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Successful management: The value of philosophy

By Edward B. Deutsch

In the management of a law firm, it's easy to get wrapped up in day-to-day details. Are time sheets in and bills out? Are the clients receiving good service? Are we keeping up with collections? Are resources allocated properly? Are we bringing in new clients and the right lawyers? Managing partners face these and similar issues every day.

The difficult part for many firm managers is pulling back from the daily grind to view the entire picture — the whole firm instead of just pieces of it. That is, until they are forced to do so because of a major issue or decision, such as a merger or acquisition. To ensure success in those circumstances, firm management needs to ensure any major decision is in line with its philosophy, culture and core values — something too often overlooked.

Genesis of firm philosophy

Usually in the development of a law firm, there is a philosophical ideal envisioned by management. In fact, that vision may have been the entire reason behind the entity's creation. How

many times have we heard lawyers comment, "Boy, there are so many things that I would do differently if I had my own firm." When an individual makes the leap into this arena, life lessons come back to form the backbone of the philosophy. As a law firm grows and managing partners are pulled in other pressing directions, the original vision can be temporarily forgotten or even lost. The firm becomes a ship without a rudder, altering course in whatever direction the wind blows.

In the last 22 years, our Morristown firm — McElroy, Deutsch, Mulvaney & Carpenter — has grown from two to almost 200 lawyers. Last year alone we went through four highly successful mergers and acquisitions. Looking back, every decision leading to continued success had a core element

of our firm culture and philosophy. When we hit a "speed bump," which, fortunately, was rare, it was due to business issues not taking into consideration the firm's culture and philosophy as an integral part of the decision-making process.

Managing partners assuming a leadership position at an already established firm have the dual responsibility of maintaining the strengths of the firm while improving lagging areas. In an ideal situation, there would be a philosophy in place supporting both of those responsibilities — possibly even why the attorney joined the firm originally. However, in all likelihood, just as with new firms, older ones may have misplaced their core identities.

So if the firm's corporate philosophy is so easily disregarded, is it that important? It's not just important — it's critical to the firm's continued success.

Soul of the firm

A corporate philosophy should be the heart and mind of an organization. It sets tone — from client dealings to employee matters — and determines the firm's external and internal perception. It is key to handling both tactical and strategic management. The philosophy also provides direction for its future development. It is the compass for all important decisions.

Benefits of corporate philosophy

There are four basic benefits to developing a corporate philosophy: increased client trust, better employee consistency, established industry character and leadership, and smart firm growth.

Building trust with clients

In many circumstances, clients fit best with like-minded firms. If they are service-oriented, they expect their law firms to extend the same service to them. Having your philosophy in sync with clients helps foster stronger, longer-lasting bonds.

Having a philosophy that transcends all levels of the organization also builds trust with clients. They know that regardless of the lawyer or practice area, they will find the same level of service and the same expertise relied on in previously. That often leads to client referrals for additional business — definitely a win-win scenario.

Employee consistency

While the firm's values affect clients, the most direct impact is on the individuals who work there. How employees react to pressure situations, such as changes in the company or additions of new practice areas or clients, will be influenced by how much everyone believes in the firm values. Demonstrating how the change fits with the firm's philosophy and direction can go a long way to lessening employee anxiety during transitions.



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And don't underestimate the impact a good firm philosophy can make on new associates. They are eager to learn and just as likely to pick up bad habits as good ones. If there is a strong corporate philosophy that lays a foundation for how lawyers should treat their clients, colleagues and staff, this will carry forward as well as build loyalty within the firm.

■■■■■ **Industry character, leadership**

Achieving leadership among industry competitors is a goal for many law firms, though few actually reach it. If you take a close look at leading firms you will notice they have a clear-cut vision for how they want to be perceived across all constituents. Attorneys are in communication with other attorneys, judges and legislators every day. A solid philosophy speaks volumes about firm character while reinforcing its reputation throughout the industry or profession.

■■■■■ **Smart firm growth**

In this era of mergers, acquisitions and alliances, it has never been more necessary for firms to look for compatible entities with which to grow. Merging two well-balanced entities results in a rewarding experience for both staff and clients. A strong corporate philosophy could be

the difference between a smooth, beneficial transition and a rocky, difficult road to consolidation. For the most part it's no different from how magnets work: Those with complementary charges adhere well with little effort. Those with opposite charges will never come together no matter how many attempts are made. The charge that seals or breaks the deal is the core philosophy.

All these benefits prove a corporate philosophy is necessary for creating a true firm identity in which employees and clients can believe.

■■■■■ **Using the philosophy**

A lawyer is a member of a noble profession based on a philosophy of service to clients and the public. Every day, attorneys strive for excellence on behalf of clients, the firm and themselves. Lawyers want to win the big cases, land prestigious clients and be known as leaders both in the courts and communities they serve.

It is too easy to put philosophy in a closet to be remembered only on occasion. The doctrine must be the basis for all decisions on all subjects, or the ship will be subject to the winds and tides instead of management's guiding hand.