

# RD *LEGAL COMMUNIQUE...*

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## **SOMETIMES YOU HAVE TO SAY “NO”**

The Managing Partner of one of our clients once said to me, “The hardest thing in the world for most lawyers is to decline an opportunity for increased business, even when it’s because of a conflict or a question of ethics.”

There’s obviously no question about having to say “No” in those situations. But there are other opportunities for increased business when the wise decision for the firm may be to say “No”. Here are examples from two of my clients.

### **Lateral Entry Opportunity**

A 40-lawyer litigation was approached by a widely recognized and successful partner at a BigLaw firm. He had a blue-chip client list and a large book of business. He planned to bring two younger partners and two associates. He demanded a guaranteed compensation package that would have made him the highest paid partner in the firm. He also demanded that, not only his two partners but also the two associates be made equity partners.

My client very much wanted this lawyer, his clients and the revenues that would probably ensue. But, after reviewing the situation, the partners decided that, if they met all his demands, it would disrupt the firm. They said “No”. Six months later our client was approached by another Big Law partner who also had a blue chip client list and a substantial book of business but did not require his compensation be guaranteed or that the two associates he would bring with him be admitted as partners. My client said “Yes” to this opportunity which has been very successful.

### **Client Demand**

One of the top three clients of a 200-lawyer firm demanded a number of additional “value added” services or they would take all their work to another firm. The fee arrangement they demanded would have made this client unprofitable. Despite the considerable revenue involved, my client said “No”. It did, however, offer to provide other additional services at no charge and also proposed a different fee arrangement which would still be profitable for the firm. After some discussion and negotiation, the client agreed to the firm’s proposal. Shortly thereafter, in a surprising development, the client informed my client that it was terminating the other firm it was using and was giving all of that work to my client – work, by the way, which was also profitable.

## **Strategic Decision**

In today's highly competitive legal market, some firms accept work from current or potential clients even though they have limited experience or capability in the area. This is an unwise attempt to be "all things to all people". What most firms should do is make the strategic decision to focus on and develop certain practice areas, types of clients or industries and, in effect, say "No" to opportunities that do not fit their strategic positioning.

This does not mean firms should say to their clients, "We don't want your additional work." If the firms do not have sufficient depth or expertise in an area, what they should say is, "We're not the best choice for this work. Let us refer you to a firm that has the expertise you need in this area." By handling the situation this way, the firm strengthens its relationship with those clients because it demonstrates that it places their interests ahead of its own desire for any and all additional business.

Despite the soundness of this decision, there may still be partners who say, "That's all well and good but it's just bringing another firm into the picture and runs the risk of our eventually losing all our current work with the client." Others in the firm may say, "That's fine for firms who have so much business they can afford to say 'No'. We can't." The reality in these cases is that, if a firm accepts work for which it doesn't have sufficient depth or expertise, it will eventually lose all the work it has been doing with those clients anyway.

This principle doesn't just apply to law firms. It applies to every business and professional firm. It's not easy and it requires courage. But successful operations have learned that sometimes you have to say "No".

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***Bob is a recognized authority on management, leadership and strategy for law firms and companies. He is on several company boards and has served as an Interim CEO in crisis and turnaround situations.***

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