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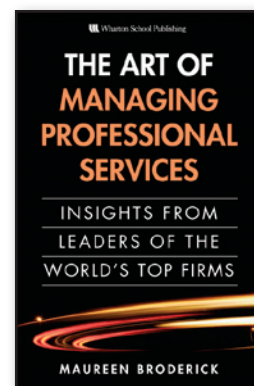
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BOOKS

By Maureen Broderick

Leading Gently

A new book contends that soft skills are the key to successfully heading professional service firms.



The alchemy of successful leadership is a seductive topic. Everyone wants to crack the code. Of all the ingredients in the professional service mix, leadership is probably the most essential to success—and often the most elusive. In most industries the person in

the corner office calls the shots. Operating within a traditional command-and-control environment is relatively straightforward: The divisions between leading, managing, and following are clearly defined and widely understood. In contrast, the matrix structure that most professional service firms have embraced is a far more dynamic business model; it's flat, fluid, fragmented, and often unruly. "In a partnership," observed one CEO, "everyone's an owner, so you have to make sure that everyone's interest is heard and dealt with."

The core missions of a leader—to build the long-term value of a business and to protect and promote its brand—are goals that professional service leaders share with their

counterparts in other industries. However, how those objectives are achieved differs dramatically in the professional service arena, where creating a cohesive, collaborative, and efficient environment is essential to success. Professional service firms are totally dependent on the productive capacity of the firm's professionals—the engine that drives performance and generates growth. One of a leader's primary jobs is to keep that engine humming and on track. As one CEO noted, "When you're running a professional service firm, you can't hide behind a gigantic portfolio of assets or a significant manufacturing capacity that's going to produce physical goods."

In a professional service setting, influence

BOOK EXCERPT

*THE ART OF
MANAGING
PROFESSIONAL
SERVICES*

BY MAUREEN
BRODERICK

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trumps control. Leadership requires powerful motivational skills and adroit maneuvering, coupled with the willingness to make tough calls and to take the heat for them. It also requires a consummate communicator to manage a partnership of equals in which everyone is an owner and entrepreneur.

We asked [more than 130 senior executives from leading professional service firms in a variety of industries, including law] to describe the most important characteristics of a successful service firm leader, as shown in [the box at the top of page 64]. By a wide margin, the traits they believe define successful

leadership fall under the umbrella of strong interpersonal skills and emotional intelligence. In fact, of the 12 success characteristics identified in our interviews, only one, “Understands the business,” involves technical expertise. The other 11 qualities considered essential for effective leadership can accurately be described as soft skills necessary to effectively navigate the interpersonal dynamics of a partnership enterprise.

■ **GOOD INFLUENCER/BUILDER OF COALITIONS.** When everyone in an organization is an owner, intellectually intense, and has a view of what

CHARACTERISTICS OF A SUCCESSFUL LEADER IN A PROFESSIONAL SERVICE FIRM



CULTIVATING LEADERSHIP AT O'MELVENY & MYERS

FOUNDED IN THE LATE 1800s, the law firm of O'Melveny & Myers has grown into a far-flung global enterprise with 1,000 lawyers in 14 offices around the world. In an effort to unify the firm in the face of fast-paced expansion over the past decade, the firm's partners developed a values statement around a set of core principles—excellence, leadership, and citizenship. As the firm grew in size and diversity, effective leadership emerged as one of the key attributes that it wanted to cultivate in order to promote camaraderie, transcend cultural differences among its global partnership, and effectively connect strategy and people.

With this in mind, in 2006, the firm's chair, A.B. Culvahouse, Jr., commissioned a task force that led to the establishment of the O'Melveny & Myers Leadership Institute, a customized executive education program. To help design and run the Institute, the firm teamed up with the prestigious Kellogg School of Management in Illinois. The institute's overarching objective was to provide partners and senior managers with leadership training that is relevant to their markets, sensitive to cultural issues, and responsive to fundamental changes in the global economy.

Collaboration between O'Melveny and Kellogg has been close and intense. The law firm appointed a team of partners and staff led by then-chief operating officer Bruce Boulware and Michelle Egan, its managing director of talent development. This team joined forces with Kellogg faculty members and Joe Hannigan, Kellogg's academic director, to tailor the program to O'Melveny's goals and global leader-

ship structure. The result is a high-impact, transformational program that is bringing a new level of cohesiveness to the firm's worldwide partnership.

Since the program's launch, almost 200 O'Melveny partners and senior business managers have traveled to Kellogg's Allen Center from each of its 14 offices for intensive weeklong leadership development sessions. The topics on their agendas range from strategic planning, building client relationships, and fostering innovation to team dynamics and values-based decision making. According to Boulware, "It has been an exceptional relationship, providing our partners and senior managers with leadership learning in the context of our markets and other issues."

The development approach is stimulating and hands-on. Small groups focus on bringing fresh ideas and insights to real-life challenges and opportunities facing O'Melveny & Myers. One of the biggest benefits is the chance to meet and interact with far-flung colleagues on relevant projects that contribute to the firm's future success. Ultimately, O'Melveny intends to have all 250 partners, as well as selected managers, take part in the Leadership Institute program. Given the volatility of the global marketplace and the increasingly complex needs of its clients, O'Melveny & Myers sees the training that the institute provides as essential to its growth. As Culvahouse puts it: "Effective leadership and teamwork are more important now than at any time in our firm's history. This is an effort from which we will benefit for many years to come." —M.B.

should be done and how it should be accomplished, getting the buy-in necessary to make decisions can be an arduous process for those at the helm. Add a healthy dose of skepticism—one of the defining characteristics of a high-performing professional—and, according to our study respondents, you have a mix of traits that makes building a cohesive team immensely challenging. Yet achieving alignment among these high performers is critical to a leader's success in a professional service enterprise, according to many of the executives interviewed. Without it, strategic focus dissipates, a silo mentality predominates, and fragmentation occurs. Building consensus in an entrepreneurial environment requires a gifted facilitator. This person must command respect, inspire confidence, and reinforce cultural values within a firm's partner corps, while also reassuring individual performers that their experience and expertise will be recognized and rewarded. Shifting between mobilizing a partnership around pivotal decisions and managing the needs and expectations of what one CEO called “anxious overachievers” requires enormous patience and mental agility.

■ **INSPIRATIONAL AND PASSIONATE.**

The ability to inspire and excite people around ideas, strategies, and opportunities is one of the most compelling traits of a leader in virtually every industry. But when the business is dependent on strong individual performance, the ability to inspire people to operate at optimal levels and consistently provide excellent client service is of paramount importance. Passion, energy, and enthusiasm are the currency [that] leaders use to obtain buy-in from their colleagues. As one managing partner told us, “If you don’t passionately care about the business and the service you provide and the value you are bringing to clients, you should find something else to do.”

■ **VISIONARY.** Our respondents placed high value on a leader’s ability to create, clearly articulate, and align a partnership around a vision and then sustain that vision in the face of external and internal pressures. Time and again in our interviews, we heard that professional service leadership isn’t just about the power of ideas; it’s about emotionally engaging people around a shared vision. That vision must be both compelling and attainable in order to mobilize people to pursue it and to keep them on course. Respondents caution that leadership without followership does not work. Paul Reilly, CEO of financial services firm Raymond James, explained the concept: “The problem with leaders is that sometimes they convince themselves they’ve earned the right to lead, and they charge the next hill, and they turn around and there are no troops behind them. You can’t be way out in front, and you can’t be way out in back.”

■ **GOOD LISTENER.** Almost one-third of respondents identified strong listening skills as one of the key requirements for successfully guiding a professional service firm. Here again, many interviewees raised the issue of striking a balance between listening long enough and well enough to gather input from the right people without being overwhelmed by

In successful professional service firms leadership is not confined to the top; it cascades throughout the organization.

the force of their positions or paralyzed by the diversity of their opinions. The appetite for debate in a professional service firm can be almost insatiable.

A good listener leaves his or her ego at the door while skillfully managing the egos of others. As one firm leader told us, “Strong leadership is grounded in the ability to listen and to be able to incorporate a lot of partner voices into a cohesive course of action—a program and a plan for how to move the company forward.” The best firm leaders carefully consider the views of various internal constituencies before fully and firmly committing to a course of action, even in the face of powerful and vocal skepticism. As one firm chairman told us, “It’s much more important that your partners believe that what you’re going to do is the product of an inclusive open discussion rather than they believe it’s the right thing to do.”

■ **GOOD COMMUNICATOR.** Effective leaders stay connected. They visit the trenches to identify issues and problems that need handling, they stay attuned to shifting

levels of client and partner satisfaction, and they know the key internal stakeholders and regularly reach out to them.

■ **UNDERSTANDS THE BUSINESS.**

Understanding the business is a given for leaders of professional service firms. Virtually all the leaders we interviewed grew up in their respective professions and are highly skilled and respected in their areas of expertise. Many have spent their entire careers in the organizations they now lead. All have managed some of their firm’s most valued client relationships and have generated significant revenue over time.

Some leaders acknowledge that the best client service professionals are sometimes not the best firm leaders. Leading a firm and leading a client engagement require very different sets of skills. However, no one we interviewed contested the importance of having hands-on knowledge of the business.

In successful professional service firms, as elsewhere, leadership is not confined to the top; it cascades throughout the organization. Along with recruiting new talent, building a robust, self-renewing leadership corps is one of the major preoccupations of the senior executives charged with guiding their firms’ futures. Are leaders born, or can leadership be taught? No clear consensus emerged [in our interviews]. Some CEOs asserted that there is an undeniable “leadership spark”—a natural ability that’s inherent; some people have it, and some people don’t. Other respondents asserted that leaders are “made rather than born” and that grooming them is more a matter of development than destiny.

But wherever they land on the “born-versus-made” spectrum, we found strong agreement on the critical importance of developing leadership talent. The approaches that leaders and their firms have adopted for identifying and developing potential leaders run the gamut from ad hoc, “let talent bubble up” approaches to formal programs. We did find broad consensus on two issues. Most believe that identifying and cultivating fledgling leaders very early in their careers is key, and most feel that their firms could benefit from a more systematic leadership development strategy.

The leadership development approaches fall into four not mutually exclusive categories:

■ **INFORMALLY PROVIDING EXPOSURE** and opportunities for growth. A significant number of respondents believe that leaders are groomed most effectively by allowing them to progress naturally through the organization. Most leaders we spoke with advanced through the ranks by taking on a rich mix of assignments with progressively increasing management responsibilities. Supporters of this approach believe that leaders develop experientially by observing and learning from others—absorbing knowledge about the business and about their strengths, weaknesses, and management styles.

■ **INTERNAL EXCHANGE PROGRAMS/** management rotations. Quite a few firm leaders say they effectively use internal exchange programs to move promising young professionals around the organization to experience and learn the geographic and skill dimensions of the business. As one managing partner told us, “We grow up in the practice and office silos in our organizations, and it is very difficult to capture the big picture of the business for most professionals.”

The international law firm Cuatrecasas, Gonçalves Pereira has designed a fast-track career program for academically gifted professionals. Every six months for a period of two-and-a-half years, these lawyers are rotated from practice to practice and office to office, gaining invaluable exposure to the firm’s clients in major economic centers, including New York, London, Madrid, and Paris.

■ **MENTORING.** One-on-one coaching is one of the tools that many professional service firms use to give promising performers an up close and personal look at team building, decision making, and practice management. Having a seasoned professional offer guidance on client problems, internal growth opportunities, and interpersonal issues can be a huge benefit to a young, ambitious professional—and help put him or her on the fast track to a leadership position.

■ **FORMAL DEVELOPMENT PROGRAMS.**

We uncovered some impressive formal leadership development programs in several of the firms studied. The common elements of our top-rated programs include early identification of future leaders—typically in the first three to five years, ongoing training modules that progress over several years, formal mentoring and review by senior partners, and special task force assignments for the team in training. The investment these firms make in leadership development is significant, but the payoff, they say, is worth it. As one CEO told us, “Recruits love it, clients appreciate it and see the benefits, and the firm has a steady pipeline of capable future leaders to take us forward.”

Maureen Broderick is founder and CEO of Broderick & Company, a consulting firm specializing in market research and strategy for professional services. In addition to in-house positions with Price Waterhouse and Booz Allen & Hamilton, she was a former chief marketing officer of Brobeck, Phleger & Harrison. Cuatrecasas and O’Melveny, both mentioned in this piece, are clients of her firm. E-mail: mbroderick@broderickco.com.