

AVOIDING LAW FIRM ARMAGEDDON: THE SEQUEL...TWO STRIKES AND YOU'RE OUT

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By *Jonathan Middleburgh* | Mar 2, 2022

BACKGROUND

I wrote previously, [in an article at the start of 2020](#), about my – at the time – successful attempts at resolving a conflict that had threatened to blow apart a significant law firm in Latin America (all facts have been obscured for reasons of confidentiality, including the location of the law firm in question).

The background was a potentially catastrophic falling-out between the managing partner and chair of the law firm in question. The firm had grown rapidly over a period of 15 years, the managing partner having been a very junior lawyer when the firm was set up. The managing partner had become a protégée of the chair and over the years had become centrally involved with the management of the firm, culminating in her appointment as its managing partner. The managing partner had made a series of accusations against the chair at a board meeting (detailed in the 2020 article) and the chair had made a series of counter-allegations against the managing partner, including that the managing partner's accusations were a naked grab for power.



In the 2020 article I described the process whereby I had mediated the conflict between managing partner and chair, at first unsuccessfully and then (at the time) successfully after a light bulb moment where I saw a way to resolve the conflict by addressing some of the underlying frustrations of the managing partner relating to her workload and stress.

In the article I further described how I had managed to negotiate for the managing partner to give an apology in a form acceptable to the chair. The chair had agreed to commit to

providing support for the managing partner (to help alleviate her stress), as well as committing to continuing to work on the relationship and to the implementation of proposed reforms to the firm, both as to governance, strategy and operational efficiency.

At the date of the article (a year on from my involvement), an uneasy truce had held between chair and managing partner and it looked as though Armageddon had been averted. One strike – but the firm was not out.

WHAT HAPPENED NEXT – SECOND STRIKE AND ULTIMATELY ARMAGEDDON

Sadly, 18 months on from my 2020 article Armageddon did in fact happen and the firm broke apart with the two key players going their separate ways and setting up their own competing firms (one built from what remained of the original firm). A second strike – and the firm was out.

What precisely happened I don't know – by this stage I only had very limited contact with the key players and others in the firm and had long since ceased to be formally engaged by the firm. So I had no definitive inside track as to what was going on and what actually happened.

What I did know was that recommendations I had made at the time of my initial involvement – that I continue to be involved on a limited basis to ensure that the key players continue to work on their relationship – had not been followed. In fact, I don't know to what extent the players had worked on their relationship at all. What I had heard anecdotally from other senior figures within the firm was that, after an initial significant thawing of relations, each of the key players had begun to retreat to their metaphorical corners and that relations had shifted from cordial to polite to chilly to frosty. However even though I had heard these rumours, I had no licence to get involved and the key players had themselves led me to believe that all was well.

From what I gather from others I had got to know in the firm there came a point where frostiness shifted to flash points of tension. The managing partner felt that the pace of change was too slow and that things would ultimately never change to the extent she felt necessary. At some stage the chair discovered that the managing partner was having discussions with some key partners about setting up an alternative firm. The chair effectively expelled the managing partner from the firm and litigation ensued, during the

course of which the firm fell apart, with the vast bulk of lawyers choosing to go with one of the key players or the other.

KEY LEARNINGS

Law firm and other professional service firm partnerships are always potentially vulnerable. The partnership dynamic is notoriously complex and at core relationship-based. Trust between partners is difficult to build up and relatively easy to break. Once broken, trust is extremely difficult to rebuild. A successful mediation of a conflict between partners can only ever be the first stage of the rebuilding of that trust – and, as with any relationship, the key players need to continue working on the relationship.

In the case study I have outlined, I had warned at the time of my involvement that the parties would need to continue working on the relationship and in particular that they would need to rebuild trust over time. I had warned of the potential fragility of their rapprochement.

I had recommended that I continue to be involved on a limited basis – because I knew from experience that old habits die hard. I also knew that it would take a long time to rebuild trust and that the players would need to work intentionally on their relationship; and that it would be quite hard in practice for them to do so without some continued external facilitation and support.

A linked point here.

In the past it would have been quite difficult for me to have offered continuing, meaningful, external support. Geographical factors – my being based in London, the law firm being in Latin America – would have made it hard to maintain a light touch involvement, other than at considerable cost to the firm.

The availability of technology – and massively increased levels of comfort with video technology in particular – represent a huge opportunity in this type of situation. I could easily have remained involved on a very light touch basis, having regular catch ups by video (say monthly or bi-monthly) with each of the key players and regular 3-way meetings with both, to surface and deal with any emergent issues. I am working this way at the moment with another firm where there was a managing partner / senior partner conflict, and this

way of working is providing highly helpful.

SO, THE KEY TAKEAWAYS ARE:

- Never assume that a conflict is 'over' just because the key players have declared victory and that the conflict is sorted. If the points of contention were of any real significance the key relationships will thereafter sit on a fault line, with risk of future earthquakes.
- Put in place a maintenance plan – i.e. an agreed follow-up to maintain the repairs and to monitor for problems.
- Meet regularly (as key players) to check in with each other – and consider whether you need external support to facilitate or moderate those conversations.
- Leverage the available technology if the relevant parties and / or the external mediator are not geographically co-located.
- Remember that relationships between law firm partners / senior management are no different than any other relationships: difficult to build, and hard to repair once damaged.

For further information or to discuss the issues in this article, please contact Jonathan Middleburgh at Middleburgh@edge-international.com or on +44 (0) 7973 836343

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