

**SIMMONS COLLEGE
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COMMENCEMENT EXERCISES**

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TRANSFORMATIONAL LEADERSHIP

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WELCOME AND INTRODUCTION

Welcome and thank you.

It is a privilege to be in the company of such an accomplished group of graduates. When I look at you, I see the future.

You make me proud to be a Trustee of Simmons College.

I am delighted to be here on such a joyful occasion to share some of my experiences and observations about leadership and, specifically, about what it takes to undertake transformational leadership.

In 1998, my partners elected me chairman and managing partner of Goodwin Procter. It was the first time a woman had ever held these positions at an AmLaw 100 law firm. Over the past 10 years, I have had the opportunity to lead nearly 2,000 people through significant institutional change.

It has been a remarkable experience.

Let me tell you why our firm decided to change, and more importantly, what lessons I learned as a result.

TRANSFORMING GOODWIN PROCTER

Breaking what isn't broken

In 2000, Goodwin Procter was primarily known as a Boston-based law firm and enjoyed a position as one of three dominant law firms in the city. Business was good and the firm's consistent profitability was the envy of our competitors.

Gross revenue was \$195 million, and our 350 attorneys operated primarily out of one office in Boston. Indeed, we were very proud of the fact that for years we were the largest law firm in the United States operating out of a single office!

Our brand attributes at that time often included distinctly generic descriptors such as "old", "large" and "good at corporate law and litigation". In other words, Goodwin Procter sounded like scores of other law firms – competent and profitable, albeit undifferentiated.

Yet, despite the fact that business as usual was good, I convinced my partners to make a strategic decision to focus on the future, a decision to leave a legacy, to ensure that the next generation of lawyers would look back on our generation and say, "Those were men and women of vision."

And, so in the past eight years, we set about transforming the firm.

During that time, we have rethought our approach to everything – our structure, practices, geographic footprint, branding, compensation and the professional development of our attorneys and staff.

Today, our revenue has more than tripled, growing from \$195 million in 2000 to over \$600 million in 2007, and our per partner profitability doubled during this time.

We have invested in key geographies and opened new offices in strategic markets. Our 850 attorneys now operate in 8 offices that span both Coasts – Boston, NY, DC, Silicon Valley, San Francisco, Los Angeles (and Century City) and San Diego.

The firm's market-facing practices drive our national positioning. A recent market study reflected the firm's efforts, noting that clients and prospects described Goodwin Procter as "innovative," "aggressive" and "responsive" and were able to identify the firm's strategic practices by name. This was the same study that eight years ago identified "old" and "large" among our primary brand attributes.

The hard data confirm the market's perception of our firm. *The American Lawyer*, the pre-eminent trade publication for the legal industry, recently profiled Goodwin Procter and noted, "It's a rare case of growth without dilution. Goodwin is one of only seven firms [in the AmLaw 100] to move from the bottom half to the top half of the AmLaw 100's revenue per lawyer chart."

Today, our profitability puts us in an elite group of about 35 firms in the country and in the top ten among firms not headquartered in New York City.

In short, Goodwin Procter today is competitive, differentiated, financially strong and positioned for growth.

Our attorneys and staff have never worked harder, but morale has never been higher. We have moved from being a "local" firm with regional aspirations to a "national" firm with international aspirations.

It sounds easy, but it wasn't.

Everyone was asked to make a sacrifice. It took a lot of hard work and commitment from many people – people who had the foresight and courage to break what wasn't broken. And it didn't happen overnight.

Why change?

So, why did we change? Why did we decide to break what wasn't broken?

Externally, market dynamics and increasing competition were creating a new world order. The legal industry was consolidating. Competition for talent was fierce. Technology was fueling new businesses and new opportunities. Clients were becoming more sophisticated in their approach to buying legal services.

Internally, the firm was restless and unsettled. Dynamics were shifting from one generation to the next.

I had just been elected to my first term as chairman and managing partner – with a mandate for change, although nobody quite knew what that meant. A new generation of partners was anxious to set course in new directions, but they weren't quite sure how.

A firm *can* change course and impact its future. The Goodwin Procter story is about urgency, clarity, focus, commitment, discipline, resilience . . . and not just a little luck along the way.

While our transformation was significant, the process wasn't magic. It was a matter of defining and sharing a vision for the firm, creating a strategic plan and rigorously executing it.

Building a national platform -- markets and practices

To begin the process, we undertook a comprehensive effort to assess our 'state of the state' and paint a compelling vision for the future.

Our vision was simple – To be a national firm with international reach. On the East Coast, to be a formidable presence with dominant market share. On the West Coast, to mirror that position, creating a bi-coastal powerhouse.

We then moved to strategy. The primary components of our approach were two inter-related investments – an investment in key geographic markets and an investment in key strategic practices.

The two, combined, would create a formidable national platform, allowing us to better serve our existing clients, while positioning the firm in the strongest markets for new business.

Market research, competitive analysis, client feedback – all of these were critical elements in the decision-making process surrounding which practices would serve as our national platforms, which ones were more commodity-resistant than others, and which afforded our attorneys the most interesting and challenging work.

We identified six primary areas of strategic focus – private equity, technology companies and life sciences, intellectual property, financial services, real estate capital markets and products liability/class action litigation. They represented a combination of our historic strengths and our greatest opportunities.

Getting buy-in and building consensus around the choice of our key markets and key practices was no small task. But the strategy provided a framework to help us focus and prioritize our investments and energies.

The practice mix we chose was intentionally counter-cyclical, providing a hedge against a downturn in any given market, and helping ensure a smoother growth path. In these current turbulent times, we are realizing the benefits of our counter-cyclical strategy.

Alignment, flexibility, innovation, change

At the heart of our vision and strategy is a focus on our clients. The brand promise at Goodwin Procter is built upon a client-centric value system.

Consistent with that view, in 2003, we reorganized the entire firm’s internal structure to better align with our clients’ businesses.

But we also recognized that with a more formalized structure, there was some risk of managing the firm through the “rearview mirror”, rather than looking forward.

The following year, we instituted what we call our Incubator Initiative, a process by which new ideas are identified and provided the necessary resources to flourish. (A law firm’s R&D division, if you will.)

Since its inception, over 25 incubators have been launched, three of which have grown into thriving practice areas...and we have further developed our processes for supporting new incubators.

As our journey progressed, it also became clear that our historic compensation model no longer supported our strategy. In some respects, it had become an obstacle to incenting the desired behavior of our partners.

So, in 2004, we adopted a new compensation system, one that more evenly rewards collective, as opposed to individual, behavior – what we refer to as collective entrepreneurship or “firm first” behavior.

The results

Executing our strategy has led to remarkable results. In the past 8 years, we have seen 18% average annual growth in revenue and 22% average annual growth in profits.

During that time, we also more than tripled our pro bono work to aid the indigent and underserved populations in our communities. Last year, we logged over 42,000 hours of pro bono work.

As we have done well, so, too, have we done good.

In addition, we have implemented innovative programs around professional development, diversity and women’s success.

Defining one’s markets clearly allows a business entity to begin the process of market dominance – one of our strategic imperatives. We were able to capture market share in each of our key practices and move into the “top five” provider slot in many of them.

Our technology and life sciences practice is a fine example. We now represent more than 500 clients in this industry, including over 75 publicly traded companies and well over 100 venture capital firms.

Last year, we completed 300 merger and acquisition transactions and rated 6th in the nation among law firms for total initial public offerings.

Today, Goodwin remains the only large law firm that has successfully co-branded itself in both the private equity and venture capital space.

In intellectual property, Goodwin today represents the world’s largest generic drug company, the world’s largest networking company and the world’s largest semiconductor company.

And two of our newest offices, Los Angeles and San Francisco, have combined with our Boston and New York office, to anchor a large national real estate capital markets practice, one that literally plays a hand in every major real estate capital markets transaction in the United States.

These results reflect the extraordinary energy and resources we have invested in our transformation, and this investment has obviously given us an outstanding rate of return.

Morale is high at the firm, energies are focused, and there's a palpable confidence that comes from knowing that risk can be managed – simply by executing against vision and strategy.

LESSONS LEARNED

There are many lessons about transformational leadership that can be culled from our experience at Goodwin Procter, and I'd like to share several of these with you.

Identifying the need for change

Creating a sense of urgency was one of our greatest challenges. The typical precipitating event that is often needed to push people out of their comfort zones and cause organizations to embrace change eluded us. We'd had no sustained downturn in revenue, no large employee defection, no significant client losses. In our case, life was good.

And while some of our more forward-thinking partners saw the competitive warning signs on the horizon, others, feeling no immediate pain, were perfectly happy not to rock the boat.

For us, fear ultimately met possibility.

By 2000, Boston had become one of the last bastions of insularity in the legal profession. Elsewhere in the country, pushed by the recession of the '90s, firms had long since moved out of their local markets.

Our future was clouded by the specter of those firms, two or three times our size, entering our market and competing directly with us for clients, work and talent.

Against that backdrop, a decision to do nothing was simply a decision to move backward.

The coupling of a sense of concern, due to industry consolidation and competitor encroachment, with a sense of excitement around the opportunity to “control our destiny and own our future” created the urgency we needed to effect real change.

Making realistic self assessments

No meaningful change can be achieved without a realistic self assessment vis-à-vis one’s peers. In our case, it had become apparent early on that our partners had an unrealistic view of our peer positioning.

I can recall vividly the partner retreat at which we first took an in-depth look at how we measured up against a peer group that my partners insisted we dominated. We were in the bottom quartile. At that moment, we had a decision to make, were we content with the happy bottom quartile or did we have higher aspirations?

It’s all but impossible to effect real change if you cannot assess yourself realistically. That’s the case with people and it’s the case with organizations as well.

Although a sobering exercise, this self assessment was a critical step in helping create an agenda for change at the firm.

Creating a vision

In life, you will never go farther than your reach, so you must reach high. So, too, is it with organizations.

Creating that dream or vision is essential to the process of change. It’s also important that the vision be attainable, even if it’s a long shot.

A vision is not a strategy or development plan. It is a simple articulation of what you have set out to achieve. Without it, it's hard to imagine that you could capture and sustain the imagination of those you lead.

A vision is also inspirational. It helps create that sense that you are part of something that is bigger than yourself. It is what gets you up in the morning. It's what makes you say with pride to your family over Thanksgiving dinner that you work for a great organization.

A vision helps you endure the discomfort of change, because – as you are all well aware as you transition from this fine institution – change is hard.

Unleashing the power of shared goals

No significant transformation of any organization can be effected without critical mass – that is, a large enough group of believers who coalesce around the vision and help push the agenda for change. No individual leader or CEO can do it alone.

More important than numbers, though, is this group's ability to lead and motivate others. The more influential the early believers, the higher the likelihood of success. They must to be among the firm's most respected opinion leaders, and possess the strength to overcome the lethargy and the will to withstand the forces that will inevitably resist change.

This is one of the great challenges of leading a professional services firm – motivating high performing individuals to come together behind a shared set of aspirational goals. It is imperative that early in the process they begin to share the vision and believe that their interests are aligned with change.

It may not happen overnight, but it must happen over some reasonable period of time for change to endure.

Sustaining momentum

How many times have I said that change is hard? Well, change *is* hard.

You need to learn how to capitalize on short term wins along the way to create momentum in the early days, and more short term wins to sustain

momentum in the later ones. It's not only necessary for the renewal of the entire organization, it's what carries you through the tough times.

It is remarkable what we have learned to celebrate at the firm. We issue celebratory emails whenever there is a significant win by a litigation or corporate team, or whenever one of our practices moves up in the rankings or league tables, or whenever the firm or one of our professional staff earns an industry award.

Each of these "wins" is an affirmation to our attorneys and staff that the organization is on the right track.

Aligning values and execution

One of the most difficult aspects of transformational change is aligning your values and your execution.

This is truly where the rubber meets the road. Where what you *say* is measured against what you actually *do*.

It requires hard decisions around activities and painful choices around priorities. But if one wavers at this juncture, then the troops lose heart. Believing that there is no authenticity or integrity to the plan, they will inevitably resort to their self interest.

In our case, the restructuring of the firm into practice areas, rather than traditional law firm departments, and the revamping of our partner compensation system were two major milestones in our evolution. Those steps were dramatic and demonstrated to everyone that we were prepared to "walk the talk."

The end result is an organization that has confidence in the fact that what it says it will do, it will do. That credibility is essential to sustain enduring change.

A vision is necessary, alignment is critical, but there is no greater insurer of long term success than a track record of execution.

Communicate, communicate, communicate

I cannot overemphasize the importance of communication when you are undertaking transformational change. And the communication should take all different forms, at all levels of the organization, through a multitude of channels. Informal communication can be as powerful as any email or memo from the CEO's desk.

Just when you are sick of saying it, tired of writing it, and dazed by seeing it, then – and only then – is it just being heard. And when you've gone two steps beyond that, it has only then begun to be part of the collective consciousness of the organization.

One of the early mistakes that we made – and believe me, we did make mistakes – was to think that because we had said something once, it was not only communicated, but integrated into the culture. We quickly learned that nothing could be further from the truth.

For transformational change to succeed, you must capture the hearts and minds of your people. You cannot do that without credible and ongoing communication.

It is no accident that the two direct reports with whom I meet most frequently are our Chief Marketing Officer and our Chief Human Resources Officer. Why? Because they control all primary channels of communication inside and outside of the firm.

Understanding that transformation never ends

The final lesson is, of course, that change never ends. Once an organization embraces change, it so fundamentally alters the way it thinks about its business and performance, that innovation, transformation and renewal become an essential part of the culture.

Transformation becomes itself a virtue, not just a process or an objective. It becomes the foundation on which the firm develops new generations of leaders.

There is no turning back. And what a relief that is.

PERSONAL LESSONS

As much as this has been a journey for Goodwin Procter, it has also been a journey for me as a leader. I have learned valuable things about leadership and about myself as I have led the firm over the past ten years.

I'd like to share some of those with you as you embark on your own careers.

Make your own luck

The first lesson I learned is that there is no such thing as “dumb luck”. I often joke that my career has been the result of a lot of dumb luck, but I don't believe that luck is dumb. I believe that luck is smart.

Each of us creates opportunity around us through our interactions with others. We make our own luck.

What is important is that you put yourself in the traffic and that you take charge of your own career. Don't wait to be invited to the table. Take a seat at the table.

And don't ever, ever, let anyone tell you that you cannot do something.

Take some risks

The second lesson is to take some risks. Women don't take enough risks in their careers. This protects them on the downside but limits their upside.

I am not suggesting that you be foolhardy or reckless. I am suggesting, however, that you step out of your emotional comfort zone and try new things.

You also have to be willing to stand for something, even if your views create controversy and even if you put yourself on the firing line. By taking risks, you will gain the respect of your peers, even if they disagree with your point of view.

Do it with passion

The third lesson is that if it's worth doing, it's worth doing with passion. You can be good at almost anything, but you will only be great at something that you love to do.

So, the first order of business in each of your careers is to figure out what you love doing and then focus all of your attentions on doing that with passion.

That is the way that I have approached my career and it is the way that I have approached the transformation of the firm. Neither, however, has been for the faint of heart.

Find a mentor

The fourth lesson is to find a mentor early in your career. I am a big believer of mentors in life, especially for women. And your mentor need not be another woman. In fact, my mentor at the firm was a senior male partner who was then head of our financial services practice.

My mentor did two very important things for me in my career. First, he explained the rules of the game to me.

There are clearly courses of conduct and ways of dealing with professional situations that are acceptable and others that are not. Those courses of conduct may come instinctively to some, but they did not come naturally to me. To have someone tell me the do's and don'ts was invaluable.

Second, my mentor acted as a sounding board.

There will be days when nothing seems to go right. It is important that you have a colleague whose judgment you respect who will act as a sounding board and help you put those moments in perspective.

At this stage in my career, finding mentors is more difficult. Moreover, as a leader of a complex organization, I have to be careful who I take into my confidence within the organization so as not to disrupt the delicate balance of power and influence. I do, however, have two peers within the legal

industry, individuals who are leading their own firms whose judgment I respect, whom I use as sounding boards and they do the same.

Find your own style and voice

The fifth lesson is to find your own style and voice. To be most effective, you need to find a style and voice that is authentic.

Of course, you should look around and be aware of what styles are most effective in others. At the end of the day, however, the key is for you to be effective, and it is hard to be effective if you are always trying to emulate someone else's style.

And, don't be afraid to be compassionate. Women have a tremendous advantage in business and in life. We listen and we care. This makes us extraordinarily adept at leading and managing people. I not only lead a firm - I manage 850 lawyers, one at a time.

Live your values

The sixth lesson is that you have to live your values. Transformational leadership is moral leadership, as distinguished from moralistic leadership.

If you want people to follow you, you have to give them something to believe in; something that is bigger than themselves.

And you have to live the values that you want embodied in your leadership – fairness, integrity, a fundamental belief that the whole is greater than the sum of its parts and that the result will achieve the greatest good for the greatest number.

When I was elected to my current position, I was forty-two years old and having a great time building an M&A practice. With no formal management training, I asked the obvious question – “Why me?” One member of the selection committee responded by saying, “We are a firm in search of our moral center, and you represent that to us.”

I didn't fully appreciate those words then, but I do today.

Understand the difference between management and leadership

The seventh lesson is to understand the difference between management and leadership. Management is determining how best to go down a certain path. Leadership is determining which path to go down in the first place.

Understand the power and place of money

The eighth lesson is to understand the power and place of money in business and society generally.

The ability to achieve economic independence is the greatest challenge for women. However, the ability to wield economic power judiciously and wisely is still the greatest challenge for humanity.

Never underestimate the power of symbols

The ninth lesson is to never underestimate the power of symbols. If they offer you the corner office, take it.

Have some fun

And the tenth, and final, lesson is to always have fun at what you do. I insist on having fun and so should you.

PARTING REMARKS

I wish you all great success in your chosen careers and great happiness and fulfillment in your lives.

Now, go forth and change the world of business and commerce and let's show them what Simmons women can do!

Congratulations to you all!