

**MCK**

# International Review

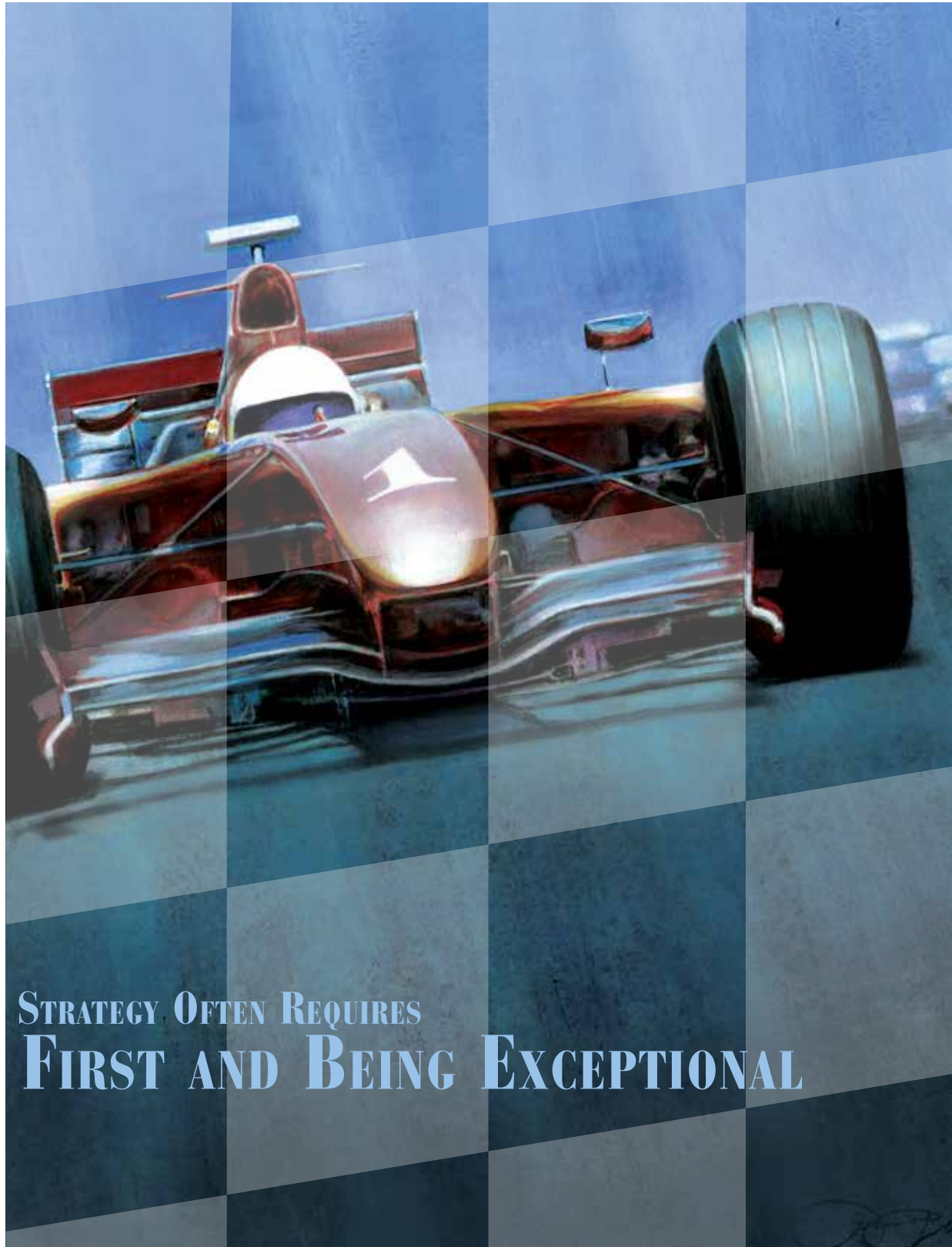
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**HAVING A REAL  
INDUSTRY  
FOCUS: BECAUSE  
CLIENTS WANT  
FIRMS THAT KNOW  
THEIR BUSINESS**

**EXPLORING  
LUCRATIVE  
MICRO-NICHES:  
ANTI-AGING &  
REGENERATIVE  
MEDICINE**

**HAVING YOUR  
GROUPS FIRING  
ON ALL  
CYLINDERS**

**EFFECTIVE STRATEGY OFTEN REQUIRES  
BEING FIRST AND BEING EXCEPTIONAL**



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Dear Valued Clients and Friends:

As we all look forward to the first spring and summer of a new decade, I am hopeful that this issue of my *International Review* magazine will contribute to your successful leadership and strategic efforts.

*Having A Real Industry Focus* is the result of a collaboration with my old friend and colleague, Michael Rynowecer from BTI Consulting who has analyzed more than 20,000 clients and studied over 300 law firms. In it we explore how fully understanding your client's industry can be the single biggest differentiator amongst firms.

On a related theme, I have included another in my ongoing series of lucrative micro-niche practices, with this one focused on *Anti-Aging and Regenerative Medicine*, a \$200 Billion area of opportunity for any attorneys wanting to specialize within the HealthCare / Life Sciences industry.

*Effective Strategy Often Requires Being First and Being Exceptional* identifies the advantages from harnessing a "First Mover" approach and the distinct benefits in understanding that the key to competitive advantage is to set your sights on being "first to market" with exceptional ideas and exceptional service offerings.

Our final selection, *Having Your Groups Firing On All Cylinders* is written to help firm leaders understand that there are some easily addressable structural impediments to having your industry and practice groups performing as you might wish.

From all of this I sincerely hope that you find some usable ideas, tips and techniques that you can put to work immediately. Please send me your observations, critiques, comments and suggestions with respect to any of these articles or my newest books (see page 22 and 23).

Patrick J. McKenna

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## 4 **HAVING A REAL INDUSTRY FOCUS: BECAUSE CLIENTS WANT FIRMS THAT KNOW THEIR BUSINESS**

BECAUSE PRACTICES AND OFFICES ARE THE TRADITIONAL MANAGEMENT UNITS WITHIN LAW FIRMS, INDUSTRY IS OFTEN THE UNDERVALUED COMPONENT OF MANY LAW FIRMS SUPPOSED "CLIENT FOCUSED MODEL."

## 9 **A LUCRATIVE MICRO-NICHE: ANTI-AGING AND REGENERATIVE MEDICINE**

ANTI-AGING OR BIOGERONTOLOGY, THE SCIENTIFIC NAME DEDICATED TO THE BIOLOGY OF AGING, IS A \$200B MICRO-NICHE IN THE HEALTHCARE (AND OVERLAPPING LIFE SCIENCES) INDUSTRY WHICH IS GROWING QUICKLY.

## 11 **EFFECTIVE STRATEGY OFTEN REQUIRES BEING FIRST AND BEING EXCEPTIONAL:**

THERE ARE SOME DISTINCTIVE, AND OFTEN DIFFICULT FOR COMPETITORS TO REPLICATE, ADVANTAGES IN BEING FIRST TO MARKET -- AHEAD OF THE CURVE, AHEAD OF MASS CLIENT DEMAND, AND AHEAD OF THE PACK!

## 16 **HAVING YOUR GROUPS FIRING ON ALL CYLINDERS**

THIS ARTICLE ADDRESSES THE TEN STRUCTURAL ISSUES THAT IMPEDE YOUR PRACTICE AND INDUSTRY GROUPS FROM ACHIEVING HIGH PERFORMANCE AND PRESCRIBES REMEDIAL ACTIONS.



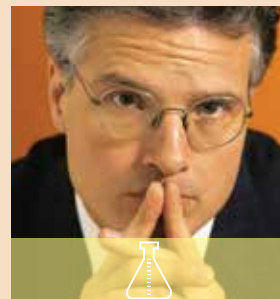
# HAVING A REAL INDUSTRY TRY FOCUS

**BECAUSE CLIENTS WANT FIRMS THAT  
KNOW THEIR BUSINESS**

It is surprisingly common how often at some legal conference you will witness a panel of corporate clients discussing their views on law firms. Invariably someone in the audience will ask these panelists, "What is the most important criteria for you in selecting outside counsel?" We fully suspect that the person asking this is expecting to hear that the most important criteria is "cost" or perhaps "responsiveness." While those things are important, they are NEVER the answer the panelists give, especially if that panelist is a General Counsel. The answer invariably is, "I want someone who knows my business" or framed more pointedly, someone who can "demonstrate a thorough understanding of my industry."

*In nearly every other profession from accounting to engineering, it is widely accepted that "Clients do not have legal, financial, technology or other technical problems, they have business problems. Those business problems just happen to have legal, financial, technology or technical elements to them."*

In fact, Understanding Your Client's Industry is the single biggest differentiator among law firms – it is also the single largest driver behind clients being able to justify paying higher rates to any law firm. At least that is what we know based on more than 5,000 interviews with top legal decision-makers by The BTI Consulting Group (Wellesley, MA)



Because *practices* and *offices* are the traditional management units within law firms, *industry* is often the undervalued component of many law firms supposed "client focused model" and organizational structure. Organizing by *practice* is an internally focused structure that is firm-centric, while organizing by *industry* is externally focused and client-centric.

From our research we found that 36.9% of law firms indicated they had dedicated industry group in 2019, which was up from 27.3% in 2017. BUT – not all industry groups are created equal. We say that because our research indicated that:

- less than half of industry groups have a dedicated budget – one proven key for success;
- only 13% have dedicated attorneys who work solely on these industries and have skills that are focused on the industry; and
- less than 10 firms (out of 350), rely on industry groups to define strategy and map out plans for practices serving their clients.

All this suggests that in only half of those law firms claiming to have industry groups are there actually dedicated industry groups. For far too many firms, any pretense of having a real industry focus is simply a list of industries displayed on their firm's website – without any recognition

that perhaps the clients can discern the difference.

Bad News Flash: you are not fooling anyone!

Perhaps worse, some firms claim to serve far too many industries — and seriously undermine their credibility with clients in the process.



Meanwhile, we continue to hear how industry group leaders are **completely frustrated** . . . by their lack of any clear mandate, authority, and visible support from firm leadership. Few get any meaningful leadership training; get a separate budget or a

dedicated marketing support professional attached to the group. Few meet on a regular monthly basis or collaborate across offices; nor have they developed a 'real' formal strategic plan. Worse yet, few get the support from partners or firm management, which could, for example, make a firm require that partners work only in one core industry.

Typically, firm management is organized along practice lines and office lines, and while industries can be some (vague) part of the management matrix, most firms have not got that balance right . . . quite yet.

## 1. Are Your Industry Practices Just for Show or Are They Real?

Turning back to The BTI Consulting Group research — clients, on average, rate their primary law firm an 8.3 out of 10, with 10 being best — not exactly premium rate worth. The good news — clients will teach you through client feedback and meaningful dialogue outside the context of a case or matter.

Here are a dozen diagnostic questions (and not intended to be comprehensive) that you might internally review and discuss, to evaluate where your firm stands with respect to having a genuine industry focus:

■ Does your firm understand how much importance your **clients place on industry** knowledge?

*(Do you have client survey or interview results that you can easily share with attorneys throughout the firm evidencing your client's views?)*

■ Does your firm leadership really believe that industry knowledge has a direct and meaningful impact on your overall **financial performance**?

*(For example, through the ability to retain clients, cross-sell other services, build a reputation to win new/better clients, achieve selective niche dominance, etc.)*

■ Has your firm made definitive decisions about **which selective industries to strategically target** and focus on?

*(or are industry teams simply a marketing ploy and/or does your firm claim to serve many different industries?)*

■ Has your firm organized and actively recruited **partners to join and commit** a specific number of non-billable hours to working in ONE chosen industry team?

*(or are partners left to join in as many different groups as they wish, leaving group leaders to wonder who specifically is committed to doing anything?)*

■ Does each industry group have a leader (or co-leaders) **trained** to manage, coach, support and facilitate the group's initiatives?

*(or are group leaders left on their own to determine whether to have their group meet and what to do if and when a meeting occurs?)*

■ Does the firm have any **formal programs and budgetary resources available to develop the industry competence** and expertise of the partners?

*(or is the task of developing, and continuing to build, valuable industry knowledge and skills left up to each individual's personal initiative?)*

■ Does your firm have **industry focused research programs** that monitor and identify emerging industry trends?

*(or is the aspect of developing thought leadership*

*and identifying new service opportunities simply left to chance?)*

■ Has each industry group developed a formal, **written strategic plan** identifying specific niche opportunities where they are working to develop a position of dominance?

*(or are groups just expected to meet occasionally to discuss what each member has been working on with their clients?)*

■ Has your firm assigned specific **marketing professionals to support** each of the industry groups?

*(Or are you just expected to call upon the marketing department as a need might happen to arise?)*

■ Does your firm capture and **leverage the industry specific intellectual knowledge** gained from client engagements?

*(or is knowledge management just not a recognized priority within how we add value to our client work?)*

■ Are industry competence and expertise assessed and tied directly to **lateral recruitment** efforts in order to build upon the industry group's market strength?

*(or is lateral recruitment simply a matter of finding those with a book of business irrespective of any recognized industry expertise?)*

■ Does your firm **report and assess performance by industry** (fees, profitability, growth, partner contribution, partner promotion, compensation decisions, etc.)?

*(or is performance by industry secondary to practice group, office, or some other performance criteria?)*

Law firms that have made a commitment to industry focus and industry teams need to do these things. And those that don't are missing out on one of the primary benefits of an industry focus, which is to differentiate the firm and build relationships by showing clients and prospects that your firm knows something that the client (and your firm's competitors) don't know.

## 2. Do Clients Value You Having An Industry Focus?

While attorneys tout their deep technical or functional expertise, most clients view that as table stakes. They assume you're an expert in employment law, international tax or complex litigation. And as clients face increasingly complex business challenges that go well beyond any one (traditional practice group) area of the law, they wonder if you really understand the key aspects of their industry. To be fair – they don't care if you don't know the intricacies of making their widgets – but they DO want you to know the idiosyncratic aspects of what they are having to deal with. For example:

- any exclusions they can use to avoid a regulation unique to their company, product or service;
- how much a pharma company spends on due diligence before beginning serious development, so they know you know what you are getting into;
- sound strategies to accelerate the time to get permits and approvals; or
- the legal spend per barrel of oil, for an energy company.

You can be a great technical expert – but the secret sauce is proving you can put it to work in specific and granular manner for clients. A few good strategies to really gain insight into one of your valued clients is to:

- read at least 6 pages deep into their website – homepages don't count;
- check all client career pages, LinkedIn and places like The Ladder to see what kind of people your client is looking for – especially in product development, engineering and within their legal departments; and
- assign an associate to assemble all the alerts about this client, their competitors. and ask that it be delivered in an organized fashion on a monthly basis.

But wait, there is more. ....

What they also want to know is – have you done it in their industry? Do you understand the nuances of their industry? Can you hit the ground running or will they have to invest hours to teach you and your team how things are normally done in their world?

In assessing the strength of your industry practice, you need to ask:

- Are clients in our market footprint aware of our specific industry practice?
- Do they consider us a viable option to service their needs?
- Do they proactively inquire about our industry capabilities and ability to address specific opportunities?
- Does the firm have luminaries who are widely recognized as experts on key industry issues?
- Does the firm have bench strength that enables us to effectively serve multiple clients or bring full scale teams to bear on complex high stakes engagements?
- Do they hire us in preference to our competitors?
- Do they continue to hire us because of what we know about their industry?
- Would they recommend us to others in their industry?
- Do the top companies and top executives in the industry trust us with addressing their most complex problems or do they just send their commodity work?
- Is our firm able to attract, develop and retain the best industry talent or do talented industry experts seek out opportunities elsewhere?
- Is our firm one that young professionals with an emerging focus on an industry aspire to work with?

Hence if you have any aspiration of being a trusted advisor and offer valuable advice to your client, you must first understand the client's business problem. When the CEO calls the GC – they

never ask about the legal risk – they ask about business risk. The more you can understand and advise on the business risk, the more clients are willing to pay and use your services.

Understanding the client's business problem requires understanding the client's business. It is at this point that industry becomes relevant as it becomes a proxy for understanding many aspects of the clients business – such as: industry terminology; kinds of products and services offered; industry specific revenue sources and revenue recognition issues; common contractual terms; industry specific laws and regulations; typical business practices; types of talent employed; technologies used; and supply chain structure and practices.

**Be on the lookout** for signals that you might not be up to speed on the deeper industry matters:

- Do clients express frustration at "... having to teach your people our business"?

*This can sometimes be a reaction to someone not understanding the basic industry lingo or technical terminology commonly used by members of the industry*

- Do you find yourself sheepishly asking questions about basic terminology in client meetings, or bluffing your way through the meeting and frantically researching the topic later?

*We remember seeing one client asking the attorney, "So you are representing yourself as a Health-Care attorney, please tell me what you know about BHRT?" only to receive a bewildered reaction.*

- Do clients and prospects explicitly ask to see industry credentials or meet with professionals in your firm that have industry expertise?

*This may come about as clients do not see your industry group members actively involved in any of the industry or trade associations. Or alternatively the client is highly skeptical as they observe on your*

*website, the same lawyers supposedly active in multiple unrelated industries.*

- Do you avoid following up on a particular discussion point (and therefore miss opportunities) because you're really not sure what the client is talking about or its significance?

*We remember the partner representing his Manufacturing Industry Group who was completely unfamiliar with new developments in the sub-industry known as Augmented Manufacturing / 3D printing, and just seemed to shrug his shoulders when the subject was raised.*

The logic of all this rests on the idea that businesses in the same industry face similar legal challenges and that clients can benefit from a firm's accumulated expertise, built up over years of deal-making and litigation in a particular industry. Industry groups promise that a firm knows the jargon, power players and problems that its clients deal with daily.

Industry knowledge may be less of an issue with a pension matter but becomes incredibly important when advising on specific international trade regulations. Typically, the more complex the issue, the greater the need for industry expertise. The key question for any professional professing having some industry knowledge becomes:

*What do I need to know about this industry in order to understand what my client is talking about, explore the various implications and options to achieving the results my client is looking to realize, assess the possible risks, and deliver service and advice that is relevant and appropriate to this client's business?*

It is worth recognizing that this is where having a **real industry "team"** can make a significant impact. For example, those in the group with different levels of seniority may require different levels of industry knowledge based on the nature of their work and the client interaction. Also, the client's work may be effectively executed by draw-

ing expertise from across practice disciplines and successful leveraging only one or two key industry lead attorneys who can help explain the industry characteristics to others that are bringing some specific deep expertise around say a tax, technology or intellectual property issue.

### **3. Should "Industry" be a Critical Component of Your Overall Firm Strategy?**

"Strategy" is often misunderstood amongst law firm leaders. Being a law firm leader means that you are not managing one homogenous firm, but rather a portfolio of very different businesses. Strategy should be thought about at the business unit level with a clear, shared understanding of where the firm will allocate its scarce resources (people, time, dollars) towards the goal of being the "leading" or "go to" firm for one (or multiple) segments of clients, facing one (or multiple) types of business issues.

In practical terms, strategy helps guide deliberate choices about where your firm is and, just as importantly, where the firm is NOT going to direct limited resources. It can also (more controversially) include which clients and targets your firm will (and will not) continue to serve and/or pursue. Our experience is that being more industry focused allows your firm to find more (and better) client opportunities for three key reasons:

1. Prospects and clients actively seek you out because of your enhanced profile within their particular industry and trade associations, because of your publishing and speaking on topics that are relevant to their specific businesses interests;
2. Unlike more "generalist" firms where the client is often wondering how much time and money it will cost to "bring you up to speed" on their business issues, you demonstrate an insider's knowledge of key industry issues and trends; and

3. With an industry focus, you are able to more quickly and concretely identify how a new regulation, piece of legislation, disruptive technological advance, or economic development, etc. is likely to specifically impact a particular industry and the companies within it.

When your firm focuses on a specific industry, it quickly deepens its understanding of how to apply its expertise in that industry. Your firm can move quickly to identify key issues, determine best practices or spot how emerging trends may create new opportunities and problems for companies in that particular industry. But the real issue here is not about the deepening of industry knowledge and insight, but whether your firm has a structured process for developing, refining and sharing those industry insights that can then allow you to enrich your relationship with valued clients.

Here are some specific steps to make sure you have covered in making your industry group efforts worthwhile:

#### **Determine your firm's current industry experience**

It's an easy step to take since every client has a Standard Industrial Classification (SIC), North American Industry Classification System (NAICS) or International Standard Industrial Classification (ISIC) code that is determined by the company's primary line of business. That said, it will be inevitable that some of your clients may be players in multiple different industries. At last look, Amazon is a major player in well over a dozen different industries.

Also, clients that make silicone chips have nothing in common with companies that make cars, but law firms keep creating "Manufacturing" industry groups. The key is finding industry definitions that reflect the firm's actual client base and experience.



**Decide which specific industries to target**

This requires examining the various industries your firm is currently serving and the revenues realized, together with your firm's ability to deliver qualified service expertise. Expertise is the largest requirement to creating an industry group because the members of the team must have hands-on experience working within the particular sector. In addition, having group members who are active participants in trade associations provides you with the advantage of having your people hanging out where the potential clients are.

**Compare the strength of your firm's capabilities to your major competitors**

Critically and objectively assess your firm's existing capabilities to solve clients' most pressing problems in each targeted industry. Will clients view your firm as credible? Does your partner group have solid client references and relationships that will help you compete effectively? Do you have (or can you quickly develop) insightful points of view and usable intellectual property (checklists, templates, tools, etc.) that will pique your clients and targets' interest? If not, it will be difficult to compete effectively and might not be the best industry sector to focus on — unless your firm is willing to invest in building the missing capabilities and credentials.

It is not unheard of to see some firms enter markets where they had few existing clients and were up against well-positioned competitors dominating the landscape. We are not saying that you should never move into totally new industry markets, but you do want to carefully evaluate whether the competitive battle is your firm's best investment of time, energy and focus compared against other industries where your firm is starting from a more established position.

**Analyze the current size and projected growth rate of each targeted industry**

You should ensure that the current size and the

projected growth rates for each target industry under consideration will result in a sufficiently large market for you to compete in. "Sufficient" will naturally vary by firm — but should always be substantial enough that it can support a critical mass of partners and professionals as it evolves.

Now that said, there are some industries that may be in their early developmental stages (e.g. Vertical Farming) or it could be a mature industry that is currently going through a fracturing process where multiple sub-industries are emerging (e.g. DNA based medicine in HealthCare). In these instances, being a 'first mover' could secure a competitive advantage . . . over some period of time. You need to feel comfortable that you can achieve that first mover advantage and that the targeted industry has traction and is not going to become simply a fading fad.

**Coordinate practice breadth with each targeted industry**

Clients that come to a law firm because of its industry knowledge expect their industry experience to extend over a range of necessary legal specialties. Successful industry groups are narrow in their industry focus but broad in their practice capabilities.

Clients coming to an industry group also expect their law firm to be an industry insider. The best way to do that is to be the first to advise clients on breaking industry news. A simple client email within 24 hours of an important regulatory change affecting an industry screams industry knowledge much more than a well-crafted formal newsletter a month later. Don't be one of those firms or attorneys who simply rely on sharing industry news, as it fails to tell clients anything of value.

**Ensure geographic alignment between the targeted industry and your locations**

Be sure to evaluate the level of geographic fit between your target industries and your office locations, given the geographic clustering that

is prevalent in many industries. For example, it will be challenging to service oil and gas clients in the Houston area if your firm only has offices in the Northeastern US. Similarly, a firm with a presence in Silicon Valley is likely to be well placed to serve clients in some aspect of high technology.

**Try to match culture between partners and each targeted industry**

The reality is that some firms and their partners are better suited to some industries than others. For example, media businesses and their executives are quite different from oil & gas executives who are different from those running hedge funds. Because clients generally tend to retain people they "like" and are like them, it is hard to understate the importance of this criteria. This cultural/personality match (or lack thereof) should be discussed openly (and without fear of retribution) to help guide your firm and its individual partners towards the right industry focused decisions.

Understanding your client's business is one of the most potent law firm differentiators. Every minute your firm waits to strategically invest in industry groups gives another firm a chance to build their brand.

*Previously published by Legal Executive Institute*

*Co-Author of*

***Having A Real Industry Focus:  
Because Clients Want Firms  
That Know Their Business***



**MICHAEL RYNOWECER** President of The BTI Consulting Group, helps his clients drive robust growth and client relationships. He has conducted and analyzed more than 20,000 clients and studied more than 300 law firms to draw out what works and what separates the best firms from everyone else. Michael has advised virtually every market leading professional services firm in the world over the span of his 3 decades of experience. Michael writes the widely followed blog *The MAD Clientist*.

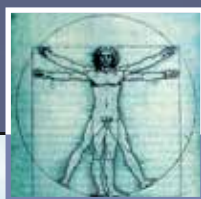


A LUCRATIVE  
MICRO-NICHE:

## ANTI-AGING &amp; REGENERATIVE MEDICINE

Some five years back I became involved in sitting on the Board of a group of private clinics in Western

Canada, one of the largest players in the anti-aging and regenerative medicine field. Shortly after getting involved, the CEO asked me to attend a morning get-together wherein he was interviewing three law firms with extensive healthcare practices looking for some guidance on a matter of litigation risk prevention. I will never forget the experience. The first two attorneys entered the meeting, a partner and associate from a large international firm, and after some brief small talk over coffee, the CEO asked, "tell me, how much do you know about BHRT?" Looking a bit sheepish the partner responded, "can you kindly help us with that acronym?" The CEO explained, "it stands for Bio-identical Hormone Replacement Therapy." The two attorneys now looked somewhat uncomfortable until the partner once again explained, "I'm not sure exactly how much experience we've had in that area, but I can assure you that we have the largest healthcare practice in the entire country and can be up to speed in no time." The CEO's response . . . "Thanks for coming in guys."



That lesson repeated itself, many times and in many ways throughout my consulting with law firms, such that I continue to explain how important it is, to not just be industry focused, but to become expert in selective micro-niches within an industry. And anti-aging, life extension, regenerative medicine, longevity . . . or Biogerontology, the scientific name dedicated to the biology of aging, is a micro-niche in the Health-Care (and overlapping Life Sciences) industry which is still "emerging," but growing quickly.

The real shocker came just in September, when a geneticist at the University of California, Los Angeles reported (<https://www.nature.com/articles/d41586-019-02638-w>) in a published study how for the first time it might be possible to **reverse the body's epigenetic clock**, which measures a person's biological age. For one year, nine healthy volunteers took a cocktail of three common drugs — a growth hormone and two diabetes medications — and on average shed 2.5 years of their biological ages, measured by analyzing markers on a person's genomes.

As an area of focus for attorneys, some \$200 billion was spent in 2018 in the anti-aging industry. And that is expected to get much, much bigger. With the aging of the population, novel

anti-aging medicines (like 3D printed organs, young blood parabiosis, genome sequencing, senolytic therapeutics, to stem cells and new nutraceuticals to treat age related diseases) the field is fast becoming one of the next big disruptions in the healthcare market.

One of the few that I could identify who have staked out a position in this niche is the California-based Cohen Healthcare Law Group (<https://cohenhealthcarelaw.com>). This firm specializes in focusing on micro-niches like anti-aging practices, biotech and nutraceutical companies, medical device companies, telemedicine ventures and emerging healthcare technologies — handling everything from medical practice business formations, mergers and dispute resolution, to e-commerce, licensing agreements and IP protection.

The anti-aging micro-niche presents numerous opportunities for those who might choose to focus on developing this kind of practice. Skilled corporate lawyers can help companies with securities offerings, mergers and acquisitions, IPOs, and SEC compliance as well as form strategic alliances to spread financial risk and help construct and negotiate the contractual agreements required during a product's lifecycle. Clients will likely need the full range of FDA services including regulatory approval, pre- and post-approval of marketing, compliance and enforcement, clinical trials, drug and device safety, crisis management, and due diligence. And, of course there will always be a need for litigators with industry-specific experience with Hatch-



Waxman litigation, consumer fraud litigation, and commercial and contract disputes.

And while traditional doctors, such as endocrinologists (who specialize in hormones) and geriatricians (who focus on the elderly) are specifically trained to treat age-related conditions such as hormone imbalances, not all anti-aging doctors have a degree or advanced expertise in what they practice. In fact, anti-aging isn't a specialty that is yet recognized by the American Board of Medical Specialties, meaning doctors can't officially be board-certified in it. It has its own professional society founded in 1992, the American Academy of Anti-Aging Medicine (A4M) which boasts over 24,000 members worldwide and offers a certificate in anti-aging medicine, available to any M.D.

Now once a doctor sets up an anti-aging practice, she stands to make significant revenues. Many age-fighting treatments aren't covered by insurance, which means the M.D.s prescribing them are paid out-of-pocket, and that can add up to thousands per patient. Is it any wonder that doctors of all stripes, from emergency-room medicine to radiology, are flocking to this lucrative new specialty?

Blood transfusions. Placenta stem cells. Senolytics. These are just some of the innovative ways that corporations are tackling mortality and increasing the human lifespan and just a few of the many interesting growth companies working in this market space include:

- One particular startup that stirred up a bit of controversy is **Ambrosia**, which is a private clinic where patients aged 30 – 80 can pay \$8,000 to get blood plasma from younger individuals.
- **AgeX Therapeutics** founded in 2017 are at work on various technologies along with pipeline drugs to explore pluripotent stem cells which have the

*"Skilled corporate lawyers can help companies with securities offerings, mergers and acquisitions, IPOs, and SEC compliance as well as form strategic alliances to spread financial risk and help construct and negotiate the contractual agreements required during a product's lifecycle."*

ability to produce any cell / tissue needed in the body to repair itself and replicate indefinitely making them self essentially immortal.

- **Celularity** has taken in around \$290 million since being founded in 2016. It seeks to "make 100 years old the new 60" with stem cells taken from the placenta to create drug therapeutics for diseases from cancer to Crohn's disease, to diabetic peripheral neuropathy.

- **Elevian** has raised \$9.3 million and is working on developing drugs that target GDF11 to treat age related diseases.

- **Human Longevity Inc.** uses machine learning to provide personalized health assessments from DNA sequencing and a battery of testing including whole body MRIs.

- **Juvenescence AI** in a joint venture with deep learning drug discovery company **In-silico Medicine**, working on developing both

pharmaceutical and nutraceutical products that target senescent cells.

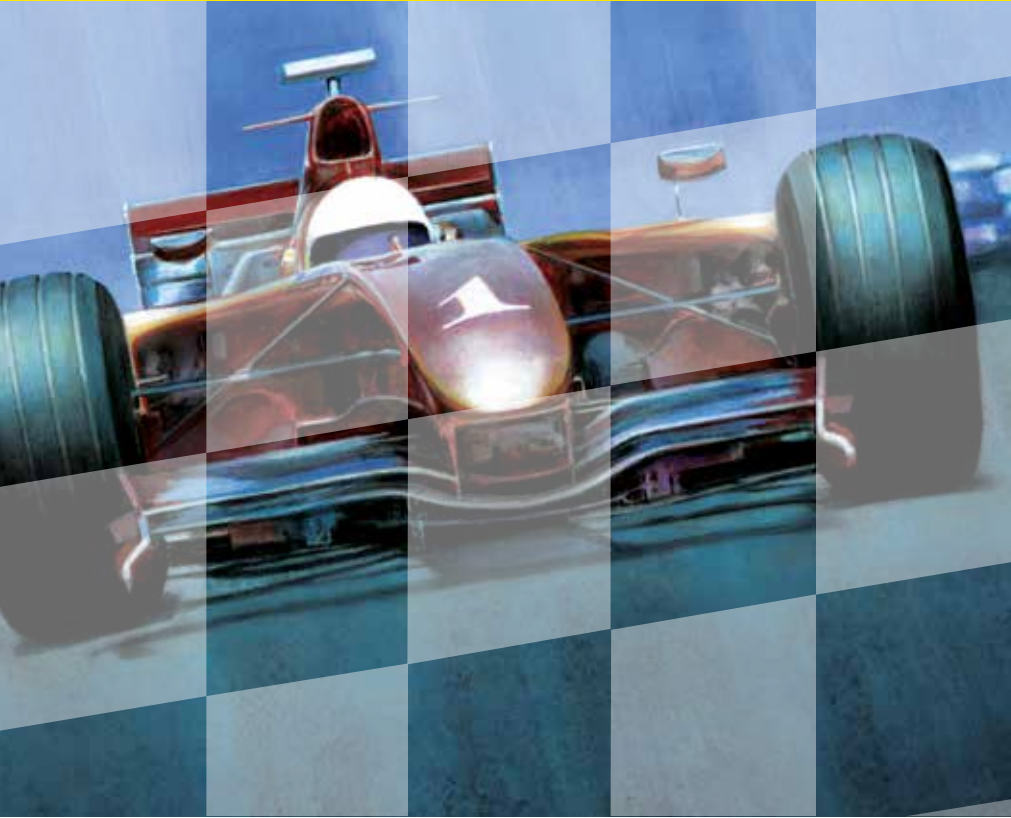
- Two companies, **LyGenesis** and **Prellis Biologics** are working through the complexities in creating a human organ composed of interconnecting tissues looking to achieve organ regeneration.

- **Rejuvenate Bio** is helping dogs grow older alongside man since being founded in 2017. Their proposed therapy involves genetically inserting a new piece of DNA into the animal's cells, which then produces a beneficial protein with the potential to stop the progression of mitral valve disease.

- **ReTORbio**, a 2017 spinout from Novartis is trying to commercialize a drug platform which may prolong lifespan, enhance immune function, ameliorate heart failure, enhance memory and delay the onset of age related diseases.

- **Unity Biotechnology** targets senescent cells that cause inflammation and other age related diseases, and has had many notable healthcare investors including ARCH Venture Partners, Mayo Clinic Ventures, WuXi Healthcare Ventures, Jeff Bezos' Bezos Expeditions and Peter Thiel's Founders Fund.

With the oncoming Silver Tsunami, the process of aging and the business of helping people to live longer could become the biggest and most complex micro-niche of the coming decade. Advances in AI, genetics, and a variety of other disciplines along with automation technology are helping to drive innovation while lending credibility to what seemed like science fiction rather than science fact just a few years ago. Around the world prominent scientists are putting it all on the line because they believe we can beat diseases such as cancer and stop the cellular ravages of time so we can age more gracefully and extend our lifespan.

**Effective Strategy Often Requires****Being First and Being Exceptional**

**T**he curious paradox is that most law firms go to great lengths to look like every other law firm. In fact the common response that you are most likely to elicit from the leadership of many firms when first presenting a new concept, idea, or potential market opportunity is:

*“Can you please give us a list of the other firms which are doing this”.*

The corresponding irony is that today, most competitive efforts are invested in tit-for-tat rivalry rather than in pioneering new market spaces. In other words, firms seek to outperform each other by being better (busily pursuing cost and efficiency gains, usually at doing commodity work) – rather than by aiming to be significantly different (exploring lucrative, emerging client micro-niche needs). This effort to be better often has the perverse and unintended consequence of (once again) only making competitors look more alike as they inexorably slide into low-cost mediocrity.

Real competitive advantage is achieved by getting out in front, by focusing on some area, some micro-niche (like any of the dozen I have identified and been writing about for the

past year) in which you can be unbeatable. By definition, if you are doing what everyone else is, you are not meaningfully differentiated; you do not have an advantage!

And I’m not talking here about creating a brand new practice (e.g. Digital Transformation) in some area where you have never had any experience. What I’m advocating is for you to proactively explore and invest a modest amount of time into leveraging some novel client matter that you have already successfully worked on, where there is clear potential for other organizations facing the same problem or situation, to now benefit from your initial experience.

Growth is what we are taught to pursue. It creates marketplace recognition, higher profits-per-partner, makes it easier to attract better quality legal talent and better quality clients. And as one firm leader articulated this classic view: *“There are no partnership problems that growth cannot solve.”*

Observations suggest that the leading firms start with the premise that the key to competitive advantage is to set your sights on being “first to market” with exceptional ideas and exceptional service offerings. They become obsessed with: How can we be first to serve a client niche that no one else is addressing? How can we serve clients in such a way that nobody else has? What value-added can we offer that will make clients go ‘wow’? What can we do that will actually lead the market?



I strongly believe, from my decades of hands-on experience in working with professional firms to develop their strategic initiatives, that there are some distinctive (and often difficult for competitors to replicate) advantages in being first to market - ahead of the curve, ahead of mass client demand, and ahead of the pack!

Some of those distinctive advantages to being first, include:

■ **You can leverage your first mover position to attract other prospective clients.**

When you first serve a new niche area and a new client need, there is the opportunity to leverage that experience across other potential clients and prospects; thus being perceived as having specialized knowledge equipped to handle their unique and evolving business and legal matters. For many attorneys it is a matter of taking off their technicians glasses, putting on their entrepreneurial glasses and critically assessing some of the more challenging clients matters that they have already successfully handled, perhaps during the past 18 to 24 months, to specifically look for opportunities to leverage some of the more novel and challenging matters.

■ **You can begin to develop name recognition that becomes difficult for others to match.**

Quick question: “Who was the first law firm to launch an eSports practice?” Most knowledgeable observers would immediately offer the name of Pennsylvania-based McNees Wallace and Nurick. In June 2018, a young associate practicing employment and labor law, inspired the leadership at the McNees law firm to announce the launch of their eSports practice group to serve what was already a \$900m micro-niche. Esports, or competitive video gaming, is the result of a successful video

gaming industry and involves professional gamers and oftentimes spectators. As esports grows, so does the number of complex legal issues that surround the industry. These issues include intellectual property protection, gambling, acquisition of sports properties, labor standards, and privacy and data security.

What is worthwhile noting is that it wasn’t until December, at least six months later that in a formal new release entitled, “*Challenger Approaching: Greenberg Traurig enters eSports with new practice group.*” Nevertheless, people will more often remember those that were first easier than those that came later. Sometimes the first preempts there even being a second, as no firm wants to be viewed as a direct copy-cat; devoid of any innovative thinking of their own.

Developing a memorable presence, a brand; is much easier when you don’t have to differentiate yourself from a number of other similar offerings. Cognitive psychologists tell us that as consumers we have limited memory capacity – which is to suggest that we compartmentalize information; and have very limited shelf space! If you happen to be among the first to enter the consumer’s conscience with respect to some niche area, then when some prospective client hears about some legal issue in that space, they naturally think of you and your firm. In the consumer’s mind there is no competition; you are the go-to player. You are first to occupy the market-space and first to occupy the mind-space.

■ **Being first-to-market can command premium pricing.**

Everyone remembers the old adage that when you need brain surgery (or any highly specialized service), you always want to know that you are going to get value for your

money, but fees are not the most important criteria for making your selection. You are looking for the best and most experienced specialist you can find.

■ **It allows you to progress up the learning curve faster than those that follow.**

Acquired knowledge can psychologically lock out competitors from copying some of your ideas, processes, technology, and methods. In any market with specialized know-how and a steep learning curve, being first can confer the advantage of having a head start. That head start allows you to position yourself as a primary source for media commentary, for seminar presentations, for having articles published, and other such market positioning tactics. First movers, who also act as “**smart movers**” in that they exploit their early positioning (critically important tactic!), have the likelihood of being able to gain a dominant market standing and define the standard that others may be required to follow.

■ **Being a First Mover can help you attract and retain the top talent that yearns to be a part of something meaningful.**

Interestingly, the best retention rates are most often found at firms with the highest growth. While compensation matters, it is the quality of the work assignments (challenging client projects and opportunities for professional growth) and the quality of the people that often tips the balance as to whether a professional stays or goes. The type of professionals you attract have lots of options. What buys loyalty these days? “If they ‘don’t see you at the forefront’, you can forget about the other issues.” said Patricia Milligan, former President at Mercer Talent.

That all said, one wonders why so many firms choose to seek out attorneys simply because

of their book of business (irrespective of whether that book is portable or profitable) rather than attorneys with a book of knowledge – expertise that can be selectively applied to help build a dominant position in some targeted and lucrative micro-niche area.

- You can capture clients that will not then want to endure switching costs once competition arrives.

A first mover also has the oppor-

tunity to draw clients into their web, creating “switching costs” that curtail those clients from any notion of later moving their work to other fast follower firms. In some situations, key resources are scarce. So for example, the first law firm to become active in a new industry association (like Augmented 3D Manufacturing) could potentially lock out others. There is also the ability to develop primary relationships with key members of some industry clusters. Clusters are a magnet for attracting world-class talent that often then move between companies within that particular geographic locale. Thus, when a key player moves from one company to another, or to even starts a new venture, that attorney who has the personal relationship has the inside track.

- It all translates into increased client revenues and profitability.

Now, many pundits will argue that “being a fast follower is a better strategy” than trying to be the leader. Those eager to avoid the hard work of strategic innovation will seize upon this diagnosis to justify their instinctive fear of novelty, risk, or entrepreneurial adventure. Suddenly, timidity is heralded as a virtue.

*“Many pundits will argue that ‘being a fast follower is a better strategy.’ Those eager to avoid the hard work of strategic innovation will seize upon this diagnosis to justify their instinctive fear of novelty; risk or entrepreneurial adventure.”*

To be a first mover AND a smart mover you must ask yourself, what race are we running here – sprint or marathon. If you try to run a 100-yard sprint like a marathon, you’ll be left behind. If you try to run a marathon like a 100-yard sprint, you’ll keel over from exhaustion. So, in order to enhance your revenue and profitability, it is critically important to ask some questions as you contemplate becoming a first-mover:

- Are there difficult technical hurdles?
- Does market takeoff depend on the development of significant expertise skills?
- Will it require complementary services?
- Will a new or different infrastructure or service delivery be required?
- Will clients need to adopt new or different behaviors?
- Are there high switching costs for clients in order to retain our services?
- Will competing standards confuse clients?
- Are there powerful competitors that will seek to delay or derail us?

If the answer to any of those questions is yes, you must be careful not to pour in too many resources too soon; the race is going to be a marathon.

On the other hand, answer yes to all of

these three questions, and you’ll need to sprint out of the starting block:

- Are the client benefits clear and substantial?
- Are there potential trends taking shape that will accelerate takeoff?
- Are there powerful competitors that will be compelled to follow?
- It allows you to meaningfully differentiate what it is that you have to offer.

The larger any market, the more specialization that takes place and the more specialized a firm must become if it is going to prosper. In any market or industry, with the passage of time, that market or industry will eventually fracture, and become two or more separate and distinct categories. Each category has its own reason for existence and it’s own market leader – which is rarely the same as the leader of the original category. The initial market leader is no smarter and no dumber than the new entrant. The problem is that they are most often burdened by historical baggage – the psychological comfort of the status quo.

Just recently I identified and wrote about the Anti-Aging and Regenerative Medicine micro-niche as one area of opportunity within a huge but highly fractured, mature HealthCare industry. As an area of interest for attorneys, some \$200 billion was spent in 2018 in the anti-aging or longevity industry. It is a curious phenomena that if you ask someone you consider fairly well-informed to name all of the firms who have a practice serving the “so-and-so” industry segment, at best, most will only be able to name three or four firms – and the more narrow the market or industry segment, the fewer the names they will be able to recall.

Now while there are dozens of law firms of all sizes claiming to serve HealthCare clients, I could find only one, a West Coast-based firm that specialized in focusing on micro-niches like anti-aging, biotech and nutraceutical companies, medical device companies, telemedicine ventures and emerging healthcare technologies – handling everything from medical practice business formations, mergers and dispute resolution, to e-commerce, licensing agreements and IP protection.

Most first mover winners are usually also the firms, that as a reflection of their commitment, are able to have a couple of partners working “full-time” on the issues while the late-comers are likely to only have enough client work to occupy a fraction of any partner’s time. Who came first can be an important issue and market visibility is the key. Timeliness distinguishes those with a long-standing interest in and commitment to some micro-niche area, versus those who may be delayed investing in the opportunity area. Your critical objective is “to be ahead of the curve”; to be able to see the issues unfolding ahead of time.

## THE LESSONS

At the dawning of this new decade, today’s revenues will be a direct reflection of yesterday’s decisions, while tomorrow’s numbers will be a direct outcome of today’s decisions. Aim to be the first to market, the first to organize a new practice or industry niche offering; the first to serve a potentially new client need.

To accomplish that objective:

*It's called the "First Mover Advantage" – sometimes it is better to be first than it is to be better. In general, studies have shown that the first firms get the lion's share of the market, while the latecomers divide the rest."*

\* someone must perceive a potential need in the marketplace and determine whether an internal “champion” exists to spearhead the effort. Time after time I have witnessed that if there is no champion – then there is no hope.

\* your firm must determine whether there is long-term market growth potential and an existing experience base to build upon to support the investment; and you must be able to overcome what is likely to be persistent economic doubts.

\* there needs to be a strong degree of support (“will”) amongst the firm’s leadership to invest in “test-marketing” a new niche practice. This new opportunity area is usually always partner-intensive as the emerging work at this stage requires “senior judgment.” Only after significant work comes in are associates likely to be meaningfully involved.

\* members of the pioneering group (which could be as small as two lawyers) must be protected as they spend, what might otherwise be billable time, researching and learning the field, planning and meeting

with other experts both within and outside of the firm.

\* further time must be spent in developing questionnaires, tools, templates and approaches for pricing, marketing, and delivering the team’s services.

\* resources must be invested in initially providing education (articles and seminars) and counseling services to prospective clients on the

issues, the ramifications, and the benefits of taking remedial action so that the group can then be in a position to actually sell its services.

\* you must decide what critical mass is required to become a “player”, whether to expand ahead of any growing client need, and whether the team should remain local or be geographically dispersed. Getting in early, but remaining relatively small may result in your losing your initial advantage.

It's called the "First Mover Advantage" – sometimes it is better to be first than it is to be better. In general, studies have shown that the first firms get the lion's share of the market, while the latecomers divide the rest. In fact, Tom Kinnear, a professor at Michigan Business School reported that first movers gain 2.5 times as much market share as later entrants into new markets.

The essence of having a first mover strategy: “It is far easier to get into the prospective client’s mind first, than to convince someone already using a service, to try yours.”



# ISN'T IT TIME YOUR **PRACTICE LEADERS** EXPLORED HOW TO ACHIEVE **FASTER RESULTS?**



## **SPEND AN INTENSIVE DAY WITH PATRICK MCKENNA**

**W**hether you are the leader of a practice group or industry team; whether this is your first experience in leading a group or the custodian of an especially challenging group of mavericks, you are among the most essential players in achieving your firm's long-term profitability and success . . .



### ***But the job of being a practice leader is not an easy one! It is your challenge to:***

- *create a strong cohesive group out of a collection of bright, intelligent, autonomous individuals;*
- *identify how, as a practice leader, you add value and what specifically it is, that you can do, that is likely to actually affect the success of the group you lead;*
- *positively impact and enhance client satisfaction – turning latent client needs into lucrative growth opportunities;*
- *find a way to develop a strategic direction in an intensively competitive marketplace and have your colleagues actually want to work together; and*
- *lead effective meetings that result in some action plans being formulated and your colleagues taking responsibility for actually doing something.*

**O**bviously, there are many challenges inherent to this position AND huge potential payoffs—So, isn't it about time that you arranged for your practice leaders to fast track their performance success this year?

**I** enjoyed the practical tips. Patrick really understands law firm cultures and was responsive to specific questions and situations.

KERRIN SLATERY

McDERMOTT WILL & EMERY

**T**his was extraordinarily helpful. Much more helpful than a similar event I went to at the Harvard Business School. It has given me some terrific insights that I intend to implement immediately.

SCOTT TURNER

NIXON PEABODY

**R**ather than describe Patrick's background, credentials and accomplishments for you, let me simply say that I attended at his seminar for Practice Group Leaders at the University of Chicago School of Business and you don't want to miss our workshop.

JERRY STAUFFER, former President and COO

BAKER DONELSON

**Let's talk about how I can customize a program specifically for your firm—**  
email: [patrick@patrickmckenna.com](mailto:patrick@patrickmckenna.com)

# Having Your Groups F

## Addressing The Structural Issues That Impede Practice Groups From Achieving Higher Performance

**If you are like many, for a number of years now you've been attempting to get your practice and industry groups to achieve high performance . . . with limited success!**

You appointed professionals to positions as practice group leader whom you thought would do the job (and who promised you that they would *try*); you provided them with some *basic* training; and you endeavored to periodically meet with them all as a group to provide a bit of a pep talk. Despite all your efforts, only a FEW of your groups are functioning as you had hoped. So what to do?

Well, if you are like some firm leaders I've spoken with, you might have now decided to embark upon what one termed: "Practice Group 2.0" and start fresh . . . largely by changing most of your leaders and hoping that some new recruits might do a better job. But if I've learned anything over the years, it is that your challenge is not so much a people issue, as it is a structural issue.

About twice a year I have enjoyed the privilege of conducting a public, one-day masterclass for practice group leaders, usually held at the University of Chicago and hosted by the Ark Group. Over the years I have conducted twenty-seven of these sessions and in all cases the participants come from firms of over 100 attorneys in size or much larger, including the likes of Jones Day, Kirkland & Ellis, Morgan Lewis, Sidley Austin, Weil Gotshal, Winston & Strawn, and many others.

I usually begin the day by posing a few diagnostic questions to the assembled participants. First, I ask, by way of a show of hands, how many of them have a formal written job description. At my last masterclass, out of a group of 26 participants, only four hands went up – which is pretty typical of the responses I usually elicit.

My second query is to determine how many have a formal, clear understanding of precisely how many non-billable hours they are expected to spend managing or leading their particular group. With this question, I rarely get even one hand going up.

Then I usually ask: "*How many of you work in a firm where the partners have been required to choose one 'core or primary' group in which they will invest 100 percent of their non-billable time to working on projects that will progress the ambitions and best interests of that group?*" The response, again, is that only a couple of participants acknowledge that that is indeed how it works in their firms.

Before we go any further, please note what we have now determined (by the answers to these three questions) what is the norm in today's Practice Group Leadership. Most practice leaders concur that they have accepted the 'Job' without knowing what the job is; how much time they are expected to invest in doing the job; and, even, who specifically is in their group. Now there is a recipe guaranteed to ensure success! In other words, before you concern yourself with who occupies the role, you need to verify whether there is any integrity to your structure. Otherwise, most of your new practice leaders are likely to fail.

My work with literally dozens of firms and hundreds of practice leaders over the past two decades confirms for me that there are at least ten structural impediments, in no particular order of importance, all of which *should* be addressed if you hope to have effective groups. And certainly need to be addressed before you embark upon any practice/industry group leadership training. In other words, contrary to what some consultants might counsel – training is a great second step, but a pathetic first step to sparking high performance of your key business units.

# Firing On All Cylinders

## SO HERE ARE TEN STRUCTURAL IMPEDIMENTS FOR YOUR REMEDIAL ATTENTION:

### 1. A Formal Written Job Description

Reflecting back on those who answered this question in the affirmative, what I've now learned to ask as a follow-up question is: "tell us specifically what your job description covers."

While working with one firm, in my preparatory briefing with the managing partner, I asked the usual one about formal job descriptions. I was informed that a written job description had indeed just been developed in draft form. I learned that this job description was formulated during an exercise conducted to determine what tasks and activities these practice leaders should be held responsible for executing.

I received a copy of the draft, all eight pages and 116 paragraphs of it, entitled, 'Practice Group Leader Position Responsibilities.' This document covered *everything* – from developing an annual budget to approving marketing expenditures and signing off on quarterly WIP reports; from coordinating file distribution to workload management; and from circulating draft agendas in advance of meetings to coordinating the performance reviews of students and associates.

It was the most exacting (and exhausting) laundry list of administrative minutiae I had ever read through. It included everything . . . *except* anything to do with those activities involved in actually leading a team . . . or working with . . . people!

My response to the managing partner was: "I will be surprised (almost alarmed) if you don't hear from some of your practice leaders, after having reviewed this job description, that it is a touch 'overwhelming.' I personally think that the practice leader's job description should

be evolutionary such that you begin by identifying a few 'mission-critical' tasks that you will absolutely hold people accountable for achieving and then slowly progress to adding more responsibilities."

This particular managing partner had no idea what I meant by "a few mission-critical tasks" and so I set out for him the following:

*I would, if I were drafting this job description, start with what I believe should be your two mission-critical objectives, which are the highest value*

*use of the leader's time (and not addressed anywhere in the draft job description):*

#### • Mission Critical Objective Number One

*Your job as the practice leader is to invest time in getting to really know the individual members of your team; getting conversant with their strengths and career aspirations; and coaching and helping (one on one) each individual member (primarily your fellow partners) grow their skills and become even more successful than they would have been, had you not been the practice group leader.*

#### • Mission Critical Objective Number Two

*Your job as the practice leader is to work with*



Job Description

Non-Billable Hours

ONE Core Group

Right Individual

Practice Grp. Leader

Partner Comp.

Expektations

Strategic Plan

Minutes of Meetings

Quarterly Meetings



*your group as a team, to identify and implement specific joint action projects intended to increase the group's overall morale; enhance the visibility of the group in their competitive arena; improve the service and value delivered to clients; secure better (not just more) business; and work towards developing a dominant position in some niche area(s) in your marketplace(s).*

Now please do notice that this is a job description that is extremely succinct (only two paragraphs); based on outcomes expected not activities to be performed (therefore very measurable at the end of the year); and doesn't dictate any particular style or approach – you do it your way!

Further, I would respectfully delete any reference to 'Financial Management' in any job description for two reasons. I believe that these activities lead practice leaders into unconsciously behaving like policeman rather than coaches; and I think that much of this material should be in the job description of the office managing partner or executive director. (In the case of your office managing partners, consider: what actually are that individual's responsibilities? And how do they interface with your practice leaders?)

## 2. Clearly Defined Non-Billable Hour Commitments

In an environment where we normally measure the billable hour to the nanosecond, we completely ignore the non-billable (or, as one firm leader calls it, “investment”) time when it comes to how many hours we expect people to spend managing their groups.

Once you've chosen the individual expected to lead a particular group, you owe it to that person to have a frank one-on-one discussion to determine how much time this

job is going to require. The time required is likely to depend on the size of the group and any travel requirements (related to the geographic coverage of multiple offices). It is not uncommon to see group leaders investing anywhere from 200 to 500 non-billable hours.

The very best example I ever heard was from one firm leader who described it like this: *“We have a minimum and maximum expectation of you. The minimum amount of time we would like you to spend is 300 hours and we would like you to track your time in our system. If you spend less than 300 hours, we will need to talk about how you're managing your time. The maximum amount of time we would like you to spend is also 300 hours. In other words, if you invest more in working with your group, we will be delighted, but please do not use any excess investment as an excuse for your own billable performance.”*

Where practice groups are fairly large and dispersed over numerous offices, it is not uncommon to see some model of shared leadership emerge. At Skadden Arps, Jack Butler, the former practice leader of their global restructuring group, told me how he had a couple of deputy leaders, each responsible for certain activities. So for example, when Skadden wanted to make a solid commitment to further their knowledge management effort, rather than burden the practice leaders, the firm developed a model where partners were selected from within each group, given responsibility for KM, and then collaborated together across groups and offices. Skadden's system of “distributed leadership” proved to be far more effective than loading more responsibilities onto existing, time-constrained group leaders.

## 3. An Internal System of ONE Core (or Primary) Group

Many practice or industry groups are

formed for the primary purpose of harnessing a group of professionals to engage in activities that will bring in business. Much of what is required to build the practice is not capital-intensive. In other words, simply throwing money at advertising or branding the group will not necessarily deliver increased revenues.

The most important asset the group possesses is the cumulative non-billable time of its members working together on projects and activities deemed to be beneficial. This measure becomes very difficult to achieve if your structure allows partners to be members of as many groups as they wish, without any acknowledgement of where they will invest their business development time.

In other words, you cannot expect a partner to divide their finite, precious non-billable time among a number of different groups. It just does not work! It only serves to frustrate the group leader and provides the partners with a handy excuse as to why they weren't able to follow through on their specific promise to accomplish something.

What does work is requiring each partner to select, *voluntarily*, the “one core or primary group” that they choose to invest in. They should be advised that they:

- may also choose, as a “resource or secondary” member, to join as many other groups as they wish (thus able to attend meetings, participate and receive minutes of meetings), but are not obligated to **invest any specific time in doing anything** for the group;
- may (depending on the culture of the firm) still perform client work in practice areas that are not their core group; and
- may change their mind, at a later stage, should they feel that their core group is not performing.

Now in some firms that really do have very active practice *and* industry groups, this begins to get very messy as some partners are capable of making a valuable contribution to both a traditional group (like Labor and Employment) while also having expert knowledge in an industry practice (like HealthCare). In these instances firms have pivoted their policy of only ONE core group to allow for partners to selectively become members of only one core traditional group AND one core industry practice – **provided that** they commit to investing a minimum of 60 non-billable hours into doing specific projects to advance the strategies of each of these chosen groups. So, you get to exercise the flexibility of belonging to two (maximum) groups as long as you commit to investing the required time.

#### 4. Selecting The Right Individual

It's an old story but it still remains true in far too many cases. In Practice Group Leadership 1.0, you selected as the group leader that lawyer who either was the most senior, the gifted luminary, or the best rainmaker to initially become the practice leader. Now you realize that, except for their accepting the title, nothing much has happened.

You're tempted, in your vision of launching Practice Group Leadership 2.0, to replace this individual, but now you have a different issue. Your problem now is to determine how you get him or her to relinquish the title without being embarrassed and losing face. Even worse, you have a little chat with the individual to subtly explore whether they really do want to continue as practice leader, only to be told that they really don't want to do the work required, but having the title contributes to their client origination results and . . . *"you wouldn't want to jeopardize that, now would you?"*

What a number of the more progressive firms I've worked with have done, is create a *title* for their senior, gifted luminary, or rainmaker, called "Practice Chair." This title acknowledges the individual as both a subject matter expert and a substantive mentor to others in the group. The Chair is required to invest a minimal amount of time to assist group members on substantive matters, contribute to internal CLE efforts, and provide a bit of help on client development issues to those in the group with need.

That leaves us to now look for some partner in the firm who either has an interest in leading the group (i.e., would actually like to do the job) and a partner who has the aptitude for helping their fellow partners. In other words, the job of being an exceptional group leader isn't so much about having certain skills, as it is about having the right attitude. We need to select that partner who can actually get personal satisfaction out of helping others succeed.

I've joked with many an Executive Committee that we may have made a huge mistake in calling our people practice 'leaders.' For one thing, everyone wants to be known as a leader and all too often the concept of leadership is taken to simply mean being a "role-model" – which is the response that I usually elicit when I ask what they think the job is really all about. I have even heard some express it in this manner, *"I was clearly promoted to this role of leadership because I am such a successful practitioner. So if my group members want to be successful, they should watch me, do what I do, and they too, one day, will be seen to be high performers - just do what you see me do."*

Perhaps we should have more firms adopting the title of Group Coach, which removes the glamour and emphasizes what is really required of the individual occupying the position.

#### 5. Determining Practice Group Leader Term Limits

One of the challenges inherent in any leadership position is that the incumbent gets bored and stale after a number of years. In other articles, I've reported on academic research that clearly proved that, at some point (thirteen years on average), job mastery gives way to boredom; exhilaration to fatigue; strategizing to habituation. Inwardly the leader's spark becomes dim and responsiveness to new ideas diminishes.

The more progressive firms have introduced term limits for practice leaders. From my research, the most common term is usually three years, renewable for two further terms, or a maximum of nine years of service. These term lengths usually foster a sense of leadership succession and the idea of introducing new leadership of the group without unduly embarrassing leaders seen to be stepping down.

#### 6. Obtaining Practice Leader Input Into Partner Compensation

In the best performing firms, there is both a conscious mechanism and a very widespread message to all partners that practice leaders will be required to provide written, formal input into the compensation of the partners in their group. The input is not determinative, but it sends a very clear signal as to how important your groups are to the growth and profitability of the firm.

In those firms that I believe get this right, the firm leader requires a one-page, written report to be submitted, twice a year on each of the core partners in the group. That report is not some simplistic 1 to 7 ranking (where everyone usually get a 7), but contains a set of questions that need to be addressed with specific details addressing the "How?"

For example: Did this partner:

- attend the regular group meetings?
- contribute to the group's success (how)?
- voluntarily take responsibility for specific projects?
- implement the projects they volunteered for (examples)?
- serve as a source of help to others in the group (how)?

It would be naïve to believe that leaders will not occasionally have to deal with severe degrees of non-compliance, such as some partner who never follows through on his or her promises. It helps when that partner knows that each group leader is being invited to provide specific compensation input based on how each member has contributed (or not) to the collective effort.

Your job, as firm leader, then becomes to communicate to partners at year-end about the results of their contributions. Are you able to actually point to a definitive bonus or penalty that accrues to some partner as a direct consequence of his or her actions? Without this feedback loop, your group leaders lose all credibility and partners are perceived to be free to do whatever they wish.

## 7. Defined Non-negotiable Expectations of Groups

Whenever I ask firm leaders what they expect of their groups, I tend to get back some vague notion of how the groups should meet periodically and that perhaps they should develop a business plan . . . but I hear no real precise and consistent definition of what is required of *ALL* practice and/or industry groups.

I can report that the firms that get this definition right set out very specific expectations, most often in writing, for their groups. Those expectations usually include things like:

- Every practice group *must* meet at least once monthly, for a minimum of one hour, with an agenda dedicated to exploring and executing joint projects intended to advance the position of the group in the competitive marketplace.
- Every partner is required to devote a minimum of 60 non-billable hours to:
  - (1) doing some task/project that will serve the interests and goals of his or her core/primary group (with any activities undertaken to benefit that partner's personal practice commended but not sufficient); and
  - (2) promoting the group's profile and visibility through active membership and participation in some selected industry or trade organization.
- Each practice group must devote some time and attention to:
  - (1) exploring and discussing how they can enhance the value they deliver to clients; and
  - (2) accomplishing client matters at less cost, with written progress report delivered to the management committee quarterly.

## 8. Ensuring Every Practice Group Has A Formal Written "Strategic" Plan

Now here is one of those questions that, when I do ask it of attendees at one of my master classes, usually elicits a good number of affirmative responses. Except that when I dig deeper, I find structural impediments that have us still coming up short.

Impediment ONE. In too many instances we relegate planning to some four-page template that each practice group is expected to complete. I don't know where these templates originate but I see similar documents in every firm. It asks things like:

- list five current clients for whom your group can expand the volume and scope

of the work handled

- list five prospects that your group will target for business
- develop four ideas for collaborating or cross-selling with other practice groups
- list the client entertainment activities you have planned for the coming year

I have crassly come to call this "wet dream marketing." I've seen group plans that show them targeting prospective clients in a way that is so out of step with reality that one just knows that no one has bothered to question them on their thinking.

Impediment TWO. I dare the class attendees to actually tell me about the group's business plan after the written plan is submitted. I issue that dare because I know that in too many cases the group leader will have simply taken the template home and filled it in, without consulting any of the group's members. I know that, from hearing them tell me that it's "just one more bureaucratic exercise to appease the marketing department."

Impediment THREE. In far too many instances there is absolutely no feedback loop from your firm's management committee to individual practice or industry leaders to see how the implementation of that business plan is progressing – except maybe at the end of the year when it's too late to offer any constructive suggestions or make course corrections.

And then we do it all over again, in the following year, thinking that this time it will work out better!

What each practice and industry group needs to do is get everyone together (think of it as a half-day mini-retreat) to assess their work, the clients they serve, the competitors they face off against, and the trends that are impacting their practices. They



need to determine specifically where their greatest opportunities are and what they should specifically do to capitalize on those opportunities.

If I were the firm leader, it would be mandatory for every practice and industry group to have identified **three** niche areas, that they are working to be the dominant player in, and submit their specific action plans intended to realize that goal. And why should you be expecting anything less? These are the individual business units that comprise your firm and determine whether or not you are the preferred choice and highly profitable in your market spaces.

## 9. Minutes of Group Meetings Provided to the Management Committee

Whenever I've been called in to work with a firm's practice groups, one of my first questions of firm leadership is to please send me copies of the groups' meeting *minutes*. The response I usually get is . . . "Minutes? What do you mean by minutes?"

Which, unfortunately, tells me everything I need to know.

I find that too many of these group meetings are simply a convenient excuse to have lunch, go around the table, and find out what everyone's been up to lately. In fact, I will never forget the day a young associate confided to me that *"if you join enough of these groups and attend enough of their meetings, you should never have to go grocery shopping again."* I can't make this stuff up!

The most effective practice groups spend their time action-planning, determining some joint projects that the group would benefit from working on, and having partners volunteer to implement certain tasks. The acid test is: are your groups really doing anything meaningful?

The only way for firm leadership to determine the answer is to get the group's minutes and see whether there are specific tasks/projects underway, with specific partners committed to implementing those projects. Ideally, those projects should line up with the strategic plan that each group created.

If as the firm leader you are receiving the monthly minutes from each of your practice groups, you can fairly easily determine who's being effective and who is off track, who's working on implementing their plan and who is not; and which practice leaders you might need to spend some time coaching and which only need a "good job" note from you.

You will also find out whether any of your groups are working at cross-purposes with some other group (and I guarantee you there will be at least one) and whether there are some groups who should be collaborating so that they can better take advantage of the synergies present in the projects that they have underway.

Alternatively, without regular minutes you will not likely find out how any of the groups are progressing . . . until the end of the year, if then.

## 10. Regular Quarterly Meetings of All Practice / Industry Group Leaders

It has become increasingly common for firms to periodically bring all of their group leaders together, usually for a couple of hours over lunch. When I ask practice leaders about what is on the agenda of those meetings, I'm informed "it was simply a management data dump!"

In other words, it was an opportunity to report on the firm's initiatives, activities, and financial progress, perhaps with reports to each practice leader on those in their group who need some remedial attention.

They're all subjects deserving of time and attention, but also more easily and just as effectively communicated by email without the necessity or time drain involved in calling a meeting.

Again, the more successful firms do meet, at least quarterly with the firm leader and all of the practice leaders. But that meeting is not a data dump. Rather, it usually includes three consistent agenda items:

### Agenda Item One: Help With Problems

*"In a moment, I'm going to go around the table and I would like to hear from each of you about one problem, frustration, or headache that you are confronting, that perhaps others here may have experienced and can help you with."*

### Agenda Item Two: Replicate Successes

*"In a moment, I'm going to go around the table and I would like to hear from each of you about some success that you or your group has experienced that can be emulated, duplicated, or leveraged by other groups in the room."*

### Agenda Item Three: Explore Cross-selling Opportunities

*"In a moment, I'm going to go around the table and I would like to hear from each of you about one timely, hot, and pressing legal issue that you are currently helping your particular clients successfully deal with, and an issue that other clients in this firm may also be facing, and that we should all be somewhat knowledgeable on."*

**To make Practice Group Leadership 2.0 work you need to review each of these ten structural impediments and determine whether you need to take decisive action on any of them, to help make your practice and industry groups fire on all cylinders.**

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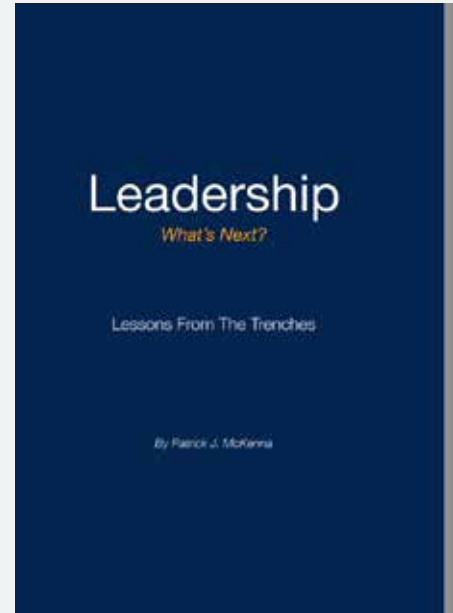
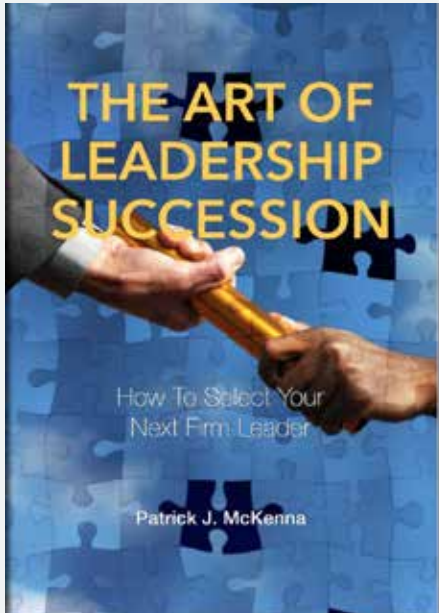
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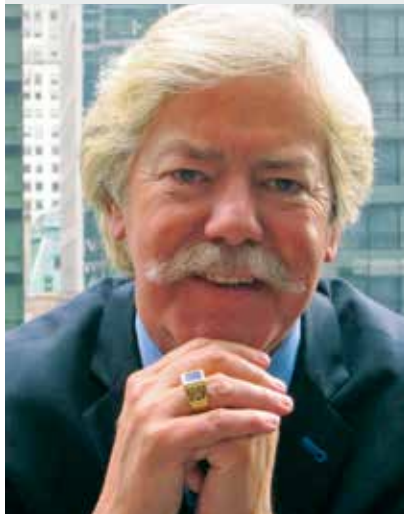
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## PATRICK J. MCKENNA

### P R O F E S S I O N A L P R O F I L E

An internationally recognized author, lecturer, strategist and seasoned advisor to the leaders of premier law firms, Patrick has had the honor of working with at least one of the largest firms in over a dozen different countries.

Patrick authored a pioneering text on law firm marketing, *Practice Development: Creating a Marketing Mindset* (Butterworths, 1989) recognized by an international journal as being "among the top ten books any professional services marketer should have." His subsequent works include *Herding Cats: A Handbook for Managing Partners and Practice Leaders* (IBMP, 1995); and *Beyond Knowing: 16 Cage-Rattling Questions To Jump-Start Your Practice Team* (IBMP, 2000).

A prolific writer on the challenges of firm leadership, his book (co-authored with David Maister), *First Among Equals: How to Manage a Group of Professionals*, (The Free Press, 2002) topped business bestseller lists in the United States, Canada and Australia; was translated into nine languages; is currently in its seventh printing; and received a best business books of 2002 award. In 2006, his e-book *First 100 Days: Transitioning A New Managing Partner* (NXTBook) earned glowing reviews being read by leaders in 63 countries and culminated in Patrick being asked to conduct a one-day masterclass for new firm leaders. Over 80 leaders from AmLaw 100, AmLaw 200, accounting and consulting firms, hailing from four countries graduated from the program. According to Hugh Verrier, Chairman of White & Case, "I was struck by the synthesis of the issues you

presented. It was amazingly clear and comprehensive, given the breadth of the topic and the short time available. I was delighted to attend the event and I learned a lot from it."

Acknowledged in *American Lawyer* as "a long time succession consultant and coach to new firm leaders," Patrick's most recent books include, *The Art of Leadership Succession* (LBW Publishing 2019) and *Strategy Innovation: Getting To The Future First* (LBW Publishing, 2019). Obsessed with innovation, Patrick was instrumental in introducing the first global (InnovAction) awards initiative in 2003, in conjunction with the College of Law Practice Management, to identify and celebrate global law firm innovation achievements.

McKenna's decades of experience led to his being the subject of a Harvard Law School Case Study entitled: *Innovations In Legal Consulting* (2011) and he is the recipient of an Honorary Fellowship from Leaders Excellence of Harvard Square (2015).

Patrick serves on a number of corporate advisory boards including Intraspection Inc. (AI legal tech); LBW Broadcasting (international media); True Balance Longevity Institute (health care); and is a BrainTrust Member of Quantumrun, a global research and futurists group.