



Law Firm Leadership—Short Term Thinking vs. The Visionaries

Going round in circles ...

Let's take a look at a couple of circles; one is vicious and the other is virtuous, and they're about Short Term Thinking vs. Visionary leadership styles in Law Firms

Lets start with the vicious circle first ...



We can see that Short Term Thinking in a law firm can lead to failure in a very logical progression, which can be followed and well understood. Yet it still happens ...

Short Term Thinking—Why?

The short answer is the Partnership model. Now the following is a generalisation, there are of course exceptions, but if we split a large Partnership into 3 groups by age/length of partnership (as shown below) we can see that their circumstances and thought processes can have very different drivers. However the majority of the Partnership have drivers that lead them to want to maximise their income year-on-year... But not just year-on-year, but each and every year, starting now ... thinking only of this current year. To only think in the short term.

And if these people are electing Senior Partners, then guess who they will vote for? The one that they think will make them the most money in the short term.

Oldest

- Waning influence?
- Looking forward to retirement?
- **Wants to maximise income before retirement**

Median

- Most productive
- Key influencers
- **Still has future aspirations for themselves and the firm**

Youngest

- Not much real influence?
- **Wants to fund that first big house, boat, Christmas comes early!**

We get what we deserve

So there are reasons for short term thinking - it's part of human nature. We're greedy buggers ...

The problem is however, that such thinking can eventually lead to a medium and long term decline ("Hell, I don't care, I'll be dead. Throw another polar bear on the fire!").

Just think of the businesses that fail to make transformative change ... What? You can't remember any? Exactly!

So, we get what we deserve, and if we elect senior partners to support our short term thinking then we can eventually end up in the vicious circle opposite and the firm goes under.

"Hang on though; not every law firm is like that"

Very true, not every law firm is like that. Some are quite visionary. Now once again this is generalisation, but one that holds—lets look at some attributes according to size of firm:

	Largest Firms	<ul style="list-style-type: none"> • Not much competition • Have good high level experience. • Have time to be visionary
	Medium/Large Firms	<ul style="list-style-type: none"> • Lots of competition • Running to stand still • Too busy to be visionary
	Small/Medium Firms	<ul style="list-style-type: none"> • Regional/Niche - room to grow and change. • Aspirational. • Quite visionary.
	Smallest Firms	<ul style="list-style-type: none"> • Just trying to survive. • Lacks economy of scale. • Not very visionary.

We've all heard of firms that "come out of nowhere"; regional players that become national, then international. And we know that the largest firms can be quite transformative and progressive.

And the difference is that they are lead by visionaries who are allowed to be so, and who can project their vision to such an extent that short term thinking is overridden, or is actively discouraged, in favour of longer term benefit.

(continued ...)



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The Visionaries

These visionaries are capable of not only expressing and projecting their vision, but also capable of explaining how their vision will benefit everyone else ... the whole firm. And then they execute against the vision.



And they can achieve this and we've all seen them and their firms do so.

... One Hit wonders?



But we've also seen firms grow and achieve more, only to then falter and stop as they grow in size and inertia fails. Often this is because when the Visionary moves on, then

there is no equivalent to replace them, so the firm falls back into the pattern of short term thinking again, electing consensus candidates who promise to "keep the newly minted good times rolling" ... by keeping things exactly the same. And so we fall back into our vicious circle.

Of course certain larger firms sometimes avoid this by bringing in lateral people with visionary skills and experience at senior levels. In other words they avoid falling back into the vicious circle by keeping a virtuous circle going.

The Virtuous Circle

And the virtuous circle looks something like:



A few key features of this virtuous circle ...

Firstly, The Vision does not consist of just aspirational messages, slogans and marketing 'fluff'. It has a true strategy to follow which expresses how we achieve the vision, and also has specifically identified tactical goals which work in harmony towards achieving the overall strategy.

Secondly, each of the tactical threads has identified Return On Investment (ROI) goals that are SMART (Specific, Measureable, Agreed, Realistic and have a Timescale). The tactics are then managed and the ROI outcome is measured. Now the ROI does not have to be monetary, it could be in terms of Client Satisfaction surveys, reduced staff turnover etc. but it must be SMART.

And finally it is important to learn and improve, so that the outcomes can be fed into a new iteration of visionary change.

And any size firm can use this model... they just have to overcome their short term thinking and be prepared to invest in a future that will be better.

(On) Going Concern ...

Back in the day, when I trained in accountancy, one of the fundamental principles drummed into us is that a business should be managed as a 'Going Concern'. And the fact that some law firms in recent years have not been so managed should be of On-going Concern to all of us that work in the legal sector.

And perhaps Alternative Business Structures reflect the fact that it's time for the lunatics to stop running the asylum for short term gain.

I'm not a Partner, what has this got to do with me?



Many readers of this article will work in Finance/IT and have no input to all this high level stuff. But if you're lucky enough to work in a firm that has a virtuous circle, then make sure that your efforts are focussed towards achieving the tactical goals, and ask the right questions to help you identify such goals.

And if you're working under a vicious circle, remember that the one thing you do control is where you work, and the style of leadership circle you therefore work under.



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