

The MPF 2014 Leadership Conference

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Observations and Comments on Major Themes and Issues

By John Remsen, Jr. and Timothy B. Corcoran

There were a number of themes that resonated throughout the day's discussions. We will provide additional commentary on each of these themes in the days ahead, building on the discussions we held in Atlanta and offering additional insights to help you navigate these challenges. If there's an additional topic you'd like to see addressed, please let us know and we'll draw from the discussion comments and call on our experts to offer their feedback.

Succession Planning

Many participants lack a formal and precise job description, so what constitutes a successful firm leader is a bit elusive. It should come as no surprise, then, that few firms have a formal plan in place to identify future firm leaders. Fewer still provide formal training – whether in business, finance, or leadership skills – and there's some concern over who will take over the reigns when current leaders prepare to step down. In many firms, this same challenge exists with key clients, as longtime responsible partners haven't properly introduced younger partners into the client relationship.

Implementing a Strategic Plan

A number of participants' firms have implemented a strategic plan but struggle with holding individual lawyers accountable to furthering that plan. However, some firms have implemented individual marketing plans but lack a cohesive and coordinated strategic plan that pulls these efforts together. As competition for clients heats up, it's more important than ever to be clear about what services the firm offers, to whom, at what rates, and what tactics the lawyers will employ to win new engagements in these areas.

When and Why to Hire Professional Marketers

Most participants have one or more marketers on staff but struggle with how to define their responsibilities and when to expand the staff. Others want to know when it's time to hire their first marketer. There are vast differences between traditional marketing (creating visibility and awareness), business development (turning opportunities into new engagements), and community involvement, and many lawyers pursue the wrong tactics or have misaligned expectations for results.

Compensation and Incentives

With increased competition, winning new engagements is more important than ever. But so is retaining existing clients. Many participants have compensation plans that emphasize origination and revenue, but fail to reward profitability or cross-selling. Most continue to reward billable hour activity, despite the increase in non-hourly billing. New formulas are needed to drive and reward proper behaviors and to foster a "firm first" culture.

Client Feedback Programs

Most participants agree with the need for measuring client satisfaction, but few have a formal, repeatable process in place. The critical need to retain existing clients must supersede any over-protective partner's desire to opt out of such programs. There are numerous approaches to gathering client feedback, but the broad consensus is to "just do it."

Dealing with Chronic Underperformance

Most firms cannot afford to accommodate partners who fail to generate business. And attendee firms have increasingly enforced a "no asshole" rule. Dealing with under-performing partners is challenging enough, moreso when the partners are longtime friends and peers. But leaders must know when and how to hold tough conversations for the good of the firm.

Measuring Profitability

With increased competition, decreased client loyalty, and more non-hourly billing, firms are redefining profitability. There is increased understanding of the financial advantages of cross-selling and long-term client retention over maximizing billable hours on individual engagements. There is an increased need for analytics and tools to better understand the factors that drive profits.

Alternative Fees and Pricing

Many participants' clients are resisting rate increases and demanding non-hourly billing structures. While some firms treat these as one-off risk management issues, and others believe their practices can withstand such fee pressure, a number of progressive firms are embracing new fee structures and using these as a catalyst to exploit process improvement and project management to improve profits.

Lateral Recruitment

Some participants struggle to find suitable lateral partners with portable books of business, while others struggle to retain their own rainmakers. For some, lateral recruitment is a viable strategy and for others the failures outnumber the successes. When and why should a firm pursue laterals? How can a firm protect itself against rainmaker defections?