

Modern Legal Practice

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Editorial

Robert McKay

Us Too? Bullying and sexual harassment in the global legal profession

Kieran Pender

The lawyer sandwich – a lot of baloney and a little pickle ... tenaciously entrenched on a slab of sourdough

Agnes Foy

Culture eats strategy for breakfast

Darryl Cooke

Leadership in law firms – indulgence or necessity?

Christopher Saul

Learning to lead

Monica Burch

How partners can develop the leadership qualities your firm needs

Rebecca Normand-Hochman

How leadership challenges evolve over the career of a lawyer

Christopher Bockmann

Flexibility: the new business imperative in law firms

Manar Morales

Strategy and why it is important

Nicholas Luckman

A competent legal procurement team is worth their weight in gold – insights from the 2019 Legal Procurement Survey

Dr Silvia Hodges Silverstein and Rebecca Bell

Legal touch: the secrets of staying top-of-mind

Itzik Amiel

Book Review

Lynne's Laws of Leadership – 20 Big Lessons for Leading a Small Law Firm

By Lynne Burdon

Review by Robert McKay

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Contents

Volume 3, Issue 2, July 2019

Editorial _____ 3 Robert McKay	How leadership challenges evolve _____ 31 over the career of a lawyer Christopher Bockmann
Us Too? Bullying and sexual harassment ____ 5 in the global legal profession Kieran Pender	Flexibility: the new business _____ 39 imperative in law firms Manar Morales
The lawyer sandwich – a lot of baloney ____ 7 and a little pickle ... tenaciously entrenched on a slab of sourdough Agnes Foy	Strategy and why it is important _____ 44 Nicholas Luckman
Culture eats strategy for breakfast _____ 18 Darryl Cooke	A competent legal procurement _____ 51 team is worth their weight in gold – insights from the 2019 Legal Procurement Survey Dr Silvia Hodges Silverstein and Rebecca Bell
Leadership in law firms – indulgence ____ 22 or necessity? Christopher Saul	Legal touch: the secrets of _____ 56 staying top-of-mind Itzik Amiel
Learning to lead _____ 26 Monica Burch	Book Review _____ 60 <i>Lynne's Laws of Leadership – 20 Big</i> <i>Lessons for Leading a Small Law Firm</i> By Lynne Burdon Review by Robert McKay
How partners can develop the _____ 29 leadership qualities your firm needs Rebecca Normand-Hochman	

Culture eats strategy for breakfast

Darryl Cooke

Darryl Cooke, co-founder of challenger law firm *gunnercooke*, looks at the importance of culture for law firms and how to encourage the behaviours needed that keep innovation at the heart.

If you want to change the culture, you will have to start by changing the organisation.

Mary Douglas

“Culture eats strategy for breakfast” is a famous quote attributed to Peter Drucker, one of the world’s foremost management gurus of the last century. Whether it is just apocryphal or whether it is true, is uncertain. What is not in doubt is the truth of this simple statement. A strong culture can drive a business to success but a good strategy without a compelling culture is unlikely to succeed. It is culture that will turn great strategy into great performance. Every company has a culture – it will just happen whether you like it or not. The most successful companies design the strategy that their people enjoy being part of and that will lead to the success of the company. Netflix is a world leader and ambassador for creating a culture that turned an ordinary company into a very successful company. The Netflix Deck, a document of over 200 slides, is now copied by numerous fast-growing businesses. The culture was begun by chairman and CEO Reed Hastings and developed with his head of HR, Patty McCord. It was not achieved overnight. In fact, it probably took some 10 years but it became a new way of managing people and has become a template for achieving a high-performance culture. The key words in the Netflix Deck are ‘freedom’ and ‘responsibility’. Hastings will often say that he cannot remember when he last made a decision such is the strength of the culture that has now been achieved. Fast-growing companies will almost inevitably have their own culture that defines the business: Airbnb sees its culture as belonging – a feeling of community and connection among employees; Patagonia’s culture is that of work hard, play hard – and specifically brings together a group of nature lovers who want to work hard and play hard; and Whole Foods is known for its democratic discipline where giving people a strong voice in how

the company is run is paramount while embracing a strong set of performance-enhancing strategies.

Culture in all these cases has been a deliberate choice as to what the company stands for and how it operates day to day.

The Netflix Deck which has been shared and is freely available online is a series of statements that represents what the company stands for. Behind each statement is a clear definition of the statement and what it involves from recruitment to operations.

Culture, like many ideas, has become an overused term and over-developed process. I often feel that is the fault of consultants but that would be incorrect. It is leaders of businesses who abdicate the responsibility of owning culture because they either do not see the importance of it or they do not know how to go about it. It is poor leadership to leave culture in the hands of the HR team. It is the most important asset in your business. If done well it will drive your business forward and will create a momentum that you were not aware was possible. And if you do not know how to do it, then become an expert and do it quickly. There are plenty of books out there and plenty of consultants to advise, and if you cannot find one give me a call. Process to determine culture is important but it has a strong emotional element which the leader must drive. It is the development and growth of an obsession that is shared by every part of the business. It is focusing on a business that everyone would like to be part of and showing every individual in the business how what they do helps in achieving the overall goals of the business but, most of all, it is developing behaviours that make everyone excited about coming into the office because they enjoy a shared obsession with others. To achieve great culture that will drive a business needs great leadership. It begins with vision, it creates an emotional need to desire the vision, and it is achieved by daily specific behaviours and prescribed intentional actions.

Why do teams often succeed over more talented individuals? Why did Barcelona, Bayern Munich or Manchester United dominate their leagues year after year? It is because they had great cultures. Teams where every individual player is prepared to go the extra mile – and the extra mile again – for their team mates. It is easy to win one championship by buying great players and a super-human effort over one season. It is much harder to do it time and time again. That is culture.

When Clive Woodward took over the leadership of the England Rugby Union team he realised that England did not have better players and were unlikely in his lifetime to be better on an individual basis than a southern hemisphere team whose members were better trained and prepared from a young age. The only thing that he could do was to create a better team. When working in industry at Xerox he had read a business book by Paddi Lund, an Australian dentist, called *Building the Happiness Centred Business*.¹ In his book, Lund introduces the concept of courtesy rules. These are very specific rules that are agreed and adopted by a team and that determines their behaviour on a day-to-day basis. They are rules that show each person how to treat another, for example, say 'hello' when you arrive at the office, don't use mobile phones in meetings, brief people properly when handing over a matter, respect someone's holiday time, etc. They take culture and values and they make them specific so that they can work in small teams. The key is that they are determined and agreed by the team. The consequence is that the team members learn to respect each other as they move towards a shared goal. Woodward describes the rules that the England rugby team chose as the glue that joined the team. Interestingly, he never shares the rules. I guess that one of them was 'what happens on tour stays on tour'. But there is little doubt that the England team of 2003 that won the World Cup was a closely knit, determined team whose members would fight to the end for each other. Culture is about values at a macro level; but culture also has to work at a micro level.

To continue the sporting analogies, the New Zealand All Blacks is probably the most successful and enduring sports team ever. To stay the best they have developed a culture that endures no matter who the players are in the team. They have a set of values and they live them. They believe in legacy. They aim to leave the shirt in a better place than they found it.

They believe in responsibility. They choose to be leaders not followers. Good leaders create other leaders. It is the responsibility of the CEO to create leaders around him or her. He or she from time to time needs to draw aside from the business, away from the minutiae of the day to day and to look at the needs of the business, and possibly the most important part of that is to create other leaders. Leaders who believe in the culture that the CEO or chairman is trying to develop. They also believe in learning and self-improvement as a critical part of their success. Graham Henry, a former All Black, says "we are always challenging the status quo".² It should be no different in business. Tom Peters in *Thriving on Chaos* writes: "Excellent firms don't believe in excellence, only in constant improvement and change".³ He argues that success is commitment to long-term improvement.

You will know when you have got your culture right when you are inundated with job applications for any position in the firm from general office assistant to partner. Until that point you have work to do. And once you understand and have embedded your culture into the organisation, reinforcing your culture begins with your recruitment process. Hiring on values and attitude is critical to the future success. Everyone in the firm must fit. Of course, that also means that along the way you will have to part company with a number of people who do not fit your culture, who become terrorists in the organisation and who will do everything to sabotage it. These people are likely to be in key positions or to be senior and exercise great influence. At the outset you will do everything you can to win them over or at least to negate their negative influence. Optimism is a force multiplier but so, unfortunately, is negativity. You can only allow yourself a limited time to do this otherwise your whole project will be brought down. So, identifying these people at the outset and giving as much time to them as you can early on is very important. Quite often, difficult people just want to be loved and to feel that they are respected. They may surprise you and become your biggest supporters. But if that is not the case then you have to deal with them very swiftly in order that they do not destabilise your plans. That is never easy in a law firm where equity partners in particular are given or assume extraordinary rights that they only see from a personal point of view and not from the firm's point of view. That also is indicative of your culture. Very

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few partnerships develop a culture with a shared obsession which is what you are trying to achieve. To achieve it you are likely to have to deal with the most selfish of those partners who will always put themselves before the firm. Dealing with those partners can be difficult but not as hard as some firms make it. The fact is that no one wants to be in a firm where they are not wanted or appreciated. Parting company should be done with decency and courtesy. How you do this will be viewed by everyone in the firm and reflects on your culture.

Building a culture needs to become personal to the leader. He or she must lead. Process is important to scaling culture but the leader needs to reach out at the outset and engage the emotions of his or her key people in the organisation. It is like ripples in a lake and they are essential to bringing along everyone in the firm. This is an area often remote to a leader who is likely to have had no previous training in leading in this way. At this point his or her actions are far more akin to a sports coach. A sports coach cannot hide as his or her results are immediate and league tables are posted and re-posted after every game. In any culture every individual brings a unique set of attributes to the group. Pep Guardiola, currently manager of the Premier League club Manchester City, who learned and honed his skills at Barcelona FC where in the four years that he was there won 14 out of the 19 league and cup trophies available to them, said: "A team's culture is about the conduct and behaviour of everyone involved, it's working together towards shared objectives and as such, is an immediately identifiable part of the group's identity."⁴

But there will be some who possess more social influence than others. Some who because of their achievements and because of their experience will have a much greater influence on a group of people. Willi Railo, the Norwegian psychologist, called these people 'cultural architects'. These are the players who the rest of the team respect, who the rest of the team look to for leadership; the people who are able to change the mindset of others.

How the leader deals with these key people determines the success of the project. The most successful coach in the US NBA over two decades is Gregg Popovich of the San Antonio Spurs. This is based on an amazing set of statistics that show 'wins above expectation' taking account of the skills of the

players to win a game. Popovich's rate of winning is more than double that of the next nearest coach. Popovich's personality is key to their success. He believes in telling it as it is and then "loving them to death". He goes to great lengths to connect with his players. He seeks to understand them, to show he cares. He genuinely loves his players, where they come from, their families, their ambitions, their needs, their challenges. "Hug 'em and hold 'em" is how he often describes it to his coaches. He will find different ways of doing it but food and drink is high up on his agenda, creating quality time to get into deep discussions with his players and, in particular, the ones whom he knows will have that greater influence on the others.

A leader in a law firm needs to think like a football or basketball coach. He or she needs to go to great lengths to draw close the cultural architects as part of the team and that can only be achieved if he or she can show that they care for them, their progress, their lives and their families. He or she cannot leave them on the outside, but if they cannot be included in his or her thinking and as leaders in his or her plans, then he or she must let them leave. Any cultural architect who is not part of the vision and who sees himself or herself on the outside is damaging to the project and will work against it.

It is likely that as a firm you will already have a set of values. In the January–February 2018 edition of *Harvard Business Review*, in "The Leader's Guide to Corporate Culture", Groysberg, Lee, Price and Cheng explore the strategic effectiveness of corporate culture and identify eight different types of corporate culture styles: caring; purpose; learning; enjoyment; results; authority; safety; and order.

Each of these styles is delivered by a set of behaviours in an organisation. Some styles work together and are co-dependent but many are not.

A number of these styles can co-exist and can even be supportive of each other but some are in conflict and it is up to the leader to ensure that by trying to accommodate his or her people's values that he or she doesn't inadvertently adopt values that are not supportive of each other and work against each other. It seems like common sense but often, in a desire to keep everyone happy, values conflict and the opportunity to drive a business through its culture and values are lost.

To create a business with innovation at its heart a firm needs to have learning as its main focus. This encourages both self-development – surely critical in the business life of a lawyer as he or she moves from being a technical lawyer to becoming a trusted and needed adviser to his or her clients – and also constant

improvement in the firm and its services which becomes a shared obsession of everyone in the business. To be honest, it is not a difficult sell as most lawyers enjoy learning and self-improvement. The real challenge will be focusing on the behaviours which will ensure it is meaningful.

Darryl Cooke is a barrister and worked at SJ Berwin then at Addleshaws where he started what soon became one of the firm's strongest practice areas. He later moved to DLA Piper where he headed private equity in EMEA. In 2010 he set up the game-changing law firm, gunnercooke, with its unique model to challenge the leading law firms. gunnercooke is now one of the fastest growing law firms in the UK. Having worked across all parts of the legal industry as well as in other sectors, Darryl is well equipped to consider the legal profession and its need for innovation. He is passionate about the legal industry, which he describes as his first love, and he is equally passionate that it must change in order to continue to be effective. Darryl is also author of Sweet & Maxwell's Private Equity: Law and Practice, now in its sixth edition and sold in 40 countries.

This article is an extract from the Good Practice Guide 'To Innovate or Not to Innovate? A Blueprint for the Law Firm of the Future' by Darryl Cooke, published by Globe Law and Business.

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| <p>1 Paddi Lund, <i>Building the Happiness Centred Business</i>, 2nd edn (Solutions Press, 1995).</p> <p>2 See James Kerr, <i>Legacy: What the All Blacks Can Teach Us About the Business of Life</i> (Constable, 2013).</p> | <p>3 Tom Peters, <i>Thriving on Chaos: Handbook for a Management Revolution</i> (HarperBusiness, 1989).</p> <p>4 Damian Hughes, <i>The Barcelona Way: Unlocking the DNA of a Winning Culture</i> (Macmillan, 2018).</p> |
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