



Create Answers to Important Rhetorical Questions in 2018

By [Michael D. Short](#) on January 26, 2018

Rhetorical question – a question asked solely to produce an effect or to make an assertion and not to elicit a reply (dictionary.com)

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The business of law continues to change dramatically and law firm leaders constantly look for strategies and solutions to the unprecedented challenges before them. A few have easy resolutions but most are complex, nuanced, and appear – at times – to be impossible to solve.

An interesting dialogue often occurs when two or more seasoned Managing Partners talk about these challenges. Invariably, they quiz each other via a series of rhetorical questions to gauge each firm's progress. Typical inquiries include –

- How are we going to grow?
- What happens when the Senior Partners leave?
- Who are going to be the leaders and business developers in the future?
- What's the impact of artificial intelligence going to be?

The resulting discussions often produce broad-based agreement on the universality of the issues followed by frustrating silence with respect to solutions. While this outcome of the conversation does not advance any thinking related to each issue, the inquisitor at least derives comfort and “cover” from the peers' shared frustrations.

Leaving these questions unanswered is the equivalent to pinning the future of the firm on blind luck and miracles. From the consultant's perspective, a response is required. Sometimes it is tailored advice based on others' experiences and recent research. Other times, it involves the launch of a new initiative/process/model designed to produce a solution. Regardless, each rhetorical question represents a vitally important underlying issue that requires a concrete answer or a means to develop the best possible answer if you want to maintain control of your destiny.

Here are some hints/first steps to move from rhetoric, to strategy:

How are we going to grow?

Step 1 – Define what should grow. I chuckle whenever I hear this question because I have no idea what the inquisitor is trying to grow. Revenue? Headcount? Profitability? This answer starts with an agreement on what “successful growth” is.

Hint – In an overall marketplace that is not growing materially from a demand perspective, a pure focus on size (be it revenue or headcount) is too nebulous, unfocused, and may result in a decline in profitability. Grow revenue or headcount? Go acquire a firm and feel successful...even if it adds nothing to the client experience or the bottom line. When defining what to grow, I tend to focus on market share/penetration and profitability – together.

Step 2 – Talk with clients and prospects. I am sincerely amazed at how many law firms *still* don't have a

client interview program. An expansion of market share requires a detailed understanding of what the clients in the targeted segment value and will need in the future. Listen during these conversations. Don't talk...other than to ask leading questions. Fight the urge to cross-sell and brag about the firm. The point here (in these interviews) is to gain an understanding of trends impacting the industry, regulatory issues, demand trends, potential disruptions, and perspectives toward your firm and the competition. Use this information to build a plan.

Hint – Contact [Truda Chow](#) or [Silvia Coulter](#) on our team for help. They have done many of these and can help with all aspects of this work.

Step 3 – Build a useful pro forma. If profitability is part of the picture, and it needs to be, then you need a window into the future to see how to achieve a particular goal. I'm not talking about a spreadsheet in which you increase expenses 3% per year and increase rates 1.5% to slowly watch the profitability erode as inflation overtakes revenue increases. I'm talking about a complex model that is built from a timekeeper table; differentiates between fixed and variable expenses and adjusts overhead with lawyer count; handles retirements on a case by case basis; adjusts the payroll costs with promotions to Non-Equity and Equity Partner. Build a real model that can be used to look 3-5 years into the future.

Once you have this, set a target profitability level three (or so) years into the future and use the model to reverse engineer what is needed for success. The answer will be a set of changes to the key drivers of profitability that are unique to your firm.

Hint – Contact [Geoff Schuler](#) on our team for help. He has developed some amazingly detailed, and therefore useful, models.

What happens when the Senior Partners leave?

The legal industry is in the beginning of a generational shift that will reform many firms and heavily influence what law firms will look like in the future. We are in the early stages of a serious brain drain and clients being available for poaching due to little or no true focus on client succession planning.

As the Seniors change status or retire, firms must fill in the gap left behind. However, to be successful *now* this process should have started three years ago. That said, it is never too late to get serious and get started. While the task of replacing long-tenured partners may seem daunting, planning well in advance of departures will make transitions smoother and greatly increase the likelihood of client retention.

Step 1 – Gain an understanding of the magnitude of the problem and the complexity of the process for transitioning clients.

Hint – Here's a link to [a paper I wrote on this topic](#).

Step 2 – Identify and address the internal barriers to success. The leading candidates here are:

1. a Partner Compensation System that rewards hanging on to clients until the last possible minute,
2. a Professional Development Program that is focused solely on legal skills rather than on creating future Relationship Partners, which involves so much more than providing sound legal advice, and
3. the ability to have difficult discussions to tell an aspiring Partner with no relationship skills that the role is not in that person's future OR an entitled lawyer that the relationship promised years ago needs to go to someone else.

None of these fixes are quick or easy, so the sooner you get to work, the higher your odds will be of

retaining a transitioning relationship...three years from now.

Step 3 – Use steps 1 and 2 to develop an ever-improving process to get this done. If you rely on Partners “doing the right thing,” as many firms do, then you are gambling with each Senior Partner’s entire book. Furthermore, I have never seen a partnership uniformly follow a good-example Partner who acted for the benefit of the firm but at a personal compensatory cost.

Who are going to be the leaders and business developers in the future?

Most healthy partnerships have a group of young, talented, and aspiring Partners who are collectively referred to as “the future.” Then, in the next breath the comment, “I hope we can keep them here” is appended. While talent retention is an uncertain task, there are clear steps you can take to increase your odds significantly.

Many firm leaders look at this group and “hope we can pay them enough,” as if money is the only gluing factor available. Yes – money is clearly important but money isn’t everything. A sense of camaraderie and loyalty among these Partners, built today, can be a deciding factor in the future when poachers call and the money is relatively close.

Create a tightly knit group now.

Step 1 – Launch a “Future Owners” program. Identify the Partners who clearly demonstrate leadership and/or client relationship potential. Call them together and tell them that the firm is going to invest in their collective development via a series of educational programs that cover all aspects of firm/client leadership (e.g., finance, strategy, business development, personal motivation). Sub-teams of lawyers from different practices and offices will then work together on real life assignments designed to test their collective thinking and ingenuity (e.g., how to best approach a prospective client or how to deal with a challenging personality) ... some of which may be implemented by firm leadership. Then, the group meets on a regular basis (at least twice a year) with management to track their collective progress, add programs and assignments, and have a voice in the firm and its future. Through such programs, the Future Owners become much more connected and loyal to each other as they develop together and take ownership of the firm over time. This connectivity is ultimately more valuable than the tangible results from the assignments.

Hint – Contact [Jim Cranston](#) on our team for help with this type of program.

Step 2 – Improve the program and launch another cohort every 2-3 years.

Step 3 – Through these programs, identify the few Partners with true firm leadership potential and invest further in them. Test them via committee or initiative leadership assignments. If there are any areas where the candidate is lacking then focus on coaching up their abilities either internally or externally, which ever fits your needs. You must plan for the future of your Firm to come from within, rather than waiting for someone to self-identify and learn on the job. Break from this old model, which relies heavily on luck.

What’s the impact of artificial intelligence going to be?

The legal industry is already being impacted by AI and the amount of money chasing the next great idea is staggering. Many in the industry view innovation and AI as a big firm game that requires heavy capitalization. While purchasing large systems does require major funds, anyone with an inquisitive mind can innovate and any idea can be turned into an app overnight (by a high-schooler, in some cases). At this point, it is difficult to tell where AI will take the industry, but it is moving rapidly. A sound plan of action is to monitor the trends/advances regularly and find a sweet spot for your firm – regardless of its

size.

Step 1 – Learn. Without a lot of knowledge in the field, understanding how AI is impacting the legal industry is impossible. There are tons of vendors that want to sell you their latest technology. Meet with them and listen to their pitches carefully...not dismissively. You will hear what is happening and what is in the R&D labs of these organizations. After such meetings, you will come across a situation with a client where the concepts heard lead to a change in your process, the internal development of a technical solution, or a purchase from the vendor.

Step 2 – Make sure you have inquisitive and talented minds in the organization. Last year, Bricker & Eckler LLP (a mid-size Ohio firm) won the [2017 Relativity Innovation Award](#) for the top prize in the *Best Law Firm or Corporate Solution* category.

This is not a Big Firm. It is, however, a forward thinking firm with the talent in place to recognize a challenge that can be solved via technology and the support of the partnership to make a reasonable investment in the solution.

Step 3 – Outlaw the string of words, “because we’ve always done it that way.” This is no longer a valid response to any question.

Of course, there are other approaches to these rhetorical questions. Of course, there are other rhetorical questions to ask and answer. I am not trying to be all-inclusive.

These questions and solutions provide guidance, right now, on decisions that will have long lasting impact on your firm within the context of a dynamic industry. There are no guarantees on outcomes but an informed strategy has a reasonable chance of success. A challenge framed solely by a rhetorical question, on the other hand, requires a miracle because no action is *really* planned.

The resources needed to transition these issues from a passive to an active state (e.g., tons of data, many great tools and models, experienced people) exist. Therefore, there are no reasons to let any vitally important rhetorical questions to remain as such. Get to work.
