Are there agreed-upon goals?
- Is there an adequate rewards and recognition program?
- Is there appropriate feedback and coaching?
- Are there agreed-on management procedures?
- Do leaders know how to constructively resolve disputes?
- Do leaders model high-performance behaviors?
- Do training programs exist to improve skills and knowledge?

#### 5. Sustaining

By this point, you've got the organization jump-started and have achieved some short-term successes. The last piece of the puzzle is around developing a culture that supports initiatives and ingrains new ways of running the firm. There are two major factors in the sustaining phase: (1) project management and (2) change management.

This sustaining phase has both short-term and long-term components. Project management is the shorter-term perspective with a focus on supporting the completion of a specific project. The longer view is the change management component, which develops a culture willing to accept and embrace change.

##### **Project Management**

A process for tracking progress and getting things done is critical, especially in organizations that need to make rapid changes to survive. Project management's basic components are to:

- Identify an objective;
- Create a plan to achieve the objective;
- Break the plan down into discrete, manageable steps;
- Devise a tracking system;
- Establish timelines; and
- Assign responsibility.



If you have very important initiatives that must get done, assign a project manager to them. The value of success far outweighs the personnel costs of managing it to completion.

### Change Management

Strategic efforts need support over time. Change management is about creating an environment that is conducive to allowing change to occur.

Like a river, the flow of daily activity in a law firm follows a predictable course. When change is needed, new channels must be cut in order to encourage the flow to be diverted in a new direction. Change management is the art of digging the new channel and redirecting flow. It is the longer-term view designed to embed new behaviors into the firm's culture that will support initiatives to achieve future goals.

A challenge with the sustaining phase is that many leaders don't recognize its importance. It's not as concrete as a Vision Map—it's a "soft" skill that is easy to overlook. However, if you need to shift the direction of the firm, you'd better be prepared to embrace change. Otherwise your efforts will be destined to fail. A rigid, ossified culture is not conducive to cultivating high performance. There are forces working actively to maintain the status quo. These forces, however, can be shifted if properly managed.

A few major factors to consider in the area of managing change are:

1. *Cultivate a sense of urgency.* This creates a tight timeline and tasks get accomplished.
2. *Get buy-in from leadership.* When leadership supports a plan, it is more likely to succeed.
3. *Align efforts.* This reduces internal friction and synchronizes the organization.
4. *Expand inclusion of attorneys and staff.* This creates buy-in, commitment, and energy.

5. *Communicate the change vision and strategy.* Say it again and again until everyone truly gets it.
6. *Empower attorneys and staff.* Increased decision-making authority builds commitment.
7. *Build in early, small successes.* People begin jumping on the bandwagon, because there is evidence the plan is working.
8. *Celebrate the successes.* Making success a big deal communicates its importance and builds momentum.
9. *Take on bigger initiatives.* Ride the momentum to tackle larger challenges.
10. *Lock the new behaviors into the firm culture.* Leaders must demonstrate and reward the new behaviors.

A major chemical company provides an example of creatively managing change. The company had an initiative on its Vision Map to develop a more technologically saavy workforce. To encourage a culture that would accept this change, the company decided to buy computers for every employee's home and trained family members to use them. This change strategy overcame resistance and stimulated faster acceptance of technology in the workplace.

### CONCLUSION

Achieving higher performance in your law firm is within your grasp. It takes a focused commitment to change how you operate. It takes peering over the fence to see how our corporate friends manage their organizations. It takes looking at the big picture of your clients, your internal operation, and the development of your people to proactively build the high-performance firm that will achieve your goals.

