



## Shyamal Majumdar: A different approach

A law firm head spends his time studying orgnl behaviour

Shyamal Majumdar / Mumbai July 23, 2009, 0 09 IST



The head of a law firm spends most of his time studying organisational behaviour in order to maximise returns.

Nishith Desai wears two hats — one of a hotshot lawyer shuttling between the US and India to argue for or against some of the most complex corporate transactions, and the other of an entrepreneur, who in 1984, set up a law firm that has been ranked 28th in the global Top-50 list in an international survey of tax professionals.

Desai says studying organisational behaviour is something that takes up most of his time these days. The firm's headcount (Desai prefers to call it braincount) is just 100-strong, but the mix is interesting. It has recruited CAs, MBAs, engineers and even a top surgeon, who now heads the biotech team. This mix of a relatively small, but top quality, multi-disciplinary people has thrown up a unique HR challenge: How to keep them engaged and motivated. Desai says the number has been kept small deliberately on the basis of what he calls the WLRK model, which is maximising revenue per associate or partner.

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WLRK, or Wachtell Lipton Rosen & Katz, is 53rd on the list of top global law firms with \$397 million in revenue, while Clifford Chance is ranked the first with revenues of \$1,691 million. But the profit per partner at WLRK, as on October 2008, was \$4.9 million against Clifford's \$2.3million. And according to *The American Lawyer*, a WLRK lawyer will earn \$7.7 million in 2015; and a towering \$15.7 million in 2025. Compare this with the second largest firm, Cravath, Swaine & Moore. The per-lawyer earning figure in that firm is projected to be just \$9.6 million in 2025.

Nishith Desai & Associates is treading the WLRK path. But that is just one reason why the firm attracts extraordinary talent. At the last New York job fair, for example, it recruited three candidates. Four others joined from top law schools in the US last year. The firm also took on six interns at its Mumbai office from the Harvard Law School.

The main reason for it being an employer of choice is its practice of 'management by trust' and the 'democratic decision pyramid'. Let's figure these out. 'Management by trust' is nothing but complete transparency — billing details, revenue flows, client information, and even the logic and processes of compensation decisions are communicated and discussed. Desai says everyone in the firm, howsoever junior he/she is, knows everybody else's compensation package.

The 'democratic decision pyramid' goes a step forward in making everybody a virtual promoter and decision-maker. Under this, 60 per cent of all business decisions are by consensus, 25 per cent by majority opinion, 10 per cent by 'minority wisdom' where the Leadership Council is involved and just 5 per cent is by CEO veto. This consensus-based decision-making may be slower than a top-down system, but Desai believes it results in greater ownership of firm decisions.

Making such a pyramid work hasn't been easy, as it required a sea change in the way most organisations function but Desai's extensive studies of organisational behaviour came in handy. His brief to his colleagues was to build a non-hierarchical, flat organisation where your expertise, and not your designation, matters. So, one project's team leader can be another project's team member working with another leader. Sensing that such a system can't survive without creating a real learning culture, the firm has done the following:

- It never starts the day without a 75-minute inter-disciplinary learning session where everybody, right from the CEO to the junior-most employees, participates to share their thoughts;
- It focuses on an 'inverse-T' system of competency development: Each associate builds expertise in at least one practice area i.e. 'vertical'; but it is built on the knowledge of all others' laws i.e. 'horizontal';
- While the firm keeps high thresholds of discipline (for example, it believes 1,800 chargeable hours per annum creates appropriate work discipline), it makes non-chargeable work such as research, writing articles, speaking at seminars/law colleges, analytical newsletters an integral part of goal-setting with definite targets;
- In the initial three years, it rotates employees across different practices, industries, seating places, mentors etc for not just a well-rounded knowledge base, but also to make them adaptable and not silo-minded. All employees are supposed to devote 15 to 20 per cent of their time to research, which feeds the development of new practice areas.

Desai now wants to take his 'democratisation of decision' theory a step forward. His firm is applying the concept of 'Netocracy', where decisions are made by collaboration of self-selected experts to find feasible solutions. By definition, such a system has no voting system and no hierarchy. This firm is also extending programmes like *Volintern*, *Nth sphere* and other ways to reach out and contribute as a virtual, global network of professionals who seek to learn and contribute knowledge. Another programme called *NDA Social* seeks to establish a virtual legal and para-legal network that can allow professionals to deliver services from remote locations in India and abroad.

That's the Desai way of making thousands of 'heroes' co-exist.