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Is Your Firm One Firm?

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In my travels around the country, I hear many firms talk about being a “one-firm” firm.

When I dig deeper, I find “one firm” is mostly in name only; firms continue to operate as a collection of individual practices. They may have a common software platform, a managing partner and a firm financial statement, but the behavior by the partners suggests offices full of sole practitioners. Here are four tests to see if you are really operating as one firm.

Spending time outside an office or book of business. If senior people in the firm are measured and rewarded primarily by the billable hour, they lack incentive to mentor people outside of their practice unit or to develop other areas of the firm. Alternatively, in firms that use a broader definition of contribution and a wider range of performance measurements, you see partners spending time in other offices or with staff outside of their practice unit. They are leveraging their experience, mentoring skills and wisdom to build parts of the firm that can benefit from their presence, even if not contributing to their chargeable time expectation.

Making an investment with no immediate payoff. Building presence in a new practice area or developing a stable of expertise in order to serve a niche market can be long-term activities, in some cases reaching a successful tipping point for the firm long after the prime of some of the current partners. If you pursue the “build” versus “buy” model, you need to invest current revenue for the next generation of the firm. One-firm organizations make that strategic investment; collections of sole practitioners find the commitment much more difficult—and as a result end up with a mature practice with less exciting growth prospects.

Introducing other resources to clients. Everyone likes to feel important and valued, and good clients often provide such a feeling to their trusted advisors. However, throughout the life cycle of the client, it will probably be in their best interest to meet another partner in the firm who has more relevant experience or expertise. One-firm firms figure out how to facilitate multiple introductions to experts within the firm, knowing that no one is good at everything, that customers have different needs at different times, and that everyone will benefit from a well-served client. Firms of individual practitioners, however, see such introductions as threats to their ego or current revenue stream. Of course they won’t talk about this insecurity or fear; they just won’t make the effort to introduce other resources into the client relationship.

Talking the walk. A final and easy test of a one-firm culture is to listen to how the clients are described. Do the partners and senior staff talk about “my” clients or “the firm’s” clients? While having a sense of individual client ownership can indeed be positive, too often the sole practitioner who sees himself as the sole owner of the client gets in the way of adding value. Gatekeeping, when taken to an extreme, can hurt the client.

On the other hand, people who see the firm as the owner of the relationship—and talk that way—generally have an easier time transitioning themselves in or out of relationships, adapting to new initiatives, and bringing the best resources to the client. In addition, such firms have a much easier time with succession planning because the client has multiple touch points and a shared history with several service providers inside the organization.

In today's competitive environment, having the best firm is a clear advantage. But you can't have the best organization if partners only talk about the one-firm concept while still flying solo. Make sure your owners and senior staff are clear about the behaviors needed to truly be one firm.

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