



**HARVARD LAW SCHOOL**  
Center on the Legal Profession

**Implementing a Smart Collaboration Strategy,  
Part 1:  
Building the Case for Change**

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## Implementing a Smart Collaboration strategy

By now, most law firm leaders have gotten the message: they can better meet—and exceed—their clients’ expectations when their partners collaborate across organizational silos to provide more holistic, tailored, joined-up advice. Clients demand that their external counsel not only to help solve strictly legal problems, but also add value by delivering holistic and contextualized solutions to the wider business problems. Ideally, outside lawyers will anticipate clients’ *potential* problems, and use their perspectives from across client matters to proactively surface issues and lead the client toward solutions. This type of superior client requires teams of lawyers to integrate their expertise across disciplines and geographic divides. We call it ‘Smart Collaboration.’

Although many firm leaders have intuitively recognized the power of collaboration for improving client service—and consequently, profitability—our research at Harvard University over the last decade has substantiated those beliefs with the hard evidence law firm leaders need to convince their powerful partners to incorporate collaboration into their firm’s strategy. Using robust analytics on millions of data (such as timesheet, personnel and financial records) from dozens of professional service firms, we have empirically demonstrated that firms engaging in Smart Collaboration boost revenues and profits and increase client satisfaction and loyalty.<sup>i</sup>

Our research, consistent with other scholarship in related areas, shows that firms engaging in Smart Collaboration are far better at attracting, engaging and retaining top talent. For example, our research uncovered a structured approach that law firms can use to improve the success rate in integrating laterally hired partners. By rapidly engaging the new partner in

collaborative opportunities with their colleagues, and holding the hiring partner accountable for the newcomer's integration, firms benefit from remarkably better success rates than firms where the lateral hiring process fails to focus on collaboration.<sup>ii</sup> Increasingly, research also clearly links collaboration with personal health and wellbeing.<sup>iii</sup>

By our estimation, more than 70 percent of forward-thinking law firms have now incorporated collaboration as a core pillar of their strategy.<sup>1</sup> **The major question on the table: *how to implement a strategy of Smart Collaboration.*** A strategy only works if it is put into practice.<sup>iv</sup>

This white paper series lays out a research-based, practical approach for law firms to turn their collaboration strategy into a living, breathing part of daily life. Given most firms' culture of high autonomy and decentralization, leaders need to drive it both from the top-down and bottom-up. Implementing Smart Collaboration requires a clear-eyed view of the current state of collaboration, and then targeted approaches to strategy implementation. In this paper, **Part 1** of the series, we outline the diagnostic phase which helps identify current collaboration barriers and bright-spots, and provides guide-posts for future areas of focus. Galvanizing the organization around collaboration requires a bottom-up ground swell of support.

## **The need for an objective diagnostic phase**

Even when partners accept the importance of a strategy entailing Smart Collaboration, their intellectual buy-in often fails to translate into behavioral change. **Many leaders have a set**

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<sup>1</sup> Not all firms use the term 'collaboration.' Some instead mention 'cross-selling'—which is unfortunate terminology because many clients and partners despise crass, self-serving, up-selling. For more on this distinction, see *Smart Collaboration: How Professionals and Their Firms Succeed by Breaking Down Silos*, Dr. Heidi K. Gardner, Harvard Business Press, 2017; *Making Multidisciplinary Practices work*, David Maister, 2005 (<https://davidmaister.com/articles/making-multidisciplinary-practices-work> accessed on 4/2/2020)

**of hypotheses or assumptions about what holds the firm back. When we conduct research inside firms, however, we often find that leaders' views are only partially supported by the data.**

Why are leaders' views disconnected from others'? One reason is that leaders' views are biased, merely because of their position; research in social psychology backs up the oft-observed situation whereby people's views change when they attain greater power.<sup>v</sup> Beyond the mere perceptions, though, leaders' experience of collaboration is often genuinely different from others in the organization for a few reasons. First, leaders often are long-tenured in that firm, meaning that they have had ample time to build broad-reaching, productive networks of colleagues inside the firm. Second, they were presumably elected because people trust them; as we see below, trust is a critical foundation for collaboration. Finally, few people say "no" to a leader's request for help. All in all, people at the top actually do face fewer collaboration obstacles—the distortion between their views and others' views of collaboration is not merely one of perception. Nonetheless, getting a clear-eyed view of the firm's true readiness for implementing a collaboration-related strategy is crucial for getting started on the right path.

An objective understanding of the firm's launching point for a new or modified strategy helps the firm's leaders to pinpoint how and where to spend their energy—and more importantly, how to direct others to do the same. Leaders must constantly reinforce that 'smart' collaboration is a means to a much larger end: providing holistic solutions to clients' complex issues. **If the partners feel that they are being asked simply to 'collaborate more,' then they are likely either to waste time and effort, or simply to ignore the mandate. A call for unfettered collaboration is irresponsible and counterproductive.**

This need to pinpoint specific intervention points requires leaders to conduct a thorough diagnostic phase before trying to implement a collaboration strategy. In our experience working across multiple law firms in North and South America, Europe, and Africa, we have found that this initial diagnostic phase sets up leaders for success in four ways:

- (1) helps them understand the perceived and actual barriers to collaboration, ensuring that they are focused on the issues that the full partnership sees as critical
- (2) identifies 'bright-spots' where collaboration already works well, providing examples which can be used as stories to help shape the collaborative culture
- (3) generates compelling evidence about the potential upside of making changes (ideally quantified in monetary terms), which is essential for motivating high-autonomy partners to even consider new ways of working, and
- (4) prioritizes actions based on both the anticipated upside (return on investment in financial terms, plus other benefits that are harder to quantify in the short term, such as morale) and the challenge of implementation (friction points that can hinder the capture of ROI)

## **Uncovering collaboration barriers and bright-spots**

This step aims to give leaders (1) a true understanding of the obstacles, including structural, cultural, and interpersonal issues that inhibit effective collaboration, and (2) a strong indication of "bright spots," which are concrete examples of how collaboration is already taking root in the firm. For leaders with a strong sense of urgency, it may be tempting to skip the latter step and get "right to the problem we need to fix." Instead, invest the necessary time to

collect these exemplar stories because they are critical in convincing skeptical partners that collaboration is already working well and producing results in their own firm.

Another watch-out: because this step uses qualitative research, many people believe it is as simple as merely asking a few questions (as in, “I’m brilliant at taking depositions; surely this is even easier”). Be aware that research methodology is actually a science, and common layperson mistakes can seriously bias your results. For example, research shows that asking a person to provide identifying information (e.g., gender) at the wrong place in a survey completely changes their responses—and even their ability to answer questions correctly.

### Diagnosing real and perceived barriers

Identifying the barriers to collaboration requires a two-pronged approach. First, you need broad-based inputs from across the entire partnership—not only to ensure that you are collecting and interpreting views from everyone, but also to build a sense of participation amongst the whole group of senior leaders. Research clearly shows that ‘voice’ is a critical element for helping people feel invested in a change effort.<sup>vi</sup> The way to access wide input is to use surveys

#### Additional tips on survey research

- Define what you mean by “collaboration” so that everyone is answering about the same phenomenon.
- Start the survey with a question about the **benefits** of collaboration before asking about barriers. A positive framing makes participants more likely to respond expansively in the rest of the survey.
- Do not limit the number of words for the free-text responses. Some respondents appreciate the opportunity to “vent” or otherwise explain their thinking.
- Assure anonymity. Avoid the temptation to ask identifying questions about a respondent’s office, practice group, gender, etc. unless you have a **very strong hypothesis** that answers differ by group and the means to address barriers at that level.

that ask simple, *open-ended* questions about partners' perceived barriers to collaboration.

Ideally, a team trained in qualitative research methodology will analyze these free-text responses, separating discrete barriers that respondents had co-mingled, assigning each to a category. Multiple people should code each response to minimize interpreter bias, and check that inter-rater reliability is high; discuss differences to get a clearer, unified interpretation.

Although labor-intensive, this method preserves the integrity of people's own words and avoids the 'demand bias' problem associated with multiple-choice surveys.<sup>vii</sup>

These are the typical barriers we have found in our work with firms:

- **Knowledge of the firm's offerings.** Since firms can vary in size and jurisdiction, it may be difficult to know who can do what, to what capacity, and with what resources. This barrier is especially prevalent in firms that have grown through mergers. It's also frequently cited as a barrier in large firms with dispersed offices, although it is remarkable how little awareness partners have of their colleagues' capabilities even in smaller firms.
- **Competence trust.** When collaborating, one needs faith in others' professionalism, skill set, and capabilities—not only technical legal skills, but also client handling ability such as responsiveness. The lack of strong trust presents a clear barrier. It shows up in quotes that may refer to “loss of quality control” or having to “prod and then being embarrassed by poor delivery.” Again, this can be an issue for firms that have merged: a partner will think, “By definition, half the partners who joined from the ‘other’ firm are below average...but which ones?”

- **Interpersonal trust.** Unlike competence trust, interpersonal trust pertains almost entirely to distrust in someone’s character and intentions – rooted in previous observations or simply a lack of familiarity. Typically, partners who joined as lateral hires have been vetted extensively in terms of their ability, but their new colleagues will worry about their prowess in porting client relationships from one firm to another: “Are they going to steal *my* client next?”
- **Lack of time / inefficiency of collaboration.** The collaborative process can be logistically challenging due to different time zones and language or cultural barriers, for instance, and to the time required to explain the task to someone else. Every partner is undoubtedly busy: the real question is not whether they have time, but where they choose to spend it. We often see this barrier arise in firms where the structure (e.g., incentives) and leaders fail to hold people accountable for delivering on collaborative goals.
- **Incentives and KPIs.** Many partners report their firm’s compensation and performance management structure as barriers to collaboration. And rightly so: no perfect compensation system exists because each one has both known trade-offs and unintended consequences. Some, however, are more broken than others—especially the ones that rely strictly on formulaic calculations of individual outcomes. <sup>viii</sup>
- **Selling skills and confidence.** Often times, it’s best if partners can identify collaborative opportunities for their clients – picking up on different clues that may demonstrate additional client needs or broadening the scope of the initial

pitch. This is the most under-reported barrier by partners: many do not recognize their deficiency, and even those that do are typically reluctant to admit it.

The second 'prong' of the barriers identification involves in-depth interviews and focus groups. After coding the data, quantify the relative frequency of mentioned barriers, and feed this information back to a range of participants. Test your understanding of the identified barriers by interviewing a select group of partners one-on-one. When selecting interviewees consider including thought leaders and opinion shapers; strategic selection of interviewees helps to build individual commitment to the project and organizational momentum.

We find it incredibly helpful to preserve some of the respondents' verbatim quotes to illuminate the barriers. In the focus groups and interviews, these examples often spark useful discussions about deeper issues that the respondents didn't write about in the survey. Using these quotes also allows you to explain to leaders more concretely what you have uncovered; leaders occasionally resist hearing about barriers, and the words directly from their partners help them to understand and open up to the fact that issues are festering.

### **Generating 'bright-spot' stories**

Through the surveys, focus groups, and partner interviews you will have unearthed examples where collaboration is already working well. These stories provide signposts for the organization about what aspirational collaborative behavior looks like, and where it is already working to drive the business. As every anthropologist will tell you, stories are the backbone of culture; similarly in organizations, culture is created and spread through the sharing of real-life examples. The diagnostic phase allows you to take these stories and distill from them an

understanding of specific collaborative actions people have taken and how they added value.

In the end, you will be able to create a catalog of collaborative stories, specific actions that have worked in your organization, along with a set anti-collaborative behaviors to be avoided.

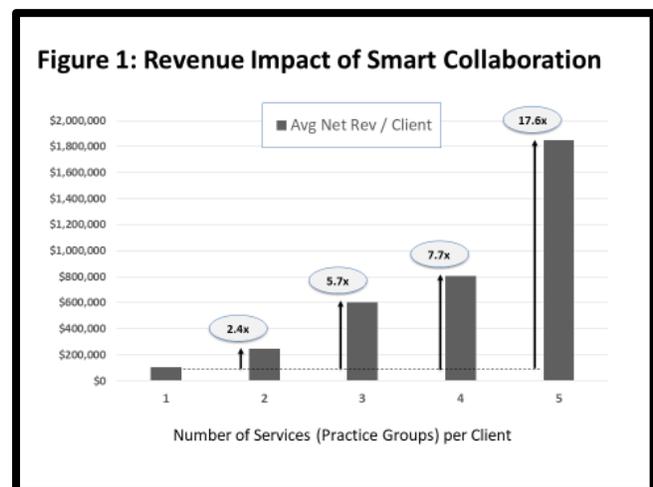
## Generate a compelling picture of the potential upside

This step involves two distinct kinds of analyses using (1) financial data and (2) client inputs. The first analysis involves quantifying the ‘money on the table’ your firm is currently leaving behind by not serving clients with the full range of offerings. The second part requires you to validate your findings based on inputs from a representative set of clients; this step is essential to gaining partners’ buy-in to making the necessary changes.

### The “Money on the Table” analyses

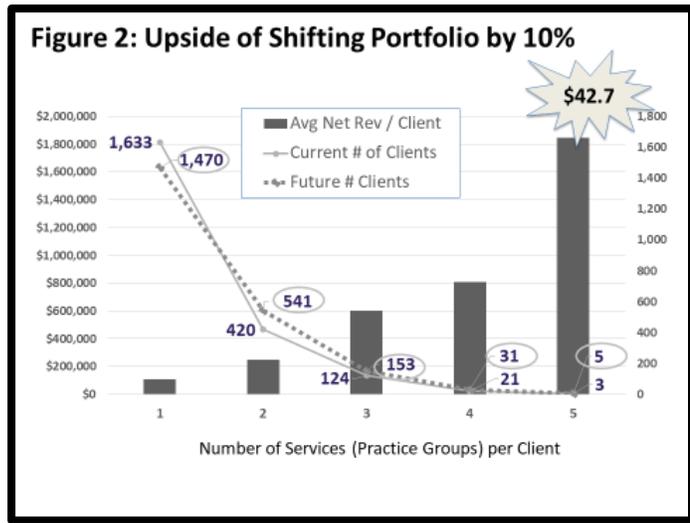
Law firm leaders who are intent on implementing a collaboration-based strategy understand that when partners serve clients in a cross-practice or cross-border way, they can win more loyal clients and generate greater profits. But when we run the numbers for their firms, many leaders are surprised by the results.

In brief, you must analyze your current client portfolio to determine the average revenues for each group of clients that are served by the same number of practice groups. In one firm, we saw that revenues were 5.7 times higher for clients served by three practice groups than by a single one. Those clients served by five practice groups



generated fees 17.6 times higher than those with just one kind of service. See figure 1.

The next step is to calculate the upside: How much is it worth if you shift just 10 percent of clients in each category to the next-higher category? The numbers along the solid graph line in figure 2 show the number of clients served in each category; the ones in the



circles along the dotted line show the hypothetical new portfolio if 10% of clients in each category moved one step to the right. For this firm, the incremental revenue of this shift would add up to nearly \$43 million. That’s an 11 percent increase in the firm’s total revenue.<sup>ix</sup>

This figure is typical across the firms we studied that are collaborating well—that is, doing complex work for clients that results in appropriate levels of increased revenue. In general, firms are missing out on an additional 15 percent of overall revenue by not figuring out how to make this shift. When you translate this into a money terms — “We could gain forty million pounds of profit by collaborating better”— it tends to catch partners’ attention!

### **Validating your findings with clients’ perspectives**

The second piece of analysis for understanding the upside of collaboration involves targeted client interviews. Engage with a representative sample of key client contacts, ideally general counsel, in order to understand: **What gives my firm a competitive advantage with the client, specifically related to collaboration? Where can we add more value to the client by**

**bringing the full breadth of the firm’s capabilities?** See the sidebar for our recommended interview method that unearths deeper insights.<sup>x</sup>

It is often tempting to re-purpose interviews that have already been conducted with clients as part of other initiatives, but we advise against this approach: rarely (unfortunately, in our opinion) do typical “voice of client” interviews focus on collaboration. Instead, too many ask about quality with the services provided, rather than enquiring about how clients would *like* to be served, whether additional opportunities exist, and how proactively the partners engage with the client (especially in the

**Critical incident technique for client interviews:** When interviewing clients, merely asking for their general opinions about collaboration is unlikely to reveal deep insights and their answer is almost certainly riddled with biases (recall, confirmation, etc.). Instead, use this systematic, open-ended technique that involves them identifying and analyzing specific situations when they were (or weren’t) served in a cross-silo way by your partners, and the particular results. Probing for concrete examples is most fruitful if you can ask them to consider this request ahead of the interview.

“off-deal conversations”—as in, relationship building between active engagements). See Table 1 for a sample of the kinds of themes and quotes that have emerged during these interviews we conducted with clients.

<b>Table 1:</b>	
<b>Theme</b>	<b>Illustrative quote</b>
Deeply invested in understanding the client’s business	"Understanding us – our business units, our industry, the ecosystem - is critical. We are not going to work with a partner who will be asking questions like who we are, what we do, what is our sector like before we can get to the real issue. We expect a partner either to have consulted with his peers and arrive with the accumulated institutional knowledge the firm overall already has or bring colleagues along to have a real rich conversation."
Integrated global client service capability	"Dealing with multi-regional transactions, the ability to seamlessly draw on lawyers across countries has significant benefits for us."

Trust-based, candid relationship with the client	"I can just be really honest with them and say 'Listen, this is the mood my CEO is in. I am not going to go get my head handed to on a platter by giving this advice – you have to do it and take this one for me'. And they do."
Access to the best subject matter experts	"What makes the difference is when multiple experts from adjacent disciplines (practice or sectors) are brought in. We greatly benefit from the collective, well-rounded and tailored opinion provided."
Consistent proactivity	"It is not about calling me to have coffee. It is what we discuss while having the coffee, and how you appear to be figuring out where I am going, and then mobilizing your firm and external network that might offer just the solution I need. Be the 'door opener' for innovative tools and capabilities, fellow partners with relevant and proven track records, other brilliant minds in the field I can learn from."
Collaborative capacity	"Having multiple partners working across disciplines on our recent big case who were comfortable in their skins and were quite happy to challenge each other and came out with the best advice for us."

Beyond providing invaluable insights, these inquiries are appreciated by the client because they signal the law firm’s keen desire to serve its client better. Many partners are reluctant to “ask a favor” of their clients, but we find that GCs are typically quite willing to engage in a deep conversation about the topic of collaboration. Understandably, we find that the interviewees are most candid and open when we assure them of anonymity. Remember, this is part of a strategic planning process, not an attempt at business development.

**Communicating your findings with the firm**

When using the “potential upside” findings to gain firm-wide commitment for a program to advance collaboration, leaders can learn from the work of Professor Daniel Kahneman, for which he won the 2002 Nobel prize in economics.<sup>xi</sup> His prospect theory shows that “losses loom larger than gains”. To increase partners' sense of urgency, leaders can frame

the outcome of increased collaboration as avoiding a loss—that is, “money left behind”—rather than revenue gained, which according to prospect theory is less powerful.

The diagnostic analysis can be a powerful tool to generate momentum with the partners for the necessary changes. Ideally leaders will reveal the findings of the diagnostic with the broader partnership, for example, at an off-site retreat. During this event the leadership team also confirms the actions they plan to take and the resources they will devote to making effective collaboration a reality across the firm.

## Conclusion

To implement a firm-wide Smart Collaboration strategy, it is essential to understand the organization’s starting point: where is collaboration happening today; what are the barriers to increasing collaboration; and what are the bright-spot examples that can be held up to demonstrate of the benefits of collaborating effectively. A diagnostic analysis will help the leadership team create the compelling case for change, drive momentum with the broader organization, and help determine the critical focus areas for the following phases.

In **Part 2** of this series, we show how to equip lawyers (and potentially others in the firm) with the capabilities to turn their natural ways of working into strengths that improve collaboration. We also show how to improve leaders’ understanding of their group dynamics so that they are better able to manage, direct, and motivate their teams (such as practice groups or key account teams).

After understanding their collaborative strengths and strategies to deploy them, partners need to direct those skills toward specific client opportunities. In **Part 3**, we discuss tech-enabled ways to analyze, identify and prioritize collaborative growth opportunities, along

with ways to create accountability for execution. Even with the right targets, we know from research that many partners lack the skills and confidence to pursue complex client opportunities which require cross-silo collaboration.

**Part 4** of the series outlines seven principles for effective capability development, shows how to calculate the return on investment for programs, and provides a case study on one kind of BD capabilities program that generates 10x ROI.

## About the Authors



Heidi K. Gardner, PhD, is a Distinguished Fellow at Harvard Law School and Faculty Chair in the school's executive programs. Previously she was a professor at Harvard Business School. Dr. Gardner's book "*Smart Collaboration: How Professionals and Their Firms Succeed by Breaking Down Silos*" became a *Washington Post* bestseller. Named by Thinkers50 as a Next Generation Business Guru, Dr. Gardner co-founded the research and advisory firm Gardner & Co.

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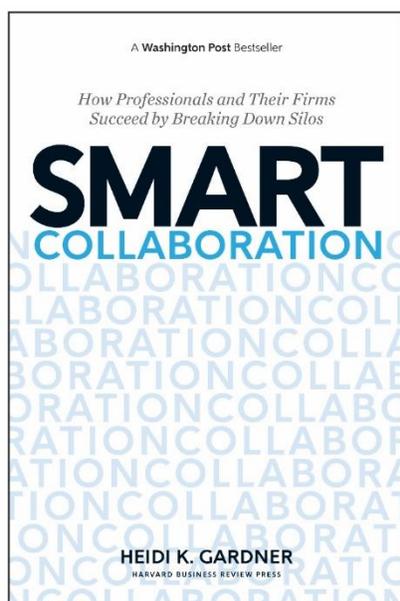


Ivan is a co-founder of Gardner & Co, a research and advisory firm, and an investor/advisor to venture backed technology companies. Ivan has co-authored multiple publications on collaboration and professional service firm strategy.

Previously he was an Executive Vice President at State Street Bank where he led the bank's insurance sector and served as President/Chairman of three of the bank's FinTech subsidiaries. Prior to State Street, Ivan led the Bank of Scotland's small business commercial banking operations for the UK. Earlier in his career Ivan was a consultant with Bain & Co's strategy and private equity groups in London and Johannesburg. He also led strategy, product, marketing and sales functions at the Walt Disney Company (London and Paris) and Procter & Gamble.

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- <sup>i</sup> “*Smart Collaboration: How Professionals and Their Firms Succeed by Breaking Down Silos*,” by Dr. Heidi K. Gardner, Harvard Business Press, 2017; “*Collaborating for Growth: Duane Morris in a Turbulent Legal Sector Case Solution & Answer*,” by Dr. Heidi K. Gardner and Annelena Lobb, Harvard Business School, July 26, 2013; “*When and Why Clients Want You to Collaborate*”, by Dr. Heidi K. Gardner, *The American Lawyer*, June 28, 2016;
- <sup>ii</sup> “*Smart Collaboration for Lateral Hiring*,” by Dr. Heidi K. Gardner and Anusia E. Gillespie, *Globe Law and Business*, October, 2018
- <sup>iii</sup> “*Smart Collaboration for Greater Wellbeing*,” by Heidi Gardner in “*The Best Lawyer You Can Be: A Guide to Physical, Mental, Emotional, and Spiritual Wellness*,” 1st Edition by Stewart L. Levine (Editor), American Bar Association 2019; “*Social: Why Our Brains Are Wired to Connect*,” by Matthew D. Lieberman, Crown Publishing Corp., 2013; “*Wellness is the Cake, Not the Icing*”, by Dr. Larry Richard, *PD Quarterly*, November 2018
- <sup>iv</sup> For more in-depth treatment of law firm strategy, see “*Law Firm Strategies for the 21<sup>st</sup> Century: Strategies for Success*”, Second Edition, *Globe Law and Business*, 2020
- <sup>v</sup> “*Power, Distress, and Compassion: Turning a Blind Eye to the Suffering of Others*,” by Gerben Van Kleef, Christopher Oveis, Ilmo Van der Löwe, Aleksandr LuoKogan, Jennifer Goetz, & Dacher Keltner, (2008), *Psychological Science*, 19(12), 1315-1322
- <sup>vi</sup> Rune Lines \* (2004) Influence of participation in strategic change: resistance, organizational commitment and change goal achievement, *Journal of Change Management*
- <sup>vii</sup> ‘Demand bias’ occurs when responses appear to be influenced by the perceived purpose of the study – based on affiliation with the researcher or deduced from the survey structure
- <sup>viii</sup> For more on this topic, please see Chapter 6, Collaboration for Ringmasters of “*Smart Collaboration: How Professionals and Their Firms Succeed by Breaking Down Silos*,” by Dr. Heidi K. Gardner, Harvard Business Press, 2017
- <sup>ix</sup> “*By Failing to Collaborate, Law Firms Are Leaving Money on the Table*,” by Dr. Heidi K. Gardner, *The American Lawyer*, October, 2018
- <sup>x</sup> “*The Sage Encyclopedia of Communication Research Methods*” (Vols. 1-4), by Mike Allen (2017). Thousand Oaks, CA: SAGE Publications
- <sup>xi</sup> “*Prospect Theory: An analysis of Decision Under Risk*,” by Daniel Kahneman & Amos Tversky (1979), *Econometrica*, 47, 263-291