Establishing Core Values in Your Law Firm

By Eric Seeger

The slow economy of the last three years forced law firms into unprecedented personnel cuts that hit support staff as well as associates and eventually even cut into some partnership ranks. For many firms these were agonizingly difficult decisions.

Some firms had to come to grips with the fact that they had gotten lax on their recruiting, promotion, and performance standards. Some lawyers weren't cutting it. Some were producing revenue but causing other problems. Many firms had more lawyers than work. When someone has to go, who decides? On what basis? Does an underperforming lawyer get a chance to improve? To what level, and over what period of time?

The need to deal fairly with people while also dealing with profitability in a businesslike way has motivated many firms to document a written set of core values or standards that provide clear, firm-wide expectations regarding individual contributions and mutual accountability.

A shared commitment to core values, sometimes called a “partner covenant,” can help direct a process like downsizing to produce fair outcomes. It establishes a contract that can be pointed to in dealing with noncompliance—for what is noncompliance without standards? This article sets forth principles and a framework for formulating a binding statement of core values for your firm.

WHAT ARE CORE VALUES?

Simply put, when a law firm adopts a written statement of core values, the partners are agreeing to promote, embody and be bound by a set of standards that define what it means to be a partner (or lawyer, or employee) in that firm. The standards generally fall into three categories:

- **Contribution** – economic, non-economic, participation in firm management, recruiting, mentoring/training, business development, involvement in the community, etc.
- **Behavioral** – teamwork, work ethic, commitment to service excellence, following firm policies, treating others with respect, stewardship of firm resources, availability, accessibility, timekeeping, billing and collecting, etc.
- **Character** – honoring commitments, being true to one’s word, enhancing the firm’s reputation, exhibiting the highest ethical standards, demonstrating a firm-first orientation, etc.

The idea behind establishing formal written values is that they will serve as a philosophical and cultural foundation so that decisions can be tested and measured against the stated principles. The partners commit to applying these ideals in their daily practices and in their relationships with clients and each other.
STRUCTURE OF A CORE VALUES RETREAT

Some firms use a well respected partner to facilitate a meeting or retreat to develop core values. Others hire an outside consultant like yours truly to lay the groundwork, generate discussion, coordinate breakout groups, synthesize their output, and generally guide the process and keep things constructive and on track.

Prior to the meeting, I may ask the partners to read one of my favorite articles which makes the business case for installing written core values to govern life in the firm. They may also be asked to review sample core values statements that other law firms have adopted. (Many firms post these on their websites; a simple Google search will turn up plenty of examples.) The readings may be accompanied by a short, confidential questionnaire.

To begin the (usually half day) meeting, we discuss the reasons and objectives for the day, review the survey results (if any), present the ground rules and assignment for the first breakout session, and break into pre-assigned groups.

During the first breakout, the groups take a crack at drafting a set of simple core values for the firm. All groups return to share and discuss their work.

In the second breakout session, each group considers the implications of enforcing the standards that have been presented so far. Are the core values hard rules or merely recommendations or guidelines? Are they fixed or flexible? Do they apply universally? If our biggest rainmaker were not in compliance, how would we deal with it? Who will enforce the core values, and how? Starting when?

These are essential questions to answer. A strong word of caution here: DO NOT adopt core values that you are not fully prepared to enforce and defend! Once ratified, the core values should be directive and binding. Done right, this should be an important, meaningful, positive step in the life of the firm.

Finally, you review what you’ve done so far and agree on next steps. Perhaps a committee will prepare a document to present to the partnership for approval. This effort should follow closely on the heels of the retreat and should clearly present the core values as well as clear protocols for enforcing them that fit the culture of the firm or move the culture in a needed direction.

TYPICAL LAW FIRM CORE VALUES

What are the right core values for your firm? I cannot say. They are the ones that make sense for you and that you’re willing to live with. In our experience, law firms tend to land on several common principles or themes:

- **Ownership** – a responsibility for profit and the success of the firm. Investment, engagement, loyalty, communication.
- **Legacy** – a commitment to leave the firm better than you found it. Commitment to the long-term health and viability of the firm.
- **Respect** – for people and their development. Honoring the dignity of others.
- **Service** – to clients and each other. Caring.
- **Excellence** – striving for the highest quality and professionalism in everything you do.
- **Integrity and honesty** – character counts. Reliability, trustworthiness, transparency. A commitment to fairness, honor, and truth.
- **Teamwork** – a collaborative approach among lawyers and staff. Available, approachable, generous with one’s time, sharing work, sending work to the right place in the firm. Cooperation.
- **Contribution** – a personal commitment to earn one’s spot on the roster each year.
- **Accountability** – agreeing to be bound by the reasonable standards and expectations articulated in the core values.

BENEFITS OF CORE VALUES

Why bother with core values? Aren’t they already understood, practiced, and enforced? Possibly. But we observe a number of benefits that accrue to firms with clearly articulated standards. Decision making improves and higher levels of trust and respect follow once the firm has agreed what it stands for and holds dear and when firm management starts making explicit reference to the core
values in its deliberations. Systems, processes, and policies, so frequently resisted in law firms, can be built for governing the firm in explicit accordance with its values.

Firms with partners who trust and respect each other will cross-sell, refer business back and forth, share associates and make sure work is being done by the right lawyers. In short, they will be more inclined to engage in behaviors that grow the firm, expand client relationships and improve profitability.

Culture and values are very important to recruiting, retention, reputation and the smooth functioning of everyday operations. People will want to work at your firm.

It may happen that a revenue producer in your firm continues to violate one or more core values. Firm management, or the partnership, will now have a mechanism for getting that person off the bus. I know ejecting a rainmaker can be severely anxiety-producing, but firms that have gotten rid of their “800-pound gorillas” have told us they’re better off and they wish they had done it sooner.

The profile of firms that live by clearly articulated core values can differ from those that don’t in the following ways:

Core Values
- Interdependent
- Collaborative
- Coordinated
- Broad, inclusive communication
- Trusting
- Firm first; shared agenda

No Core Values
- Silos
- Autonomous
- Disjointed
- Limited, exclusive communication
- Protective
- Me first; personal agendas

Granted, the positive changes might not take root immediately, but they will in time. Firms that live their values will treat clients well, develop lasting relationships and keep them coming back. In a law firm, as in any business, client loyalty drives profitability and growth. Likewise, lawyers and staff will be attracted and loyal to a firm that invests in building strong relationships built on truth, fairness and justice. If people in a firm trust one another and know they can count on each other, then cooperation and teamwork become easier and the cost of doing business less. Clients will notice the difference as well.

CONCLUSION

Raising the issue of values can be seen by some as confrontational, disruptive, simplistic, punitive, or plain unnecessary. A culture of accountability can be threatening in a law firm with a historically low-accountability culture. However, if values matter, then they deserve serious attention, however awkward the discussion may feel to some. Firms need to be deliberate and inclusive in establishing a set of standards that all partners (or all lawyers) agree to live by.

Finally, the firm’s leaders must embody the values in their behavior and decisions. Inconsistency will breed skepticism that easily degenerates into cynicism and can leave the firm in a worse position than having done nothing at all.

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