



**Freedman Consulting, Inc.**

CHANGE . . . RESULTS . . . SUCCESS

## **CULTURE DRIVES THE FIRM**

Ellen Freedman, CLM

© 2023 Freedman Consulting, Inc.

---

In my recent article, “Mergers Continue to Increase” (September 25, 2023 *Pennsylvania Bar News*), I identified culture clash as one of the top causes of merger failures. I wrote:

*Law firms are mostly pretty good at vetting objective aspects of mergers by now. However, they often fail to assess the importance of firm culture to the long-term success of a merger. When similarity and difference of culture are not properly examined and vetted, one often finds that, a year or two post-merger, there are a lot of empty seats around the partner table. Defections usually include vital members from each former firm.*

I don’t think many lawyers are aware of the impact that a firm’s culture can have on their well-being, engagement, and career satisfaction. Deficiencies in culture impact equity and inclusion, retention, and yes, even profits. The practice of purposeful development of a healthy culture has been high on the list of best practices in the corporate world for decades. Not surprisingly, firms have lagged behind.

I have found that attorneys who accidentally wind up in a toxic culture finally begin to understand what a significant impact culture has. Over the years, I have counseled countless attorneys considering the launch of their own firm. They always want to know if their idea is well considered. Can they succeed?

There are lots of factors, obviously. But one important consideration in my ability to predict success is to understand what the *real* motivations are for the attorney. When someone wants to build a better culture than the (toxic?) environment in which they currently navigate, I know they are at least motivated to put in the sustained effort required to succeed.

They may not be able to express this motivation well at first. It may just be a vague feeling that they can do better. But I dig into the weeds to be sure I really

understand what is going on. In doing so, I enable the attorney(s) to bring into the light the festering frustrations bubbling under the surface. They need to understand what has been gnawing at them, in order to avoid repeating the same mistakes at their own firm.

When I work with individual attorneys or firms privately, I assist them in learning how to understand their own culture, both good and bad aspects, and how to evaluate a potential merger candidate's culture for compatibility. Proper due diligence in compatibility assessment is vital. It's value-add work for me, so don't expect me to reveal too many trade secrets. But the response to my referenced article indicates that a lot of you want to know more. Not just because you're considering a merger, but because a lightbulb went on, and many of you want to know more about improving your firm's culture. So let me give you a few thoughts to chew on.

Accountability is one of many telling factors in firm culture. Do you agree about who you are and how you'll behave and perform, and back that up with consequences for noncompliance? Or do you just talk about it over and over? Signs of lack of accountability include behaviors such as the following: attorneys who ignore guidelines for case intake, conflict checks, time recording, timely billing, collections, putting the pen down when needed, attending partner meetings, assisting in assigned management tasks, meeting billable hour goals and more.

Alignment is another telling factor in firm culture. Do you share vision and goals? Is everyone pulling their oars in rhythm? Or is your boat rowing in circles without making progress? Is the firm's vision of its brand uniformly shared and communicated to the outside world? Are you able to create and implement strategic plans? Or is one person or a small faction impeding any attempts at progress?

Does your firm reward what it values? Or is what appears in "my column" the ultimate determinant of compensation and power? It's ok to have a formula-based, eat-what-you-kill compensation plan. Just don't lie about it to yourself or others by saying you value community service, pro bono, mentoring, cross marketing, relationship management and more, but then fail to reward it.

How does your firm handle disagreements or crises? Must all decisions be by unanimous consent? Is there yelling in the hallways? Is there yelling in the board room? Is it "acceptable" to criticize in public? Is there an us-versus-them fractured mix of layers or loyalties that erodes teamwork?

How often do achievements large and small get communicated internally? How well does your firm communicate between people of the same status, those below and facilitating communication to bubble up from the bottom of the firm?

Are you plagued by turnover? And if so, do you readily “accept” the reasons for resignation or dig deep with exit interviews for the nugget or two which can shape a better future environment? Remember that even turnover for good reason provides an opportunity to improve the firm’s culture.

Lastly, how often does your firm shine a spotlight into the dark corners, seeking out the “little things” that can be tweaked to improve the firm? I get a lot of firms which contact me for a firm audit. When I ask why, I am often told, “We would like a clear-eyed assessment of how we’re doing, and what we can do to improve in any area of firm management. Plus we want to know what we don’t know about ourselves, so we can make smart strategic plans.” These are the right questions. Firms which maintain this curiosity and desire to keep making small incremental improvements are always more successful than those that don’t. Continual self-examination is a very healthy cultural trait.

In my experience, when firms don’t ask for an estimate, the work proceeds. I have never had a firm later regret the decision to invest in their improvement. There are always eye-opening revelations. Lots of little incremental improvements can lead to big improvements in firm culture and a healthier bottom line.

Ironically, usually when firms ask for a detailed estimate, they rarely proceed with an evaluation. There are always people who will object to spending any amount of money targeted at telling them what they’re doing wrong. The loudest objectors will be those who know deep inside that they are best served by avoiding the spotlight by keeping certain practices from being examined too closely.

Whether you’re thinking about merging, changing firms, going out on your own or just improving your firm, I highly recommend examining and understanding the role of firm culture. It is a driving force that often impacts actions, decisions, and emotions in an unseen fashion. Don’t let yourself be chauffeured about without paying attention. Get into the driver’s seat!

*A version of this article originally appeared in the December 18, 2023 issue of the Pennsylvania Bar News.*

© 2023 Freedman Consulting, Inc. The contents of this article are protected by U.S. copyright. Visitors may print and download one copy of this article solely for personal and noncommercial use, provided that all hard copies contain all copyright and other applicable notices contained in the article. You may not modify, distribute, copy, broadcast, transmit, publish, transfer, or otherwise use any article or material obtained from this site in any other manner except with written permission of the author. The article is for informational use only and does not constitute legal advice or endorsement of any particular product or vendor.