

# Listen like an elephant

*An interview with Petter Kleppe, CEO, DLA Piper Norway  
By Rikke Eckhoff*

Law firms are generally known for their hierarchical structures and traditional approach to management. Yet, as the industry is starting to adjust to a new business environment, international law firm DLA Piper is already several years into an extensive change process to meet the new demands of their international client pool. DLA Piper's CEO in Norway, Petter Kleppe, is responsible for implementing the firm's strategy in Norway.

The talk of the globalisation of business is old news. As cross-border transactions became the norm, law firms might have been quick to respond to client needs, but the change within the organisations itself are in many cases still to come. A few trends, however, can be identified. Across the globe, professional service firms, law firms included, are seeing increased consolidation and growth. DLA Piper itself is a perfect example, becoming one of the world's largest law firms counting 4,200 professionals after the merger with Philips Fox in Australia in May this year.

In fact, DLA Piper was created in 2005 by the merger of DLA, Piper Rudnick and Gray Cary, followed by aggressive growth in the CIS, Germany, Spain, Asia, the Middle East and important US markets, among others. But an acquisition-based growth strategy carries a certain level of risk.

## The post-merger challenge

"Merged entities that never change identity, will remain the same collection of old firms," Kleppe warns. He says the post-merger integration work is absolutely crucial to consolidate the firm and build a culture set for organic and profitable growth. He should know: when the Nordic business consultancy unit of international accountancy firm PricewaterhouseCoopers was acquired by IBM in 2002, he became partner for business development and Human Capital, leading the post-merger integration. Only six months ago, he took on the challenge to, in his own words, "amplify and implement" DLA Piper's global strategy in Norway. His main ambition is to create the same culture, drive and unity, that the firm's global co-leader Sir Nigel Knowles

has developed and nurtured in the global organisation following its numerous acquisition processes.

## A global push for change

DLA Piper's solution to the merger challenge has been to implement one global strategy built around the three dimensions: clients, people, and communities. (The latter refers to DLA Piper's extensive corporate social responsibility activities.) Rather than waiting for the strategy to trickle down through the national branches, the strategy is implemented in each country through various programmes addressing key aims such as growing the business on key clients, and recruiting the best talent.

"Internal and External specialists have spent two years building and implementing the global change programme," Kleppe tells us, having carefully studied his new employer's change processes. His interest in leadership, corporate culture and change management is evident. He has written a book, contributed to several articles and given numerous talks on the topic, and speaks with a contagious passion both about his own experiences, but also about the processes he has observed at DLA Piper globally.

"The entire process has been both top-down and bottom-up, with involvement as the guiding principle," Kleppe raves.

## The elephant approach

"You need to have an elephant's large "cultural ears" to ensure you "hear" all the important global messages and incorporate these into your change



“Everyone should know where they fit into the whole, and what their role and contribution to the overall success of the firm is”



# 10 steps to successful change

1. **Listen like an elephant** and incorporate multi cultural messages into your change programme.
2. **BOHICA** – Be aware of the intrinsic resistance to change, people are creatures of habit and will avoid change if they can.
3. **How do you serve a cow?** Too much, too soon will create lactic acid and slow down change processes. Remember Bill Gates once said: “People tend to overestimate how much they can achieve in one year and totally underestimate how much can be achieved in 10 years.”
4. **Dedicated leadership.** To succeed with change effort top management will have to be 100% aligned and totally dedicated to the task of forming strategy and implementing change.
5. **War for talent.** In professional services firms there are wars in two major dimensions; the war for clients and the war for talent. Both are equally important and mutually inclusive.
6. **Count the pennies.** Top line growth and focus on cost effectiveness will translate to bottom line financial results. Both are equally important to the culture of performance.
7. **How do you make dolphins jump?** Traditional management approaches focus on a carrot and a stick approach to motivation. Top talent in professional services firms respond better to the principles of training dolphins. Dolphins perform through positive reinforcement, and not by punishment.
8. **The soft stuff is the hard stuff.** In managing a professional services firm, deep insight and focusing on building culture, implementing values, dedicated leadership and understanding motivation is paramount to success.
9. **You get what you measure** – be sure to implement balanced scorecard and build your remuneration system and career development programmes around what matters in your organisation.
10. **The Pareto principle:** Less is more. Be aware of the points of diminishing return. Not everything is equally important all the time. Focus on what gives maximum results now.



programme,” Kleppe says referring to DLA Piper’s work to encourage and read signals and feedback from the entire organisation in order to develop messages and a strategy suited for a truly international organisation, and thus avoiding a strictly Anglo-Saxon focus.

Kleppe has adopted the same “elephant” approach to the change processes at DLA Piper in Norway. Changing a deeply rooted culture with norms and expectations engrained in every lawyer since the early days of law school, has required systematic work. Again, he returns to the importance of involvement.

“A lack of involvement, can lead to “BOHICA,” Kleppe warns. BOHICA, the acronym for “bend over, here it comes again” might sound like water-cooler banter in an organisation saturated with talk of change. Yet, as Kleppe explains, when employees see the introduction of new strategies or structures as nothing more than a wind of change that eventually will pass, you will not succeed.

To prevent the “BOHICA” effect, Kleppe set up teams of employees and management to review processes, spending four months on employee consultations. Employees are encouraged to participate and involve themselves in the company’s business and strategy and are represented by two active members on the board.

## How do you serve a cow?

A second threat to successful implementation of a change process, is the change management itself. Research conducted by Burson-Marsteller shows that many companies do not feel changes are managed well within their companies. Kleppe believes this is a result of companies trying to achieve too much, too quickly.

From his own experience, Kleppe reflects that old mantras such as the triple T's: "Things Take Time" and "Take one thing at the time" is still relevant today. He explains with an anecdote:

"How do you serve a cow? Well, one meal at the time, and adapted to the needs of your internal and external clients. How do you want your steak prepared? Medium, well done or raw?"

### **Dedicated leadership**

Kleppe himself is committed to putting in the hours necessary. He conducts one-on-one meetings with all employees (a total of 110 located at the Oslo office), giving each employee as much time as required. He attributes the culture and organisational structure that enables him to dedicate the time to do this and implement a successful change process to Sir Knowles and the dedicated leadership approach at DLA Piper internationally.

Kleppe is humble in face of his tasks, leading a top legal firm without himself having trained as one. Yet, he believes appointing a "non-lawyer" to head up the firm can prevent group-think and facilitate growth.

"When you reach a certain size, the organisation needs dedicated leadership. Whether you are an accountancy firm, a law firm, a bank or a PR firm, you need a management that encourages everyone to work for the same goal, preventing silo thinking. A management group simply does what it can to help everyone perform their best," Kleppe explains. To mix the roles of client work and billing with running a major professional services firm, is a difficult task.

He does not take his task lightly. His approach to change management and leadership is at the same time both extremely systematic and highly visionary. His secret, he reveals, is in keeping a "laser focus" on the business' top priorities. He sums up DLA Piper's Norway strategy in three bullet points: key clients,

key people, and costs. Or in corporate strategy terms: client-focused growth; recruiting and retaining the best talent; and cost-efficiency, perfectly echoing DLA Piper's international priorities.

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### **The Pareto principle: Do less, accomplish more**

The term "client-focused-growth" comes from of a recognition of the Pareto-effect, 20% of the clients provide 80% of the revenue. Offering a wider range of services across practice areas to each top client is Kleppe's recipe for growth.

### **War for talent**

Secondly, and perhaps one of the most important trends, or challenges rather, is the war for talent. In an industry where companies outbid each other to secure the best talent, retaining employees has become a headache for many companies, particularly professional services firms.

"Coming from consultancy, I recognise the same trends in the law industry when it comes to finding the best talent. Not just in Norway, but globally. Recruitment is an important priority, but we also need to retain and take good care of the employees we already have."





“This is about career development, and about giving people opportunities. At DLA Piper in Norway we have gone from an age-based to a merit-based promotion and reward system. If we have the next Bill Gates on our team, why not make him a partner in the early days? Why wait?” Kleppe rhetorically asks.

career path and steady organisational structure, embrace change? Kleppe’s solution has been to integrate all aspects of the firm’s strategy into the incentive structure. Specifically, by implementing an extensive balanced score card evaluation process – a process still considered a novelty in many legal circles.

“How do you make lawyers, experts in their field and used to a predictable career path and steady organisational structure, embrace change? Kleppe’s solution has been to integrate all aspects of the firm’s strategy into the incentive structure”

As a consequence of the competence-based business model, the HR function has become an important strategic role in the firm. “Not only do we need the best talent within our field of service, we need top HR professionals to recruit, develop and retain them,” he states.

The four-month consultation process resulted in numerous strategy documents, summarised in a one-page strategy. The one-pager is reflected in all mission statements and translates into company and individual-specific goals.

#### Count the pennies

The final trend and focus for Kleppe and DLA Piper in Norway, is the need to be cost efficient. This is perhaps best seen in the practise of outsourcing non-core activities.

“This is an industry that has earned a lot of money over the past decades. A focus on costs has been less important than revenue generation. But to remain competitive, cost effectiveness through among other things outsourcing of non-core activities such as payroll is crucial to success – in fact, it is instrumental in allowing the entire business, fee-earners and support staff alike, to focus on the key goals and core business of the company,” Kleppe says.

#### How do you make dolphins jump? Incentivising change

It sounds like a simple recipe, yet how do you make lawyers, experts in their field and used to a predictable

#### DLA Piper

DLA Piper is the world’s largest law firm in terms of both employees and turnover, having grown through acquisition. In Norway, the company employs 70 lawyers and assistant lawyers (associates), advising clients on all practice areas.

The firm has 76 offices in 30 countries throughout Asia Pacific, Europe, the Middle East and the US. It was recently ranked the number 1 law firm among the world’s leading global firms in the Law360 Global 20. The company is consistently ranked by The American Lawyer for its pro bono and corporate responsibility programmes, donating nearly 156,000 hours valued at USD 75m world wide last year. Sir Nigel Knowles is the firm’s global CEO.

“Everyone should know where they fit into the whole, and what their role and contribution to the overall success of the firm is,” Kleppe believes.

Everyone at DLA Piper in Norway is measured and evaluated: partners; secretaries; paralegals; and management alike. Their performance is rated based on three key drivers, client; people; and firm. For example promoting the firm and its competencies through writing and publishing articles, or bettering the overall performance of the firm by dedicating time to leadership, both form part of the overall performance evaluation, – and crucially affects pay.

Kleppe compares the process to training dolphins; you reward the good behaviour by serving fish, and ignore bad behaviour. This is what Kleppe refers to as applying an “enlightened performance-based approach” in order to receive the best results.

Employees are of course also rated according to more traditional targets in terms of new business, and client billing rates. But the “softer” dimensions of business, such as the people aspects of the strategy, are also included in the score card evaluations. Specifically, partners are rated on their contribution to talent searches, both in terms of recruitment and retention. In this way, the firm incentivises employees to internalise the change.

“The soft stuff has become the hard stuff,” he concludes.



Photo: Studio F2, Ingar Ness

### Petter Kleppe

Petter Kleppe was appointed CEO of DLA Piper Norway DA in January 2011. He has extensive practical change management experience from business development and leadership at CEO level. Following the merger of Pricewaterhouse and Coopers & Lybrand, Kleppe was appointed managing partner of PricewaterhouseCoopers Consulting in Norway. When IBM acquired PwC Consulting, in a USD 3.5bn global deal, involving 67,000 employees Kleppe experienced first-hand the importance of culture in post-merger integration. Kleppe became responsible for the Nordic services within the IBM Business Consulting unit, and saw change management in practice. Prior to joining DLA Piper earlier this year, Kleppe headed up the corporate division of Pareto PPN. Kleppe is also a published author. In 2002 he wrote the book “Slik leder de beste” [The leadership of the best] which deals with leadership in large organisations. He is a popular speaker on topics related to leadership and motivation. Kleppe holds an MBA from MIU IOWA State in the US.