

Leadership Development in Law firms

- Current and future practice -



Nick Petrie
Harvard Law School
August, 2011

Future Trends in Leadership Development

The following report examines the ways in which law firms are attempting to develop their leaders to meet the challenge of an increasingly complex environment. In addition, it will outline some of the innovative practices being used in other industries, which have the potential to be introduced to law firms. The report is based on interviews with law firm partners, professional development directors, consultants to law firms and H.R. practitioners in other industries.

The current challenge

The leader-lawyer in perpetual whitewater

The last decade has seen the legal industry enter a period of increasingly rapid change. The 'great recession', which began in December 2007, has contributed to an environment that many law firm leaders believe is fundamentally different from that of ten years ago. Among the key challenges which law firms currently face are:

- The rise in power of in-house counsel which has resulted in;
 - Demand for lower fees
 - Requests for alternate billing
 - Refusal to pay for associates 'on the job training'
- Demand for global firms who can collaborate across practice and geographical borders
- The introduction of the legal services act in the U.K. and the potential advantages this may give to U.K. firms.
- A new generation of lawyers who are less inclined to follow the long term partnership path in a single firm

Roland Smith, senior legal faculty for the Centre of Creative Leadership describes the new environment for law firm leaders as one of *perpetual whitewater*. He believes that law firms have entered into the type of environment that the army describes as V.U.C.A. (Volatile, Uncertain, Complex, Ambiguous). However, this trend of increasing turbulence is not confined to the legal field. An I.B.M. study of over 1,500 C.E.O.s identified their number one concern as the growing 'complexity' of their environments, with the majority of those C.E.O.s saying that their organizations were not equipped to cope with this complexity¹. The skill they named as being most important for the future leader was 'creativity'.

¹ See IBM. "*Capitalizing on Complexity: Insights from the Global Chief Executive Officer Study*". Available at <http://public.dhe.ibm.com/common/ssi/ecm/en/gbe03297usen/GBE03297USEN.PDF>

Given the nature of these challenges it is not surprising that many law firms are starting to revisit the way that they develop (or do not develop) leaders within their firms. In the coming decade it appears that firms will need to reconsider the old model in which a few 'heroic' leaders emerged naturally and instead focus on methods that produce a steady supply of leaders who can think adaptively and influence their people to do the same.

The special challenge of developing leaders in law firms

While most corporations in the U.S. have well-established leadership development programs, the majority of law firms have lagged behind their corporate counterparts. This is evident in both the amount of time law firms spend developing their leaders, as well as the number of leaders involved in development programs. This is largely due to a unique set of challenges that law firms have which sets them apart from their corporate colleagues. These challenges include:

- Most leadership programs are designed for corporate clients and don't take into account the different psychology, culture or economic model of law firms
- Lawyers must assess the 'value proposition' of spending time developing leadership skills as opposed to doing billable work or developing new clients
- The decentralized nature of a law firm means that it is difficult to mandate that partners take part in any leadership development efforts that they choose not to
- Many partners are left to choose their own development methods, but are often the people least aware of what they need to get better at, or the methods that would help them to improve
- The word 'leadership' in law firms is sometimes seen as a fuzzy concept
- Rewards and status in a law firm tends to go to those who bring in clients, rather than those who 'lead'

What lawyers say they want

Despite the factors listed above, there is a growing awareness amongst partners of the benefits of developing critical leadership skills. When Managing and Senior Partners from a range of firms were asked what leadership skills they would most like to develop they offered the following examples²:

- How do I lead change successfully?
- How can I drive innovation?
- How do I communicate more effectively?
- How do I listen better? How can I learn to be more patient?
- How can I become more self-aware?
- How can I increase my ability to influence others?
- How can I increase team performance?

² See Roland Smith, The Struggles of Lawyer-Leaders and What They Need to Know. Available at <http://www.ccl.org/leadership/pdf/landing/NYSBAJournalMarApr09.pdf>

How can I improve as a leader while maintaining my rainmaker status?
How do I get partners to find the right balance between personal and firm success?
What leadership qualities are critical and which are “nice to have”?
What should I be doing to mentor new partners?
How can I better understand the new generation of lawyers?

This indicates that though there is certainly a challenge in developing leaders in law firms, there is also an acknowledgement from lawyers that there *are* leadership skills that they want to learn.

Current Approaches to developing leaders in law firms

To understand the current approaches to leadership and professional development within law firms, I interviewed the people responsible for professional development within three large law firms as well as one consulting company. All three firms agreed that leadership development was becoming an increasing priority for them, and each had set up programs to help them develop more leaders.

Below I outline the general philosophy of leadership development at each firm and show example programs, which each firm uses to develop their leaders.

Law firm 1

- Senior partners and the board have agreed that producing a pipeline of capable leaders is a priority for the firm. As a result, the firm has increased the amount of training they have done on management and leadership skills in the past few years.
- The firm believes that leadership skills need to be developed over the course of a career, rather than when an individual reaches the partner level. In keeping with this philosophy, leadership training occurs at five stages with each program building on the last:
 - 1st year in firm
 - 3rd in firm
 - 6th year in firm
 - New partner level
 - Senior partner level
- The firm runs over 500 trainings per year
- Special trainings on ‘Matter management’ are provided to lawyers at various stages throughout their career, in order to help them understand the requirements of increasingly senior roles.

- A strategy consultant and project managers have been employed by the firm as internal resources that can help lawyers experience skill sets and thinking that they would not otherwise be exposed to.

Law firm 1 - Example program: Leadership skills for new partners

- According to the Director of Professional Development, one of the greatest challenges the firm faces is making sure that the 'value proposition' for training is viewed as sufficient for lawyers to attend. For this reason, the firm has decided to focus on providing high quality training that can be delivered in condensed time frames.
- The leadership program for new partners is run once per year for half a day
- Classes are split into litigation and transactional practice groups, with participation ranging from 30 - 50 lawyers per session.
- Outside experts from leading universities are brought in to facilitate sessions. The instructors use a variety of methods to engage participants including case studies, presentations and small group exercises.
- In addition to external faculty, the firm also uses senior partners who can present real firm issues to the group. Lawyers then break into groups to discuss how they would address these challenges.
- In order to support training programs, partners can use an executive coach for up to a year. Based on the success of early coaching initiatives the firm decided to employ a full time executive coach who works in house.

Law firm 2

This firm has a two-tier approach to leadership development. The first program is targeted at the current senior leaders of the firm. This group receives trainings from law school professors who periodically run sessions for the partners on issues such as strategy, governance and firm economics.

- The firm offers executive coaching with partners. Partners then have the option of engaging a coach to work on any area they choose. The firm has found that it is most effective if the process has a defined rather than an open ended date.
- The firm decided that coaching works best if the goals of the sessions remain confidential to the coach and the partner. For this reason feedback is not given to the professional development directors about development goals or progress made.
- In order to help department heads understand and develop their leadership skills, a job description was created that outlines the full scope of their role and responsibilities. It was then explained that they were not expected to complete all tasks, but to lead others so that all responsibilities would be met.

Law firm 2 - Example program: Leadership program

- In the last year the firm has piloted a new program with the goal of developing future leaders for the firm. The firm selected twelve young partners from offices around the world and from a variety of practices.
- The program is comprised of seven trainings, each lasting one day. Each program is one month apart with participants traveling to the hub office.
- External experts from universities or consulting companies are brought in to facilitate sessions, which focus on 'How to lead people'.
- The course covers a variety of subjects, which are taught through a mix of training and coaching. Topics include:
 - Management of people and matters
 - Firm economics
 - Understanding diversity
 - Coaching skills
- The professional development team has been particularly pleased with the level of peer support amongst participants. The group has used many sessions to help participants solve particular issues they are facing in their own practice.
- In addition, the program has proved useful in disseminating skills, information and knowledge across the practice areas and geographies. These partners have become an effective way for the firm to link various parts of the firm to each other.

Law firm 3

- There has been a drive from the management committee to increase the emphasis on developing leaders in recent years. This has been done in conjunction with a discussion around how the firm should evolve as an enterprise.
- In order to follow best practice, the firm began with a discovery phase to see how other law firms were developing their professionals. Following this, they looked more broadly at their clients and the corporate market to discover the methods they were using to develop their people. The firm also looked at mega trends affecting the "war for talent" (e.g. demographic projections in the U.S. and internationally), studies on generational differences in approach to work, and information on flexible work arrangements and fostering diversity as part of its effort to project how the firm would want to manage talent over the next 5 to 10 years.
- Based on their findings the firm decided to develop a competency framework, which they could use to measure and focus each lawyer's development. To create the framework they interviewed lawyers within the firm to determine 'what are the most important skills and abilities needed to succeed within this firm's environment'.

- To complement their competency model, the firm developed 'career levels' in order to help lawyers understand the expectations and abilities required by lawyers at each stage of their career, and to enhance retention. The firm built flexibility into career paths because not everyone wants to be a partner or is suited to be a partner and lawyers do not progress to partner level performance at the same rate (for a variety of reasons). Thus, there is flexibility in the time periods for promotion from senior associate to counsel and from counsel to partner or special counsel. The idea is to build flexibility into the structure so there is no stigma in taking longer to advance.

Law firm 3 - Example programs

- At the partner level the firm sends leaders to universities such as Harvard's Executive Education Program on managing professional service firms and practices.
- Senior partners also attend professional development workshops at annual retreats as well as periodically throughout the year.
- Due to the increasing importance for lawyers of having business acumen, the firm's C.F.O. now teaches workshops on firm economics to lawyers throughout the firm.
- The firm has had a 'woman's leadership initiative' for over twenty years. Over the last five years, Management has strongly supported new and innovative W.L.I. programs, such as sending emerging female leaders to intensive outside programs focused on leadership, business development and network building. This gives them a chance to connect to and learn from other female leaders both within and outside of the legal field. The firm has also run programs on unconscious bias for men and women and has extensive training for women in communicating, networking, and marketing/business development.
- At the associate level, the firm has placed a great deal of focus on its mentoring program, which aims to create strong relationships and real partner investment in the career of the mentee.
- Colleagues they have worked with evaluate associates twice per year. Responders are asked to evaluate associates against the firm's competency model as well as writing in-depth, candid comments about the associate's performance.
- Feedback is delivered by selected partners within the firm who are trained as mentors for the younger lawyers.
- Before delivering the feedback, the mentor interviews respondents to clarify their views, and get background and context for their comments. Based on this conversation the mentor provides feedback to the associate and helps him or her identify the most important areas for development. They then agree the development methods and how the mentor can help the associate to make progress.

How the Center for Creative Leadership develops law firm leaders

In order to get an outsider's perspective on how lawyers could be developed as leaders, I examined the process used by the legal practice at Center for Creative Leadership (C.C.L.) who is ranked number three in the world for executive education³. C.C.L. works with in-house counsel, executive committees, practice groups, and regional law offices to help them design a systematic way to develop their leaders.

In order to develop 'lawyer-leaders', Roland Smith, senior faculty member at C.C.L. recommends that firms take the following approach⁴:

- Develop a *leadership strategy* to support the strategy of the firm. The *leadership strategy* should state the number of leaders needed to implement the firm's strategy within a given time frame – and the required skills, abilities and experiences for leaders.
- Assess the gap between current leadership capabilities and those required to implement the firm's strategy.
- Approve investments in leadership development that will close the gap between current leadership capabilities and those required.
- Senior leaders should take part personally in mentoring younger leaders, presenting content in leadership development programs, reviewing talent and selecting future leaders.
- Senior leaders should lead transformations in the firm's systems, policies, technologies and business practices that support leadership development.

It is valuable for firms to take a systemic approach to developing leaders and make it clear to everyone, how the leadership strategy aligns with the firm strategy. Once this is clear, it becomes easier to get buy in from partners, as to the importance of leadership development in the firm.

Innovative approaches for the future of leader development in law firms

With the amount of change occurring in the legal profession, it is useful to consider how leadership development may also need to change and evolve. Within the corporate world for example, we are seeing a move away from training and a greater emphasis placed on action learning and behavior change.

³ See Center for Creative Leadership. (n.d.) *Recognized as a Top Provider of Leadership Development Worldwide*, Retrieved May 1, 2011, from <http://www.ccl.org/leadership/about/recognition.aspx>

⁴ See Roland Smith, *The Struggles of Lawyer-Leaders and What They Need to Know*. Available at <http://www.ccl.org/leadership/pdf/landing/NYSBAJournalMarApr09.pdf>

One advantage for law firms in being later adopters in leadership development is the opportunity to learn and adapt methods that have already been proven in other industries. Law has much in common with other professional services for example, and many of the approaches are readily transferable. What follows are four innovations, which are relevant for leadership development in law firms, but not yet widely used.

1. Feedforward Coaching for behavior change

Marshall Goldsmith, a leading organizational consultant, says that all firms *say* that there needs to be more feedback given to staff, the only problem is that 'nobody likes giving feedback and nobody likes receiving it. Apart from that it is perfect.'⁵ He believes that feedback fails because it tends to focus on; a past you *cannot change*, the things you did *wrong* and the ways in which you *failed*. This tends to make successful, competence driven people feel defensive.

Goldsmith and Jon Katzenbach (a former McKinsey partner) created a new approach they called *feedforward*. Feedforward asks people to do three things; focus on the *future*, give only *suggestions*, make them something *positive* the person can *do*. Goldsmith created a process for this, which he has implemented with senior leadership teams at many of the Fortune 500 companies. The process emphasizes the fact that at the senior levels of any organization, most people already have the technical skills they need to be a good lawyer/ accountant/ marketer, but not the behavioral skills needed to be a good leader.

What is it: A behavior change process designed for busy, time poor people who like to see measured results. Feedforward engages trusted peers in the coaching process and asks them to do three things; focus on the *future*, give only *suggestions*, make them something *positive* the person can *do*.

How it works: Participants choose 1 - 2 areas they want to improve and five to eight internal people they trust who become feedforward coaches. With the help of an external coach the leader gathers monthly suggestions from the feedforward coaches as to how she can improve in her chosen areas and progress reports on how much she is changing. At the six and twelve month point, a short mini-survey measures her behavior change (figure 1).

Why it works at law firms: It is extremely time efficient taking only two hours per month, involves the people who know the leader best to help him/her change, measures results, holds the coachee accountable over time and acknowledges that behavior change is a *process*, not an *event*

⁵ See Marshall Goldsmith and Mark Reiter. *What Got You Here Won't Get You There: How Successful People Become Even More Successful*. New York, NY: Hyperion, 2007.

Figure 1.

| Mini Survey | | | | | | | | | |
|---|----|----|----|--|---|---------|---|-----|----|
| | -3 | -2 | -1 | 0 | 1 | 2 | 3 | NCN | NI |
| Personal Improvement Items: | | | | | | | | | |
| Delegates more effectively..... | | | | | | 4 | 4 | | |
| More skillfully manages unanticipated challenges from internal business partners..... | | | | | | 5 | 3 | | |
| Has Toni become a more effective leader in the past few months?..... | | | | | | 3 | 5 | | |
| Response and Follow-Up | | | | | | | | | |
| Did Toni talk with you about her feedback and action plan?..... | | | | | | YES = 8 | | | |
| How much follow-up has Toni done with you on her action items?..... | | | | Did NOT Respond, No Follow-Up | | | | | |
| | | | | Responded, but Did NOT Follow-Up | | | | | |
| | | | | Responded, Did a LITTLE Follow-Up | | | | | |
| | | | | Responded, Did SOME Follow-Up | | | | | |
| | | | | 3 Responded, Did FREQUENT Follow-Up | | | | | |
| | | | | 5 Responded, Did CONSISTENT/PERIODIC Follow-Up | | | | | |

Example: Simpson Grierson, Feedforward coaching for senior partners

1. Program overview and opt-in of partners
2. 360 deg assessment and feedback
3. Partners chose 1 - 2 areas to improve
4. Partners chose 5 people to use as internal feedforward coaches
5. Asked for feedforward suggestions each month
6. Met with external coach each month to analyze feedforward suggestions and create action plan
7. Mini survey at 6 and 12 months

Feedback from partners

“The Feedforward method showed me that there was so much information in this organization that was untapped. This method showed me how to get that information, and it wasn’t even time-consuming.”

“The method is actually really clever; especially the way it helps you build your strengths up, rather than focus on your weaknesses. It helps you learn a lot about yourself.”

2. The Immunity to Change

What is it: The immunity to change is a method developed by Harvard professors and researchers Robert Kegan and Lisa Lahey over a twenty-year period⁶. It is focused specifically on behavior change and what stops people from making the changes they want.

How it works: Leaders choose behaviors they are highly motivated to change. They then use a mapping process to identify the 'hidden commitments' and assumptions they have about what would happen if they were to actually make those changes. This uncovers for the person their hidden 'immunity to change' i.e. what has held them back from making the change already. The participant then works with a coach to run a series of small experiments to test out the validity of their assumptions. As people realize that the assumptions they have been operating under are false, or at least partial, the resistance to change diminishes and the desired behavior change happens naturally.

Why it works: Most leadership programs operate on the assumption that if you tell people how to lead, they can then do that. Kegan and Lahey's research shows that many of the leadership problems we are facing in workplaces are not *technical* problems in which the solution can be transmitted from an expert, but *adaptive* problems in which we ourselves must grow and change to solve them. The immunity process shows people what prevents them from becoming the leader they say they want to be and then provides a system by which they can grow into that person.

How this is being used: The method is currently being used in the leadership development programs of a number of leading investment banks, financial services firms and strategy consulting firms. It is best suited for leaders who already have the technical skills they need to succeed, but need to learn new behaviors in order to lead more effectively.

3. Action Learning

What it is: Research by the Center for Creative Leadership (1998) shows that learning occurs through: experiences we have (70%), people we interact with (20%) and trainings we go to (10%)⁷. Despite this, few firms have worked out how they can develop leaders through firm wide experiences.

⁶ For an in-depth explanation of the process and how it is being used with senior leaders, see Kegan, Robert, and Lahey, Lisa Laskow. *Immunity to Change: How to Overcome It and Unlock Potential in Yourself and Your Organization*. Boston, MA: Harvard Business, 2009.

⁷ McCauley, Cynthia D., Russ S. Moxley, and Velsor Ellen. Van. *The Center for Creative Leadership Handbook of Leadership Development*. San Francisco: Jossey-Bass, 1998

How it works: Rather than discuss the theory of leadership, the management committee presents program participants with a real firm challenge that if solved would result in significant benefits to the organization. The group works together over a 1 - 6 month period to gather research, meet stakeholders, make a diagnosis and present their recommendations to the management committee to decide upon. During the process participants engage in leadership trainings on the skills they need for their project, as well group coaching on their teamwork and leadership.

Why it works: When the challenges are real and important to the firm, Action Learning gets very high levels of commitment and provides opportunities for feedback and coaching in a real work context. There can also be significant pay-offs for the firm, who can develop talented employees while solving important firm issues, such as whether to start up a new practice area, or the best options for geographic expansion.

Who uses it: Goldman Sachs has used this process widely in developing its leaders. High priority challenges for the firm are presented to the participants by C.E.O.'s such as Henry Paulson or Lloyd Blankfein and important decisions are made based upon participant recommendations. Being asked to be part of an action learning project is seen as status symbol and a measure of being a fast riser in the firm.

4. The use of competency models

Competency models have been a foundation of corporate leadership programs for the past twenty years, but are relatively uncommon within law firms. The benefits of a competency framework include; identifying the skills the firm needs for the future and where gaps exist, creating a common language for leaders, and uncovering the shared competencies of star performers. Many firms also use competencies to inform their compensation systems and performance reviews.

Below is an example of how one law firm used competencies to support their goal of increasing client revenues (figure 2).

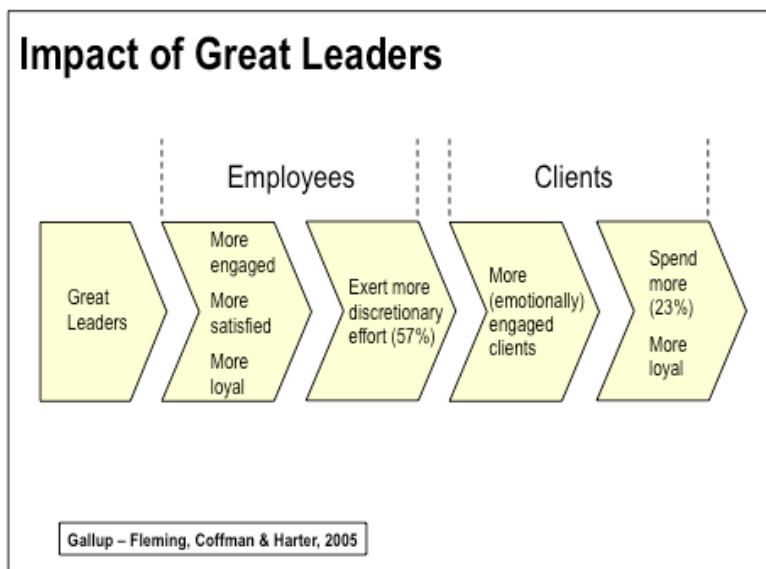
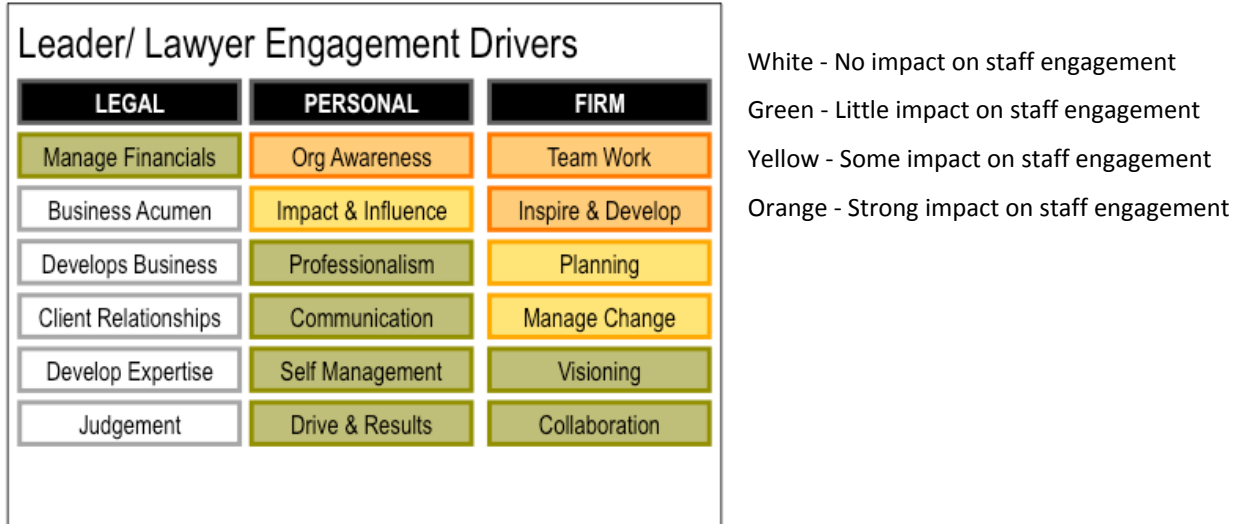


Figure 2.

The firm began by engaging a consulting company to help them identify the competencies possessed by firm partners that had the greatest impact on staff engagement levels (figure 3).

Figure 3.



Based on 360 feedback reports, the firm then analyzed how strong their partners were in the competencies with the greatest impact of staff engagement (figure 3). The results revealed that that the orange and yellow competencies were the weakest of all competencies amongst partners. The firm then changed it leadership development programs to help their partners target those weak, but important competencies.

Conclusion

Modern law firms face a number of challenges and it seems likely that the number and range of these issues will increase in the future. Given this, it will be essential that firms have a sufficient number of lawyers who can share the leadership responsibilities, rather than rely on a few heroic leaders to do it all.

The three firms above, illustrate the types of thinking and programs that can be used to effectively develop more leaders. In addition, law firms can continue to learn from and adapt the most effective methods from outside of the industry. Law firms have always relied on technically brilliant lawyers to help build their reputation; in the future, this may not be enough. Those that can grow leaders who provide direction and alignment for the firm, while inspiring commitment from disparate geographies and practices, may have a crucial sustainable advantage in an industry likely to keep changing.