

Leadership in Troubled Times



by
 Lisa M. Walker Johnson
 Principal,
 Walker Clark, LLC

The culture of a law firm in good times is a reliable predictor of how it will function in an economic crisis.

“If we keep looking the other way, it will go away.”

Shock, numbness, and denial are natural reactions to financial uncertainty in a law firm. Partners often closely link financial success to self-worth, the expectations of one's partners, and one's standing in the professional community. When a partner's economic security is challenged, there is certainly a lot more at stake than money.

On an individual basis, current loss experiences harken back to earlier losses in our lives. Some of these past situations left us with a residue of fear, guilt, ambiguous feelings of self-worth, and other unresolved emotions. Likewise a partnership may have had previous losses, such as departures of partners, questions of ethics or professional integrity and financial problems. Today's crisis can revive all of these unresolved or negative emotions and can block solutions. Engaged leadership is crucial to help partners to move ahead.

Some partnerships habitually set “sensitive” issues aside, rather than deal with them. This pattern of looking the other way may backfire when they need to react quickly to changing economic dynamics in their market or in their firm.

While denial is a healthy early response to perceived loss, being unwilling to move forward to deal with reality is not.

During economically challenging times, partnerships must identify solutions and make timely decisions. Clients require information and advice. Staff need to be reassured. What if during such critical moments the law firm finds itself with already demoralized staff, disgruntled partners, and disenfranchised lawyers?

A law firm that allows members of a partnership or work team to withdraw mentally or to become isolated by their peers will find it harder to implement goals and plans. They may cling to the belief that, “If we don't talk about our problems, they can't harm us.” This type of culture exposes a firm to increased risks in troubled times.

Fault lines in the partnership

Sadly, when financial uncertainty looms, unresolved and “unspoken problems” become natural fault lines that expose vulnerabilities and can lead to the unnecessary early ruin of a law firm's

financial health. Looking the other way only leads to continued denial and delusions of grandeur that are obvious to everyone but the partners who cling to them.

On the other hand, if people have confidence in their ability to work together before a crisis hits, they will be much more likely to pull out of fantasy thinking or denial. They know that survival depends on it. When a law firm's culture encourages people to share their differing views, rather than bury them for fear of being labeled disloyal, people are generally more trusting of each other.

This trust leads to a willingness to share feelings of insecurity, vulnerability and anxiety, without fear of recrimination. When staff and clients feel welcome to raise concerns and to ask questions, everyone becomes more capable of confronting emerging economic realities with the candor and openness needed to introduce and implement solutions.

Confronting reality or pointing fingers?

Law firm partners who have made sincere, albeit imperfect, attempts at measuring profitability in the past, will be less likely to begin pointing fingers and blaming each other when economic uncertainty hits.

Confronting reality is hard enough in “good” times. When people are afraid, they often, quite naturally, respond with anger projected outward. Why is this happening to me? Why now? Who are you to tell me that?

In their frustration, partners may demand simplistic answers and quick fixes, and may even seek revenge.

Scapegoating and useless blaming can set in quickly if partners have typically used artificial fee targets that have no relation to the internal capabilities of a department or the realities of a marketplace.

In a blaming culture, some partners will see themselves as being victimized by colleagues who are “less profitable,” “less hard working,” or “greedy.” This frequently happens when profitability is not defined, measured and reported, and when underperformance has not been managed. Lashing out may even give a partner a momentary sense of control over the

problem, but it also invariably creates a climate that nurtures bullies, charlatans and hangers-on.

In troubled economic times, partners must spend time and mental energy questioning the *status quo*. Working through the confusing economic complexities, each partner needs to be able to air one's views in an atmosphere of respectful disagreement, without peer pressure to comply immediately "for the good of the firm." Only from that point can the partners find common ground and agreed action.

Partners will benefit from time spent in discussions with each other in which they consciously try to learn from each others' experiences and perspectives, rather than simply "sending a message" to one another or "scoring a point." Even if they find themselves challenging each others' assumptions and conclusions, this process does not have to undermine the respectful relationships that have been forged by practicing together. Although there may be short-lived tensions, and even some finger pointing, the partners know that their shared successful future - and that of their clients - depends on their ability to find, agree and implement solutions to complex problems. They understand that they will sink or swim together.

Fake collegiality and circular firing squads

Partners who engage in fake "collegiality" are on shaky ground when times get tough. Since their relationships are based on avoiding rather than resolving sensitive issues, their trust levels are untested. These partners usually lack basic meeting management, problem solving, and decision making skills, as well as leadership confidence built on past results. These behaviors are typical of partnerships who have faced and worked through problems together. They are almost always absent in those that have not.

When tensions escalate, some partners start firing at each other. Bad feelings become institutionalized, ingrained in the oral history and culture of the firm. Practice groups and work teams become polarized and associates are pressured to take sides: "Are you for us or against us?"

Long term consequences are exacerbated in firms that lack an agreed strategy, transparent compensation

practices, coordinated marketing efforts and clear expectations about performance. Careers become politicized and "team player" becomes code for someone who "sucks up" rather than someone who actually performs and contributes.

Law firm cultures that become stuck in blaming, scapegoating and political warfare are even less prepared for the next cycle of economic change or uncertainty. The ripple effect of internal stress begins to extend outward beyond the partnership. Some lawyers will start to criticize their colleagues in front of clients and defame their clients in front of each other. Others may decamp or focus their attentions on retirement. Clients will start to notice that there is no clear firm strategy and succession plan for the leadership of the firm. This will prompt them -- as well as the firm's best legal talent -- to go elsewhere at the first opportunity. A temporary downward trend for the rest of the economy can become the start of a multi-year death spiral for the law firm.

If partners have resisted shared leadership responsibilities in the past, they have not known the reward that comes from taking calculated risks and succeeding together as an enthused leadership team. They don't have a collective memory of group success to propel them forward. Individual "wins" only drive them further apart from each other.

Hunkering down

A natural tendency for many lawyers under stress is to retreat into their own practices and try to wait out the storm. They might spend less time at the firm, and more of that time in their individual offices with the doors closed. Lacking the communication they need for encouragement from each other, partners may become isolated from the same professional support systems that prompted them to practice together in the first place. Some partners may eventually feel chronically anxious and depressed. Partners become passive and resigned, losing their optimism when their colleagues and clients need their leadership the most.

If partners have had ineffective and time-consuming decision making practices in the past, the economic stressors will only compound their inefficiencies as a group. There is an old saying that "a crisis brings people closer together." A keener sense

of urgency will sometimes allow partners to set aside old negative patterns of behavior or even to refocus their thinking in new and creative ways.

However, when the dust settles, the decisions still need to be implemented. Without the strategic, structural, cultural, and economic foundations in place, most law firms will have difficulty moving beyond momentary "good feelings" of group camaraderie. This is because their trust in each other will be tentative, at best.

Confronting reality requires tough decisions. If partners have a disciplined approach to reaching the root causes of their problems, they are less likely to react in fear and more likely to implement sustainable financial solutions. Understanding and confronting what is causing current economic vulnerabilities demands an intellectual courage is much more than scrutinizing expenditures, line by line.

Accepting and leading change

We cannot fully experience change by the use of our minds alone. Anticipating, preparing, and leading law firms through change cannot be achieved by reading books or by talking about philosophy. The problems will not solve themselves. Partners must take action.

Here is what our law firm clients tell us that they have learned about leadership in troubled times:

- It's messy. Things take longer than one expects, but it's worth it.
- Different situations require different priorities and different leadership styles.
- It takes a group effort from followers and leaders, alike.
- Practice never makes perfect. We have to open to feedback from our peers.
- Many times we fail to measure up to our expectations. Then we try again tomorrow.
- People are people. Make a conscious effort to get to know someone who is different from you. You may have more in common than you think.
- If we don't do something, it will be more of the same.
- Don't hold on to negativity. Things can get better. Keep on living.



Lisa M. Walker Johnson is a founding principal of the international legal management consultancy of Walker Clark, LLC. She is a counseling psychologist with more than 15 years experience advising law firm leaders on crisis management issues. She can be contacted at walkerjohnson@walkerclark.com or at +1.239.466-8370.