

Getting the Right People In and the Wrong People Out of the Firm or Department

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Jim Collins and his research team for the best-seller *Good to Great: Why Some Companies Make the Leap and Others Don't* (2001) studied all companies appearing in the Fortune 500 in the period 1965-95 and identified eleven that made the leap from good to great with sustained exceptional financial results for at least fifteen years. Collins and his team were surprised to discover the type of leadership required for turning a good company into a great company. They found what they came to call a "level 5 leader" at the helm of every good to great company during the transition to greatness.

Level 5 leaders build enduring greatness through a paradoxical combination of intense professional will and personal humility. They "channel their ego needs away from themselves and into the larger good of building a great company. It is not that level 5 leaders have no ego or self-interest. Indeed they are incredibly ambitious, but their ambition is first for and foremost for the institution and not themselves." They are driven to produce sustained results for the institution. Level 5 leaders don't talk about themselves; they talk about the contributions of others to the success of the company. This type of leader exhibits a deep passion or calling that includes core values and a clear life purpose.

"Getting the Right People On and the Wrong People Off the Bus"

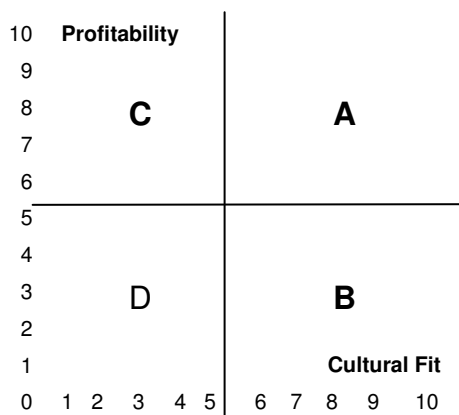
Collins and his team found that the first step level 5 leaders took was "to get the right people on the bus and the wrong people off the bus." These leaders understood three simple truths: (1) "if people are on the bus because of who else is on the bus," rather than because of a specific current direction, then the organization can more effectively adapt to a changing world; (2) if the right people are on the bus, "the problem of how to motivate and manage people largely goes away" because the right people are self-motivated by the inner drive to be part of creating something great and producing the best results; and (3) if the wrong people are on the bus, it won't matter if the company has the right direction, the company still won't be a great company.

Application to a Law Firm or Department

David Maister, the noted consultant and author on managing professional firms and developing long-term client relationships, endorses Collins' concept of getting the right people on and the wrong people off the bus. Maister will be speaking at the University of St. Thomas School of Law from 4:00 to 6:00 p.m. on Friday, March 6, 2009, on the topic of leadership in law firms and departments.

Maister observes in *Strategy and the Fat Smoker* (2008) “You’ll never be good enough as a firm if participation in your firm’s definition of excellence is optional.... *Everyone* in the organization has to decide if they want to try hard enough to sacrifice some of the present to achieve a better tomorrow.... Professional firms are afraid of this conclusion. They try to work around the skeptics, the non-believers, and the non-participants in their senior ranks, preferring to hold on to revenue volume than put together a senior team whose members are equally committed to reaching. That’s fine, but you can’t call it strategy.”

Earlier this year, I saw a presentation by Stephen Morrison from the Nelson Mullin firm in South Carolina that provided further insight into the question who should be on the bus. He drew the diagram shown below with profitability (productivity) on one axis and cultural fit of the lawyer on the other axis. “Cultural fit” goes to the fit of the lawyer with both the ethical culture and values of the firm or department and the culture of relationships, both within the firm and with clients. The diagram applies most directly to senior lawyers; the more junior the lawyer, the more profitability (productivity) will be a prediction rather than a current reality.



Lawyers To Keep On The Bus

Quadrant A describes the lawyers whom the firm or department must keep on the bus. They are both highly productive and excellent in terms of cultural fit. Group A consists of the “gold standard” lawyers in the firm or department. Some of them may also be level 5 leaders. They are the lawyers who should be doing the mentoring and coaching of other lawyers.

In his remarks to my ethical leadership classes, Leonard Street lawyer Byron Starns presents his “80/20 rule” for firm management and firm culture. Byron hypothesizes that at least twenty percent of the senior partners must “leave something on the table” for the rest of the firm (or department) or the organization will not be able to achieve sustained excellence. “Leaving something on the

table” means that these lawyers choose not to squeeze out maximum income to serve self-interest, but rather give back to the firm with their time and energy to build the firm. They create social capital and ethical culture within the firm. They are the stewards for the ethical conscience of the firm (See my August 20, 2007 column “Does a law firm have a conscience?”). They help all lawyers to answer the question “what does it mean to be a member of our firm?” Byron explains that if significantly less than twenty percent of a firm’s senior partners do not leave something on the table in this way, the firm is at higher risk of losing individual lawyers or practice groups to the highest bidders.

Lawyers Who Should Be Mentored and Coached to See If They Should Be On the Bus

Quadrant B describes lawyers who are at varying degrees of strong cultural fit but who are also at varying degrees of having productivity/profitability problems. The question is whether mentoring and coaching by gold standard lawyers generates improvement in productivity/profitability. If mentoring and coaching do not produce good results, the firm may decide to mentor these lawyers out of the firm.

Quadrant C describes the most difficult cases to resolve, especially those senior lawyers who are highest in productivity/profitability but lowest in cultural fit. Within that group in the top left corner of the diagram, there will be sub-groups. Some high profitability/low cultural fit lawyers may present ethical risks to the firm. The firm should mentor these lawyers out of the firm.

Some high profitability/low culture fit lawyers are jerks in an active sense and some are just narcissists but not jerks. The gold standard lawyers can mentor/coach these lawyers toward a stronger cultural fit but that is a long-term commitment. My own experience is that the odds that a senior lawyer moves out of narcissism are low, but sometimes a life crisis or a crucible occurs that creates an opportunity for mentoring and coaching and honest feedback where self-reflection and change are more likely.

The high profitability/productivity but low cultural fit lawyers pose a constant risk to the firm that their narcissism undermines efforts to build firm culture. They also create the risk that they leave the firm for more money at a point where the firm has taken on substantial overheads. Maister recommends that if mentoring and coaching do not work, the firm should mentor this group off the bus.

Lawyers Who Should Be Off the Bus

Group D shows neither cultural fit nor profitability/productivity and should be mentored off the bus.

Conclusion

Jim Collins' model requires more active leadership than many law firms or departments may be willing to accept, particularly with respect to high profitability/low cultural fit lawyers who should be off the bus. Collins and Maister believe this type of active leadership is the path to exceptional performance.

With respect to the challenge of bringing new people on to the bus, South Carolina business school professor David Sluss has some important research. He concludes that the first ninety days for any new employee are the most critical for socialization into the culture. It is the time when the new employee is most highly open to adjusting his or her conduct to fit the culture. As more time passes, the new employee becomes entrenched in his or her understanding of cultural expectations. Sluss urges very high mentoring and coaching in the first ninety days for each employee.