

Overcoming Strategic Inertia

By [Joseph B. Altonji](#) on August 21, 2013

Over many years of working in the legal industry, I have often been struck by the stark differences between firms that seem to constantly move forward, evolving and changing, and others that are stagnant at best and gradually (or rapidly) declining at worst. These differences manifest themselves in many different outcomes, such as:

- The differentiation between “winners” and “losers” in today’s fight for legal market share. The market overall has been stagnant for years, but in spite of that some firms have seen year over year demand increases consistently, while others have lost ground each year.
- Lateral attractiveness variations. In a major city like Chicago, where I work, the monthly legal publications chronicle the comings and goings of lawyers among the firms. But the really interesting thing is how many of those are coming and going from the same firms each month.
- New initiatives undertaken regularly at some firms while others can’t seem to reach agreement to change anything (often in spite of many meetings, committees, and the like.)
- Firms that embrace change rapidly and those who stick with the old long after it clearly isn’t working, in any area of firm management.

Why the difference? And more importantly, how can a firm move from the second category into the first? While we can’t possibly explore in this space all the variations on success that dynamic firms exhibit, a few key characteristics seem to stand out:

Culture. Dynamic firms share a culture of risk taking and entrepreneurialism to a far higher degree than stagnant firms, and accept firm risk, not just reward individual risk. Success is rewarded, of course, but interestingly so might be failure. I was particularly struck a year or so ago when the biggest rainmaker in a highly successful and dynamic mid-size firm gave a talk at a partner meeting where he explicitly gave his partners permission to fail, and celebrated the prospect. Unusual? Absolutely. But the only people who never fail are the people who never push their limits – and never go beyond what’s always been done.

Leadership. Endless books and articles have been written on the importance of leadership in professional and other settings, but in dynamic firms, leaders do at least three specific and very important things. First, they assure decisions happen quickly, with the appropriate amount of discussion and debate, rather than allow endless study of potential options. A good approach is not held hostage to the search for perfection. Second, they encourage experimentation and risk taking, and recognize that failure at a well-conceived and executed initiative, while not as good as success, is still valuable. Third, they get out of the way at the right time, having encouraged and mentored new leaders behind them, rather than hanging on past the point where they can be effective. Leadership in less dynamic firms often isn’t leadership at all – falling more generally into the category of management (for better or worse). In extreme cases, we have seen firms collapse where such collapse could have been prevented had the entrenched “leader” been willing to step aside.

Investment. Law firms are a business, and growing a business or changing a business to adapt to changing times requires investment. Whether that investment is in people, or in training, technology or in diverting time from billable

endeavors to think deeply about where the firm is going and its next opportunity, an investment is still an investment. And by definition, “investing” is the opposite of “consuming”. The money the firm invests is not available for distribution to the partners now. And while all firms invest to some degree, if only in maintenance, stagnant firms usually show clear, multi-year trends of failure to put real investment back into the business. They are unwilling to do it with money, and tend not to reward it when the investment is of time and energy (and as a result get little of that).

So how do you break the inertia and really start to move your firm forward? Start by looking at the firm through the three lenses above. What kind of culture do you have? How do the leaders act? Is the firm really willing to invest? Chances are, if your firm is stagnant you are falling short on one or more of these fronts – and hard as it is to do, changing that will, gradually, help you move toward a more dynamic and healthy market position.