

Excerpt from *You Can't Teach Hungry....Creating the
Multimillion Dollar Law Firm*

Chapter 4

The GE Way

It's the People Stupid

During my career, I have constantly read the books by CEO's, founders of significant companies, and management professionals. As we begin to build and formulate a plan for the future, it is my opinion and I think the opinion of many experts that there is nothing more important in all organizations than the people who work there. Far too often, law firms make the mistake of believing that it really does not matter who sits at the reception desk, who heads up human resources or who runs the bookkeeping department. I find that if it is not your secretary, or paralegal that a real analysis as to how they impact the firm is never carried out. The short story is that people matter and in a very profound way.

One of the first exercises I would like for you and your partners to do is what I call, "The Staff Assessment". This exercise is quick and enlightening. Simply make a list of every person that works in your firm. No one should be excluded. List every name on a legal pad and set two columns, yes and no. What I want you to ask yourself a simple yes or no question. "If this employee/staff member worked for my competition, and knowing everything I know about their competence and productivity, would I hire this person for the position they currently work in?" When performing this exercise make sure that you and your partners complete the exercise separately. Once you all have completed the chart, compare and contrast your answers. As simple as this drill is, it will give you the first real snapshot into what must be done on a going forward basis. If, when you look at the results, the predominate number of answers are yes, you are in good shape. However, if more than ten percent of your answers are no, you have a boat that is taking on water and is prohibiting you and your partners from reaching your full potential.

Jack Welch, the CEO of General Electric in the eighties and nineties was heralded as a genius. We all now know that much of GE's success came from their financial services sector which was in large part smoke and mirrors. I must confess that I am no fan of Jack Welch, the CEO, for reasons concerning the pollution caused by that company and his own bombastic style. I will say though that I have utilized one of his management skills ever since I read his best selling book, "The GE Way".

Every year Mr. Welch had his managers in their division rate their subordinates in groups of A-B-C. The evaluation went something like this: Identify twenty percent of your subordinates as A's. An A is someone who must be kept at all cost. An A is a person who if they left your law firm would cause great consternation and disruption. In short that person's loss would be devastating to you and the firm. We can all think of some of those

A's immediately by going through this book. Take a breath, close your eyes and think of them.

GE managers were then asked to identify their B's, which made up seventy percent of their work force. B's are also divided into two types. In category one, B's are identified as those with great potential who can and should some day be develop into A's and that process should begin immediately. The second category, consists of those who, while not with the potential to ever be an A, certainly are solid workers who provide a very good service. Sometimes I think of these people in terms of sports analogy. They are the pulling guards on the football team; the great defenders in basketball who gets few points but is able to hold Kobe Bryant down in scoring; the utility infielder who can move from second to short to third giving the starters, also known as A's, a much needed rest. The Bs, make up the largest percentage of total employees in our firms.

Finally, the GE managers must identify C's. In short this is the bottom ten percent of that division. Jack Welch was a fairly brutal CEO and the division managers were required, in fact ordered, to fire all C's at the end of the year. I was always bothered by the fact that it was mandated that ten percent be fired regardless. I often ask myself, what if there are not ten percent of your division that are real C's, but in fact there are some very capable pulling guards in that ten percent. As a result, as I approach the end of the year, I am not as final and unbending in my management shake ups. Instead, identify our workers as A's, people whose resignation would be devastating; B's the same criteria as laid out before; and finally C's. For me C's do not have to make up ten percent of my staff. Instead C's are identified as those people who bring no value to the firm and if allowed to continue will be counter-productive.

Once you have completed both drills, you are going to have in front of you, a tangible blueprint on what must be done. I must tell you that firing people has always been extremely personal to me. As I mentioned earlier, I spent most of my childhood watching my father bounce from job to job. The turmoil that it causes families can never be over estimated. However, over time, I have come to realize that if certain, "blighted branches" are not pruned judiciously and from time to time, the whole rose bush will soon be jeopardized and never bloom again.

One of the things that I suggest is a very solid and thorough interview and vetting process before hiring anyone. We have personality tests that are given and focus heavily on the resume. I can tell you that it has been my experience when I find a resume that shows a person hopping from job to job, if I were to hire him, he will be hopping soon from me. Don't waste your time. Instead, look at those people who remain with the company for long periods of time. You can never underestimate loyalty and the continuity that it brings to your firm.

Finally, as you examine your hiring practices and evaluate your staff, you need to evaluate yourself. The question you must then ask yourself is what kind of boss are you and what kind of place is this to work? There is a very simple methodology in determining this. Go back as far as your firm has been in existence and get a list of all of

your employees broken out into job descriptions, i.e. secretaries, receptionists, paralegals. You get it. Then calculate the average number of years, or God forbid, months your average employee stays with you. This will be one of the most eye opening exercises you will complete in your planning process.

In my judgment, continuity and longevity of staff plays one of the most important roles in the successful law firm. I am most proud of the fact that my first receptionist is still with me. My first bookkeeper is the CFO of our Orlando office and almost every secretary that I have ever hired still works within the law firm. I am also extremely gratified and satisfied that I have so many twenty, fifteen, and ten year anniversaries that pop up on an annual basis. I believe wholeheartedly that longevity and continuity are the cornerstones of a successful practice. Being surrounded by A's and B's for twenty five years has made a huge difference in my practice. When you take a look at your, "longevity report", it will be a time for real introspection. When people quit, there is sometimes nothing we can do to prevent it. People get bored, people move, people have friction from time to time. When your firm is a revolving door and the longevity report is staring at you, it is time for action. These reports and exercises that I will be asking you to do as we continue are extremely important. Remember this, INFORMATION IS POWER. Many people choose not to step on the scale every day. They do it for one reason. They don't want to know the truth. They don't want to have a wedge with balsamic vinegar on the side for lunch. They want the cheeseburger, French fries and chocolate lava cake. Without the information that I am suggesting that you gather, you will someday wake up as an obese and bloated firm; incapable of moving and maybe not even getting out of the chair.

At the end of the day, if you determine that your firm is a revolving door, it will only be for one or more of three reasons. 1. You are cheap - - money is extremely important to all of us. While appreciation and being kept informed of the future of your firm is very important to your employees, a fair wage for a job well done is extremely important.

2. You are a jerk. For many of us, this is a very hard concept for many of us to come to grips with. Of course it is never my fault. I have been saddled with bad employees. Ingrates. Incompetence. Lazy ne'er-do-wells. And maybe as time has gone by three or four wives too! If your longevity report shows short periods of tenure it is time to take a long hard look in the mirror and ask the impossible question, "could it actually be me"?

3. You are a cheap jerk - - I won't spend much time here because I have found that the people I have identified as "cheap jerks" are constitutionally incapable of helping themselves or their firms. They are cancers inside their firm and that cancer will ultimately spread to the bone and kill the body. If you have a partner who is this person it is time for you to leave or to have them leave. Cancer metastasized is incurable. Move on.

You now have the tools and the methodology to begin to take stock of your people, their abilities, and your future. You now have the ability and the knowledge to, for the first time, see what kind of firm you have built and what kind of continuity is going on there. Without these people decisions everything else in the book means nothing. These people

are the hopes, the dreams and the future of your firm. If this section is ignored, it makes all the other chapters moot.

Lastly, one thing that I have always found helpful is to remember this. When a person resigns from your law firm that person is firing you! Have you ever been fired? Do you remember that feeling? It is the worst in the world. Other than when a person resigns because of reassignment of spouse, age, or infirmity, I take resignations very personally. It is a day that I have been fired because I failed to do my job and that is to provide a secure, stimulating, work place. If you get fired enough times, you may want to consider it might be you.

Remember, "It's the people".