

Netting Clients

An emphasis on team rather than individual rainmaking is pervasive, but law firms still need individual relationship builders. By Karen Kaplowitz

The buzz is about "teamwork" in rainmaking. It's great to see that law firms are building cultures that promote marketing to a broad base of lawyers. There is no reason for rainmaking to be the exclusive province of those lawyers who happen to be good at it, when basic marketing skills can be learned.

It's also good news that more firms are eliminating the unfairness of compensation systems that heavily reward only the lawyers who originate new client relationships. But at the end of the day, will the emphasis on teamwork diminish the importance of the most successful individual rainmakers?

The "teamwork" buzz is pervasive.

"We hunt in packs," reported the managing partner of one of Los Angeles' largest firms. Organizing firms around "client teams" is the rage; Pillsbury Winthrop announced it has 120 client teams, ranging from six to 100 lawyers per team. Many firms' marketing initiatives are organized around national practice groups. "Cross-selling" is the mantra in law firms other than specialty boutiques. Firms widely are adopting compensation systems that reward teamwork.

Many of these developments track changes in the relationships between law firms and major clients. For example, law firms that primarily serve large corporate law departments, providing a wide range of services, need to rely on the marketing expertise of a wider array of lawyers.

The trend among major companies has been to pare down the number of law firms they use. Corporate law departments have figured out that if they have fewer firms, each with a broad range of capabilities, they can manage these fewer relationships and negotiate better pricing based on volume.

In this environment, cross-selling of legal services within each firm becomes a necessity, not just a firm-driven initiative to increase revenues. The lawyer who resists cross-selling other practices in his or her firm to a valued client may risk the whole relationship if the client puts a premium on law firms with broad scopes that are well-integrated.

The importance of having more than one marketing-savvy lawyer is clear in many contexts of firm relationships with large corporate law departments. Take, for example, the situation in which a law firm is one of several approved by a particular company.

Assume that more than one firm is approved to handle a particular type of matter. Multiple sources are common because clients do not want to be at the mercy of a single provider unless the subject matter is extremely narrow and there are very few experts.

Selecting a particular lawyer for a new matter is often at the discretion of the lawyer who directly will supervise the matter, not the chief legal officer who originally approved the selection of several law firms. When the in-house lawyer has to decide among approved firms, the selection comes down to which firm the in-house lawyer trusts to get the job done. The

lawyers who are interacting day-to-day with the decision-makers must have enough marketing skills to build those key relationships.

Given the breadth of relationships between big companies and big law firms, firms must ensure that many of their lawyers are building relationships of trust with a wide range of people

in the corporate law departments and in the executive ranks. The ultimate job of rainmaking, therefore, falls on a wider range of a firm's lawyers than ever before.

The best evidence that the trend is definitely toward teamwork is the change in compensation systems in many law firms. Many firms used to have systems based on one lawyer's receiving "origination credit" for each new client. The old system usually assigned origination credit permanently to one person until that person passed the client on to someone else.

The justification in some firms of perpetuating the system was the importance of having one person with "client responsibility." In most firms, origination credits were tied closely to compensation. Originated credits became battlegrounds, of course.

In addition to internal strife, the more insidious problem is that giving origination credit to one person for the life of the client discourages collaboration for the client's benefit. If a firm bases every lawyer's compensation on his or her originations, why would anyone want to devote time to the work of another lawyer's client? Everyone's first choice would be to devote their time to his or her own clients and to efforts to bring in new ones.



Systems that permit only one person to receive origination credit perform awkwardly at best because they fail to recognize the complexity of many clients' relationships to law firms. One way or another, more firms are dealing with the need to recognize the many players who are responsible for key client relationships. Some, like Latham & Watkins, explicitly changed their compensation systems. Others have kept their basic models but have tweaked them with bonuses and the like.

In Latham & Watkins' model, the firm keeps track of the lawyers who originate new client relationships and those who "proliferate" the business. Former managing partner John Walker reports that, as a result of the firm's shift in policy and culture, instead of the handful of major rainmakers it used to have, 60 of the firm's 300 partners have more than \$5 million and half have more than \$2 million in business.

Some major firms claim they just don't keep score at all; there are no records of how much business any individual generated. The firms require individuals to report on how much cross-selling each lawyer promoted and achieved with other firm lawyers. People are rewarded for being good proliferators more than for being originators.

A smaller number of firms still maintains "lock-step" compensation systems in which business generation does not affect compensation decisions. Whichever approach firms adopt, aligning compensations systems to the kind of behavior firms want to achieve is key. In this arena, you get what you pay for. If you reward collaboration, you get collaboration. If you reward the solitary rainmaker, you get more solitary rainmakers.

The new focus on teamwork has the odd result that individual lawyers have to be more proficient in rainmaking. Walker describes the old Latham & Watkins culture as having mostly "service partners." The new goal is for every partner to generate at least \$2 million in business. The shift is not just in recognizing the actual contributions of more people; the shift is to demand more active rainmaking efforts up and down the line.

The result is that law firms are working hard to create "marketing cultures" and to train lawyers in basic marketing skills. The battle for market share demands a much higher level of marketing proficiency. A basic set of marketing skills for lawyers includes knowing how to meet people, build relationships (internal and external), ask for business, build credibility, stay in front of clients, pick professional, business and community organizations to join, and differentiate one lawyer or group of lawyers from others. More firms are hiring marketing professionals and evaluating the professions' ranks and status. Firms are providing marketing training earlier in their lawyers' careers and expecting more at earlier stages, as well.

Even when firms do not have formal training, law firms can be great marketing incubators. For lawyers to be

successful inside their firms, they have to learn to do many of the same things they need to do to win clients outside.

As my former partner, Marshall Grossman, always told lawyers: "The best source of new business is the work on your desk." If associates do great work, the firms' lawyers will put them on client teams.

Lawyers can learn most of the basic skills of rainmaking within their firms – meeting people, building relationships, asking for work, building credibility, staying in front of the key people, and distinguishing themselves from other lawyers. They also can observe the strategies of the most successful people. Individual rainmakers, however, are in no danger of becoming obsolete. The emphasis on teamwork cannot mask one central reality of rainmaking: it is all about trust. Every lawsuit and transaction must be entrusted to someone.

When confronted with a new problem, usually the client calls someone they know and trust. If the client is in a new situation and does not know someone to call, she often finds a person who has had a similar problem and asks whom the other person used and trusts.

Stephen Nowlan of Emerging Trends Consulting Group, one of the leading consultants to corporate law departments, sums it up this way: "The currency is trust."

The fact that a client knows and trusts a particular law firm or a particular practice group may reinforce the client's trust in a particular lawyer, but trust in the key individual is paramount, whether it is a major crisis or a routine matter.

In a major crisis, the importance of trust in a key individual rainmaker is obvious. When the crisis hits, the hunt is on to identify someone who is personally trusted and who has the horsepower to deal with the seriousness or complexity of the problem. Typically, the general counsel of the company is called on to make recommendations. He or she will pick the people whom he or she trusts, based on their relationships and track records.

If the senior management and company board trust the general counsel, they usually will accept the recommendation. In many cases, though, the senior business people also weigh in on the selection. They pick either people they know and trust, or, if the situation is new, they reach out to their counterparts to ask who, they have used successfully in similar situations. These discussions are first about the individual and second about his or her firm.

At the end of the day, law firms must support the growth of the most talented rainmakers and potential rainmakers and continue to reward their best ones. Ultimately, the focus still must be on individual lawyers' building relationships on trust and track records to support that trust.

Hunting in packs is to rainmaking what group dating is to marriage: the ultimate commitments are based on strong bonds between individuals.