

You!

Your Law Firm Partners Need You!

Law Firm Culture, Learning, Strategy

– and how the legal business development executive can become the agent of change

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“The market leader of the legal services industry of 2025 will be those that take an enterprise approach to legal services - those who see law as a team sport. These market leaders will deliver their services through a proprietary mix of people, process and technology, seasoned by a culture of continuous improvement.”

– Mitch Kowalski

“Never in the field of human commerce have the overpaid relied more heavily on the best endeavours and creativity of the overstretched.”

– Patrick Dransfield, with apologies to Sir Winston Churchill

“Success in the market place increasingly depends on learning, yet most people don't know how to learn.”

– Chris Argyris

As a business development and marketing professional you can play a unique role in helping law firms navigate the prevailing challenges to the legal industry - but only if you have, or are determined to develop, the right attitude. To follow is a personal reflection which also draws on the experience of change management experts from outside and also inside the industry to help you through this crucial inflection point for the legal industry.

No industry sector is immune to change. To follow are three out of the myriad macro-economic trends that took my eye over the past 10 days. Firstly, the Insurance industry. It is facing a huge amount of disruption as companies like Amazon redefine customer experience in the insurance arena. No longer does the customer want to simply buy a product - she now expects to have her particular problem solved. Given that the Insurance industry represents an annual €1.39 trillion, there are plenty of new players, including Amazon, more familiar with creating value to customers on on-line platforms than the legacy insurance players.

Q: If you are employed in business development and marketing for a law firm that advises insurance companies, how should you be advising your own partners about the changes and the potential opportunities, and risks, presented by this paradigm shift in the insurance industry? How may this play out related to the firm's engagement to their clients and therefore the firm's profitability?

Let's be company specific. Next up, Samsung. There are now at least 24 international law firms in Seoul and one of the golden turtles in the market is of course Samsung. And Samsung itself is changing. From a 12-person outlier team in 2010, its biopharmaceuticals team now employs almost 3,000 people - and is an important reminder that Samsung retains the flexibility to shift direction radically. Samsung is evidently a 'learning' company - as we will later define.

Q: If part of your responsibility is to the Seoul office of an international law firm, what significance does the changing business focus of Samsung have to bear on what constitutes the industry expertise of the lawyers there?

Or social media platforms. Examples of the power of social media platforms to create new players are legion: one such recent example is the phenomena of Kylie Jenner and her cosmetics brand. It took rival cosmetics brand Bobby Brown twenty-five years to become a billion-dollar global company. It has taken Kylie Jenner just three years.

Q: How would you position your firm to be in a position to best advise Kylie Jenner as she expands her brand to new markets, such as China?

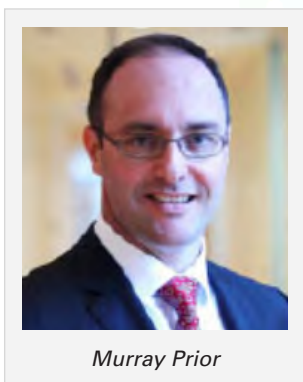
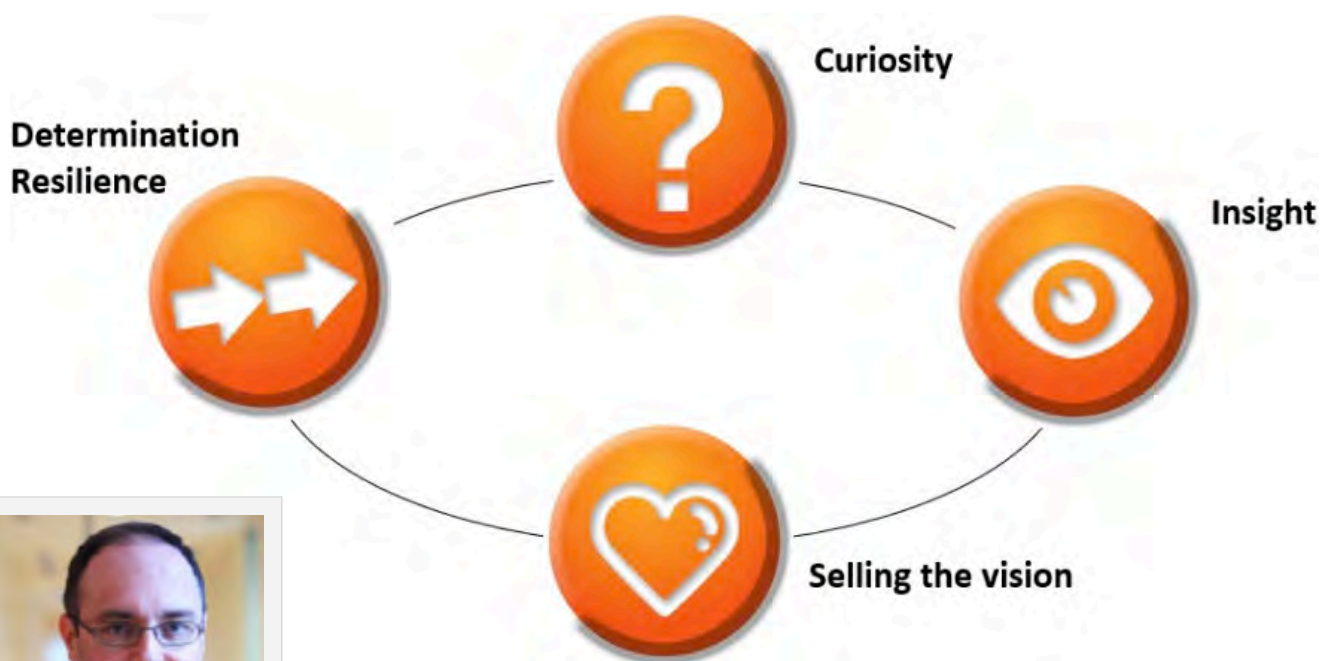
Allow me to take all the above back to an earlier stage. Would you be aware of these changes in the first place? It does not take special insight or complex research to be aware of these developments. In fact, it only requires being a regular reader of the Financial Times from which all of these business development stories derive* and an engaged and curious mind to seek out the connection to macro-economic business trends and potential legal business.

All of the above examples represent the first 'Macro-Economics' stage of the 7 Steps programme that I formulated while at Shearman & Sterling in the early 2000s. It is important sometimes to state the obvious - the legal industry does not exist in a vacuum. Business development and marketing plans for law firms should be grounded in what is happening to the wider world - not self-referencing what Clifford Chance, for

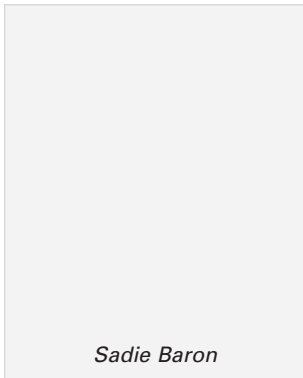


example, may or may not be doing in a particular market. In my opinion, many law firms are drifting untethered in the bitter sea without a compass. The intention of what follows is to provide that compass - and place it firmly in the hands of the business development and marketing executives who after all are expected to provide drive and direction to the firm's relationships with clients.

More on 'The 7 Steps' later, as it is secondary to a much more important condition to a successful career that, believe me, is entirely in your own hands. The key to success is firstly the development of a curious and enquiring mind. You don't have to take my word for it - global headhunter Egon Zehner have been finding CEOs for decades and it is this character trait that they believe is the very foundation of the successful potential CEO.



Murray Prior



Sadie Baron

There are 4-character traits that Egon Zehnder look for when they are seeking potential CEOs. First of all, you must cultivate a curious and lively mind - voraciously absorbing facts, experiences, learning from people in all walks of life -and have a positive attitude towards the world. "Curiosity leads to knowledge and over time, that leads to expertise" according to Murray Prior, Global head of BD and Marketing and member of the International Management Group at King & Wood Mallesons.

From curiosity and positivity comes insight and wisdom. Then, you need to be persuasive and have the skills and the confidence to be able to sell your vision - to make everyone around you passionate about your mission. Not everyone will follow and there will be obstacles, so the successful CEO also has both determination and resilience. It is essential that you don't hold grudges and always look for the positive in those around you. As Sadie Baron, Chief Marketing Director of Reed Smith advises: "Pay it forward - don't always expect immediate pay back. Share and support whenever you can, for whoever you can. You never know where that connection may turn up in the future."

The question of how business strategy and legal marketing related to the core of the law firm became compelling to me when Whit Pidot, my boss and managing partner for Asia pinged me an email (yes, we did have email) inviting me to the Asia Lawyers' Annual Retreat the following weekend (good) and informed me that I needed to provide an hour long Workshop on how marketing strategy aligned with the strategic business goals of law firms to all the lawyers, including the firm's global senior partner (bad). In a panic I Googled law firm strategy and marketing (yes, we did have Google) and found - absolutely nothing.



Shearman & Sterling Asia Lawyers' Retreat: Whit Pidot, front row, sitting, fourth from right: the author, fourth row, third from right

Whit, in many ways the prime mover of this piece, deserves a moment of digression as he most unusually combines both a business strategy and a law firm background, having not only a JD from Columbia, but a BA from Harvard University and an MBA from Columbia Business School. In our first meeting in Asia, Whit asked me how was I going to get one of the senior partners to stop talking for one moment and listen to a single word that I said. "Difficult" I admitted. "Here, read this" said Whit, as he passed across a thin volume entitled 'Teaching Smart People how to learn' by the late Chris Argyris, American business theorist, from the May-June 1991 edition of the Harvard Business Journal.

From the very first line, I was hooked. Argyris identified and articulated something that I had long suspected: that the brittle and despondent attitude of associates and partners alike, when asked to attend a bespoke business development training module or an industry-related evening soiree, was based on a fear of failure. The mere risk that they could look like a fool in front of one's peers was enough to prevent them ever leaving the comfort zone of their monk-like offices. "Those thought to be best at learning are not usually very good at it. Their very success at higher education helps explain the problems they have with learning." Argyris defined this tendency as 'Close loop learning'. Smart people don't learn...because they have too much invested in proving what they know and avoiding being seen as not knowing".

Achieving what Argyris labeled as Double loop learning is a necessary goal for law firms in the new competitive environment. Double loop learning as defined by Argyris, is genuine learning and requires you to identify an error, apply a particular remedy - and also reflect on your assumptions and test the validity of your hypothesis. It requires self-reflection leading to self-knowledge. But most (male -and yes, the majority are male) lawyers that rise to be managing partners rise precisely because they are able to display a maniacal focus on narrow goals and supreme confidence in their own abilities. This is not a skill set that encourages people to listen to alternative viewpoints or to self-reflect. Richard Susskind aptly framed this learning dilemma thus: "It is hard to tell a bunch of millionaires that they have the wrong business model".

Reed Smith's Sadie Baron has found that properly listening to your colleagues is fundamental to being able to provide real assistance. "Always be 'present' -listen carefully to your colleagues and clients. Listen for moments of discovery." And most law firm managers tend to be poor listeners. Law firms generally not only have tremendous difficulty addressing the learning dilemma: they aren't even aware that the dilemma even exists. Doing the same thing again and again because it has always worked is an example of Single-loop learning. For the legal profession, billing clients by the hour has worked so far. According to Argyris: "When the situation changes these same smart people, having never failed previously, are not equipped to reason about their behavior in new and more effective ways and thus break down the defenses that block learning. They become defensive, screen out criticism and put the "blame" on anyone and everyone but themselves." Sounds familiar? Mitch Kowalski, author, advisor and innovator in the global legal services industry, puts the challenge in a historical context thus: "When lawyers were the only providers of legal services, revenue in Law 1.0 firms was more a function of monopoly than good business practices". (Surviving Progress: Mitch Kowalski, National Magazine, Sept. 2013).

Success in the 1.0 legal market for the law firms required no more than applying Single loop learning - apply the same method (the billable hour, for example) and receiving continuing success. We are in a new market now - either legal market 2.0 or even legal market 3.0. In this new market, according to Kowalski: "Most clients consider technical legal skills to be a given and not a key differentiator when buying legal services - lawyers in the near future will have to think about what, over and above the law, they can do to add value to their clients....Legal service providers who provide a unique client experience, one that cannot easily be duplicated will gain market differentiation and competitive advantage." (Mitch Kowalski interview: [Innovation, technology and process, process, process ...](#))

Major Lindsey & Africa's Evangelos Apostolou has shared with the In-House Community horror stories regarding the beauty contests he organized while Asia General Counsel at both British Telecom and EY, providing even a detailed risk-related briefing on their company's legal prognosis, their role and their expectations. All to no

Richard Susskind



Mitch Kowalski



Evangelos Apostolou

avail, as each law firm's senior partner (usually male, usually unbriefed and all certainly under-rehearsed) provided the same refrain: "We are the most beautiful: and we are the cheapest."

Kowalski and Argyris agree that to continue to be successful, law firms are going to have to become smarter learning institutions capable of change. Argyris identified that: "The successful (law) firm will have: as a given a highly specialized technical expertise; an ability to work effectively in teams; form productive relationships with clients; and most importantly, critically reflect and change their own organizational practices' (my emphasis). Each of the above requires long consideration. The ability to work effectively in teams can be an enormous stumbling block - especially if the lawyer compensation scheme works against teamwork; (please see 'Fortune calls: Compensation and legal service delivery' Patrick Dransfield, Asian-mena Counsel, Volume 10, issue 5, 2012).

One of the questions you do have to ask yourself is whether the firm that you currently work for has a culture that makes it capable of learning. And one aspect of a law firm which is quite frankly not thought about enough is its culture. "Law firm culture is hugely influential and important. There is a direct correlation between the right firm culture and a successful firm." David Miles, ex-Chairman of Asia and Executive Committee member, Latham & Watkins.

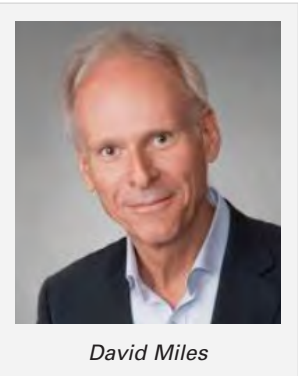
With the three macro-economic examples earlier in mind, thinking about the client's industry, and sharing insights from the law firm's experience within that industry is one sure way to begin the journey of that holy grail of becoming the client's most trusted advisor. And this is one area where the business development and marketing executive can add value to their lawyers and also to their ultimate customer - the law firm client: simply by being curious and also aware in a consistent and disciplined way of changes that will impact their key client's industry. So - assuming you have not yet been ground into the dust and not completely a victim of Close-loop learning yourself- now is your chance. Your law firm requires you to justify its existence right now. Never in the field of human commerce have the overpaid relied more heavily on the best endeavours and creativity of the overstretched.

Joe Calve, Chief Marketing and Business Development Officer at McGuire Woods describes the present mismatch of skills and expectation as "...a fundamental flaw infect(ing) law firm marketing and business development. They (the lawyers) say they want business developers with a strategy, client-centric mindset to go shoulder to shoulder with partners and move the revenue needle. What they get are marketing generalists insulated from buyers...and smothered under a haystack of scut work so deep they can't find the needle" ##

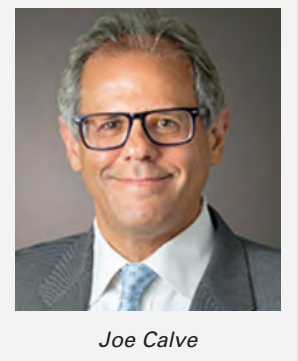
What are the skills that you will have - or need to acquire - to be able to provide effective service to law firms in this brave new world of legal services? To bring in another heavy-weight corporate adviser who also believed vehemently in person realization leading to transformation was Peter Drucker: "Most people know what they are good at. They are usually wrong."

John Knox, Co-Founder and Director of LawOnDemand and currently leading the company's expansion in the United States, is adamant that: "If the partners won't give you direct access to clients you are at the wrong firm and if you can't contribute directly to revenue and profit then you are in the wrong job."

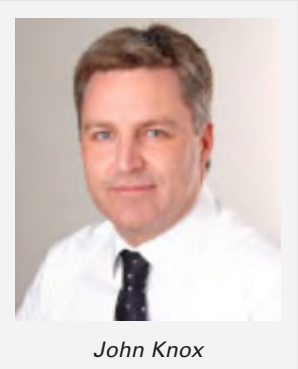
Part of the problem, at least in Hong Kong, is that there is a lack of clarity as to



David Miles



Joe Calve



John Knox

what is expected regarding the role and also a very diverse set of people doing the job. While preparing for a talk on the skills required to survive law firm marketing for APSMA (now ICON), I took a poll of the various degrees and backgrounds of the people whom had signed up were from - the range went from Geography, through History, with a significant group of ex-lawyers and a larger group of communications and media graduates. No-one apart from me had a sales background or discernable sales training: an odd fact given that one of the most important parts of the role must relate to revenue generation. What one can conclude (and this is admittedly three years ago) that the assembled were relying on the partners and lawyers to be the primary contacts and 'closers' on the business relationship.

Another statistic that emerged - and I believe was asked for the first time - was the gender diversity of the Marketing role. Ninety percent were women. In-House Community statistics show that 65% of in-house counsel are also women. The majority of private practice partners (up to 80%, at least in the UK) are men - so you have a curious chain of women advising men on how to sell to women. Without some thought and process, this does seem to be curiously misaligned.

"People, relationships, businesses and even physical processes become immune to the same techniques, the same approaches, the same solutions. What worked so well yesterday just won't work today." Bob Sullivan and Hugh Thompson identified the plateau effect and suggest various approaches as to how to get 'unstuck' (from 'The Plateau Effect: Getting from stuck to success' by Bob Sullivan and Hugh Thompson, Penguin books). "If you aren't getting where you want to go, maybe it is time to change your approach. Many law firms are experiencing a plateau - a discontinuation of growth. What we instinctively do when we reach a plateau - as individuals or as institutions - is redoubtable our efforts, working harder than ever doing the same thing that brought us success in the first place. We try to break through by using the self-same methods that initially created the plateau. One General Counsel of my acquaintance observed that he had received over 700 individual emails from one Magic Circle firm inviting him to various things within the space of 3 months - and he wasn't even a client. A more intelligent and focused approach is definitely required. Marketing and Business Development people with a legal background, while often initially more respected by the partnership, must work especially hard to differentiate their view point from that of the partners as they run the biggest risk of simply compounding the weakness of decision making through a lack of diversity of discipline within the law firm.

Reaching a point of realization requires us first of all to recognize that we have indeed reached a plateau - and then realise that we need to change something, or maybe even approach the problem in an entirely new way. "Have a plan to do something new every year and make it happen. It keeps you fresh and engaged" shares KLM's Murray Prior.

On a personal level, it may require us to stop spending all our time on the things that we like and the things that have got us so far in our careers, and dedicate some of our time to learning new things - for instance going on a sales skills course! For law firms, the plateau effect requires a new understanding of what the client is looking for in the delivery of legal services, and the approach advocated by Kowalski that 'law is a team sport' and empowering skill sets and perspectives usually drowned out by senior management in the board room. To celebrate success in this area - Fuse, the tech innovation space where tech companies, Allen & Overy lawyers, technologists and their clients collaborate to explore, develop and test legal, regulatory and deal-related solutions initiative undertaken by the firm in London works because it unifies many of

the concepts explored in this article, including client integration, divergency of view point as well as more than a pinch of sheer brilliance that I hope Allen & Overy submit this initiative for the 'Visionary Client Service International Firm of the Year' next year. (They are not the Magic Circle guilty of the 700 unrequested emails, by the way.)

Hopefully the above does provide you with an insight as to why certain lawyers behave in particular ways, and also a formula to test the business opportunity objectively. For me, necessity proved to be the mother of invention, and I dug deep into both my history and anthropology backgrounds and devised what became 'The 7 Steps'.

The 7 Steps

- Macroeconomics
- Evaluation of market opportunity
- Matching your firm's strengths to market needs
- Defining your firm's key competitive advantage
- Identifying & targeting key clients and prospective clients
- Relaying the message
- Getting the business

Of course, we all get mugged by reality, constantly. As former boxer Mike Tyson once said "Everybody has a plan until they get punched in the mouth." Very little can prepare you for the metaphorical mugging a young and insecure partner can provide on a Monday morning. During my next article, I will elaborate more on 'The 7 Steps' and how it can be applied, to an individual lawyer's career, to a practice area, or to the legal strategy of the whole firm, depending on both need and circumstances. The late Kofi Annan, the former Secretary-general of the United Nations, Nobel prize winner and global statesman had this advice when asked how he more than stood his ground with the likes of Robert Mugabe and Saddam Hussain (arguably tougher cookies than the worst of your partners): "First of all you develop self-insight and awareness. You know what gets to you and what doesn't". Even for Annan, this was learned rather than innate and he also refused by a matter of will to "ever stop being an optimist, because if he did, it meant that he had given up. And he was never going to give up."# Wise words from an extraordinary man.

About the author:

Patrick Dransfield, Co-Director of In-House Community has extensive experience in revenue generation, business development, thought leadership and strategy related to the legal industry in emerging markets, having worked with White & Case, Shearman & Sterling, Euromoney Institutional Investor and Haymarket Publishing. He has a Masters in Far East Area Studies from the School of African & Oriental Studies in Chinese History, Anthropology and Politics and a BA (Joint Hons.) of Leeds University.

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Footnotes:

* FT, August 8: *The Big Read* by Oliver Ralph and August 11: *Technology: Developing growth* by Bryan Harris; August 1: *How to become a beauty billionaire*, Kathleen Baird-Murray, FT 1 August)

Nader Mousavizadeh, FT Obituary, 20 August 2018).

<https://www.law.com/americanlawyer/2018/07/11/the-business-development-dilemma-do-firms-get-what-they-pay-for/?slreturn=20180723225317>