

Keeping Morale Up In A Downturn

QUESTION:

The current economic climate is proving exceptionally challenging. Our firm went through two different layoff announcements last year, albeit both were rather small compared to what we're all seeing now. We were hoping for a turnaround this year, but in the event that things continued to deteriorate we put contingency plans in place for further cuts at the end of the first quarter. It appears that we now have to implement that plan. This will be our largest round of personnel cuts. Meanwhile, on one of those notorious web sites I read this note following our last layoffs in December: "Well, I have to say, this is no surprise. The associates and the support staff bear the brunt of the cuts to continue to support the lavish lifestyles of the partners. Expect more cuts soon . . ." Under such market duress how in the world does one go about keeping up the morale of your people, both lawyers and staff members?

RESPONSE:

Are there any more disaster-rich words left to describe our economy? Adversity, catastrophe, tragedy — all sound trite after months of economic trauma. It should hardly be surprising, that those left standing at the end of this long ordeal might be somewhat stressed, depressed, anxious and fearful.

One of the big predictors of morale is whether or not there is a high degree of trust among people within your firm. Trust is not simply one more desired characteristic on a list of attributes describing the ideal leader. Rather it is the very foundation that will support all your efforts. If your lawyers and staff do not trust you, forget about attempting to be inspirational, supportive, innovative or visionary. If you don't have people's trust, they may do what you tell them because you have the title, but you won't enjoy the passionate engagement that results from true leadership.

It is likely that during the past year both your personal "trust bank" and your firm's "trust bank" have been slightly overdrawn. In an economic downturn as serious as the one we are now experiencing, people tend to operate in a climate of personal fear, of which a consequence is an erosion of trust. This personal fear includes a fear of what the future is going to look like, and that is where you have an important role to play. One definition of trust says that it is all about "engendering confidence and creating hope." If people cannot see a better tomorrow, they may naturally tend to trust you less.

You want to be completely frank about the circumstances you are in, present a transparent picture of what is happening, and what you are doing. You don't want to state information that, in the near future, is going to undermine the trust you've built up during the good times. The message needs to be that you are doing all you can to ensure jobs are preserved. Talk to your people about your concerns. If there are going to be further layoffs, people want to know it was as an absolute last resort, not a quick fix; they want to know that the firm is not punishing the staff to pay the partners, everyone is sharing the pain; and they want to know that there is a positive forward-looking plan to build and a sincere belief that it can work, not just why cuts have to be implemented.

Here are a few suggestions for enhancing trust:

- Your most critical task is to let everyone know what the short and long-term plans are to ride out this period of instability. Get out there, be visible and let people know that you are willing to confront the issues head on. Your message should be: "No one anywhere has accurately predicted this economic storm but we are determined to weather it together." Everyone needs to feel they are part of the initiative and not just its potential victims.

- Right now, it is more critical than ever that you as the leader are able to create hope. You need to build back your people's confidence in your firm. They need to know that if they respond to what you are asking of them, the future will be brighter than today.

Simply *telling* your professionals and staff that this recession is the current reality and they will all have to work together to get through it, is not the same thing as getting them *motivated* to do it.

The motivation to move forward and believe in a brighter tomorrow is as much emotional as it is rational. So you have to do something to connect with the emotional side of your people. One practical means of accomplishing this is to identify those of your practice group leaders, your office heads, and senior partners who are internally recognized for their ability to get the commitment of their people. Those leaders who are seen to be the most 'motivational' often achieve that internal recognition from having made a personal connection with their people. No matter how disastrous things may be, there is a leader in some office who is taking care of her people by helping them focus on the client work they have and finding a way to make them feel good about it. This personal connection that they have is then used as a source for making people feel good about the firm, about their practice, and about the work they do.

If you can identify a handful of those leaders, they can be very insightful about what can work under today's difficult conditions. Their mental focus is always centered on how do I make George and Emma feel good about the client work we have to do here—no matter how difficult things may become. Understanding what they do in this regard, how they do it, and having them share their approach and serve as a role models to others is incredibly helpful when you're trying to extend the emotional connections that can mobilize critical behaviors during difficult times.

Building on these two themes, improving your firm's morale lies in understanding what matters to your people. Here are a few additional suggestions to consider:

- You will likely already have read somewhere or been told that it is immensely important to demonstrate to everyone in your firm that you value their work and that their contribution is even more important in the current economic climate. Simply telling them how important their job is and what a good job they are doing, will go a long way to boosting morale. That said we believe you also need to recognize the sacrifices people are making and set performance targets that reflect the new economic reality. Think about it. Your lawyers are not less competent because revenues are falling. Rather, the environment has changed. To set overly ambitious billable targets in this environment may serve to have partners hoarding work and associates padding their hours at the expense of potentially offending clients.

- Be overly generous to those who are leaving the firm - supply those transitioning out with all the tools they will need to find new employment, like computers for searching the internet and preparing resumes; hire a search firm to aid in finding new work; give generous separation allowances; help as much as possible with health insurance concerns in the transition period, and so forth. Demonstrate that all appropriate steps have been taken to minimize the pain. It is important to acknowledge that you appreciate that people have mortgages, kids, education and health care needs, and that you want to help in some way. Your actions will send a clear signal to those remaining as to how much people really are valued and is proven to have a huge impact on the morale of the survivors.

- Sometimes it is not firm management who has the best answers. An example from the corporate world might best illustrate the point. Apparently when General Mills acquired Pillsbury in 2001, the leaders set up what they called a “Spirit Team” to identify activities that build a common culture and engender positive feelings about the company. The team, consisting of lower-level and midlevel staff members, proposed a number of specific and commendable initiatives. Consider initiating your own internal team comprised of professionals and staff from diverse departments to explore and offer suggestions on what might be done to improve morale within the firm.

- If there is one area to invest in, and by that we mean invest non-billable time not cash, it is to invest in the kinds of internal training that provides critical skill development for junior professionals and staff. Utilize your senior partners and administrative professionals to conduct a series of internal lunch-box training sessions. It demonstrates to people, especially those who have survived the layoffs, that the firm is committed to invest in them, today . . . and for a brighter tomorrow.

- One firm initiated a program to encourage professionals and staff to conduct volunteer work with local nonprofit organizations who were focused on providing help to those adversely impacted by the recession. It was reported that people link the volunteering to good feelings about helping others less fortunate, which then has a hugely positive impact on their jobs and the firm.

- As counterintuitive as it sounds, is there something that you can do to build in a sense of fun? Think theme days, pot luck get-togethers, getting involved in some community event. Actions such as these will reinforce the sense of belonging.

- Tout your current successes. Communicate the fact that it is not all bleak. Even in times of economic turmoil every good firm has upbeat facts that need to be repeated. Tell people about an opportunity that the firm is moving forward with, a small client deal that just closed, a litigation win that was achieved.

- Finally, all one needs to do is note the attention being paid to AIG and its executive bonus backlash to quickly recognize that curbing partner perks can also go a long way toward building morale. This is not a time to be seen as projecting an attitude of “do as we say, not as we do.”

Downturns happen. If your people know that layoffs were an absolute last resort and you implement some of the suggestions made here, then you should be able to maintain your firm’s morale. Interestingly, there is nothing like the shared experience of overcoming some common adversity to bring people together. In good times, internal politics and petty bickering can occupy center stage. But in times of adversity, people will often put aside

their differences and pull together. It is an opportunity to appeal to a collective identity, instill a familial, "we're all in this together attitude," and demonstrate how a little belt tightening can actually help your firm to be more focused and better positioned for the future.

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