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Innovation in leadership and leadership in innovation

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There are three sub-themes in this paper on "best practices" leadership in the contemporary law firm. These are key characteristics of "leading leaders":

- (i) *leaders listen* to the front-line troops in the organization and expect and encourage innovation to come from the bottom up,
- (ii) *leaders devolve leadership* downwards in the organization to Practice Group Leaders, and
- (iii) *leaders narrow the knowledge and experience gap* between the functional groups in the organization (lawyers, non-lawyer staff and professional support staff) in order to form the most cohesive and effective team.

(1) Leading Leaders Listen

Today's law firm, in organizational terms, is much too complex to be effectively governed solely from the top.

In a knowledge-based sector such as legal services, in which the lawyer/client interface is the pivot around which the success of a firm is driven, leaders must accept that they can only know the lawyer/client interface at a distance. Paradoxically, however, they must know it intimately. As a result, the most successful firms in this environment will be those able to harness all human resources (lawyers, staff and professional support staff) to feed back to the leader a continual flow of information about the all-important firm/client interface: what works well, what doesn't seem to work at all, what do specific clients want and need in the way of services and information, and what type of delivery system for those services and information works best for a particular client? Perhaps even a new or different delivery system? It is this constant listening and learning at the client interface that leads directly to innovation.

Henry Mintzberg, Professor of Management Studies at McGill University, has this to say about the beneficial feedback loop between listening and putting into practice:

"... successful strategies are not immaculately conceived [from on high]; they evolve from experience. ... Strategists have to be in touch; they have to know what they are strategizing about; they have to respond and react and adjust, often allowing the strategies to *emerge*, step by step. In a word, they have to *learn*".¹

Mintzberg goes on say this about knowledge-intensive sectors

¹ Mintzberg, *Managers Not MBAs*, Berrett-Koehler Publishers Inc (2004), p 55

“Management’s role is less to *formulate* than to *facilitate* – to encourage the strategic initiatives of others, listen carefully to their results, and help consolidate the best into emergent strategies and coherent visions”.²

This role of what might be called the Chief Active Listening Officer comes easily to some but, for most Managing Partners, it is an acquired skill. David Maister lauds its effectiveness in both the lawyer/client context and the internal law firm management context when he asserts that good listening must be “active, incisive, conscious, involved and interactive”.³

A key component in the listening imperative will continue to be the art and science of surveying existing and potential clients to discover what motivates their need for legal services and their choice of legal service providers. For many law firms, the very act of polling clients can be a vexed question. Leaders may assent to the general desirability of “listening” at the client interface but when it is suggested that either the Managing Partner or the Director of Marketing or an outsourced service firm formalize the process and ask specific targets about their perceptions regarding the firm and its lawyers and services, many leaders become defensive, or even hostile, to taking first steps towards a survey program.

If the result is inaction, that is unfortunate because what is at issue here is much more profound than the more effective marketing of the firm’s existing services, as important as that is. As Mintzberg would argue, the underlying issue which is potentially in play at the firm/client interface is the ability for the firm to innovate – not just to maintain its position with an existing client, but to keep sufficiently ahead of the innovation curve to be able to surprise or even delight the client with higher levels of service. Forging links by truly effective surveying will produce a framework that has the potential to create a virtuous circle – further collaboration with the client leads to innovation which leads to more work which, in turn, leads to continued innovation.

As with every initiative at the law firm/client interface, risks are entailed. The sudden adoption of a comprehensive survey program, without a long-range plan of commitment to change on the part of the firm and its lawyers, can create expectations by the client that the firm is either unable or unwilling to meet. Nonetheless, this is exactly the situation in which a leader who listens can excel because there is no single event more persuasive to management and which usually leads to real change than this plea from an individual lawyer: “we must do this [make the change, spend the money, take the initiative, etc] because this is what the client is demanding”.

(2) Leaders Devolve Leadership to the Practice Group Level

Today, a law firm of any size above 15 to 20 professionals cannot hope to be responsive at the law firm/client interface without a strong element of devolution of responsibility downwards to what, in the broader corporate world, is referred to as the business unit. The business unit may be organized around an area of law or a

² *Op cit*, p 56

³ Maister, Green and Galford, *The Trusted Advisor*, The Free Press (2000), p 87

business sector or may, in larger firms, be organized on a client team basis but, for the purposes of this article, I refer to each of these as a “Practice Group”.

The theory and the nomenclature of practice group management have existed in many firms for decades – but what has recently come to define innovation in practice group management is the accompanying level of power and responsibility that is devolved downwards to give reality to the theory and formality of practice group management.

The single most dramatic shift in leadership at the Practice Group level is that firm leaders have begun to appoint Practice Group Leaders who, like themselves, may not necessarily be “best lawyers” but are certainly “best leaders”. They are lawyers who must be fully familiar with current conditions in the marketplace in their area (by area of law, business sector or client), especially the use of leading edge communications and information technology. If they have no previous experience in leadership, then they must be given opportunities to acquire a grounding in the theory and practice of middle management. Most importantly, they must be granted real authority to plan and carry out strategies for the Practice Group, a level of authority that entails hiring and firing, budgeting and access to funds and an expectation of innovation at the Practice Group level. Accompanying this authority is a new accountability for reaching mutually agreed targets of performance.

The newly appointed Practice Group Leader will know that she or he will be expected to discover what innovations at the level of the client interface will distinguish the Practice Group from competitors, to encourage the members of the Practice Group to anticipate client needs and, above all, to inspire fellow members of the Practice Group to want to excel.

There is no better reference manual to consult when starting to re-think a firm’s Practice Group system than McKenna and Maister’s excellent book, *First Among Equals: How to Manage a Group of Professionals*.⁴ Among the many tips and suggestions found there, the use of surveys, in this case internal to the Practice Group, links nicely with Part (1) above at the firm level⁵. One of the ways firms have neglected their Practice Groups in the past is to not insist on periodic measurement of results, starting with that most basic of steps, self-evaluation of the Practice Group and its leadership.

Of the many reasons for insisting on higher standards for Practice Group leadership, perhaps the most strategic for the long-term health of the firm is the excellence of the training ground this provides for eventual succession of leadership at the top level of management of the firm.

(3) Leaders Lead in Integrating Lawyer and Staff Support Functions

A major barrier to a law firm’s achieving its full potential is the breadth of the gap in understanding and acceptance of vision and strategy between lawyers and staff. Without a strong element of integration between these two groups, a firm will be

⁴ McKenna and Maister, *First among Equals*, The Free Press (2002)

⁵ *Op cit*, chapter 22

discarding one of its most effective levers to promote innovation. The innovative leader will recognize the gap and work creatively to bridge it.

Although the gap is but one aspect of the larger question of governance of the firm, it is beyond the scope of this short paper to explore the implications of new and emerging firm governance structures. But independently of structure and governance, an underlying issue that every firm needs to resolve is ensuring that team members on both sides of the lawyer/staff divide understand the imperatives which drive each other's respective worlds.

Admittedly, this key observation is not based on quantitative research – it is an anecdotal view, but nonetheless strongly held: many staff who are not legally trained, despite the fact that they may have worked in a law firm environment for years, even decades, have a very limited comprehension of what lawyers actually do – how the legal system works, what the lawyers' role in it is and ought to be, the limits on that role and how lawyers find clients and keep them happy.⁶ Equally important, individual lawyers themselves who interact daily with non-lawyer staff often have an extremely poor grasp of basic business principles, including business strategy and tactics, and they therefore fail to understand the implications of what is being suggested to them. So the fact that the gap exists should come as no surprise. However, what is often missed is that this has significant implications for the cohesiveness of a firm and its ability to carry out its vision and strategy, assuming that it has articulated one. And, in the context of innovation, it is precisely at the staff/lawyer interface at which much potential for innovation lies. Ignoring the gap, therefore, brings a price to be paid in foregoing opportunities for change – change which could please clients and keep the firm ahead of its competitors.

By its nature, bridging this gap requires strong and innovative leadership from the top. One remedial step that will emerge in Canada, as it already has in a preliminary way in the US and the UK, is the development of a professional, post-graduate law practice management program – one in which both non-lawyer staff and executive management will deepen their understanding of the factors that drive and measure the success of their opposite numbers on the two sides of this crucial divide.

Leadership = Innovation = Leadership

We all assume instinctively that the legal services sector is different from other business sectors. Often we explain, or excuse, this difference by focusing on depth of expertise or the placing of expertise within the ethical precepts of a self-regulated profession. Unfortunately, however, what has distinguished many law firms from other businesses has been a relatively weak system of leadership – a leadership that looked upon innovation skeptically, even as a sign of weakness. (After all, why would you need to innovate if you were successful?) But in a world which values collaboration highly and accepts the existence of increasingly complex relationships,

⁶ The writer brings to this observation experience on both sides of the divide: as a business law partner, Practice Group Leader, foreign office Senior Partner, a Director of Marketing & Business Development and now a consultant to law firms.

leadership will be pushed to innovate and that imperative for innovation will, in turn, impel firms to embrace a leadership which excels at innovation.

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