

Positioning the Firm for Success: Finding the Synthesis of Strategy, Culture, Leadership & Execution

By [Joseph B. Altonji](#) on February 13, 2020

After more than three decades advising law firm leaders on improving their firm's overall position and success, a number of frustrations have proven to be more than just isolated aberrations:

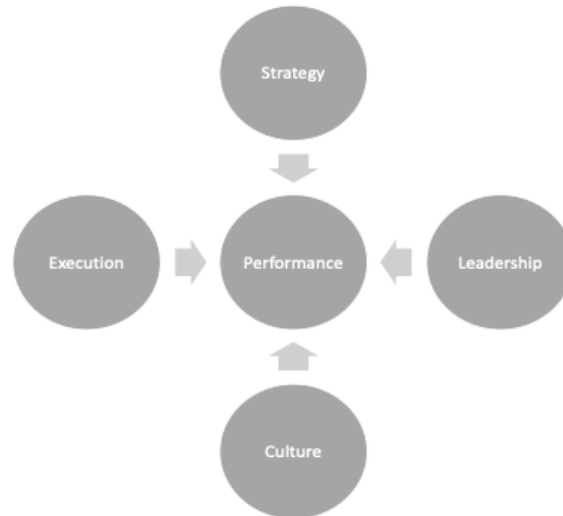
- Firms spend significant time and money developing "Strategic Plans" that are often neither strategic nor plans, but even if they are often fall short on implementation. (How many firms whose strategic plan has been to grow by hiring great lawyers in their market(s) are smaller five years later than when they adopted the plan?)
- When you ask a partner about their firm's culture, the first word you hear 80-90+% of the time is "collegial," followed by "collaborative" or "team-oriented," suggesting the firm's culture should be highly supportive of people and their success. But most firm challenges we are consulted on are caused by, or greatly exacerbated by, the firm's culture.
- Leadership skill development in law firms is structurally at least a decade or more behind where their clients are. Far too many firms tie their leaders' hands, often with culture-created bonds, making significant change virtually impossible. Others are "led" by people in the job because they have the power, economic or otherwise, to demand the role and keep the role, sometimes long beyond the point where they contribute positively.
- Execution on anything important is frequently slow, and often impossible. Staffs are managed to the bare minimum to handle day-to-day functions, and lawyers *never* view handling firm investment activity as a priority over their "day job" of practicing law.

As a result, over multiple years surprisingly few firms have seen material growth absent significant combinations, and even fewer firms have seen a significant change in their market position or brand. In spite of continuing efforts, some firms have trouble attracting quality lateral talent, or keeping it when they do. Success with diversity and inclusion efforts, a major priority of many firms, remains frustratingly elusive. Increases in profitability and financial performance *independent of* market demand changes and pricing trends are limited at best, and frequently non-existent or negative. And, if a reasonable compensation for partners were considered a cost of service delivery, most firms' margins would be very slim – or negative. *Economically*, many law firms are very poor performers. We could go on.

Why is progress so hard to come by in spite of real effort and expense by most firms? Part of the answer might be that, in spite of efforts on one dimension or another, few firms seem to be able to put together all four elements noted above at the same time. Like most amateur golfers who on any given day will likely do *something* really well but rarely have a day where driving, putting and short game all work at the same time, most firms don't get strategy, culture, leadership and execution all in sync together. We believe accomplishing this is critical to achieving truly outstanding performance.

Figure 1

Performance Requires Success on Multiple Fronts



Although not easy, for those firms capable of hitting on all four cylinders simultaneously and consistently, the returns in the form of high performance can be significant. And to be clear, we're not just talking about financial performance here, but rather on all aspects of firm performance that define a successful organization. As Figure 2 below illustrates, a high-performing organization performs well across numerous dimensions, defining success in ways that encompass multiple, different dimensions.

Figure 2



Firms that perform well achieve high profitability (relative to others providing a similar range of services) not because they focus intensely on profitability to the exclusion of everything else, but because they build a strong firm that is attractive to clients and talent, knows who it is and who it wants to be, is culturally and organizationally aligned, led by unselfish, firm-minded and *capable* leaders, and is capable of reacting and changing as necessary as conditions demand. Yes, they do manage profitability and financial hygiene well, but the ultimate key to success is getting everything right together.

Readers may note at this point that *Culture* is shown both as an element driving performance but also as an outcome. This is in recognition that culture is clearly a constraint on action and change, and a degree of cultural support is necessary to achieve anything important. However, improving and refining culture is also an element of high performance and should be a goal for most firms.

So how do we get there? First, recognize that the firm must be strong across all of these dimensions to be successful, and that falling down in any area is likely to prevent the firm from seeing the success it wants. What good is strategy if the firm can't (or won't) execute? What should a leader prioritize if the culture demands autonomy, passive aggressiveness and distrust? How can you create or sustain a great culture when poor financial hygiene causes the firm to bleed financially and the compensation system encourages hoarding and internal competition?

Second, move away from the notion that strategy is an expensive crystal vase best left on the shelf, in favor of a view of strategy that lives and breathes within your organization. Strategy is not some unattainable ideal, but rather the template against which the organization should judge decisions, set plans, measure results and coach behavior. To this end, firms need to rethink how they build their strategies in the first place. They must recognize that the firm's strategy must *not only* be built around a clear-eyed recognition of the firm's place in the market and its challenges but *must* fit the culture as it exists and recognize where the culture needs to be or could be changed. And, it *must* be executable within the firm's ability actual capabilities. All of which requires a clarity of vision not always present in many firms. Even better when the firm can go beyond strategy and mission and truly coalesce around purpose. All of this takes hard work, and real investment of time and resources (including money) to do well, and usually requires that firms get out of their comfort zones, questioning aspects of their firm (like culture) often off limits to real discussion. Culture can be managed, but only

by people prepared to understand their culture (beyond words like “collegial” and “team-oriented”) and who have the skills to affect change.

Finally, execution becomes critical as the best prepared strategies are meaningless if the firm can’t or won’t do what is necessary to advance them. But “execution” is far more complex than simply “doing things”. It involves systematically focusing and managing across a number of areas, all of which require disciplined application of the right skills. It is far more than having competent administration (although that is needed), but links back into the culture in many ways, including aligning compensation with strategic and cultural change goals, maintaining discipline around use of scarce investment capital, and managing lawyers’ natural orientation toward autonomy to assure process effectiveness and consistent client experience, among many other touchpoints. We will focus on elements of execution in other posts this year.

At this point, you may be thinking “this is hopeless.” It’s not. Our goal is not to scare the reader away, but rather to help expand leaders’ thinking about what it takes to build a high-performing organization. It simply isn’t enough to go through a “strategic planning” exercise and assume the firm will achieve its goals, nor can you assume a culture where everyone likes each other is sufficient to facilitate high performance. Leadership skill has little to do with origination, and execution skills are rarely created in poorly led firms. Building a high-performing firm means bringing together many things at once and linking them together to assure it performs at the highest possible level. If you are anything like me you might not get all aspects of your golf game in sync at the same time, but with an expanded perspective on the components of success it is definitely possible for your firm achieve significantly higher performance levels. Focus first on the areas where you need to improve the most but recognize that ultimate success requires that all of them fit together.