

## Of Counsel Interview ...

# For 30-Plus Years, Consultant has Served as a Guiding Light to Law Firms

You'd be hard-pressed to find many law firm leaders or senior partners who haven't heard of or even worked with Lisa Smith, a principal at Fairfax Associates, a law firm consultancy based in the Washington, D.C. area. She's one of a handful of highly regarded consultants profession-wide who brings to her practice such a wide array of attributes—experience, knowledge, creativity, insight and, importantly, warmth and likability, to mention a few.

For three and a half decades at a few of the nation's most prestigious consulting firms, Smith has helped regional, national, and international law firms of various sizes navigate the legal profession landscape. Whether it's helping partnerships prevent or solve problems or providing prudent and strategic counsel on ways firms can seize opportunities to grow their ranks, revenues, and profits—Smith has done it all and done it well.

Specifically, Smith offers advice on law firm strategy development and execution; mergers (one of her many areas of strength); partnership compensation and capital models; partnership economics; and global law firm trends.

In addition to consulting, Smith also speaks at legal profession conferences, roundtables, law firm retreats, and other venues. She's written books, chapters in books, articles, white

papers, and blogs on a diverse range of issues within the legal arena. She also serves as a key contributor to the monthly Fairfax *Insights*, which has become one of the profession's most respected publications covering the topics that law firm leaders want to, and should, know about their industry.

Reporters often turn to Smith to help them get a handle on current and future legal trends and issues; this publication quotes her often and has done so for years because of the insight she offers and her quick-to-reply responsiveness, among other reasons. Recently *Of Counsel* talked with Smith about the arc of her career path, her likes and dislikes about the profession, the areas keeping her busy these days, emerging or growing trends, and other subjects. The following is that edited interview.

## Working with Top-Notch Organizations

**OC:** Lisa, after you earned your undergraduate degree in political science/international studies at Carleton College, you worked for the law firm Wilmer, Cutter & Pickering, and then you went to business school at Dartmouth. Did the Wilmer experience serve as the foundation, of sorts, for your career in the legal profession? Can you talk about that a little?

**LS:** Yes, right out of college I worked for Wilmer for a couple years, and I enjoyed it. Back in those days, many firms hired a lot of college graduates to do the work of a legal assistant, now called a paralegal. There were very few if any professional legal assistants.

I then chose to attend business school and, for personal reasons, decided I wanted to be back in the DC area [where she was raised], and also wanted to pursue consulting. So for my internship in between the years at business school I worked at Price Waterhouse and split the summer between the law firm consulting practice and the government consulting practice. I liked the law firm consulting practice better, and I decided to take the job offer there. I figured I'd do that for a few years and move on to something else, but 35 years later I'm still a law firm consultant.

**OC:** You worked for Price Waterhouse for several years and then you moved to Hildebrandt Consulting? What prompted the move?

**LS:** Well, I was at Price Waterhouse for 11 years and then joined Hildebrandt, because, interestingly, that was at the time the accounting firms were starting to dip into the practice of law. It was becoming more difficult to be a consultant to law firms when you're perceived to also be competing with them, even though of course in the law firm consulting practice we weren't. So I moved to Hildebrandt and was there for 13 years until a group of us started Fairfax Associates, which was 10 years ago. We're all former Hildebrandt people.

## Sprinting out of the Blocks

**OC:** With the reputation you and the others built at Hildebrandt I'm sure it wasn't as hard as it might have been to launch a new business as you probably got many referrals and had clients coming over. But there are always challenges in starting a law firm or a

consulting firm or any sort of business. What was your biggest challenge 10 years ago in getting Fairfax off the ground and flying high?

**LS:** I think it was the speed that we encountered. Because Hildebrandt was sort of splitting apart, we started essentially hitting the ground running with existing clients and projects. We had to keep doing the work while we were also trying to set up the business operations and deal with all of that. That was really the challenge, just continuing to consult full-time while trying to set up a business.

It all happened relatively quickly, so we really jumped right into it. We had to do the incorporation documents and the partnership agreements, set up bank accounts, purchase equipment, and figure out all of that stuff. It was not actually something any of us had ever done before, and because of that, it was a big challenge.

And then you have to determine how you're going to sustain the business, and that's where it always gets a little nerve-wracking. But I think we did have a real advantage because we had such strong existing client relationships and existing projects. Consequently, it never really slowed down.

**OC:** Did you use and do you still use any of that experience of setting up your own shop when law firms come to you for consulting advice, regarding opening new offices in different markets or merging? I know that you obviously do a lot of work in mergers, so to what extent does that business experience and your MBA play into the way you can serve your clients?

**LS:** Yes, the MBA does. I think setting up our business experience a little less so just because we tend not to do as much of that work. Most of our clients are fairly established firms, so they've already gone through that, in some cases a hundred years ago. I think it's an interesting experience to have, but it hasn't really translated into being useful from a consulting perspective.

**OC:** What do you really like doing? What sort of work do you enjoy in serving law firm clients?

**LS:** That's a good question. I really do enjoy the merger work, just because it's something that our clients don't do on a regular basis. Sometimes they might do it for their corporate clients, but a law firm merger is totally different from a corporate merger. They really are looking to us for expertise.

We help guide firms through that process, and the law firms listen. Not that they don't listen in other projects as well, but it seems like in helping with a merger there's even more value that we can add.

Importantly, we also often will tell firms, "This is not a good idea; you need to take a step back; this isn't a good fit for you." So I think having the ear and the trust of the firms to be able to say that and make sure that they're making the right decision—it's a good balance. And in other projects it's always a good relationship but it's not quite the same as it is in that instance, where they're making a very big decision for the firm and they want to do it right. They are depending on our expertise to help them make that decision.

## Clinging to Culture

**OC:** There are things that you do that you probably don't enjoy. What do you dislike about working with law firms?

**LS:** One of the things that comes up is this concept of culture. Law firms like to cling to culture, and sometimes it gets in the way of them doing the right thing in much of what they do. For example, sometimes it gets in the way of things like diversity, where there's always this excuse: "Well, we've always done it this way." Or, "This is our firm and this is how we've done it for 20 years," Or, "This

is how I was successful, so everybody else should follow that same model."

And there is a resistance to change that sometimes slows down or even prevents the firm's success and a lot of the initiatives they are trying to do. That can get frustrating—when the perception of culture or what they're trying to cling to isn't actually all that great. Most people don't like change, but I think law firms tend to be even more change-averse and more risk-averse than most businesses. I worry that it sometimes holds firms back.

**OC:** I get so tired of hearing law firms characterizing their culture as "collegial." It's a cliché, on one hand, and also sometimes quite vague in reality.

**LS:** That's an interesting point because I think people mistake collegiality for collaboration. They are not at all the same thing. You can be friendly with people in the office and greet them in the hallways and have lunch with them, but when it comes to collaboration, that is a totally different skill set and dynamic. Just because people have lunch together or say hello doesn't mean they're actually going to collaborate on anything. There's often confusion about what those two things mean.

**OC:** I hadn't really thought about it that way before. When you see a law firm where the culture does get in the way of them advancing or growing their business or doing the right thing, what is it that you try to do to get them to get past that? Is there anything you can do to just shake them up a little bit and say "Look, you've got to circumvent this?"

**LS:** Usually what we try to do is break it down and say, "Okay, what is it that you really want to hold onto and what can you let go of?" It helps to parse the culture a bit and decide, "Okay, if we define it in five different ways, do we really need all five of these?" That can help people focus on what's actually important and what isn't and start to at least reshape the culture a bit.

**OC:** Thank you, Lisa. I want to get back to something you mentioned earlier regarding law firm combinations. When you think of an example where you told your client—“this merger you’re thinking about, we’ve looked into it, and it’s just not right for you”—what is it that usually determines that? Is culture often something that comes up where you say, “Look, you’re not going to get along with these other folks”?

**LS:** It’s not so much getting along but just having a different approach to the practice and to firm management and what the role of the partners are. A lot of times that gets translated back into how partners are compensated. That’s a part of it. Part of it also is the practice compatibility. What kind of work are they actually doing? Is there really any opportunity to integrate the two firms? Will there be opportunities to cross-sell and cross-service clients? If there isn’t enough of that then it often just doesn’t make sense because they’ll just essentially be firms with parallel businesses.

**OC:** What’s keeping you particularly busy these days?

**LS:** It’s really three things right now.

One is merger work, which continues to be pretty active, despite the statistics being down for the last year or so.

The second is strategy work. It paused a bit beginning around April and May of last year, but then I think firms realized they have to continue to focus on that and figure out where they’re going. We see a lot of that, at all levels, but particularly with firms in the 150- to 500-lawyer level because that’s a group that really is trying to figure out what their options are and where they’re headed.

And then the third, which is a perennial and always picks up around this time of year, is partner compensation. It increases right about now, when firms are finishing their partner comp processes, and invariably whatever stresses they are feeling in that process

results in a call to think about how they might do it differently.

## Emerging/Growing Trends

**OC:** When you look at the trends in the legal profession that are emerging or have emerged and are growing, what comes to mind?

**LS:** One of the things that has changed probably more so in the past few years than ever before is diversity. I know it sounds kind of trite, but when I think about when I started, for a long time, maybe 15 years, I would often be the only woman in the room with a management committee or an executive committee. That has changed, maybe more slowly than some would like. But I do think there is more emphasis on it. There’s more of a business case for it in addition to it being the right thing to do.

That’s something where I have seen pretty dramatic change during the last five years, but I’d also say even over the last five to 10. And that’s a good thing. It really is refreshing to see and it’s the right direction. There is still a lot of work to be done, but I think that’s where we’re going to see more commitment from firms and maybe some more real progress.

The other thing is the balance of business and professionalism. Many people seem to have this idea that it’s one or the other. I don’t really think that’s the case. You can balance them and it doesn’t have to be an either-or. I think that will continue, especially when we’ve got firms that are 4000, 5000, 10,000 lawyers. They have to be treating it like a business. But that doesn’t mean that you can’t do the right thing and be a profession and continue to practice law in an ethical way. And all of the things that lawyers get into law to do and all the different kinds of services they provide to clients don’t necessarily run counter to also operating a good business.

So I think we’ll see more balancing of that. In fact the pendulum is starting to swing.

This focus on ESG [Environmental Social Governance] initiatives is making people more focused on that aspect of their business. Sustainability really wasn't something that was high on the radar screen of a lot of firms, and now it's starting to be because it's on the minds of their clients. And obviously there's the talent issue; lawyers want their firms to keep a focus on sustainability [and other environmental issues]. This is starting to get highlighted, which, again, helps balance the profession with the business side. ESG is a very board-level issue in corporations that's beginning to trickle down to law firms.

**OC:** Where do you see Fairfax going in the near future? Do you think you'll be hiring

more consultants to help you, do you like the size, will it hold steady, what does the future hold?

**LS:** We talk about that a lot. Ideally we would like to grow, but it's all about finding like-minded people. We feel we have a particular approach and set of values and experience that goes into our consulting work. And sometimes it's hard to find people who fit into that. So ideally we would like to grow, and there is certainly demand for it, but it's challenging to do it without diluting what we think is important. We'll see. ■

—Steven T. Taylor

Copyright © 2021 CCH Incorporated. All Rights Reserved.  
Reprinted from *Of Counsel*, April 2021, Volume 40, Number 4,  
pages 19–22, 24, with permission from Wolters Kluwer, New York, NY,  
1-800-638-8437, [www.WoltersKluwerLR.com](http://www.WoltersKluwerLR.com)

