Law Firm Leadership 2.0: Managing Your Firm in a VUCA World

It’s now a VUCA world

VOLATILE • UNCERTAIN • COMPLEX • AMBIGUOUS
As Non-Lawyer management becomes an increasingly crucial driver of Transformation, firms need to ensure they’re able to attract and retain the best non-lawyer talent.

This means a seat at the Big Table!
CFO Evolution
A Move to Business Leadership for all C-Level Executives

Traditional Time Allocation vs. Desired Time Allocation:

- **People**
  - Traditional: 55%
  - Desired: 30%

- **Process**
  - Traditional: 20%
  - Desired: 20%

- **Tech**
  - Traditional: 25%
  - Desired: 50%

**Leadership Roles**:
- **Forward Looking + Strategic**
  - Traditional: 25%
  - Desired: 50%
- **Protector**
  - Traditional: 20%
  - Desired: 20%
- **Accountant**
  - Traditional: 55%
  - Desired: 30%

**Notes**:
- **No surprises**
- **Fast + Accurate**

**INTERNAL FACTORS**
Traditional Time Allocation

- Leader: 25% (Forward Looking + Strategic)
- Protector: 55% (No surprises)
- Accountant: 20% (Fast + Accurate)

Desired Time Allocation

- Leader: 50% (Forward Looking + Strategic)
- Protector: 20% (No surprises)
- Accountant: 30% (Fast + Accurate)

INTERNAL FACTORS

- Leadership
- Accountancy
- Protection

And more:
- Multi-generational workforce
- Industry regulation
- Shrinking profitability
- Succession planning issues
- Underproductive lawyers
• 51% of Law Firms say they have under-productive Equity Partners

• 58% say that overcapacity is diluting profitability

• 50% believe that they are basically the same as their competitors (no value differentiation)
69% of firms believe the pace of change is increasing

19% Of firms are reengineering some part of their legal delivery work process
15% are Influencers & Innovators

The Transformational Leader!
60-70% Business transformations fail

33% Management behavior
39% Employee resistance
75% Cultural Impact
"Change is hard because people overestimate the value of what they have and underestimate the value of what they gain by giving that up."

Managing the Transition –

• In 69% of U.S. Law Firms, partners resist most change efforts

• 70% of Law Firms have lost business to corporate law departments (Altman Weil 2018)
92% Management Support

More likely to meet or exceed objectives: 6x

More likely to financially outperform peers: 2.5x
More likely to be evaluating/implementing transformation and achieving organizational adoption
WHAT IS CULTURE?

The shared beliefs and values of employees that guide their discretionary behavior in ways that are beneficial for the sustained performance of the organization.
Often we know WHERE we want to go or HOW we intend to get there, but we don’t share enough about WHY it’s so important…
Become an Influencer

10% believe being an influencer is critical to survival
3X

more likely to lead a transformational initiative.

2X

More likely to improve the customer experience and reorganize the company.
“Unless CFOs can articulate their ideas to non-finance experts, their plans may never get off the ground.”
The Controllability Principle

Narrow Span of Accountability Wide

Span of Control
The Entrepreneurial Gap

Narrow

Span of Accountability

Wide

Span of Control

Entrepreneurial Gap

The Key to Success

Narrow

Span of Accountability

Wide

Span of Control

Entrepreneurial Gap

Source: President and Fellows of Harvard College
Shari Freedman  
CFO, Room to Read
Become an **Innovator**

- **MINDSET**
- **NETWORK**
- **TECHNOLOGY**
INNOVATIVE

SAME

WELL

POOR

MINDSET

MINDSET

NETWORK

TECHNOLOGY
TECHNOLOGY

10% are investing in technology for transformation
are deploying analytics

The Fourth INDUSTRIAL Revolution
The Fourth Industrial Revolution
Clyde Hosein  
CFO, Automation Anywhere

MINDSET  
NETWORK  
TECHNOLOGY

The **Transformational** CFO
“A finance function that innovates and stretches toward the same aspirational goals as the rest of the organization adds to its credibility and influence.”

-McKinsey

You can achieve anything you aspire to.