



TOLSTOY WAS RIGHT

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By Ed Wesemann

Some law firms are consistently less successful than their peers. In any industry, success is typically more a comparison with peers than an objective standard. Of course, there are all sorts of definitions of success and one would assume that the comparisons would be with the most successful firms fitting their definition.

But, we consistently note that, regardless of the measure of success, underperforming law firms tend to benchmark themselves with similarly unsuccessful law firms rather than comparing themselves with their most successful peers. It may be humility that drives firms to compare themselves with the lowest common denominator or it might be trying to appear taller by standing next to short people.

Unfortunately, however, such comparisons rarely provide much useable information because there typically is little commonality among struggling firms. In fact, to paraphrase the opening line of Anna Karenina, "Successful firms are all alike but every unsuccessful firm is unsuccessful in its own way."

The point is that comparisons with highly successful firms are more instructive because their characteristics are clear and consistent while less successful firms seem to find a wide variety of ways to fail. These consistent characteristics are not the things that typically end up on SWOT analyses (good lawyers, high ethical standards, strong name recognition, etc.); there are lots of less successful firms that share those positive traits. But there are a number of factors that, while not individually predictive of success, in combination are almost always present in highly successful firms.

I'm sure there are more, but eight features come to mind:

1. **Expectations.** Successful firms always seem to have clearly understood expectations. Note that the expectations are not necessarily clearly expressed. They are not necessarily written down but everyone fully understands what is expected of them and the consequences of failing to meet expectations.
2. **Leadership.** Much has been made of Jim Collins Level V Leader in his book "Good to Great," but successful law firms invariably have one. The single difference is the humility factor that Collins describes - the best law firm leaders have pretty strong egos.
3. **Consensus.** This is an element of leadership but is so important and prevalent that it bears separate mention. Lots of leaders who consider themselves good at creating consensus actually figure out which way the wind is blowing and then get in front of the parade. Leaders of the most successful firms decide a direction and then build consensus around their objective.

4. **Reputation.** There are no highly successful firms that don't have a great reputation. There are some underperforming firms that are well thought of too, but you'll never find a "so-so" firm that is successful - regardless of your definition of success.
5. **A Killer Practice.** I can't think of a successful firm that isn't at the top of the game in at least one practice area. It might just be a single niche area but somewhere they are the dominant player.
6. **Well Paid Top Business Generators.** There are a lot of comparatively unsuccessful firms that take pride in the fact that their highest performing partners altruistically take less out of the pot than they deserve. This may sound counter-intuitive, but if the top people are underpaid, the bottom people are, by definition, overpaid. That's not a healthy or sustainable concept. Successful firms base pay on some element of comparable worth.
7. **Subjective or Lock-step Compensation.** The element of comparable worth mentioned above does not necessitate an "eat what you kill" meritocracy. In fact the reverse is true; I can't think of a really successful firm with a formula based comp plan.
8. **Strong Work Ethic.** Duh..., of course lawyers with successful law firms work hard (unless the definition of success is heavily life-style oriented). But in the most successful firms there is a firm-wide acceptance of a pretty long work week - although not necessarily all billable. But work ethic is not a stand-alone success factor. Lots of 2000 hour firms are not particularly successful.

So if successful firms are "all alike," what are the unique ways in which firms are unsuccessful? The list is far too long to enumerate, but, of course, the converse of all of the above success factors are likely to be present.

The takeaway is that there is little value in benchmarking a law firm against firms that do not represent aspirational peers. Focus on firms that epitomize your firm's definition of success.

About the Author

Ed Wesemann is a member of the consulting firm of Edge International. He is also a co-owner of Legal Resource Group, a recruiting firm specializing in senior administrative staff members. For further information visit the Legal Resource Group website at www.LRGLLC.com or at the Edge International website at www.Edge-International.com.