

Growing Culture – Can Professional Service Firm Leaders keep a grip on their firm’s Culture in a period of growth and change?¹

Most law firms find that they are quite different now in the way they do things, from what they were five or ten years ago. In this article, Nick Jarrett-Kerr examines the impact of changing conditions on culture and considers whether leaders can control culture as the firm grows. Practical suggestions and steps are summarised to ensure that fine rhetoric is matched by partner behaviour

I was Managing Partner of a law firm during an eight year period of explosive growth and extreme change, during which the firm twice doubled in size. At the end of that period the culture and ecology of the firm differed greatly from what was evident at the start. For one thing, the firm had become distinctly more corporate in style and process, and more structured in terms of rules, disciplines and procedures. But the firm had changed in other ways as well – more offices, a larger work-force, and an increasingly sophisticated infrastructure of technology and back-office support. In short, the friendly firm, where everyone knew each other, had changed to something a great deal more anonymous and impersonal. Reflecting back on those roller-coaster years, I conclude that whilst the partners and I were in control of a large part of our destiny, we were actually only partly in charge of our culture. Since that time, I have advised a number of law firms over substantial periods of time and have noticed exactly the same thing. The general lesson which I have learned from my various experiences is that it is as easy for culture to control you as it is for you to control it!

Table 1 illustrates some of the projects and issues which law firms across the world often face, all of which can have an impact on the firm’s culture. Many of these projects and issues are an inevitable part of the life of the firm. But the complication is that, like sitting on a water bed, the downward pressure of one project can result in some upward pressure elsewhere.

The inevitable contradictions and tensions have to be managed between the strategies, projects and initiatives which firms would like to implement on the one hand, and their

effect on the culture of the firm on the other. An obvious example is the advantage of promoting and rewarding a sense of individual ambition and performance, which can be at odds with the equally important desire to promote teamwork and cooperation. Another example of apparent contradiction is the possible incompatibility between a heavily directive vision and direction from the partners (from top down), and the involvement and enablement of staff at all levels (from bottom up).

What I have learned from all this is that, despite the obvious paradoxes and complications, the management of the firm’s culture and of peoples’ behaviour during a period of great growth or change has four essential principles in achieving a sense of balance.

Table One – Examples of Projects and issues which can Affect Culture

- Changing the Partners’ Reward and Compensations System
- Introducing a new Appraisal system
- Mergers, take-overs and lateral hires
- Changes of premises – going open plan etc
- Re-structuring
- Hiring Professional Managers
- Major systems and IT Projects
- Growth generally

¹ This article first appeared in *Managing for Success* in October 2004 and was updated and expanded in September 2010

1 Principle One - Know Your Own Culture

It is quite interesting to note how few firms have an in depth understanding of their own culture and in particular those cultural traits which should be nurtured in order to increase the firm's effectiveness in the market place. When we ask Managing Partners to describe their firm's culture, we very often get similar responses (a popular one is 'we are collegiate'). I am often left with the impression that many Managing Partners tend to believe their own publicity and rely on their own perspective without necessarily asking the right questions in the deeper subterranean layers of the firm. I believe it is vital to gain an intimate knowledge of the levels of culture, the sub-cultures and the behavioural traits which are evident throughout the firm. One way is to take some form of cultural survey or inventory², though it is important to accompany any survey with more detailed work on a face-to-face basis. Such an inventory enables firms to study and measure the cultural traits present in their firm. Knowledge of these traits and behaviours can help enormously to understand how the firm is likely to react to change programmes, and new initiatives and strategies.

2 Principle Two - Get the Subject of Culture onto the Partnership Agenda

In order to take any subject seriously, partners must engage. I have found that this is easier said than done. Indeed, I could write a book on the array of management issues and subjects which make the eyes of the average partner glaze over. High on any such list would be the linked areas of culture, values and behaviour, subjects on which it has proved generally difficult to gain the attention of outcome-oriented partners, obsessed as they are with the short term delivery of results and profits. In general, partners will usually wake up and take notice if they perceive there is something in it for them. That is why it is so interesting to note the vast body of evidence which now links culture and effective performance. This can make it possible to use these links to get partners thinking more about the impacts, both positive and negative, which cultural and behavioural issues have on the business and its underlying profitability. There are of course other ways of grabbing partners' attention. One is to consider with them how the firm ought to present itself to the market-place. A discussion about 'brand values' is often more fruitful than trying to engage partners in a debate about culture per se. Another method is to highlight the effect of the current state of the firm on the attrition of talent which often results from poor working conditions and a negative climate.

3 Principle Three - Understand the Contradictions, Tensions and Trade-offs

It should be clear from what I have already said that I perceive the life of the law firm to be full of contradiction and paradox. For example, clients are increasingly demanding higher quality at lower price – a see-saw which requires constant management. Then there is the dilemma which occurs when anything new is introduced; how much of

Table Two Understanding the Inevitable Contradictions in Professional Service Firms

- Top down mission/vision/direction versus bottom-up involvement and empowerment
- Individual rewards versus team rewards
- Lower cost versus higher quality
- Integrating the old and the new
- Internal focus versus external
- Stability versus flexibility
- Tough and Aggressive Lawyers – but caring managers
- Comfort zones versus a climate of challenge
- Caution in attitude versus Bold & Entrepreneurial Risk Takers

² An online tool has been developed by my friends and colleagues Ed Wesemann and Rob Millard (with a some help from me) – for details, please email me at nick@jarrett-kerr.com

the existing structures and methodologies do you destroy or leave behind? Table Two sets out some of the inevitable contradictions and tensions which can exist in law firms. In all these cases firm leaders constantly have to find a balance, course correction or trade-off to stop the lurch which can occur between one extreme and the other. What is equally clear is that it is the task of the leaders not to eliminate the predictable paradoxes and contradictions, but to seek to manage and balance them.

4 Principle Four - Make sure that the Words match the Music

I was talking to the risk management partner of a law firm some years ago who was expressing his frustration because months of careful work by him had been completely undone by an intemperate outburst from an angry partner. The risk management partner had spent many patient months carefully building up trust at all levels of the firm in order to encourage early and open reporting of mistakes and circumstances leading to possible Professional Indemnity Claims. All members of staff were assured that the firm promoted a no-blame culture in which they could admit their errors in a positive and supportive atmosphere geared towards learning lessons from mistakes rather than penalising lapses. You can probably guess what's coming! An assistant made a mistake and the other partner lost his temper in public, humiliating and terrifying his assistant. In an instant, all the trust and credibility evaporated; trust which the risk management partner had carefully built up over the preceding months.

This is by no means an isolated incident in law firms. The fine rhetoric of the partners is often not matched by their actions. The words (what is said) often do not fit the music (what is done) and the rhythm (the organisational pulse and atmosphere) can beat out of time as well. For Managing Partners and those with Management responsibilities, the problem is even more acute. Whilst the firm's statements, messages, speeches and slogans can all be carefully and strategically orchestrated, it is less easy to control what is done by the partners in practice – fitting the music to the words can be a Herculean task.

Table Three. Where the Words and Music do not match	
The words (what is said)	The music (what is done)
We have high values	We tolerate transgressions by prima donnas
We are open and honest	We talk about people behind their backs
We have an open door policy	Doors are often closed
We have a flat structure	Many firms are still hierarchical
We believe in co-operation and teamwork	We build walls around our clients
We believe in promoting quality	We still tend to reward quantity
All Partners have keyboard and computer skills	Many Partners still insist on a one-to-one secretary
We promote an external client focus	Most of our value measures are internal
We encourage training and development	We do not give staff enough "down time" from chargeable hours for training purposes
We encourage our staff	We are good at criticising our staff
We want to be commercial and business-like towards our clients	We want our clients to like us
We respond well to the challenges which we face	We hate change
We value satisfying our clients completely	This often cannot be reconciled with working within targets
We value those who are good at managing people and teams	We respect high personal billing achievement
We believe in proper delegation	We hog work which could be delegated, in order to enhance personal billings
We want to enforce proper disciplines	We want to be liked and to avoid confrontation
We are good at cross departmental integration and coordination	Departments are often independent islands with their own sub-cultures

Table Three sets out some of areas where the words and music may not match in law firms.

What is also clear is that people in any organisation will take their cues from what they see or feel is going on, more than what they hear. If, for example, the Managing Partner says – with all the sincerity in the world – that the firm is committed to learning and development , but no training resources are allocated, the view will quickly form that the Managing Partner’s fine words are not matched by reality.

Practical Suggestions

Here are ten basic practical rules which can, however, be followed to enable consistency between words, music and rhythm

1. Work hard on agreeing your firm’s “Strategic Intent”³ – its identity, purpose and vision. Agreement on this has a direct effect on culture and behaviour
2. Make sure that the firm’s governance structures are aligned to the way partners expect things to be done in your firm. In a highly hierarchical and tightly managed law firm, the expectation will be for people to be compliant and responsive to directive management. In more collegial and laid back firms, a lighter and more egalitarian management will prevail
3. Take great care about what the firm pays attention to, and what is measured. Leaders should consistently think about the things they communicate, the agendas that are set, and the issues they appear to care about. The firm will notice these and react accordingly.
4. Consider the projects and areas to which you allocate resources.
5. Be disciplined about your visible behaviours. Like the risk management example, the firm is much more likely to believe what it sees rather than the fine words it hears.
6. Monitor how the firm reacts to a crisis or challenge. If the firm hits bad times, the way the firm deals with problems sends out messages to members of staff.
7. Reward what you value. This may be an obvious point, but we still see many firms which claim to reward good management and teamwork but continue to reward only individual performance
8. Set criteria for recruitment and promotion etc which match up with the way you want things done in your firm
9. Make sure that the visible facilities and features of the firm (artefacts, routines, procedures, rituals, reports, premises and even the reception area) also reflect the sort of firm you are or aspire to be
10. Ensure that all of the firm’s marketing and branding correctly portray the sort of firm you are

³ See my article Stretching Horizons in LBR September 2010