LEADING IN THE FACE OF LAW FIRM CRISIS

AN EXPERIENTIAL GUIDEBOOK FOR OUR TIMES

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The COVID-19 pandemic has had an enormous impact on businesses world-wide. Law firms have been no exception. A relative handful of firms are enjoying an increase in demand for their services. For these firms, primary challenges relate to maintaining a safe work environment whether through working from home or modifying personal interaction at the office.

For many firms, however, the business disruption includes a decline in work (and corresponding revenue) to an unknown degree for an unknown duration.

Many of those firms find themselves in crisis.

The following case studies, analysis, observations are offered as historical perspective on the role of leadership in the midst of crisis. In particular, we've zeroed in on the challenges related to maintaining stability and liquidity that many law firm leaders now find themselves waking to each day.

WHAT HAPPENED?
EXPLORING THE WAKE OF MAN-MADE DISASTERS

It seems that scarcely a month passes without news of immeasurable catastrophe in the wake of natural disaster. Tornadoes, hurricanes, earthquakes, and tsunamis can, in the blink of an eye, alter life in unimaginable ways. Aware of the potential consequences, we tend to keep a watchful eye for any early warning signs of such events.

And then there are those disasters that are of our own making.

Oil spills, breached levees, and economic shell games can pack an equally heavy punch. The tragedy, of course, is that these disasters bear our fingerprints and are to some degree avoidable. But these man-made storms of consequence find impetus and gather their destructive head of steam in the absence of watchful eyes and healthy respect.

The truth is that even those disasters that are not completely avoided can be managed, given an appropriate recognition of known potential risks and a decisive response. The impact on the *status quo* can be minimized and the would-be disaster relegated to incident status—a problem solved, a war story told with a relatively happy ending.

Law firm disasters are almost always of the man-made variety.

Finding itself in the wake of forces precipitating potential economic collapse, a well-managed firm adjusts and moves forward, finding strategic paths that avoid real crisis. Other firms, even otherwise well-managed ones, get caught in the wake and veer into waters that threaten their very existence.

Once a storm is brewing, add the fact that as business organizations go, a law firm is among the most fragile, and you have the climate for a series of catastrophic events.

The individual creating and managing key client relationships—typically a law firm's most valuable asset—can suddenly represent significant risk. The lawyer can leave the firm at any moment, with the client relationship in tow. For the rainmaker, every day is a day of free agency.

But that is not all. Even as a crisis unfolds, some lawyers might be content, even inclined to ride out a storm. But as nervous tension among a few prompts early departures, the firm's banker may get nervous and seek to drastically modify or even terminate the banking relationship. Clients can get understandably nervous and even begin to encourage their lawyer teams to go to a more stable firm.

To compound things, as external forces seem to conspire, the firm's real-time financial performance may weaken, making each lawyer doubt whether promised rewards will be realized. Competing firms not in the throes of crisis appear much safer, if not more attractive. The swirl of uncertainty causes morale to drop. And crisis becomes an overwhelming force.

Nothing is as formidable for a leader as the challenges that accompany an overwhelming force. Whether confronting it alone or with the help of others, the leader will find that the challenges associated with thwarting the crisis driving a firm toward catastrophe have no match. The task is intense and seldom forgives mistakes. Each move can seem as though it might be for all the marbles.

In the wake of the Great Recession, an unfortunate number of law firms tested the quality and character of their leadership. Some of the accounts have happy endings. Others do not. The accounts are numerous and often painful. But any discussion of managing through transition would be incomplete if we did not look to a couple of the more high-profile cases in an effort to identify critical lessons.

One story reviewed in the pages that follow is that of a firm that faced crisis from multiple directions. Its leadership did enough right to avoid collapse. The second story is about a firm that did not do enough right when challenged by the Great Recession. Its demise was one of the more sensational law firm failures in recent history. Contrasting the strategies employed, the tactics used (and not used), and the fates of each is an instructive lesson on law firms in crisis.

CASE STUDY #1
CALM, COOL AND COLLECTED

The "King of K Street," The Washington, DC, law firm Patton Boggs, was on the innovative edge by bringing lobbying into a law firm at a time when facilitating influence was the domain of non-lawyers operating solo or in lobbying boutiques. Patton Boggs's melding of a lobbying practice into an organization engaged in the general practice of law revolutionized both the lobbying and legal industries and drew imitators as other firms sought to replicate the firm's trailblazing success.

Over time Patton Boggs grew beyond its trademark specialty to become recognized as a major international law firm offering a full panoply of client services. While it never abandoned its lobbying roots, it strove to compete with the world's largest full-service law firms by providing clients with virtually any legal service required.

Ultimately, the legal industry upheaval resulting from the Great Recession undermined the firm's seemingly solid foundation and left it peering over the precipice. By 2014, a combination of unresolved internal issues, poor financial performance, and a bet-the-company case gone wrong left the firm the subject of a morbid industry deathwatch. In the face of impending calamity, Patton Boggs made some difficult decisions and decisively retreated to a lifesaving merger. By doing so, it dodged the messy demise so often suffered by a dead firm walking.

Long before the fight for its life, the future Patton Boggs enjoyed a simpler time. It was formed in 1962 when James Patton took his decade-long experience as a lawyer and joined with Charles Cook and J. W. "Jim" Barco to form Barco, Cook & Patton. The three new law partners, who had crossed paths earlier, decided to form a general practice law firm with an emphasis on international law. Patton became the firm's resident Washington, DC, partner while Cook and Barco practiced out of New York City.

Soon, a former colleague of Patton's, George Blow, joined the partnership and the firm's name changed to Barco, Cook, Patton &

Blow. By 1968, however, the two-city law practice proved challenging and the New York and DC practices separated. The resulting DC firm plowed full steam ahead with a collection of young lawyers, the most notable of whom was Tommy Boggs. His addition to the firm proved transformative, even groundbreaking.

By all accounts, Tommy Boggs was born to be a lobbyist. His father, Thomas Hale Boggs, Sr., was a congressman from Louisiana who rose in the Democratic Party leadership. His mother was equally comfortable within the political realm and later, when the senior Boggs suffered an untimely death, took his seat in Congress and held it for nearly twenty years. Tommy and his two sisters were treated to a steady stream of political heavyweights frequenting the Boggs home for dinners, get-togethers, and political events. For Tommy, growing up around politics and politicians was not only natural but also served as a form of homeschooling before that term took on its present-day meaning.

When it came time for his formal education, Congressman Boggs's namesake did not wander far. He matriculated to Georgetown University and it was there that he earned his undergraduate and law degrees. After finishing at GU, he worked as an economist in President Johnson's administration for a few years before advancing his legal career by joining Barco, Cook, Patton & Blow.

Upon joining the law firm, Boggs used his political DNA to create opportunity. Drawing on the people he had met along the way and making the most of the connections of his influential father, Tommy Boggs established and grew the firm's lobbying practice. His success was greatly aided by the attention and guidance he received from his mentor, Clark Clifford, one of the most well-placed and effective players on Capitol Hill.

These early years saw momentum build for the firm, which became a forceful advocate in the city where power and policy reached its zenith. Clients flocked to the firm, and Boggs's rainmaking skills helped establish the firm in the somewhat parochial Washington, DC, legal market of the day. It was no wonder that in 1973, just seven years after he joined the firm, its name was changed to Patton, Boggs and Blow.

In the years that followed, the firm's success in lobbying on nationally prominent matters such as healthcare reform, export of Alaskan oil, and international trade agreements solidified its stature as the go-to shop when public policy was at stake. Despite this dominance in matters of policy, the firm continued to aspire to be more. Growth was pursued with fits and starts through the 1980s but took on a more committed look in the 1990s when the firm opened a Dallas office with a group of prominent financial services lawyers to complement a westward expansion to Anchorage and Denver. The firm balanced its geographic expansion to the west by opening a new office in northern Virginia, and followed that by establishing an office in Doha, Qatar.

In the late 1990s, after years of growth, the firm formally adopted a plan to become a full-service law firm.

In the new century, the firm forged ahead. It grew its reputation as a full-service firm and supplemented or added the substantive capabilities required by commercial clients. Its advances were substantial. Patton Boggs was ranked in the American Lawyer Top 100 for the first time in 2001. Its roster of lawyers and lobbyists grew and at its height numbered approximately 550 professionals strong. In the robust years leading up to 2007 it performed well when measured by the American Lawyer annual metrics, and proved to be a credible, even formidable, competitor for major engagements and client relationships. Perceived as a well-managed firm, by 2007 its future looked promising.

The financial jolt that hit the world's economy in 2008 hit law firms hard. Patton Boggs was no different. But unlike some firms that experienced almost immediate financial pressure, Patton Boggs's initial pain was not severe. It appeared the firm was fortunate to have a seemingly recession-proof lobbying practice as well as some significant litigation matters that kept many of its lawyers busy.

Indeed, the representation of New York City in litigation stemming from the 9/11 World Trade Center disaster was still robust in 2008 and back-filled some of the firm's practice areas that had slowed. Both segments of work contributed revenues that helped ameliorate softness felt by other sectors of the firm.

But overall, business was down. Morale was beginning to flag, and lawyer departures became more and more common. As 2008 ended and 2009 began, the financial fallout from the Great Recession began to take greater hold at Patton Boggs, and the World Trade Center litigation, previously representing a mother lode of work and revenues, was reaching its end.

The firm also was beginning to feel stress from something that had worked well for it in the past—its compensation system. Patton Boggs was a firm that paid its partners on a system best described as a modified "eat what you kill." Under the firm's formula, a partner was rewarded for originations, hours worked, and number of attorneys managed on his or her "team."

In good times the system, entrepreneurial to its core, motivated partners to enter the marketplace to gain a share of available legal work. But when demand was down and available work was far more limited, the system stifled teamwork, stimulated hoarding, and diluted an individual's willingness to reduce the excess lawyer capacity on his or her team by passing work to another.

Not unlike what its competitors were experiencing, by 2010 demand for the services of Patton Boggs was lessening as client general counsel and boards sought to reduce legal spend. Across the wide swath of the firm's practices there was a softening in demand. Even the reliable lobbying practice, the firm's bread and butter for so many years, saw a reduction in demand due to political gridlock. With Congress and the administration engaged in an epic stare-down in which very little got done, the need to hire lobbyists shrank. As Patton Boggs and its competitors learned, the market to influence on matters of policy drops when policy makers have no new policies to advocate.

With an increasing decline in client demand, a compensation system that dis-incentivized teaming and cross-selling, and the impending end to the World Trade Center litigation, the prospects for Patton Boggs in 2010 should have been very concerning. Fortunately for the firm (or unfortunately, as it turned out), however, a new opportunity materialized late in 2009.

It appeared not only exciting, but potentially financially rewarding. Indeed, with a little luck, this might actually fix many of the problems that had surfaced at the firm. While lawyers at other firms were wringing their hands, Patton Boggs's new engagement gave reason for its partners to be more upbeat.

James Tyrell, the Patton Boggs trial attorney known in the industry as the "Master of Disaster" and the originator of the lucrative World Trade Center matter, was approached to become co-counsel in a long-running matter pending in the US and Ecuador against Chevron for alleged environmental contamination. Tyrell's reputation prompted Steve Donziger, plaintiffs' lead counsel for a group of Ecuadoran farmers, to contact Patton Boggs for assistance. Donziger's case against Chevron was progressing, but he needed litigation financing and a powerhouse firm, preferably one that was politically well connected, to execute on what he hoped would be a judgment in the billions of dollars. Donziger's source of financing encouraged him to consider Tyrell and Patton Boggs. In Tyrell, the aggressive litigator, and Tommy Boggs, the ultimate persuader, Donziger seemingly had found the perfect team. If Tyrell and Boggs were armed with a judgment against Chevron, surely a substantial and quick settlement could be negotiated.

For Patton Boggs, there was a lot to like about the case. The firm had negotiated a favorable fee arrangement that entitled the firm to the payment of some current fees and one-fourth of the total contingent fee. Not only was the arrangement positive from workload and cash flow standpoints, it also presented the possibility of a huge payday for Patton Boggs. At a time when the firm was in fear of its best lawyers jumping ship because of disappointing financial performance, the lure of a large recovery had an adhesive effect in a “must be present to win” world.

The Chevron litigation, as promising as it initially appeared and as helpful as it was to the Patton Boggs bottom line, was not the complete antidote needed to deal with the firm's ills. Productivity remained challenging, the compensation system continued to encourage unwanted behavior, and the productivity issues of certain offices went unresolved. Like the rest of the industry, Patton Boggs was realizing that competing in the post-2008 new normal was increasingly more difficult.

As events would unfold, the opportunity became a Trojan horse. Even if management had not expected the Chevron case to solve the firm’s problems, it certainly would not have anticipated that the case itself would become, in some respects, the most severe problem the firm faced.

After formally signing on to represent the Ecuadoran farmers in 2010, it became clear that Chevron did not fancy getting sued. It aggressively used the judicial system to obtain discovery from third parties as it built a case against not only the plaintiffs but also their advocates. Patton Boggs found itself in Chevron’s crosshairs when it was named as a non-party conspirator in a 2011 federal court lawsuit that accused the plaintiffs and others of fraudulent actions under the Racketeer Influenced and Corrupt Organizations Act.

Chevron’s maneuvers made it clear that it had no intention of settling with anybody.

The hope for a quick strike and settlement was largely dashed, even after the plaintiffs obtained an $18 billion Ecuadoran judgment. Patton Boggs, intending to be the aggressor, found itself playing defense against an opponent that was sparing no expense. Instead of the Chevron litigation being a windfall for the firm, it took on the look of a lodestone that was pulling the firm underwater.

By 2012, Patton Boggs was beginning to hurt in areas other than the courtroom. Its 2011 financial performance had been off when compared to previous years, and the firm had lost more of its professionals. Although the firm's chairman, Ed Newberry, attempted to explain why the 2011 results were quite good, it was hard to believe when partners within the firm confessed to others that in 2011 the firm was under enormous financial pressure. Numerous segments of the firm continued to be soft and the economy, still smarting thanks to 2008, wasn't generating sufficient work to assure full employment for everyone at the firm. It was more of the same for 2012; productivity was soft, certain offices were underperforming, and revenues were down. The firm that had once boasted 550 lawyers and lobbyists continued to shrink.

Management's concern morphed toward recognition that it had to do something. The challenges were not abating; indeed, by almost any measure they were growing worse. The question for Patton Boggs was whether it had waited too long to take decisive and dramatic action to fix its problems.

Even with such uncertainty, the firm had to attack crisis to have any hope. The order was a tall one—the firm needed a fix-it plan that would arrest the slide, energize its people, and build confidence in a vision that represented a viable future for the firm's partners. Short-term relief could not sacrifice a long-term vision, nor could the opposite be tolerated.

Patton Boggs needed a vision around which everyone could rally. At this definitive crossroads, 2013 marked, as Chairman Ed Newberry declared, a year of restructuring.

Early in the year, the firm took decisive action to begin a rightsizing by reducing its headcount by sixty-five people, thirty of them lawyers. As is inevitably the case, the involuntary departures stimulated other professionals to leave of their own volition, taking with them client revenues. In July, the firm experienced an unwanted large defection when seventeen lawyers decamped for Holland & Knight.

Even these downsizing events were not enough, due to financial performance and pressures. Additional layoffs became necessary.

Seeing its predicament becoming dire, the firm looked for outside help. It retained the noted restructuring advisory firm Zolfo Cooper to get it across the finish line.

Financial performance continued to decline. This was met with more restructuring. Now, with the advice of Zolfo Cooper, the restructuring was specifically designed to position the firm for a lifesaving merger. Overtures to various possible combination partners were made, and in early October of 2013 the firm commenced merger discussions with the growing Locke Lord. At the same time, it was exploring combinations with other potential merger candidates, including one offshore.

Discussions with Locke Lord ended after two months. When the discussions terminated in December of 2013, Patton Boggs kept searching and restructuring, realizing that it was becoming very difficult to keep the firm together while it faced such uncertainty.

By February 2014, at roughly the time the firm announced its decision to close its Newark, New Jersey, office, merger talks with Cleveland-based Squire Sanders commenced. They moved quickly, resulting in a letter of intent to merge being signed a month later. Then, Patton Boggs made a bold and difficult decision that no doubt was important to the merger going forward: it paid Chevron $15 million in settlement, withdrew from the representation of the Ecuadoran farmers, and issued an apology for having ever gotten involved

On June 1, 2014, the merger of Patton Boggs and Squire Sanders became a reality. Though it was clearly the acquired firm, the bruised and battered Patton Boggs could draw some solace from the fact that, in recognition of the august brand it had built, its name was prominently included in the combined firm's new name: Squire Patton Boggs.

CASE STUDY #2
OVERWHELMED BY EVENTS

Sitting in the New York State Supreme Court facing the jury that was to decide his fate, Stephen Davis had to wonder how it had come to this.

After all, he had once presided as the head of one of the most celebrated law firms in the world, Dewey LeBoeuf, LLP. With his deft touch, Davis had created the heralded firm by merging LeBoeuf, Lamb, Greene & McRae, LLP and Dewey Ballantine, LLP. The combination made headlines, in large part because it represented the union of two opposites.

Davis' firm, LeBoeuf, was recognized for its strong insurance, energy, and litigation practices. Despite its credible economics and recognized expertise, in the white-shoe world of Wall Street, LeBoeuf was in many respects on the outside looking in.

Whereas LeBoeuf was a hard-scrapping firm trying to be taken seriously by the firms in the club, its merger partner, Dewey Ballantine, was at the other end of the spectrum. About as white-shoe a firm as a cobbler could imagine, Dewey Ballantine's corporate practice, particularly its high-profile mergers-and-acquisitions expertise, bespoke an exclusivity that was synonymous with Wall Street.

Dewey Ballantine was different in another way. Sound business practices were not emphasized as a part of its culture and finances were frequently strained.

When the merger was announced in the summer of 2007, it was said that Dewey Ballantine married money and LeBoeuf married up. For all the sniping heard when the merger was announced, however, many industry observers thought that Davis had put together a pretty good, perhaps transformative deal.

Yet here Davis was that day in October of 2015, accused of criminal conduct, his freedom in the balance . . . because the merger had failed. Was the marriage made in heaven now the marriage from hell? He would soon find out. Certainly, eight years before when the two firms agreed to merge, the last thing anyone would have predicted was the combined firm's financial collapse and descent into the criminal justice system. After all, both firms had been around for a long, long time.

LeBoeuf dated back to October 1929, when it was formed in Albany, New York, just days before the stock market collapse. Soon, the fledgling law firm moved to New York City and leased an office from a client that had extra space to let. Early on, the firm was known for representing clients in the utilities and energy industries, taking care of those clients' business, regulatory, and litigation needs. In the 1960s, the firm staked a claim to being one of the go-to firms for insurance companies seeking to navigate their way through an expanding regulatory environment and the increased competition and litigation that inevitably arose.

This was the LeBoeuf firm that Stephen Davis joined out of law school in 1977. The hard-working Davis became an excellent energy lawyer and ultimately a cornerstone of the firm's energy practice. He eventually expanded his *curricula vita* to firm management and after a stint as the firm's cochair became sole chairman in 2003. The years between his ascension to leadership and the merger with Dewey were marked by steady firm growth in size, offices, and revenues. Despite that success, many in the legal industry viewed LeBoeuf as a respected but decidedly lower-tier law firm.

The path to prominence for merger partner Dewey Ballantine bore some similarities to LeBoeuf's evolution, but in most respects moved along a different and, in terms of industry reputation, higher plane.

Its birth occurred twenty years before LeBoeuf's when three former Harvard law school classmates, Elihu Root, Jr., Grenville Clark, and Francis W. Bird, opened their law firm in the financial district of lower Manhattan. Choice clients came to the firm, as did well-connected lawyers like Arthur Ballantine. Between the two world wars, sophisticated legal work for blue-chip clients burgeoned, as did the firm's roster of top-level legal talent packing gilded résumés of enviable connections and prestigious educations.

As World War II ended and the post-war years dawned, the firm experienced a decade of moderate setbacks. In 1945, the firm's managing partner, Grenville Clark, resigned. His resignation was followed by the departure of various lawyers for one reason or another, including four who went on to form Cleary, Friendly, Gottlieb & Steen.

Fortunately, in 1954 the firm came out of its slump when Thomas E. Dewey, former three-term governor of New York and Republican presidential candidate, was recruited to lead a revival. The firm, at that point known as Dewey, Ballantine, Bushby, Palmer & Wood, experienced a resurgence that, until Dewey's death in 1971, was very strong.

Dewey's death and a resulting leadership vacuum greatly slowed the firm's momentum. The following years yielded inconsistent economic performances that seemed implausible considering the firm's top-tier client list, premier talent, and sterling reputation.

Still, in the mid-2000s Dewey Ballantine remained one of the top corporate law firms around; it was particularly noted for its high-stakes mergers-and-acquisitions practice. Even though the firm was well regarded, managing partner Morton Pierce saw the firm's shortcomings as well as the industry trend toward getting bigger. So, when Orrick, Harrington & Sutcliffe proposed a merger in 2006, Dewey Ballantine said yes. The engagement did not last long, however, and for reasons termed mutual it was called off. Regrettably, the dalliance with Orrick had a cost, as unsettled key players in the firm's vaunted M&A group left for greener pastures.

The events of 2006 left Dewey Ballantine uncertain and vulnerable. Across town, the Dewey Ballantine failed merger and collateral damage caught Stephen Davis's attention. In 2007, LeBoeuf came a-courting.

LeBoeuf's Davis first approached Dewey Ballantine's Pierce in April of 2007 and broached the idea of merger. Whether Davis anticipated a warm welcome or a cold shoulder is unclear. But he soon realized that Pierce was receptive. It was no wonder. For Dewey, the previous year had been tough, with a steady loss of lawyers and a steep decline in revenues—they were down 60 percent from the prior year. For Davis's part, there were things about LeBoeuf that concerned him. Recent internal strife had put LeBoeuf at risk of losing its highly profitable corporate practice. A deal that could capture Dewey Ballantine's vaunted corporate team was just the thing the doctor ordered. With both Davis and Pierce wanting a deal done quickly to solve their own firm's problems, the nitty-gritty of negotiations ensued.

To Davis's surprise, Pierce's initially gracious and firm-minded demeanor was soon replaced by demands that his personal compensation in any merger be both large and guaranteed. Apparently, Pierce had heard about Davis's penchant for luring laterals to LeBoeuf with big dollars and guarantees and, considering what he was bringing to the table, it seemed only reasonable to insist on a similar package.

Stephen Davis soon learned that more packages with guarantees were needed to reel in support for the merger from other key Dewey Ballantine partners. Then, out of concern that some of LeBoeuf's hitters would jump ship upon hearing about the merger, Davis extended lucrative guaranteed packages to the LeBoeuf partners deemed essential to firm stability. Despite the spending spree, Davis appeared comforted by the exciting opportunity the merger presented. For Davis, the risk must have seemed worth it since the guarantees would become problematic only if the high-flying economy stalled.

The merger that created the new firm, known as Dewey LeBoeuf, was effective October 1, 2007. As agreed, Davis was named chairman. In short order, not only had Davis created a legal juggernaut of over 1,300 attorneys representing elite clients all over the world, but he was at the helm.

While basking in the celebratory sunlight, Davis had to know that he faced substantial challenges. Besides the formidable one of integrating two large firms into a single culture, Davis's new responsibility was daunting for reasons not apparent to all. For one, LeBoeuf's lateral growth and the merger itself were built by extending special deals to a select group of lawyers. The special agreements, kept secret from rank-and-file partners, created a firm built to no small degree on the backs of the unknowing.

But that was not all. Davis's seeming lack of transparency toward the bulk of the firm's owners was matched only by an apparent lack of vision. The robust economy that fueled law firms to record profits during the post-millennial period would not last forever. Yet the special agreements threatened to cripple the firm if the economy experienced anything more than a hiccup.

Davis would be tested further by the conditions that led to Dewey Ballantine's willingness to consider merger in the first place. Its recent loss of lawyers and drop in revenues had to be arrested lest Dewey Ballantine's run-on-the-bank mental state infect the LeBoeuf side of the firm. Not to be outdone, LeBoeuf brought to the combination its own issues that threatened Davis's ability to lead and mold the firm into a cohesive whole.

By most accounts, the dysfunction present on October 1, 2007 remained dormant for most of the first year of the firm. Times were good for law firms and Dewey's prospects looked at least respectable. But by the fall of 2008, the world's economy had run into strong headwinds and Dewey, like most law firms, began to feel the effects. At Dewey, the demand for legal services plummeted in many practice groups, and the collection of outstanding accounts receivable became problematic. As the shock settled in, Dewey and other firms wondered whether the economy's struggles were a blip or something that likely would linger long-term.

With the potential for crisis presented, Davis turned to his trusted colleagues in management, Stephen DiCarmine and Joel Sanders. DiCarmine, Dewey's executive director, served as Davis's right-hand man. The two had worked together for a number of years and DiCarmine was the trusted ally to whom Stephen Davis usually turned in tough times. Reportedly, if lawyers needed to be fired, DiCarmine was the triggerman. Sanders, the firm's chief financial officer, was the indispensable numbers guy, providing quantitative support for data-driven decisions. Sanders made the numbers work when Davis needed it most. Together, these three would, over the next four years, be the brain-trust swat team that labored to save the firm in the face of what would become known as the Great Recession.

The three men started with basic blocking and tackling. The financial strain from reduced productivity and slow or nonpaying clients was met with layoffs of lawyers and staff. In addition, other significant cost-cutting measures were implemented, and a concerted effort was made to collect bills. In short, Dewey's response to the global financial crisis was similar to that of other large firms. Meanwhile, the law firm news of the day was dominated by reports of layoffs, office closures, and other belt-tightening efforts designed to offset puny revenue. From that perspective, Dewey was not alone.

But the firm's response proved wholly inadequate. The firm needed a comprehensive long-term plan that would correct its numerous systemic problems. It needed a vision for the future around which the firm's owners could rally. And it needed a leadership team that could inspire and motivate the firm's lawyers to collectively tackle the threat that was veering the firm toward catastrophe.

Instead, with little experience in managing a bet-the-company crisis, the three leaders decided to take a do-it-yourself approach to meeting the firm's monumental challenges. The DIY tactic was flawed from the beginning, primarily because Davis and his colleagues were too close to the building of the firm to be able to objectively break it down in order to save it. Their investment in the firm's existing direction deprived them of the fresh perspective vital to envisioning a long-term solution.

There was one other significant problem with the firm's leadership model. None of the three was engaged in the practice of law or otherwise affecting the bottom line of the firm apart from indirectly affecting it through their management efforts. This fact was, at a minimum, a potential conflict of interest when it came to the option of courageously recommending new management.

The conflict's existence was not simply due to their need for their individual jobs. Davis and his team were responsible for nearly a hundred secret attorney compensation deals that most of the ownership knew nothing about. Disclosure of the secret deals would be explosive and divisive and could spell their end as leaders at Dewey if not the end of the firm. This powder keg likely delayed disclosure until very late in the crisis. The inadequate transparency about the anchor wrapped around the firm's neck not only prevented the firm from considering options earlier, it effectively eliminated Davis's ability to be the architect and leader of a survivor's solution.

Sadly, it did not have to be that way. Crippling missteps in tackling the firm's crisis seem to have been avoidable.

Early in the crisis, Davis could have relied more on independent advisors—paid or otherwise—for perspective and counsel. Instead, whether out of fear, hubris, or something else, he and his team may have felt they could and should manage the firm's workout by themselves. Their collective lack of experience was manifest in a recurring penchant for responding to immediate problems without adequately managing for long-term consequences. Their piecemeal approach was compounded by an inability to anticipate many issues before they arose.

There is anecdotal evidence that the firm had not always managed with such blinders. For one thing, it had hired McKinsey to advise LeBoeuf when the merger with Dewey Ballantine was being considered. Yet in the face of the looming crisis, the firm's fatal recipe of one-part inexperience and one part lack of vision mixed with a healthy portion of ill-advised strategic moves resulted in Dewey not having the benefit of experienced crisis professionals in place until 2012. By then, Dewey was moving from life support to last rites, and the retention of recognized specialist Zolfo Cooper came far too late.

Outside advice at an earlier stage could have lessened if not eliminated the impaired judgment potentially influenced by conflicts of interest. The firm's pre-crisis leadership yielded numerous decisions that needed to be reviewed, second-guessed, and possibly reversed to save the firm. But that kind of self-review is difficult in the best of circumstances. In the position in which they found themselves, Davis and his team could have easily surmised that outside help was more likely to illuminate their conflicts of interests and/or the need for new leadership.

For at least two reasons a new set of eyes could have seen the secret deals for what they were—a deadly cancer. First, the deals were killing the firm financially. They needed to be renegotiated to give the firm fiscal life support. Second, while the deals remained secret there was no chance they could be excised. And radical surgery was essential if there was to be a locking of arms against the recession. Revealing the existence of the deals at the same time their impact was being ameliorated could have given the firm the chance to unify around a dramatic remedy. Instead, firm leadership doubled down on the secret-deal philosophy, complete with an attempt to buy Morton Pierce's loyalty by sweetening his already generous package.

In the end, the secret deals were not disclosed until they were forced to be in 2011. With that tardy and grudging disclosure, the ability of the firm to come together to fight for survival was gone. And after that day of exposure in the fall of 2011, existing leadership's ability to save the firm expired with a whimper.

By May of 2012, Dewey was out of business and in Chapter 11. Davis, DiCarmine, and Sanders were in the crosshairs of prosecutors and were ultimately charged with financial crimes against a group of lending institutions.

In the fall of 2015, as Davis, DiCarmine, and Sanders faced the jury; Davis knew that their handling of the law firm's crisis had failed.

Even worse, they faced the possible loss of their freedom. The jury's decision, delivered piecemeal over many weeks, turned out to be "not guilty" on some counts and an inability to agree on conviction on the remaining counts. While not completely in the clear because of the hung jury, Davis, on reflection, had to believe that the result was, comparatively speaking, a good one. He had long ago given up on considering the merger as one made in heaven. Because he at least temporarily retained his freedom, he might not characterize the merger as one from hell. But in a sense, the merger had delivered him, and many others, into a purgatory of sorts. And he, like Dewey, would never be the same.

PERSPECTIVES

"Every little thing counts in crisis."

--Jawaharlal Nehru, Indian statesman

Jawaharlal Nehru's simple statement about crisis is a maxim born of experience and wisdom. Nehru faced crisis in his political career and when leading India through its growing pains. Nehru knew from experience that in crisis nothing can be taken for granted. The success of his career, his nation, and his people depended on a solution.

Nehru's warning is one to be heeded by all. For law firm leaders, there is little room for error when crisis ensues. A mistake here, a misstep there, and lawyers at the firm begin to lose confidence in the firm and its leadership. Competitors are not above swooping down on a tattered law firm like vultures on a carcass. Unfortunately, this kind of volatility is well known by the firm's rank and file and the risk of departure by once-loyal lawyers grows every day.

Combating this feared "run on the bank" requires immediate action that demonstrates that solutions are being implemented. Short-term solutions must not be accepted in isolation—each small step toward a solution must be joined with a vision for the future, one around which a firm can coalesce. A short-term strategy alone provides no hope for the future and will achieve little. Conversely, a grandiose long-term vision without realistic short-term steps designed to provide stability will seldom garner the required buy-in.

At Patton Boggs, the effort to manage crisis spanned nearly four years and included short-term solutions coupled with not one but two long-term visions. At first, its vision for the future was "business as usual" coupled with a promising contingent fee case against Chevron. To the firm's surprise, that panacea threatened to make the firm a pariah—or kill it.

Recognizing and facing that threat, the firm reversed course so that it could put together a lifesaving merger. In pursuing merger, firm leadership looked beyond short-term solutions and pursued plans that would, at some level, sustain the firm's legacy. Despite some heavy losses, the firm survived.

In contrast, Dewey's response to crisis did not include any discernible long-term vision. The firm implemented multiple short-term patches that seemed to ignore and mask the systemic reasons the firm was so sick. Its leadership team sought to juggle issues until the next economic upturn came along, believing its problems would go away. By being so invested in the secret deals they had negotiated, leadership at Dewey was paralyzed, unable to take the dramatic action so needed by the firm. Making matters worse, the secrets on which the firm had been built remained hidden until it was too late for the rank and file to demand new leadership.

Both firms made mistakes that made their respective crises much more difficult. Key to Patton Boggs's success and Dewey's failure was their differing approaches to seeking help in the face of crisis. One can presume that the independent perspective of Zolfo Cooper contributed to Patton Boggs examining solutions that otherwise might not have been considered. That Patton Boggs recognized its need for professional help may have been critical to its ultimate success in weathering a difficult transition.

In contrast, Dewey elected to trundle on with, arguably, a DIY approach. Both leadership and the firm itself were deprived of a sufficiently experienced and unbiased perspective, one that almost certainly would have told Davis and his team a difficult truth—that the infatuation with secret deals would be a fatal illness if not addressed decisively. But the right outside help—ironically, Zolfo Cooper—was not hired until it was too late. By then the DIY workout had failed, the firm was headed for bankruptcy, and Davis, DiCarmine, and Sanders were heading into three years of battling criminal charges.

The contrasts between Patton Boggs and Dewey are stark. One firm was forthright with its owners and transparent in its vision and, realizing that it did not know it all, sought outside help. It weathered its crisis and survived. The other firm had a limited vision, was far from transparent with its owners, and until too late eschewed outside professional advice for reasons only insiders know. Crisis consumed it, and it is no more.

The lessons are clear. Other lessons and insights, in the section that follows, provide guidance to law firm leaders facing crisis. Not all law firm crises will be like those of Patton Boggs and Dewey or like the crises recounted below. But the mistakes and successes of others teach us how law firm crisis can and should be addressed.

STRATEGIES
AVOIDING A DAILY GAME OF WHACK-A-MOLE

All human endeavors fall within a spectrum bounded by failure and success. Law firms, of course, are no different. They can be long-lived or shutter quickly. They can enjoy financial, professional, and civic success or fail miserably. Whether success or failure is measured in a temporal or substantive way, there can be an initial period of positive achievement followed by unfortunate developments that slide a law firm to the failure end of the spectrum. Some firms' slide hits a steep slope that makes tapping the brakes difficult.

When this occurs, a law firm finds itself in crisis.

Responding to crisis can be particularly difficult for law firms. For one thing, few firms survive a crisis; as a result, most have little to no experience in crisis management when calamity first threatens. This lack of experience is compounded by the free-agent nature of a law firm's most valuable assets—its people. Key performers vital to the firm's success often respond selfishly to protect themselves rather than the institution. The exit of this talent can lead to a "run on the bank" by others, leaving leadership overwhelmed and the firm teetering.

Even so, reversing crisis and regaining stability is not impossible. As history has shown, halting the circling of the drain requires focused attention to four key fundamentals.

The first fundamental may be the most important: someone must step forward and lead the firm through crisis. A second essential to battling a law firm crisis is developing a solution—quickly—that can guide the firm to stability. A third major element seen when firms avert crisis is keen messaging that resonates with the firm's people. The message must be calm and convincing and deliver hope and direction. Finally, an almost universal requirement for combating crisis is hearing an outside voice, for perspective. This fresh look is best accomplished by retaining the right experienced professional help.

Adhering to these fundamentals dramatically improves a law firm's prospects for overcoming crisis.

Step Forward: Demonstrate Leadership Attuned to the Challenge

When crisis erupts, strong leadership must take charge. The leadership needed in crisis is different than the leadership associated with an institution's standard operations. The issues presented by a crisis are not scheduled or planned, nor do they derive from an agenda that existing leadership controls.

Rather, new and unanticipated issues are thrust on leadership. What is required of crisis leadership is prompt analysis of the issues, identification of available solutions, and relentless focus on executing a solution.

As a crisis begins to negatively affect daily activities, someone must step forward to wrest control from the crisis itself and stabilize the institution. In many cases, the crisis leader is not an incumbent but another person with a skill set that functions at the highest level in the context of crisis. This person will lead in distinctly different ways.

Consider the case of the New York City law firm Kaye Scholer. In the early 1990s, it found itself facing unprecedented action by the Federal Office of Thrift Supervision and the Securities and Exchange Commission. Frustrated by the perception that the law firm was not cooperating sufficiently with the government's savings and loan collapse investigation, the agencies applied pressure on Kaye Scholer. Collectively, the agencies demanded the immediate payment of $275 million and froze the firm's assets, along with the assets of some of the partners.

Unable to pay rent or make payroll, the firm found itself in crisis.

In stepped Michael Crames, a relative newcomer to the firm. Mr. Crames, a bankruptcy partner, promptly developed and communicated a plan to reach an agreement with the government and convinced his partners to stick with the firm and stay the course. The plan he developed and sold to his partners required Mr. Crames to lead in a way that incumbent leadership did not and could not. Thanks to Mr. Crames stepping forward, the firm was successful in resolving its dispute with the government and survived the crisis.

In the midst of crisis, a leader must approach the situation with a brand of confidence that the rank and file followers can see. The confidence must be visible in order to boost the firm at critical junctures. Indeed, confidence behind closed doors does an institution little good when it comes to maintaining and improving morale.

Confidence is demonstrated in multiple ways, including a leader showing that he or she is not only willing to meet the challenge, but eager to do so. A leader's spirit competing against the foe of crisis is contagious.

Perhaps confident leadership's most shining example is Winston Churchill. During the early, dark days of World War II when Great Britain stood alone against Germany's aggression and the test of defeating global fascism was most formidable, Churchill not only conveyed his optimism that right would prevail but through his actions showed that he relished the challenge. He communicated effectively, moved among the populace, and showed that he was taking action. The country was steadied, morale was improved, and the fight against aggression was won.

On the other hand, a leader's lack of confidence is quickly noticeable and creates concern that often builds into negative momentum. Exuding confidence while confronting crisis is essential. But more is required than being a cheerleader. Tom Landry, the revered former coach of the Dallas Cowboys, said, "Leadership is a matter of having people look at you and gain confidence, seeing how you react. If you're in control, they're in control." Few observers of professional football would dispute that Landry exhibited an air of confidence on his way to leading the Dallas Cowboys to multiple Super Bowl victories. His thoughts on a leader's appearance and demeanor translate as a poignant lesson for law firm leaders who face crisis.

The importance of visibility to leadership is even more clearly demonstrated by the way a massive snowstorm was handled by New York City and Newark, New Jersey. In New York City, Mayor Michael Bloomberg worked quietly (and some would say effectively) to direct the city's response. Yet Bloomberg was criticized for ineffective leadership in the face of the threat because his efforts on behalf of his constituents were not seen or publicized.

Across the Hudson River, the actions of Newark Mayor Corey Booker contrasted greatly. Mr. Booker was captured on camera with a snow shovel in hand. The image was distributed via social media along with repeated snow removal updates. Not being visible in the "bunker" hurt Bloomberg's image, while Booker's public standing was helped by his visibility during the storm and its aftermath.

A leader is often perceived to have confidence because of visible actions early in the crisis. Lack of visibility is easily interpreted as a lack of action. And inaction creates a pause at the very moment when those looking to a leader want (and need) to see something concrete being done to address the tumult. Inaction for too long suggests uncertainty in the highest reaches of the organization—or worse, that a solution may not be found. The more prompt and decisive the action, the more likely the firm will be steadied.

But it must be noted that despite the need for action and decisiveness, motion does not necessarily mean progress.

Measured steps must present a logical and plausible way to resolve the situation that undermines a firm's health. Simply put, the action advocated by leadership must make sense. A lack of substance in a proposed solution will be detected almost immediately and will undercut credibility quickly. Proposing substantive solutions is an opportunity for leadership to display sound judgment. Conversely, even a confident leader can lose standing if the action proposed is not grounded in sound judgment the logic of which can be understood. A rearranging of the deck chairs on the Titanic will be obvious and can undercut crisis management.

Leadership, especially in crisis, can be lonely. A sense of isolation is inevitable, but this does not excuse a leader from being inclusive. From the outset, a leader should avoid a bunker mentality and seek input from representative sections of the firm, learning as many perspectives as possible. A 360-degree perspective can guide the design of a plan that has the greatest chance of being followed.

Gathering information should not be a one-time exercise. Leadership must continually confer with important firm contributors in order to acquire perspective as to whether the firm's response initiatives are gaining appropriate traction with various constituencies. While not everyone's wish list will be satisfied, seeking out the far reaches of the firm to gain a bottoms-up perspective is crucial. An informed leader is in touch with the firm's most valuable assets and will know which proposed resolutions have the best shot at garnering support.

Pursue Stability: Develop a Solution That Recognizes Short- and Long-term Needs

The emergence of a strong, decisive leader will sustain little if it is not coupled with action that calms the waters and finds solutions. Initially, the right kind of leader finds a few quick solutions that can address some of the smaller problems the firm faces. Early victories, even if small, demonstrate a responsive approach that improves stability and firm confidence.

With turmoil lessened somewhat, the next steps involve creating and executing a plan that flushes out destabilizing elements that created crisis in the first place. To this end, a leader must connect with key owners and other personnel whose participation will be essential to the firm's rehabilitation. The views, complaints, and perspectives of this group give leadership the data points needed to shape a plan.

By reaching out to these important contributors, leadership can understand the issues more fully, will be able to identify any weak links in the already fragile firm, understand critical deadlines, and begin to triage looming issues. With time, it can take steps to apply adhesive to spots that the firm cannot afford to see break. In doing so, leadership takes another step toward the goal of lasting stability.

One firm that fell short in the triage stage of crisis was Chicago's Holleb & Coff. The firm had grown by way of lateral additions until the additions stopped after its financial position weakened.

What began as a trickle of defections accelerated when eleven of the firm's approximately ninety-five attorneys decamped for Duane Morris. Instead of focusing sufficiently on measures to stabilize the firm, leadership chose to sue Duane Morris for raiding its roster. Not only was the litigation solution destined to fail, it distracted from adequately addressing the firm's short-term and long-term needs. A reaction like Holleb & Coff's wastes precious time and undermines confidence in leadership.

While the waters roil around a crisis leader, he or she must move beyond the initial stages of triage and construct an enduring solution. A common mistake made by the unseasoned crisis leader is to direct inordinate attention to the immediacy of the problem, not recognizing the need and opportunities for a lasting solution.

Indeed, a smart leader takes advantage of the locked arms in the firm and uses that unity to move beyond the most obvious or short-term fix. In the hands of a visionary leader, the crisis becomes the catalyst that moves the firm toward a transformative plan that will propel the firm past the crisis. In the midst of crisis, leadership often enjoys support that will disappear after the crisis subsides. If possible, that kind of support should be leveraged for the long-term benefit of the firm.

Firms often find crisis to be an appropriate time to confront other areas of weakness. A Band-Aid may stop some bleeding, but if a more serious malady infects the firm, astute leadership will seek a more permanent solution. Chicago's former mayor, Rahm Emanuel, is reported to have said, "Don't waste a good crisis." In that spirit, difficult decisions or much-needed change previously deferred may be more easily confronted in the congress of crisis management. In Mayor Emanuel's view, crisis can mean opportunity. For law firm leaders, addressing lingering problems of excess space or personnel or general underperformance that extends beyond the basis for the crisis could be that opportunity.

Any plan designed to return the firm to stability, whether over the short term or long term, cannot succeed if its execution is not well designed and grounded in accountability. A successful plan starts by enlisting others—not only for their viewpoints but in order to enlist them in the implementation of the strategy for stability. Having a plan that includes and relies on others for its execution means that others, not just leadership, are investing in the future of the firm.

Convincing (or inspiring) others to invest is not the whole story. The plan to achieve new stability will not work if the participants are not held accountable for performing tasks for which they accepted responsibility.

Accountability requires that performance in pursuing the task and meeting its objectives be graded frequently. As objectives are chased and achievements tracked, leadership can test overall progress and react to any shortcomings or substandard performances.

Once a plan begins to take shape, leadership should think about the internal message that will be delivered during plan rollout. Even an inherently good plan may lose some of its effectiveness if the purpose and meaning behind the plan are not conveyed with conviction. Constructed carefully and with purpose, the message that goes with the plan can instill confidence in the firm's future. When shared with the owners and employees, the plan should provide clarity about its features and rationale and the way in which plan execution will make things better. A second chance to articulate the plan and its vision should not be taken for granted. For that reason, the method of communicating the plan and its meaning is an all-important strategic consideration.

Communicate Effectively: Deliver a Message of Hope and Direction

Anytime crisis hits a law firm, there is great risk that fear will mount, rumors will spread, and key people will make uninformed decisions that hurt the firm and its prospects for managing the crisis. That risk can be compounded if the struggling firm fails to keep its people informed. Conversely, by keeping people informed, the risk can be lessened.

Getting the message out must not be delayed. But the communication process must be a complete one; the "messaging" done by firm leadership must be matched by an abundance of trustworthy "listening" to how the message is being received. This approach to a complete strategy applies whether the focus is on internal or external communication.

Communication inside an organization is so ubiquitous a topic in business reading that it may be easy to miss how fundamental it is to successfully navigate law firm crisis. Done correctly, the firm's message is delivered in two parts. Early communication, delivered during triage, is needed to reduce inevitable concerns that potentially devastating news is imminent. Many individuals at the firm, whatever their position, will worry that their livelihood is at risk. Sharing information, even if it is about less-than-positive developments, prevents rampant uncertainty from developing. Uncertainty, often the result of silence, fuels rumors based on supposition and conjecture. Waiting to deal with that kind of misinformation allows the worst of a collective imagination to dictate the conversation. Managing this can prove to be one of the most daunting tasks for transition leadership. In extreme cases, waiting too long to address a communication challenge can be fatal.

Part two of the firm's communication efforts comes after initial distress is calmed. When a thoughtful plan for addressing crisis is ready to be rolled out, the firm's second communication phase kicks in. The internal message developed in conjunction with the substantive restoration plan should be shared with the firm in a methodical and focused way. By presenting a carefully constructed restorative plan in a logical and cogent manner, the fact that prospects are positive can actually be heard.

Yet even a triumphant plan rollout does not mean the communication challenge has been conquered. The process of listening and messaging must be repeated continually. Relief that a plan has been developed will soon give way to concern that the plan will not work or that it represents half measures. Throughout the effort to connect, the meaning and soundness of the plan must be repeated with renewed conviction and belief. If leadership does not believe in the plan, nobody else will. As doubts are heard, they must be addressed quickly and clearly.

Indeed, in almost no other circumstance is it so important that communication be two-way. A shared exchange of probative information is invaluable to leadership as it develops a plan to address the crisis. While leadership naturally has information to impart to the owners and the rank and file, monologue is counterproductive. Leadership must listen to the firm's people—not only to connect, but to make those affected by the crisis feel connected. An inability to connect deprives the firm of the discussion that unites everyone involved in the pursuit of a common goal. Effective communication gives rise to vision.

In crisis communication, the importance of honesty is paramount. A two-way sharing of information, perceptions, and opinions will shut down quickly if the people participating are not honest with each other. For leadership in crisis, credibility's importance can never be discounted because success in fighting crisis requires a firm that will follow leadership's lead. Cutting the veracity of a message sharply, getting cute with the truth, or outright dishonestly can encourage desertions among the troops.

Once credibility is lost, it is almost impossible to get back. Similarly, it is imperative that views solicited from and expressed by the firm's people be both useful and trustworthy. To that end, it is incumbent on leadership to foster an atmosphere that encourages a bottom-up sharing of frank information that can be trusted. If many people in the firm feel intimidated and withhold their true thoughts, the firm and its turnaround can be severely compromised.

The tumultuous last few years of Jenkens & Gilchrist, a Dallas-based law firm grievously damaged by a rogue partner, represent a study in clear and honest communication. During the firm's agony, Tom Cantrill was elected to lead the firm as its new chairman, in part because he was trusted by many sectors of the firm.

Mr. Cantrill knew from the outset that survival of the firm might not be possible and that an orderly liquidation might be the firm's only option. To give the firm the best chance for being successful either way, he shared with the firm's key members the good and the bad, stressing that the best outcome for them individually and for the firm as a whole would result from working together. He explained that if the go-forward strategy faltered, a collaborative wind-down could succeed. Mr. Cantrill's hopeful, positive outlook combined with honesty convinced the bulk of the firm to approach the firm's crisis in a unified way.

In any crisis, external forces will test the strength of an organization. For law firms such forces include other firms, clients, and the press. These third parties will want to know what is going on. Inquisitiveness borne of simple curiosity motivates some, while others have more legitimate reasons for inquiry. Whatever their motivations, the message to third parties must be well considered, consistent, and honest. The substance of the message should be clear yet measured. Acknowledging adversity without sharing too much can prevent the snooping that could follow a weak or meaningless disclosure.

Whatever the message, it must be consistent with what is being shared internally. It must also be based on a theme that can remain consistent after the first press release is published. Disclosures that impart a roller coaster of meanings will damage a firm's credibility and create questions the firm would rather not answer. And as in the case of internal communications, honesty in the message is very important. Lies, half-truths, and deceptions have a way of being discovered, especially because crisis often includes attrition before everything is said and done. And attrition almost always means multiple voices with varied opinions and perspectives.

Leadership must be up for the ongoing challenges of a strategic approach to communication in order for any plan to have a shot at success.

Seek Help—Hire Outside Professionals

A firm confronting crisis can make great progress by displaying confident leadership, developing a sound plan to stem the crisis, and communicating skillfully both internally and externally. A strong performance in all three areas is not easy, especially when leadership is fighting law firm crisis for the first time. History has shown that resorting to the knowledge and experience of crisis-tested professionals improves the likelihood that firm leadership (usually facing the task for the first time) will succeed.

The fresh and experienced perspective gained from enlisting outside professionals is important for several reasons.

The most obvious benefit is perspective about a firm's problems that may not be apparent otherwise. A capable person not entrenched in the firm's problems or responsible for its creation sees the predicament without a historical bias. The professional not burdened by the prejudices often found in incumbent management can see the challenge more clearly. Utilizing acquired skills, the professional may be able to identify solutions not obvious to those whose investment in the crisis clouds perspective. Left alone to their own world punctuated by crisis, existing leadership is in danger of becoming insular and defensive. An outside professional, viewing the crisis through a dispassionate lens, is essential.

Not only does a professional crisis advisor bring a fresh and unbiased perspective, if carefully selected, he or she also brings valuable experience and a track record of exercising judgment under the klieg lights of crisis. Experience and wise counsel are invaluable to a firm reeling from crisis. An outsider with the right management experience can provide soothing advice to leadership otherwise prone to overreacting to every flare-up. A seasoned advisor can help a firm avoid panic, identify solutions, and suggest sound decisions.

In the all-important area of communicating well, an experienced communications advisor can be equally helpful. A tested communications expert can help a firm develop an effective communication strategy for use internally and externally. The subtleties of content, style, and timing in communication, many times underappreciated, are vitally important in crisis. Bad timing, unintended meaning, or a ham-fisted delivery can create setbacks from which recovery can be difficult. For a firm in crisis, especially one led by people who have never faced crisis before, having professional help experienced in crisis management and messaging cannot be underestimated.

In March of 2014, the law firm of Patton Boggs was struggling mightily from poor financial performance, unwanted attrition, and adverse publicity. At that point Ed Newberry, the managing partner, announced that the firm had retained the services of a nationally recognized firm with expertise in crisis and financial restructuring.

Firm leadership told the partners that even though the firm had already right-sized its operations and had multiple opportunities for moving forward, an outside look was needed to evaluate its position. Once on board, the advisor recommended additional streamlining and helped the firm work through a combination with Squire Sanders that saved the firm. The assistance of the outside professional proved to be a game changer.

The story of Wolf Block did not turn out as well. At the peak of the firm's crisis fueled by falling profits, attrition of key partners, bad news from its lender, and failed merger attempts, the firm sought to address crisis largely through a do-it-yourself approach. To the extent outside advisors were enlisted to help, their roles appear to have been substantively marginal. Without the perspective, counsel, and assistance of a fully engaged outside advisor, the small collective of fifteen partners seeking a solution unraveled when the firm needed them to be resolute. In the end, the firm was unable to continue, and it implemented its wind-down without the benefit of broad pre-execution owner and employee input.

A professional resource provides many other benefits that in-house resources or alumni cannot. One is that the experienced professional is a confidential resource when one is needed most. Not all ideas about overcoming crisis are worth acting on. But with an outside professional, potential strategies can be proposed to leadership without inhibition or fear that they will be leaked. The ideas can be debated or discarded or used as a seedling that grows into a credible plan.

However the plan or solution to the firm's crisis evolves, it is best developed through an exchange of ideas that can be shared confidentially and securely. The need for confidentiality, nonnegotiable in any crisis, is best realized by having an outside advisor.

Retaining a professional also increases the likelihood that all alternatives for solving the firm's crisis will be considered. For the outside professional, few constraints exist to prevent evaluating all options. Having all options on the table can be highly useful to firm leadership. In contrast, a do-it-yourself analysis generated entirely in-house may be far less objective. Leadership not exposed to the full array of available strategies shortchanges themselves and their firm.

Missing the perspective an outside professional provides can hurt the do-it-yourself firm because tough measures may never make it to the table for consideration.

Pettit & Martin, a respected San Francisco-based firm, faced crisis from the late 1980s until its closure in 1995. The reasons for its struggles were multifaceted and complex. Unlike many firms, however, it brought in outside professional help to provide the firm perspective and advice. While Pettit & Martin's demise may have been inevitable regardless of its advisor's recommendations, the advice given shows that, at times, unpopular alternatives can only come from an outsider.

In Pettit & Martin's case, its advisor recommended a bitter pill: that the firm's leader be removed. This anecdote is particularly instructive. The fact that the firm's advisor made the recommendation illustrates the range of alternatives any firm in crisis may need to consider. Few firms acting alone will consider, let alone have the resolve to advocate, their leader's removal. Although the recommendation was never implemented, Pettit & Martin's story demonstrates the breadth of solutions that often can only come from a non-insider.

A third benefit of retaining professional advisors is that doing so brings greater accountability to the crisis-management task. Every suggestion, rationale, or recommendation made by the advisor should be supported by reasoned assumptions, sourced data, and professional judgment. So supported, the professional recommendation can be tested until it is justified. Because it was professionally engaged, the advisor understands that it will be held to account for the substance of the advice. Such accountability not only places the professional's reputation at stake but also reminds the firm and the advisor that errors have recourse.

Finally, assistance from an outside professional can save management for its most important responsibility—the day-to-day running of the firm. Crisis imposes added responsibilities that too often can distract from the law firm's basic mission, providing legal services to clients. As important or natural as it may be for leadership to focus on the demanding aspects of crisis, doing so can distract attention from normal firm business.

While an outside advisor will not supplant leadership's role in having to guide the firm through crisis, it can relieve the day-to-day burden greatly, provide focused counsel that can be evaluated promptly, and thereby lessen the load of crisis. In the all-hands-on-deck world of law firm crisis, an outside professional is a steady and valuable presence when it is needed most.

CONCLUDING COMMENTS

Crisis often sneaks up on us; and cookie-cutter solutions simply do not exist. We hope the case studies, perspectives and strategies offered herein provide an experiential framework for you as you navigate a crisis few could have seen coming.

As many have said, we are in this thing together; and our desire is to be a resource during this time of need. To that end, we are scheduling free 30-minute consultations for any firm leader or manager that would like to have a conversation.

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Stay safe and all the best!