

Leadership Flaws and Communications Deficits...

By [Joseph B. Altonji](#) on August 2, 2016

Over the past two weeks Americans have witnessed the culmination of our presidential nominating process, and the launch of the general election campaign. This should be a time of national pride and excitement but the opposite appears to be true. Coming out of the conventions it appears that many people on both sides of the aisle are disappointed and, perhaps, dismayed. While many appear to be unhappy, the key concerns generally fall into one of three categories – I don't know who to trust or believe; I fundamentally disagree with what is important to my group's elected/appointed leader; or the election process is "controllable" and flawed. This is not the best place to be for the country and our electorate, obviously, but what happens when the same thing occurs inside a law firm?

Too many firms today are afflicted with a limited level of trust in their leadership and/or the election process that put them in place. An even greater number have a culture where only limited information flows (either way) between leadership and the rank and files partners, leaving partners with a less than complete understanding of their own firms. In such firms, we tend to see a variety of conditions, all of which lead to sub-optimal performance and a less than ideal internal cultural dynamic:

- Best case, the typical partner is only modestly "invested" in their own firm as a business entity, and frequently ends up behaving much more like an employee than an owner. Leadership laments the problem, but more often than not created the conditions that fostered it.
- Excessive concentration on internal concerns to the detriment of external competitiveness. If partners have limited understanding of how things work, they often assume the worst, or at the very least assume that the reason they aren't making more money is because "I don't know the right people", "we aren't managing our expenses well enough", or "someone (else) must be holding us back." In other words, there is a lot of finger-pointing.
- Dissatisfaction with compensation decisions. A surprising number of people think they are underpaid, despite the tremendous amount of money earned by good firms today. Absent a formula, if communication about why compensation was set at a particular level is not crystal clear, many will react by assuming arbitrariness, or worse, favoritism. Successful compensation systems require both trust and clarity.
- Limited partnership discussions and few substantive meetings. The regular partnership meetings usually result in little dialogue.
- Internal politics that results in powerful partners who are not strong business-people, leaders, or strategists holding key leadership posts.

When powerful partners are in positions of power, are not fully trusted, and ascended to the position via internal politics, a challenging information gap can emerge: partners may be unwilling to challenge the leader(s) opinion or views, resulting in firm decision-making that relies on not just an incomplete but a potentially a flawed understanding of the views of the owners. For example, if partners are unwilling to tell the leader what they (really) think, he will assume that his own views are well supported within the partnership and act accordingly. This *may* work out OK, but the more likely outcome will be that over time, those partners most important to the future of the firm will vote with their feet, weakening the firm and undermining its future. If this continues for too long or becomes too extreme, the likely eventual result is collapse, as we've seen on more than one occasion.

How can firms avoid this outcome? The obvious answer is to avoid leaders whose primary focus is on their own needs and preferences. This is why the most powerful rainmaker shouldn't be managing partner (although there are many other reasons for this as well). Creating a culture of communications is very important, and may feature practice leaders who are charged with understanding and communicating their lawyers' voices. Firm leadership should create clarity around how both a) compensation decisions are made, and b) elections and leadership transitions work, including an honest discussion of how firm politics works. Most importantly, the leaders should be expected to develop personal and trusted relationships with their colleagues, and be encouraged to give them "permission" to disagree.

In the end the firms where leadership is trusted and really does understand what its partners are thinking will have a long-term major performance advantage. Now, lets hope our political leaders can figure this out as well!