

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.

We get what we deserve

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

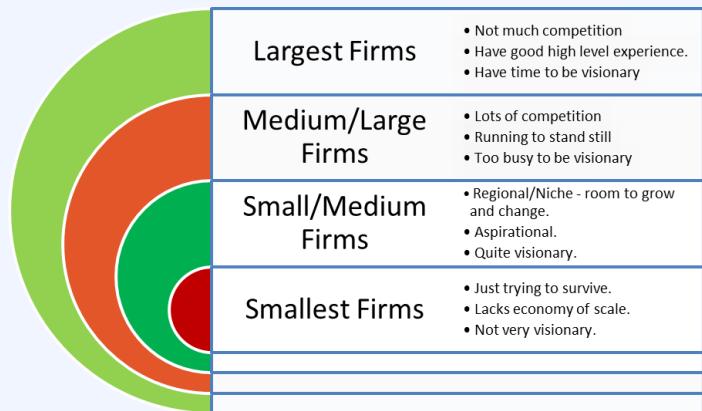
The problem is however, that such thinking can eventually lead to a medium and long term decline ("Hell, I don't care, I'll be dead. Throw another polar bear on the fire!").

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:



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 ...)



Law Firm Leadership—Short Term Thinking vs. The Visionaries

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.

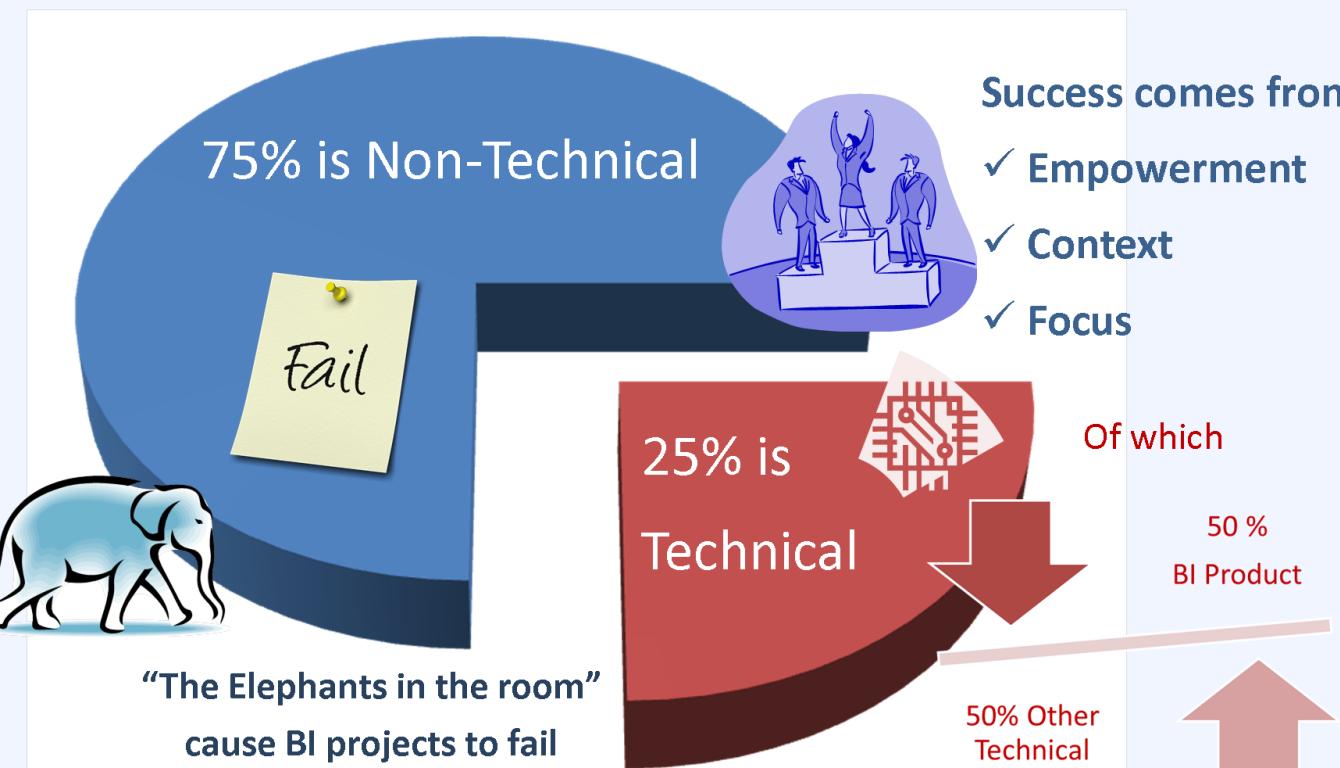
And if you're working under a vicious circle, remember that the one thing you do control is where you work, and the style of leadership circle you therefore work under.



Andy

Andy Stokes

The Problems with Law Firm Business Intelligence Of all the key elements in a Law Firm BI Project ...

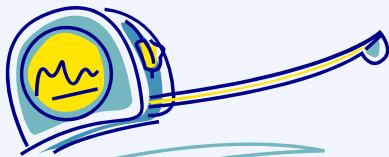


There have been a few postings recently on the Legal Technology Insider regarding BI products within the Legal Sector - acquisitions, competing product launches etc. As someone who is quite familiar with all of the suppliers and products mentioned, I could comment on the relative merits of the products (and they do all have merits and can make good firms even better).

However rather than comment on the average refresh times, technology stacks or merits of ETL layers I thought it might be useful to mention that there is rather a large elephant in the room. And I think the suppliers of these BI suites would acknowledge that they meet this elephant quite often.

A few years ago I produced a 'mind-map' of large law firm BI projects, which concluded that of all the points on the mind-map only 25% were technical, of which only half were directly related to BI products. The rest were non-technical items, one of most important of which was the elephant in question.

And the elephants name is Empowerment, followed closely by a circus like train of baby elephants.



Empowerment

Too many law firms are still using BI tools to merely measure, record and assess. They are not using BI to provide measures and then following through by empowering individuals to change outcomes.

A young boy keeps measuring his piggy bank balance, and it's never any bigger, even though he wants it to be. The problem is that his parents won't let him get a paper round ...

Perhaps a more relevant example; One common measure is utilisation. It's no good producing fancy nanosecond refresh, 3D rendered graphs showing that utilisation is too low every month unless the recipients are empowered to do something about it; it's just an exercise in public hand wringing unless the recipients are allowed and expected to go out there and win new business. Similarly, if utilisation is high but profitability is low, then perhaps the individuals should be empowered to get rid of the less profitable clients and work types and replace them with something better?

Now this is not the place to discuss why empowerment and change does not happen, however the point is that without such empowerment then expensive BI products are nothing more than a fancy tape measure.

The Problems with Law Firm Business Intelligence

An interesting aside here is 'gamification' – a word we're hearing more and more of – and in this context it's all about empowering individuals to change and making a game out of the results. Human beings like to play (how many billable hours are being lost to Candy Crush Saga I wonder?) and I know of a number of law firms who are considering using BI to make change and empowerment more 'fun' by creating league tables and positive rewards, however small, for those who win or are promoted. Note however that they are cleverly keeping the lower leagues 'anonymous' – people who are down in the 'Football Conference' know that they are and have incentive to get promoted, but their exact positions are not published so as to save embarrassment. The key thing however is that people are empowered to change and thus improve their positions ...



Context

The first trailing elephant is Context. Too many law firms are measuring the wrong thing in incorrect contexts and then measuring individual's performance incorrectly.

Yes, these BI tools can let us take PMS transactional data and slice and dice in all sorts of ways. And so that's what happens. Firms measure AR days or realisation against the timekeeper who recorded the time which hopefully got billed, just because the fancy BI tools let them do so.

But what's the point? Just because someone recorded some time on a matter does not determine if that time got billed and paid or written down/off – that's down to the individual who is responsible for the billing, and that's why we call them the Partner Responsible. Of course it's a little more complex than that as individuals do have more than one role at the same time, insomuch that a person can be both a timekeeper and a client/matter partner at the same time. However this just makes it more difficult to deliver information in the right context without irrelevant overload.

And the issue with delivering information in these irrelevant contexts comes back to empowerment. Even if the culture allows it, people can never be empowered to change something if they can never possibly have control over it. And perhaps the word here is not 'gamification' but rather 'blamification' ...

By all means measure utilisation against timekeepers and provide them with the information, but not items over which they have no control, such as profitability. In other words only deliver information to people which is directly relevant to them and for which they not only have responsibility for results, but empowerment to improve those results.

Focus

And the final elephant in the chain is Focus.



We can measure all sorts of things with our fancy BI suite... lockup days, utilisation, realisation, profitability etc. Averages, comparatives, trend analysis, semi-skimmed cumulative rolling 12 month colour coded Z-graphs with a hazelnut shot and a touch of cinnamon. And a common issue is that too often we want everything, all the time.

Though there are some exceptions I know of, too many firms are failing to break their strategic goals down into specific tactical measurable actions and then associating the measurement of the actionable outcomes into the BI suite with a specific enough focus and level of granularity. In fact too often the strategic goal is merely 'More profit' so 'Measure everything'.

However, the exceptional firms do have focus ... Utilisation is too low, so this year we focus on measuring that in detail and empower people to improve it. Ok, that's better; 2nd year we'll keep an eye on utilisation but at a less granular level, but now we really focus in detail on realisation. Much better; 3rd year we'll focus on lock-up days. 4th year its profitability; keep monitoring everything else at the high level, but let's dump those rubbish clients and move up the food chain...

In conclusion

I've known some law firms achieve great results through BI, using nothing more than T-SQL and a black and white Excel spread sheet. No fancy BI product at all, because Business Intelligence is not a product. Instead they use intelligence about the business, combined with empowerment, correct context and a focused approach, to achieve their desired outcomes.

As I mentioned, good BI products and tools can help make a good firm even better and be a sound investment.

But no matter how much lipstick you apply to a pig, it's still a pig ... or in this case, a string of elephants that need to be addressed.

Andy

Andy Stokes





SharePoint as a Legal DMS? It's not the Parrots fault!

Is SharePoint as Legal DMS a 'Dead Parrot'?



In terms of adoption, then quite possibly ... Yes.

But the interesting question is why?

Does SharePoint not work then?

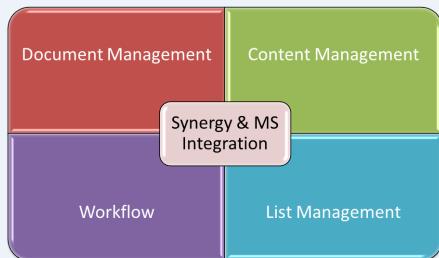
It's a 4th generation MS product and as such been vastly improved over time and has had one of the fastest shipping growths in Microsoft's history. It's also in highly strategic use in some of the worlds largest corporations .

So I think we can dismiss this argument. Instead we need to get to the root of what SharePoint actually is ...

So, what is SharePoint?

It is not a DMS; actually it's truer to say it can be used as so much more than a DMS. It is a collaboration platform, of which document management is only a part.

Think about some of the key features of it:



There is a lot more than just Document Management, certainly more than in the diagram, and it can deliver a lot of synergy if it is used to the full

extent of its integrated capability. Plus of course it has huge amounts of other Microsoft integration.

A main issue however is that in Legal it is not used to the full extent of its capability. Instead we just look at one aspect of what it can offer (typically DMS) and compare that against , often incumbent, specific DMS products—at which point we realise that it's features need additional work to make it work in legal, because it was never designed purely for legal.

Unfortunately in doing this we end up losing of all the very real opportunities for synergy that SharePoint has to offer.

And the same things apply when we compare it against other specifically designed and possibly incumbent systems, be they Content Management or Workflow systems.

Of course, things aren't helped when the incumbent suppliers of systems which compete with a sub-set of SharePoint functionality do actually focus on legal marketing and delivery, whereas Microsoft have pulled away from legal as a vertical in recent years. Though, to be honest, with SharePoint doing as well as it does for MS in non-legal corporates, why bother?

One other problem ... People

Quite frankly, many people in legal just don't get it. They focus too much on their own specific areas and have no interest in the bigger picture of how SharePoint can be of benefit. And too often that parochial narrow field of view is allowed to prevail...

So can SharePoint ever succeed in the Legal DMS area?

In truth it can; some firms (both legal and software) have made it work, though there has been a lot of effort and cash required to make it work. Neither of which is easily reproduced or recovered.

So given that, the real question is not "can it", but, "will it succeed?" And my answer is that in specific circumstances it will.

I believe that for 'greenfield' sites who have no incumbent systems then SharePoint is a highly viable alternative to a 'best of breed approach' and that the savings made in investing in a single system can be re-purposed into providing the legal specific functional areas which may be required.

I also believe that given that many of 'Big Laws' blue chip client base are already using SharePoint so successfully in the corporate world, then the need for more closely integrating work will encourage the use of SharePoint between law firms and their clients.

And finally, given that the size of law firms is on the increase, then I think that a more holistic view of IT systems in legal will start to take place, whereby law firm will be forced to manage themselves in a much more corporate manner. This will lead to longer term planning and more strategic investment, which in turn will allow the synergy of SharePoint to be more fully planned for, realised and integrated into the organisation—as opposed to one off decisions being made based purely on a sub-set of SharePoint features with too many vested interests getting in the way.

So... Is SharePoint a Dead Parrot for legal DMS?

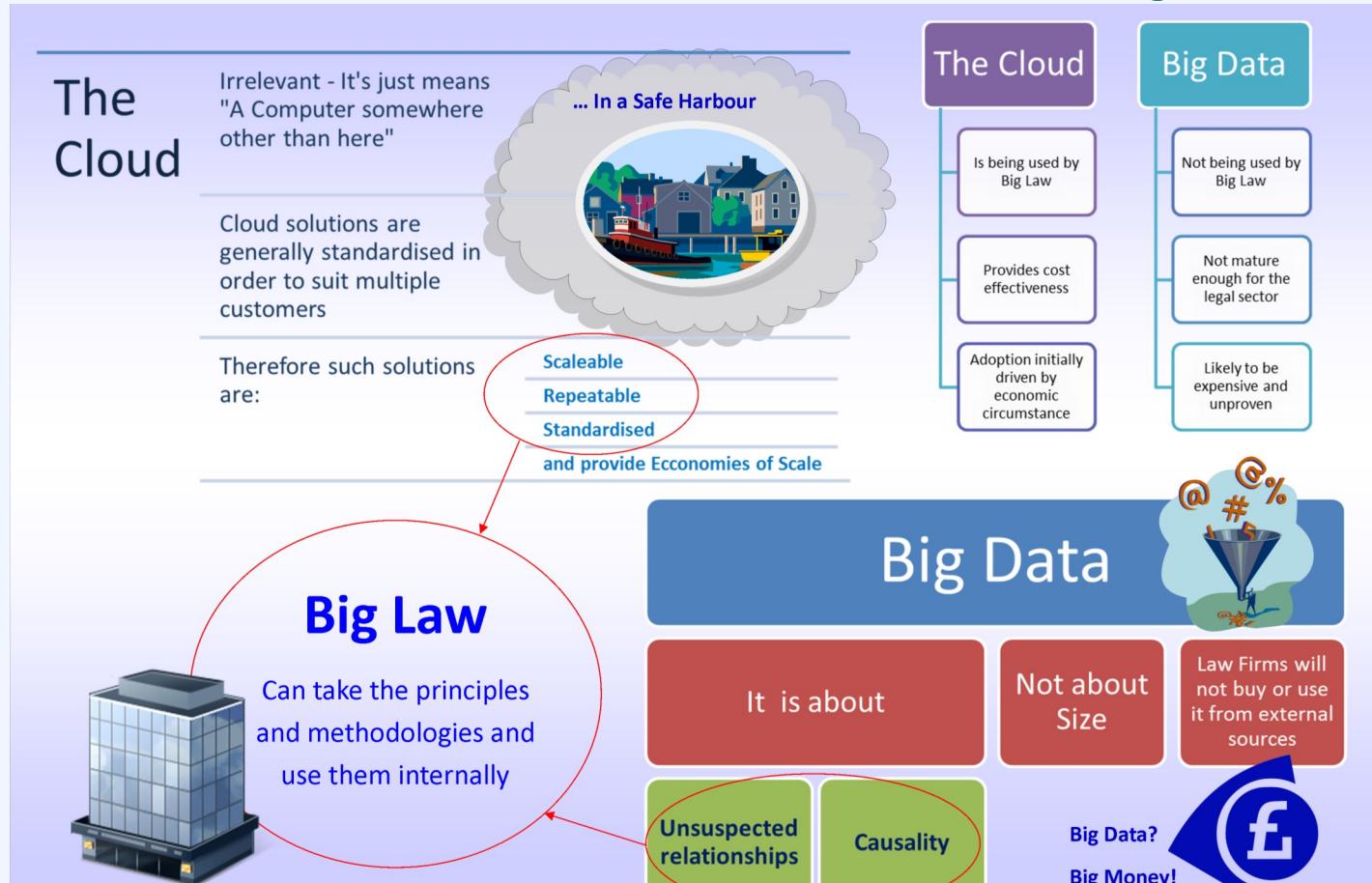
I don't necessarily think so.

After all, it's not the parrots fault it was supplied dead, it was the pet shop owners. Perhaps with better planning, care and consideration then legal can get the live and licking parrot that the big corporates are already using ...

Andy
Andy Stokes



What Law Firms can learn from The Cloud and Big Data



The Cloud and Big Data – What have they got to do with Law Firms?

Firstly, let's define a few things and bust open some hype shall we, starting with

'The Cloud'...

Getting back to basics, IT has 2 modes of operation. Number 1 – Computer 'does something'; Number 2 – Computer communicates with other computers and together they 'do something'. Now how many of us can actually say where those other computers are? OK, we might know that they are outside our network (the internet) or they might be inside our network (our intranet – which, marketing departments please note, is not the name for a corporate web-site; that's called 'the corporate web-site', which runs on the intranet). We might even be aware about trusts and forests, but in truth not many end users know, or even care about where these other computers are situated. They just want them to work. So, The Cloud – it's just a way of saying "It's not here, it's out (vague



waving of arms) ...there ...somewhere". Nothing special or mystical about it, it's just somewhere at the end of a piece of string called TCP/IP ... though hopefully in a 'safe harbour'.

Big Data ...

well it's nothing to do with big data, as in the size of data. There are huge and ever growing volumes of data all around us. I bet NSA/GCHQ has a terabyte or two on me, and I'm harmless! Databases can be massive, but they are not Big Data. There are many definitions of Big Data, but I like to think of it as 'The intersection of disparate data sets so that unsuspected relationships and causality can be identified as new information'. A key differentiator is that traditional data relationships are known (matter X belongs to client Y, whose client partner is Z), whereas Big Data relationships are derived and should be thoroughly tested before declaring them to be 'known'.

So what has this to do with law firms?

Well given The Cloud is just 'a location out there' as opposed to 'in here' then how does this make a difference? I think the difference is in us and our attitudes. To examine this we need to cast our minds back to the mid-noughties, before the recession. Back then law firms were very obsessive, nay almost anal, about keeping things in house. (continued ...)

What Law Firms can learn from The Cloud and Big Data

... And keeping things in-house makes it very (in fact too) easy to be 'unique' – to customise the heck out of everything just because we can and a partner insisted on doing it, and because 'we're special'. And being such a 'special one' leads to large amounts of money being spent catering for all the trivial demands that can arise in law-firms. That is until there came the last recession and falling PEP ... suddenly slashing overheads became important. The previously unthinkable became the thing to do; out-sourcing, moves to remote data-centres, SaaS and hosted solutions in something called The Cloud. And guess what? It was cost-effective. Why? Because we could no longer afford the expense of being unique. Standardised, off the shelf, repeatable solutions hosted in a technical environment that leveraged economies of scale could work for us. We didn't need to be so precocious and expensive after all.

And Big Data and law firms?

I've read about law firms theoretically being able to use this approach to derive information and hidden insight about their clients, using this to provide better understanding and service to the client, to figure out opportunities for cross selling into the client base etc.



Well, being polite ... Poppycock! If law firms are now willing, and wanting, to use 'The Cloud' to save money and accept standardised processes then I hardly think it likely that they will pay large sums of money to the likes of Google and Facebook for Big Data Insights which have yet to be proven of any value ("18% of In-House counsel in the Aerospace industry shop at Aldi, of whom 14% buy socks and have a cat called Fred"). And if such alleged insight were to be provided exclusively to a law firm in order to give them competitive advantage then the costs would be likely to be astronomical. No, I think we'll stick to more traditional methods for the moment.



Lessons Learned

So, are The Cloud and Big Data all just hype and myth and of no benefit for law firms? Actually I do think we can learn some lessons. Certainly we've realised that being unique and precocious is very expensive, but I think we can take the principles of standardisation, repeatability and acceptance of what we see as less than perfect and make use of them.

For example, a new billing or client matter intake process might not be 100% perfect for everyone or every team, but if it can benefit 90% of the firm and make us mostly more efficient, then why let the noisy 10% stop it from happening at all?

In a similar manner we can learn lessons from the Big Data approach. No, we're not going to pay for the external rubbish, but we can use the principle within our own datasets. For example by leveraging PMS financial data against attributes in our CRM system - person X left the client, a new business instruction lag followed. By querying metadata from the DMS to discover who is writing the good documents that everyone else keeps reading and copying - in order to find the real, rather than self-proclaimed, 'experts' in the firm, then we can make better use of the data we already have rather than keeping them in disparate silos.



So, in summary ...

In short then, the phrases The Cloud and Big Data are pretty meaningless and can be safely ignored whenever a sales person uses them.

However the methodologies and principles behind them can be used by law firms internally to achieve efficiency and insight.

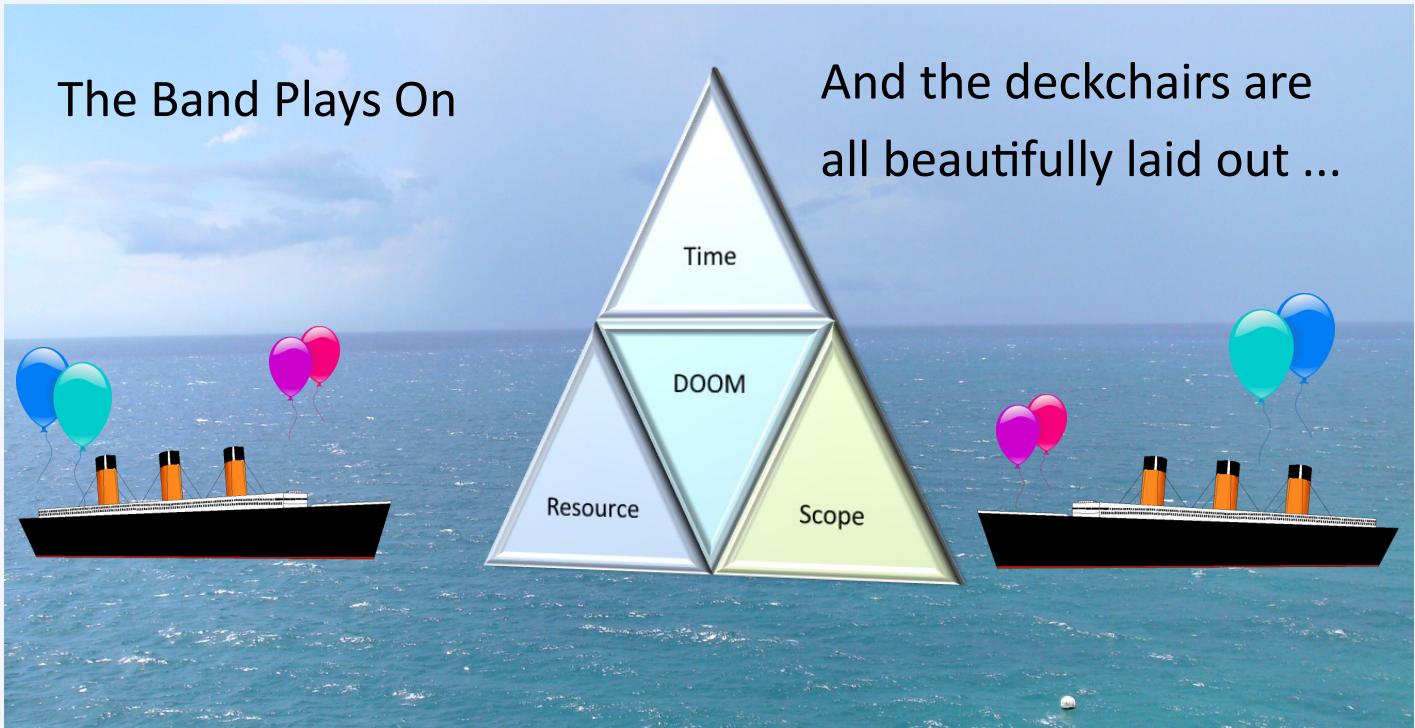
And hopefully we're no longer so precocious that we cannot learn from sources outside our own industry.

Andy

Andy Stokes

A Perfect Storm.

Why law firm mergers flounder on the iceberg of system conversions



A recent commentary by Todd Gerstein (CEO of Smart Time Apps) referred to slicing up large PMS projects like a salami, and made reference to the magic triangle of project management: Time + Resources + Money.



I have to say that I thought that Todd was talking a lot of sense, as he always does, although it did make me think more about some thoughts I've been having regarding project triangles and law firm mergers (see <http://ow.ly/ZED53>) especially when it comes to practice management, and indeed other, system merger projects.

With respect to this however I'd say that Resources and Money are the same thing; after all cash money is just another resource, and all resources have a cost. So I'd combine them both into the resource category, which does of course leave us with a missing third of the triangle. This missing piece is of course Scope, so I'd restate the magic triangle of project management as; Time, Resources and Scope.

FAIL

It's on these three aspects that law firm mergers with respect to systems often ... let's not say fail, but rather let's say 'not go quite as expected'. We all know how often this happens. So, why is this?

Well, having some experience of such things and been involved in project de-briefs I think we have to start with a few simple facts.

- Regardless of their stated aims, no merging law firm is doing so with the expectation of making less profit for the partnership.
- None of the people actually agreeing the merger will have to merge any of the data, and will have minimal, if any, knowledge of what is involved.

And these simple facts are where things start to go wrong. Let's take the first point; not only is the intention to not make less profit, it's actually to make more. And in particular there is an expectation that in the first year 'things must be seen to be getting better' – and yes I've discussed this short termism before too (<http://ow.ly/ZEDPr>). One way to achieve this is of course to make economy of scale savings in support teams.



A laudable aim from a strategic medium term business perspective, but remember that in the short term these are the very teams who are the resource required to combine systems, who will not only have to carry on doing the day job, but also take on the newly announced merger project. However, short termism prevails and immediately there is a tendency to 'need' to reduce the resource side of the project triangle.

A Perfect Storm. Why law firm mergers flounder on the iceberg of system conversions.

Secondly, we come to the time factor. I have seen many PMS merger projects go over 'timescale'. Why? Because quite simply the timescale set is highly unrealistic.

Timescales are set arbitrarily to be 'the date of the merger', or 'three/six months after merger'. Often this timescale is set, by people who have no knowledge of such things, before any detailed due diligence can even be carried out on the systems involved because of compliance and security concerns.

And even when it becomes obvious that initial timescales are unrealistic and need to be re-set, often the re-set is unrealistic too, because it is being driven by the 'need' to get rid of the dual overheads. So not only is the time element of the project triangle initially unrealistic, it's also getting continually squeezed by the 'need' to reduce the resource (cost) element too.

Now as anyone with project experience knows, the triangle is inter-related. So with limited resource and time, then as long as the scope is reduced accordingly then the project can still be OK. But as I mentioned, when timescales are set, it is often before due diligence on the systems can or has happened. And it's only when you get down to the details that the full scope becomes apparent. And all too often it grows; all sets of application functionality from both firms 'must' be reproduced, nothing can ever be taken away - because 'things have to be better in the first year'. Data codes have to be combined or changed, decisions have to be made which affect how the combined business will run after the merger. And many of these business decisions are beyond the remit of the technical project resource, so have to be referred outside the teams. And such referral and decision making takes time, and sometimes the people with the knowledge you need are the people who are under threat because of the 'need' to reduce the resource element.



So, we're faced with shrinking resource for a project with unrealistic timescales and with an ever increasing scope, that itself may require the resource that is being reduced and which will take ever more time. Even George Clooney never faced such a perfect storm as this!

But all this is nothing new. I know of firms who plan a merger and, to assist with planning, the support and technical functions gather sage advice from people in other firms who have done the same, and who all say "It's unrealistic", 'Double your estimate' and "you're having a laugh"... And then the advice is listened to, but ignored as the same old unrealistic plans get set by people with no experience of such things anyway.

Now there are some exceptions, and I do know of some firms who have done so many mergers that the partnership genuinely know what to expect or who reduce scope and expectations.

"All we can do is to do the best we can in the face of ignorance and avarice"

But with these few exceptions, until law firms are managed differently, without the short termism of the 'things must be seen to be getting better in the first year' mode of thinking, then these things will not change. All we can do is to do the best we can in the face of ignorance and avarice, have a pre-prepared game plan and document the reasons why things didn't go as planned.

Or to the salami mentioned by Todd Gerstein, we can add lemonade. Because when life give you lemons ...



Andy

Andy Stokes



"..we know there are some things we do not know. But there are also unknown unknowns, the ones we don't know we don't know."

So add 30% to the merger activities budget

And then double that!



Until finally, due to conflicts, only 2 law firms exist in the world... Both with 3,276 words in their name. ...



Law Firm Mergers

We're not allowed to call them "take-overs"

Andy Stokes

ASC →
Consulting Ltd

Create a Playbook

What if it happens if:



I'm always the last to know!!

Ready for So you're

- New jurisdiction / currencies?
- Change of system. Ready for data import/export?
- New types of legal work/ processes?

You find out what's going on

The merger is agreed

The "it's a secret" phase

Discovery

As far as possible make your merger processes documented and repeatable

Rebranding? Money's no problem



Planned pre-merger work



Initially ...

- Great economies of scale are expected.
- But there is never enough time or access to discover everything.



Inevitably ...

- Once full access is granted between the organisations the full truths can be discovered.
- The 'can of worms' push back delivery and add cost.



Finally ...

- Benefits are delivered.
- Often later than expected.
- First time merger firms are not always aware of this.

Let's be honest ... who mentions the worst thing about themselves on a first date?

Assume the worst and build it into your initial (internal) plan. At least you'll be able to say "I told you so!"

Mergers are on the increase

- They spread risk.
- Can provide economies of scale and synergy.
- Because everyone else is doing it.

They happen in rapid succession

- Particularly 'acquisition' mergers, because the firm is in a generally expansionist mode.
- Like a good cake ... One is never enough!

Like a run-away train ...

- It won't stop until it reaches its final destination ...
- Be on board or be left behind.



"... 'Til Death (or over-commitment on property costs , deserting partners, incompatible IT systems or lock step disagreements) Do Us Part"

"Lessons Learned" - put them back into your playbook ready for next time

Because just when you least expect it, there'll be another one

Originally
Planned Post
Merger Work is
completed

The unknown
"Cans of
Worms" are
discovered

Leading to

Planned post-
merger work

Surprise !!!

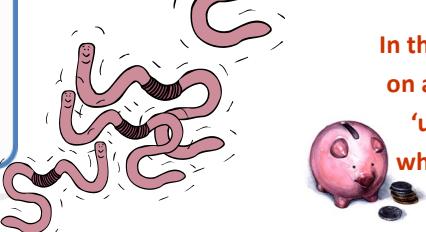
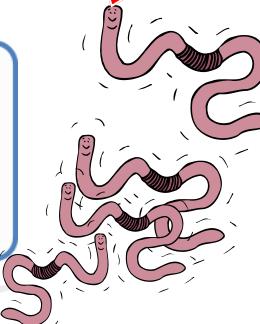
The "Can of Worms" is
actually completed

Unplanned post-
merger work.

What a shock ..
Redundancies

HELP
WANTED

And then ...



In the medium term, the cost of keeping staff on a little longer to be able to cope with the 'unknown unknowns' is relatively slight when compared to the cost of the 'cans of worms' dragging on ...