



A Better Balance Between Democracy and Strong Leadership

While law firms have adopted much more business-like management over the last 25 years, relatively few law firms operate as hierarchical, top down organizations. Unlike corporations, the vast majority of law firms continue to be heavily influenced in terms of both management and direction by their partnership structure, and partner voices carry significant influence. The reasons behind this are numerous and varied – structure, history, culture, and the sheer fact that partners are high value and highly mobile assets - they are key to the firm's success in terms of both revenue generation and practice growth, and they can easily move to another firm if they feel insufficiently 'heard'.

And yet, while few firms are dictatorships, many have recognized the need to move away from highly democratic leadership and management. Largely democratic decision-making worked when firms were smaller, demand growth was far greater, and competitors were less agile. In today's rapidly changing and increasingly competitive legal industry, firms have found that highly democratic leadership impedes decision-making. This is particularly true for many mid-market and commodity practice firms facing intensifying competitive pressure and sluggish financial performance, where agile decision-making is crucial to maintaining market share and retaining top talent.

Not only do highly democratic firms face slower decision-making and reduced agility, they also find that having too many partners involved in decision-making dilutes or waters down decisions, as the firm seeks to reach an outcome which does not jeopardize or offend any particular partner or partner group. This of course limits a firm's ability to confront difficult issues and take action. An overly democratic culture and management approach is often referred to as the 'partnership straightjacket' – in which management and the firm overall are unable to move forward due to the firm's adherence to principles of democracy.

In addition to the impediments to decision-making, overly democratic management also tends to contradict the development of strong leadership, and these firms experience higher degrees of partnership distrust. The firm culture which prizes democracy often fails to fully support leadership post-election, which means that many leaders are either too scared or too sensitive to the democratic culture to make unpopular decisions. This results in the bubbling up of leadership candidates who are most likely to stay the course rather than tackle difficult changes. While this management style may have worked in a less turbulent industry, many such leaders today are deemed ineffectual, further undermining their influence and ability to get anything done – a self-reinforcing cycle.

The recognition of the limitations in overly democratic management have caused firms to move towards a more balanced form of leadership and partnership. Strong leadership in these models seeks to gather partner input and feedback, evaluate the range of options, facilitate partnership discussion of the options, and then, having consulted with partners, arrive at a business-based decision on the path forward, communicate it, and take action.

Naturally, for some firms, all of this may be easier said than done. How does a firm mired in an overly democratic culture move towards one which supports stronger leadership?

Leadership Criteria: A first step towards a better balance is to understand the risks and challenges of selecting leaders based on constituencies instead of leadership skill set. A representative democracy often results in leadership selection by sub-groups, which benefits one office, practice or demographic group but not the organization overall. Constituency based leadership selection neglects to focus on true leadership skills and abilities, strategic thinking and vision, leadership courage and the ability to make tough decisions. To combat this challenge, firms must identify clear, firmwide leadership criteria – the skills or abilities required to lead effectively. From there, the firm needs to educate partners on the strategic importance of evaluating and selecting leaders based on those key criteria and who will be best at leading the firm overall, instead of selecting leaders to protect the interests of an individual partner or sub-group of partners.

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Leadership Selection: Some overly-democratic firms continue to operate under the premise that leadership selection is synonymous with democracy and as a result, leadership selection is performed through a contested election across numerous governance roles. However, the industry began to observe the negative fallout of contested elections years ago. Numerous firms moved away from contested elections due to the risks and costs of pitting two high performing partners with fragile egos against one another and allowing them to duke it out on the partnership stage. Contested elections inevitably result in the rejection of at least one partner – often a very high performing one. This has led to departures of individual star partners, or in some extreme cases, faction forming which has led to group departures and even dissolution. In some cases, firms perpetuating contested elections find that very few top candidates will run – in large part because those who are willing to make the hard decisions often struggle to get the votes - and who wants to be rejected by their partners?

The solid, and now highly-common, alternative to a contested election is a nomination process. Nomination processes are consultative in nature. They require that select partners (i.e., a partner nomination committee) interview each partner to solicit input on leadership candidates based on established criteria. This discussion of each individual's leadership strengths and weaknesses often enables partners to develop a more informed and well-rounded perspective of each candidate. The nomination committee then selects the right candidate based on partner input and their own evaluation of the candidates against the criteria –focusing on the necessary skills and abilities and the job at hand.

Building Trust Through Communication and Consultation: A fundamental step in shifting from a partnership preoccupation with democracy towards stronger leadership is developing partnership trust in leaders through regular 1:1 communication and consultation. In order for partners to move away from an expectation of having formal input and 'veto' power over decision-making, partners need to have regular and informal access to leaders. They need to feel their perspectives are sought out and that they are heard by key leaders. These conversations are best conducted in small settings, where leaders can communicate a proposed direction, solicit input, and if necessary, utilize the power of persuasion to help partners understand the rationale for a different approach. This type of communication consumes tremendous time, energy and patience. However, without leaders at the top who regularly consult with partners and seek their input, partners are unlikely to develop the trust necessary to move away from highly democratic thinking and an expectation of broad based partnership control over decision-making.

Cultivating Leadership Talent: Another fundamental step in moving towards stronger leadership is the systematic training and development of skilled leadership candidates. Many firms wait until a leadership position opens up before seeking to identify the right candidate for the role. Unfortunately, at that late hour, there is little to no opportunity to invest the time, training and development opportunities needed to cultivate the necessary leadership skills and abilities. To effectively shift a law firm towards stronger leadership models, firms must identify those partners much earlier in their careers, provide them with outside leadership development and peer learning opportunities, and move them into internal leadership roles to gain exposure and experience. Through this process, these individuals must develop the ability to influence their peers, the willingness to put the firm's interests ahead of their own, the ability to accept criticism, and the courage to lead and make difficult decisions – all skills and attributes which often take time to cultivate.

As law firms continue to face a rapid rate of change in the legal industry, strong leadership will be critical to agile and effective decision-making, and too great of an emphasis on democracy will hamper firms in their efforts to compete and adapt to the changing marketplace. By defining the appropriate leadership criteria and selection processes and investing in partner consultation and leadership development - firms can better balance historically democratic partnership models with the stronger leadership models required to succeed in the future.

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