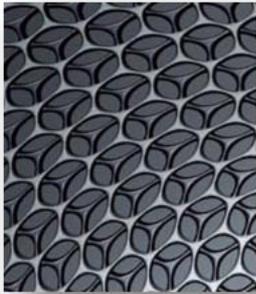


# Building Capital Fabric™

*Now you too can build your firm's capital fabric - get your partners to tell you how.*

*By Sean Larkan, Edge International Communiqué, June 2011*



*Capital Fabric* is not all about money. It is, however, the fundamental essence of a firm. It is the firm's foundational, inherent strength, and it contributes in a subtle yet powerful way to the firm's long-term resilience and might. A firm's Capital Fabric is built by partners who undertake activities in such a way that they significantly reinforce the fundamental, foundational strength of the firm over the long term. It can determine if a firm will succeed in the long run, or stumble and fall.

Any "everyday" activity can, potentially, qualify; however, it must contribute to the long term, fundamental strength of the firm. For instance, something as basic as running a team in an exceptionally good way - recruiting well, developing members in an exceptional way, consistently transferring legal and management skills, bringing people through to partnership, clearly enhances capital fabric.

Short-term activities, regardless of how beneficial they might be to near-term profits, invariably will not enhance the Capital Fabric. Solid performance around day to day activities you are entitled to expect from any partner are "ticket to play" contributions and don't qualify.

Some partners naturally build Capital Fabric. Invariably, they are in a small minority. To build capital fabric, at least take these steps:

1. *Explain it.*
2. *Get partners involved in the creative process.*
3. *Get partners focused on only one or two capital fabric building exercises.*
4. *Include Capital Fabric building as one of your partner performance KPIs.*
5. *Provide feedback.*
6. *Recognize it.*
7. *Identify successful role models and describe to others what they have done to build Capital Fabric - it provides a concrete example they can identify with.*
8. *Get new or potential partners involved.*
9. *Invite young lawyer participation.*

Even after these steps I still find partners who don't "get it." Due to things like fixed mindset or fear of failure, lack of confidence or simply lack of creativity, they can still find it a daunting challenge.

There is another simple but powerful way to engender the building of Capital Fabric in a firm. Get the partners to tell one another how to do it. Go through the above steps but then at your next conference or a suitable get together, break your partners into suitably sized groups (depending on overall firm size) and have them come up with at least two ways in which they believe each of their colleagues can build capital fabric. It is a very rewarding exercise and it works for a number of reasons:

- o Partners are hearing constructive, positive advice and suggestions *directly from their colleagues*, who know them better than anyone - I can assure you, beneficiary partners listen very carefully and think very carefully about what they hear from fellow partners.
- o By hearing all the examples in one session everyone begins to understand what capital fabric is and what it isn't. That in turn engenders further ideas - the discussion becomes an "*innovation café*" (You will still need to adjudicate this to ensure that ticket to play activities don't slip through).

Of course this is not in itself enough - it also requires the usual firm leadership follow-through and support. But this too becomes a lot easier as you will have the whole partnership group understanding and on side with the project. It will contribute to building the long term strength and well-being of your firm. (for a more detailed explanation of capital fabric™ see *The Edge International Review* Spring 2011).

Contact the author, Sean Larkan:



Email: [sean.larkan@westnet.com.au](mailto:sean.larkan@westnet.com.au) [or] [sean@edge-international.com](mailto:sean@edge-international.com)  
Direct: +61 2 6566 1806  
Mobile: +61 40 8844 208  
Skype: seanlark