

The Hurdles To Initiating CHANGE

Firms are navigating a tough financial climate, suppressed growth rates, and declining demand. Previous downturns have been transitory, as the industry has been able to recover within a few years. However this time the landscape has changed and the legal sector is not expected to return to previous levels of growth for a long time. Whatever kind of economist-speak you prefer, there's no getting around the fact that now is a scary time to be a firm leader. Whether you choose to call it the digital age, the knowledge economy, or even "the New Normal," it seems clear that we are in the throws of an economic revolution as profound as that which gave birth to our modern times.

find the experience-based rule that will control the adjudication of the situation at hand. The need for change is not welcomed and the more dramatic the change required, the more acute the resistance from nostalgic past-worshippers. In order to take decisive action, most firms have some acute change hurdles to overcome – hurdles I have come to label: denial, perfectionism, precedent, competence, and agility.

• The debilitating effects of denial.

Many firms are in denial and the few that aren't, move very slowly.

If your firm gets caught behind the curve, it wasn't because critical trends weren't visible; it was because they were ignored. The huge challenge remains, that for too many firms, unless there is acute "pain" there is little incentive to change. History proves that laggards only grab for the new once they are totally convinced the old doesn't work anymore.

And the old doesn't work anymore!

When does a firm's strategy change: usually only in response to a crisis or because of the initiative of a new managing partner. In many firms we have a generation of stewards rather than entrepreneurs. The power of denial is most prevalent in what you do, when you don't know how to profitably grow. So a firm's typical response becomes let's do more of what we have been doing, or let's cut costs, or let's just merge.

• The handicap of perfection.

not to take action. From their early days in school, professionals were rewarded for success and still are today, based on their ability to look backward in history – to find precedent, to

Wherever you look within the profession, you will see two kinds of firms: laggards who have fallen behind the change curve, and challengers who are in front of the curve or at least at the leading edge of it. The laggards fail to see the future coming. They fall out of the driver's seat. They cede the role to somebody else and then fight to catch up.

There are reasons, if not excuses, for many firms

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One of the biggest drawbacks to embracing change or innovation is the professional mind set and desire to get things just right, the first time. This may be a highly desirable trait in your work on behalf of clients. If you are a lawyer preparing pleadings in litigation or an accountant preparing an audit report, it is essential to have a watertight document – that is what your client is paying for.

Unfortunately, many professionals approach many performance and management issues in exactly the same way, striving for perfection from the outset and unwilling to go public until they are entirely happy. The downside of this approach is that opportunities are lost as other firms steal the advantage and the limelight with their own initiatives.

Today, we operate in a rapidly evolving market, where firms are going to have to reinvent themselves and their business models. So rather than striving for perfection, it is better to launch a limited risk field trial, a pilot project, and as soon as possible – then modify, adjust, revamp and fine-tune . . . on the fly. In other words, better to take action, throw the competition into disarray – then worry about ironing out every wrinkle. The shape of any new initiative can change dramatically, over time, as your efforts begin to generate valuable feedback.

• The threat of precedent.

"If the medical profession was based on precedent, we would still be using leeches."

Many great firms began with the initial vision of one of their founding partners. That vision was most often, the creation of a single individual and became the essence of "how we practice and how we do business" in this firm. Anyone who has ever spent time in a number of different firms has come to recognize that "how we do business around here" is rarely codified but often deeply rooted within the subtleties of the firm's culture, operating style, and campfire stories. This vision, over time, can become an intellectual straightjacket as the firm misses out on

exploiting opportunities due to blind spots caused by its reliance on history and precedent. The last seven words of a dying firm are often, "we've never done it that way before."

For those who built the firm's past successes, the temptation to preserve the status quo can be overwhelming. The battle is not globalism versus regionalism, it is innovation versus precedent.

Strategy requires choices. But it's not good enough just to be different. You've got to be different in ways that involve trade-offs with other ways of being different. The trouble is that professional firms hate making choices, because doing so always looks dangerous and limiting. They always want the best of all worlds. It is psychologically risky to narrow your range of services, to narrow the range of prospects you are targeting. But we all instinctively know that a firm simply cannot be all things to all people and do a very good job of it. Gone are the days of trying to be all things to all clients. Here are the days of having a few signature practice areas with corollary supporting specialties.

• The danger of competence.

Professionals are understandably discomfited when faced with the fact that the intellectual capital accumulated over a lifetime may be of little value in a radically changing environment. Competence is the enemy of change. Many professionals get locked into a successful mode of behavior and in some cases, arrogant manner. They are the ones who will do everything in their power to fight change because they are in love with the status-quo.

Competent professionals resist change because change threatens to make them less competent. Competent professionals like being competent – that is who they are and sometimes that is all they've got. Just think of the risks that come with embracing anything new. A fresh approach to serving clients – one that would prevent me from maximizing my billable hours and force me to be more productive

and practice differently. No wonder they're in no hurry to rock the boat.

Many firms have atrophied in their ability to think and act strategically. I consistently evidence short-term thinking. It's all about immediate results. Too many firms seem to have lost the habit of investing for their future. Increasingly, the firms that will be the true leaders will be those who reshape and redefine their profession.

• The over-reliance on agility.

"The world changes," says the managing partner of a prominent professional services firm. "And an institution like this, which has been around for over a hundred years, survives and thrives because it is able to adapt to the changes that take place."

I say, "Good luck."

Most believe that they can quickly adapt if anything dramatic finally manifests itself. And agility is great, but if you become nothing more than agile you will remain a perpetual follower – and even fast followers find few spoils. The goal is not to speculate on what might happen, but to imagine what you could make happen.

Dare To Be First. "The first one to the future has the best view. There is no limit to what can be accomplished when you keep looking beyond the horizon. Not just to see what's coming next, but to create it." Those are the headlines from an advertisement sponsored by Hughes Electronics Corporation. And never has a message been so appropriate for the professions.

In summary, it's time for all of us to take responsibility for our destiny, time to stop whining about the challenges of a zero-growth economy; time to focus energy on applying the skills and knowledge required to enhance our odds of winning in this hyper competitive world of professional services.

This article forms 'The Introduction' to a new book, How To Engage Partners in the Firm's Future authored by August Aquila and Robert Iles.