



Karl's Wisdom

Machiavelli, Maister and Marx provide useful perspectives on the management of a professional firm. The relevance of the first two is obvious but Marx's applicability is rather more complex and informative. Complex because Marx has at least three messages (of highly variable value) for Managing Partners and informative because which of these three messages appeals to a Managing Partner is indicative of a different approach to law firm management: conservative, compassionate or creative.

Conservative

The conservative Managing Partner is drawn to Marx through the ideal of lockstep compensation. In rose-tinted hindsight lockstep was a system in which partners contributed to the firm according to their ability and shared equitably in its profits. The system provided a solid foundation to a warm and collegiate firm in which great professional and intellectual achievements generated the happy by-product of copious profits.

The conservative view identifies that the law is not a business but a profession and this position is reinforced when partners are at least partly insulated from the immediate financial implications of their professional advice. Firms may benefit, therefore, from a little socialism in their approach to compensation.

Managing a lockstep firm was, and is, a lot harder in reality than it appears in hindsight but the very strongest firms in the legal market remain both best placed and best able to do so. What is dangerous is when a conservative view of partner compensation is held by the management of a firm in a less dominant market position. In these firms, acting in the more competitive parts of the market, lockstep is a luxury that few can afford for long. A meritocracy, with a good measure of pragmatic capitalism, is usually required to build and maintain a competitive capability.

Compassionate

The compassionate Managing Partner has a different view of the firm and a different reason for having Marx on his or her bookshelf. Marx was a great critic of the division of labor and specialization in the workplace. In broad brush terms, he saw it as a way of deskilling the workforce and making individual workers as replaceable and expendable as the parts they were manufacturing.

Managing Partners living in fear of the commoditization of legal work and the way in which the demands of efficiency drive high levels of repetition and individual specialization find some solace in a Marxist view of the process. Rounded experience, an artisanal approach to the profession and the avoidance of specialization make for a more enjoyable working life.

To these caring managers of the firm the rationale for resisting specialization and the division of labor is obvious: Compassion for one's staff, an interest in their well-rounded professional development and a desire to build a stretching and engaging workplace will assist the firm in attracting and retaining the best professionals. One builds a stronger business by being a better place to work.

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Seductive as it may be, there is a fundamental flaw in a view that emphasizes the interests of the lawyers over that of their clients. One immediately recognizes the parallels with a system in which the interests of the worker are considered to take primacy over the interests of the consumer. Lawyers may work within the walled garden of a profession but this does not provide as much protection as an iron curtain from the harsh realities of a competitive market.

Marx eloquently, and dozens of human resources consultants verbosely, issue siren songs of compassion urging management to focus their efforts on their staff and to build wonderful workplaces. The temptation to undermine significantly the firm's competitiveness in search of this utopia is strong. The effective, compassionate Managing Partner resists this temptation and tempers the aspirations of his or her staff with the cold reality of the market so as to build a powerfully competitive firm that can afford to treat its staff well. Great firms are usually good places to work but only rarely are good places to work great firms.

Creative

The creative Managing Partner shares an interest with his compassionate counterpart in Marx's writing on the division of labor but emphasizes a different aspect. Marx was concerned that the division of labor was not undertaken to improve efficiency but to entrench the interests of particular dominant classes.

The creative Managing Partner understands that in a traditional law firm the partner role is often defined in such way that a number of critical tasks are reserved for the 'equity class'. A Marxist interpretation would be that this is undertaken in order to entrench partners' positions within the hierarchy of the firm rather than on a more rational basis such as the interests of the business and its clients.

Matters such as pricing, billing, project management, client development and client relationship management are regarded in many firms as 'partner responsibilities'. But has this been decided because it is the most efficient and effective way of managing the firm or because such responsibilities buttress the authority and power of partners? Given partners' very mixed abilities in these areas it seems likely that someone else, perhaps someone outside the equity and potentially even a non-lawyer, may be better equipped to do such work.

A creative Managing Partner questions the accepted wisdom of the partner role and recognizes that role definitions should be grounded in the effective operation of the business and not partners' desire to maximise their status and power. They understand that it is worth considering adapting the scope of the partner role and limiting partners' responsibilities to the areas in which they are truly the best people to do the job.

Partners may not surrender their powers willingly and the Managing Partner will likely need to use the prospect of increased profits accruing from a better and more efficient business to encourage change. In addition, some changes in role may be presented more persuasively not as reductions in a partner's powers but merely their selective delegation.

Conservative, compassionate or creative, Marx has lessons to offer to a Managing Partner. Unfortunately, he is sometimes a partial and unreliable guide. The use of lockstep, so unquestionably effective for a small number of high performing firms, can be disastrous in others. The development of rounded professionals and the provision of a broad and interesting program of professional development and work may be hugely appealing but it may act to weaken rather than strengthen the firm. A Marxist interpretation of the partner role, however, does provide a valuable perspective: Too often partners reserve activities for themselves in order to buttress their status rather than because they are best equipped to do the work. Competence should trump politics in a well-run firm and a clear-eyed review of the partner role can lead to substantial gains in performance and competitiveness.

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