

**COLLEGE OF LAW PRACTICE MANAGEMENT
2012 FUTURES CONFERENCE**

**CONFERENCE SESSION SATURDAY, OCTOBER 27, 2012
THE FUTURE OF MANAGING PARTNERS**

A PANEL MODERATED BY:

JOHN MICHALIK – PRINCIPAL, JJAYEM CONSULTING

AND FEATURING:

THOMAS GRELLA – CHAIR OF THE MANAGEMENT COMMITTEE, MCGUIRE WOOD & BISSETTE, P.A., ASHVILLE, NC

FREDRICK LAUTZ – MANAGING PARTNER, QUARLES & BRADY, LLP, MILWAUKEE, WI

CHARLES VIGIL – PRESIDENT AND MANAGING DIRECTOR, RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A., ALBUQUERQUE, NM

WARD BOWER – PRINCIPAL, ALTMAN WEIL, INC., NEWTOWN SQUARE, PA

CRITICAL ROLES AND RESPONSIBILITIES OF LAW FIRM MANAGING PARTNERS¹

In 2010-2011, a selected² group of 75 law firm managing partners were asked, in open-ended question format, to identify those roles and responsibilities which they viewed as critical to performance and, ultimately, success in their management and leadership position in the firm. While over a dozen distinct roles and responsibilities were consistently identified in the responses, three in particular stood out and were each cited and discussed by over 70% of the respondents. Those were:

- PRESERVING AND DEVELOPING FIRM CULTURE
- OBTAINING AND BUILDING CONSENSUS
- SEEING AND CREATING THE BIG PICTURE.

PRESERVING AND DEVELOPING FIRM CULTURE

The managing partner as steward, caretaker, interpreter, enforcer, initiator and implementer

As a law firm develops, it takes on an organizational personality that revolves around a combination of traditions, accepted standards of conduct, formal rules and policies, repetitive interactions within the firm and with clients, changing leadership personalities, the existence of and adherence to core values, the firm's degree of adaptability, and a host of other traits and concepts that, taken all together, become defined or recognized as the firm's culture or "the way things are around here."

No law firm would deny it has a unique culture, and often the discussion or reference is to the "richness" of that culture and how it defines the type of "place" the firm is and why people should work

¹ This paper is specially excerpted and abridged for this COLPM Futures Conference from materials originally published, in a more expanded version, in Michalik, John J. *The Extraordinary Managing Partner: Reaching the Pinnacle of Law Firm Management*. Lincolnshire, IL: Association of Legal Administrators, 2011.

² The group of managing partners surveyed involved initial identification by a group of 200 principal administrators hand-selected from the Association of Legal Administrators 10,000 member database; with selection based on each individual's success and experience as a legal administrator and the perspectives gained (from an in-firm, daily vantage point superior to that of almost anyone else, including most partners) in observing and working with managing partners over a significant period of time. Of 127 administrators responding to the survey, 44 (approximately 35%) identified their managing partner as "extraordinary" and a candidate for the follow-up survey. The "pool" for that managing partner survey was augmented from various sources, such as managing partners who are Fellows of the College of Law Practice Management and others who were recommended by industry consultants, to bring the total managing partner group for this survey to 75. Thus, selection of managing partner survey participants was not by random selection but was tied to evaluation of their success and experience. This survey question concerning critical roles and responsibilities enjoyed a 100% response rate.

there or why clients should bring their business to the firm. However, beyond general statements, firms and the people in those firms struggle for descriptions that accurately reflect the firm atmosphere, how the firm really conducts its business, and what it is that holds the firm together and guides its approach.

In many ways a firm's culture is similar to human personality, which is formed by the presence or absence of certain traits and their interactions with each other. Organizational psychology identifies some fundamental traits that make up an organization's culture:

- Involvement – the importance the firm places on building the capability of its professional and support staff; the value it places on team orientation as opposed to individual success; and the ownership people feel in the organization.
- Adaptability – a firm's ability to understand the demands of the business environment and translate it into action, including the ability to both accept and initiate change.
- Mission – the extent to which a firm defines meaningful long-term direction for the organization and achieves understanding and support of that approach among all those who work in and for the firm.
- Consistency – the presence of core values around which the firm's identity and expectations are formed, and how those values are communicated, enforced and reinforced.³

A firm's culture is an extremely important part of the setting in which a managing partner operates. How important is illustrated by the results of a 2010 survey jointly conducted by the Association of Legal Administrators and Robert Half Legal, in which 47% of the 1,111 total respondents listed "Enhancing corporate culture and morale" as their firm's greatest management challenge; up over the 39% who listed that in response to a similar 2009 survey. In both the 2009 and 2010 surveys, this was the #1 ranked "people management challenge."⁴

A firm's culture helps define the organization by providing a sense of common purpose, approaches and shared underlying values. For the managing partner, understanding the culture is critical, as are two important features of any firm's culture:

- A. That at any point in time it can be perceived differently by different groups of people within the firm; and
- B. That however integral it is to a firm's working environment, it is not likely to be static over indefinite periods of time. It may evolve naturally via changes in client base, practice areas, the movement of different generations into leadership in the firm, mergers and a variety of other factors. And a firm may also intentionally and strategically use or change its culture to bring about a number of things, such as building

³ The four concepts of culture noted are based on the work of Daniel R. Denison and described in his article, co-written with Aneil K. Mishra, "Toward a Theory of Organizational Culture and Effectiveness," *Organizational Science*, March/April 1995.

⁴ "Job Satisfaction: The 2010 Member Survey Report." Association of Legal Administrators and Robert Half Legal, August 2010. Results reported in the *Members Only* section of the ALA Web site, www.alanet.org.

higher client satisfaction, improving the quality of work product or repositioning the firm's role as a corporate citizen in its community.

Although firm culture is not the sole province or responsibility of the managing partner, in most firms he or she has to fill the four lead roles of being: (1) steward and caretaker of the culture; (2) the leader in transmitting that culture and ensuring a level of uniform understanding of firm values; (3) the "enforcer" of the culture in terms of dealing with those (especially when it is a partner) whose behaviors are not aligned with the accepted culture and values; and (4) implementer if not initiator of change in the culture when that is needed.

Each of those roles and responsibilities carries with it its own sets of approaches.

For example, the enforcer role can be extremely challenging in dealing with aberrant partner behavior. An initial question can be whether under the circumstances that should be the sole province of the managing partner or whether it is better shared among a powerful group of partners who have demonstrated both their commitment to the existing culture and an ability to adapt to change. For the managing partner, part of the lead role is deciding when to act independently and when (and not just for the sake of "sharing the heat") to call on the power within the ownership ranks.

As another example, if change is involved the process requires significant attention to defining exactly what part of the culture the firm wants to change and communicating how that will be accomplished, how it affects processes and approaches, and what the targeted and desired result is – i.e. why the change is needed and why it is in the best interests of the firm. Initiating change also requires a fine balancing of respect for the history of the firm, the existing culture and the attachment people may have grown to feel for that culture "as is."

The late Ed Flitton, former managing partner of Holland & Hart LLP in Denver, noted that, "As managing partner, you are, in a sense, a public figure within your firm. Staff watches you and is intensely curious about you. In some respects you personify the culture and values of the firm. Their perception of you will affect their loyalty to the firm."⁵ Associates – who in many ways are the future of the firm – see that same personification and form their perceptions in the same way. And how the managing partner fulfills or carries out the four lead roles will not escape the attention of the firm's partners and their perceptions of what the firm is or is becoming, how comfortable they are with that and how they view the managing partner's performance.

A clear bottom line is that building and maintaining a good, strong culture is important and has to be managed proactively. Beliefs are built and behaviors are molded by what people are told and are reinforced by what they observe – and the most carefully constructed culture can be destroyed by failing to walk the talk.

A second clear bottom line is that since most people in law firms have difficulty defining the firm's culture apart from referring to it as "the way things are around here," a managing partner who can – by words and actions – provide an ongoing, purposeful institutional definition of what "the way" is, and why that is critical to the success of the firm, will lay a strong foundation for carrying out the four lead

⁵ Flitton, Ed. "Taking the Lead – Your Influence on Staff: It's Part of the Territory." *Law Practice*. ABA Law Practice Management Section, July/August 2009.

roles regarding firm culture as a part and parcel of providing extraordinary management and service to the firm.

One simple way of providing institutional definition is to articulate, in writing, not only the firm's mission and its commitment to clients but also standards or guidelines that clearly communicate desired practices, procedures and behaviors. These can cover broad areas such as expectations for working together and respecting all members of the team, to more specific standards addressing matters like representation of the firm, internal and external communications, confidentiality and one-on-one interaction etiquette. It can be surprising how differently people will approach those sorts of issues and behaviors, while at the same time thinking they are each accurately reflecting what "the Smith, Smith & Jones way" is – and how readily they will follow articulated statements of "the way" that help get everyone on the same page, while establishing agreed-upon measurements to which individuals can be held accountable.

OBTAINING AND BUILDING CONSENSUS

The managing partner as synthesizer, communicator, influencer, negotiator and opinion leader

- **Consensus in Context and on a Continuum**

Collective business ownership inherently involves some collective sense of responsibility for the conduct of the business, even if on an individual partner basis that sense rests uneasily and/or is viewed as a necessary expectation, as opposed to a subject of intense personal interest and involvement. While generally much more focused on their own practices, to one degree or another most partners like to feel they have if not a clear "say" in the direction the firm is heading, at least the opportunity to hear about things in advance, to have input and to understand the rationale of final decisions. And in the absence of that, brooding about and criticizing decisions and directions may be some of the milder forms of reaction when made decisions go awry.

In that context, it is not surprising that when managing partners are asked what their most important roles and contributions are, building consensus among shareholders and initiating change top the list of responses.⁶

There are, however, few known universal truths about achieving consensus; and it is the end product of a process that can be frustrating in the effort and time it can take, without any guarantee that a result will be reached, in time to deal with the subject on which consensus was sought, and in a way which leads to a result or initiative that is the best approach and makes everyone happy. Commenting on the work of the Military Co-ordination Committee and its unsuccessful attempts to reach concrete decisions by polite consensus in 1940, during the "Twilight War" preceding Hitler's

⁶ In addition to the results of the managing partner survey noted above in footnote 2, see Remsen, John, "The Evolving Role of Today's Law Firm Leaders: Key Steps for Leading Your Firm." *Law Practice*, October/November 2008. Remsen's survey involved over 170 managing partners in firms ranging from 10 to 2,200 lawyers.

invasion of the Low Countries and France, Winston Churchill wryly observed that "... we had arrived at those broad, happy uplands where everything is settled for the greatest good of the greatest number by the common sense of the most after the consultation of all."⁷

In a law firm, management depends, ultimately, on some level of consent of and by the managed. And among many contextual variables in that process, the size of the firm can have a definite impact.

In "smaller" firms, partners tend to operate more in a peer context and the partnership ethos provides a greater need for highly-visible consensus among owners who are in day-to-day contact about their collective approaches and future. The group is often highly homogeneous and there is usually a daily collegiality-by-contact. The "ownership right" that is involved in that context can at the far, but certainly understandable and operable, end of the spectrum translate into the right of a partner to determine whether some action or policy or initiative does or does not go forward or occur. "Consensus" in that context involves the need for 100% or near 100% actual agreement, and tends toward a definition that means true consent in terms of group solidarity, complete buy-in and approval by each individual.

As opposed to a "pure" consensus approach, as a firm grows the number of partners increases, more offices are opened, practice groups form and grow, mergers occur, international business expands and other attributes of growth and complexity come into play. And the context for "consensus" shifts. Making decisions by consensus in the sense of true discussion, debate and agreement by all or nearly all the partners, is generally no longer feasible.⁸ On the other hand, the interest of partners as owners of the business needs to be respected and their involvement assured in other ways. Thus, decisions are in reality not based on total agreement as much as they are based on consultation. Management must spend a lot of its time consulting and communicating with partners; and in that process conciliating, adjusting and persuading. If, after consultation, the initiative and the decision involved – including such modifications as the consultation reveals to be necessary to garner support – continue to be viable and have won sufficient support, they will be acted upon by management. And that will be the case even if there is not general consensus or even a clear majority. The process involves partners perhaps "unconsciously" accepting that management must not only manage but must in fact be allowed to manage. In that context, the partnership ethos and practicality leads to acceptance of decisions by not only strong proponents and those who may be indifferent as to a particular issue but also by those who may have an opposing view. Acquiescence becomes a part of what is understood to be consensus.

Whatever the governance system or approach on the continuum from pure, 100% consensus at the one end, to progressively consultation-based consensus systems of one degree or another at the other end, management spends a significant amount of time assuring involvement and consultation on key issues and decisions, including disseminating information and encouraging partners to question and understand.⁹

As one commentator has noted, "If the essence of being a partner is to 'carry on business in common with others with a view to a profit' then, despite – and because of – being a part owner, each

⁷ Churchill, Winston S. *The Second World War, Volume I: The Gathering Storm*. Boston: Houghton Mifflin Co., 1948.

⁸ Exceptions exist, of course, in the case of very large issues such as merger, dissolution, fundamental changes in compensation systems, amending the partnership agreement and other areas.

⁹ A significant measure of consent and consensus also comes into play in those situations where a single, overriding consensus has been reached that the leaders of the firm – e.g. managing partner and executive committee – will have the authority to set the direction in the best interest of the partners, so long as there are no secrets and those partners are kept informed.

partner owes to the others an obligation to work effectively towards the benefit of the organization as a whole and towards achieving its goals.”¹⁰ This requires buy-in to firm goals and objectives, and a willingness to delegate to management the authority to decide the means to be used to reach those goals and objectives. Management in turn has to recognize that one of its main tasks is to maintain alignment of the firm behind those goals and objectives.

- **Achieving Consensus**

While in most cases the role and responsibility of the managing partner as a key player in building consensus is clear, how consensus is achieved *and* how it becomes clear that consensus has been reached, are questions that to some extent depend on the context in which the managing partner operates and the culture of the firm. That said, there are some key, and for the most part common, considerations and strategies.

Clear, candid and frequent communication is invariably a key to building consensus. Regardless of the size of the firm, all partners should have the necessary information and understand the rationale for proposed courses of action and decisions. Communication should include whatever forms are available and appropriate, from written documents to group meetings to one-on-one conversations. The method or manner of communication on issues on which consensus is sought is often specific to the issue. But just as clearly it can flow from the distribution of information on “consensus-needed” issues within the general communication tools common to the firm – e.g. practice group meetings, e-mail or voicemail summaries of executive committee meetings, shareholder retreats, branch office visits, firm intranet postings, etc. If a decision or proposed course of action is likely to impact a specific group within the firm, special effort should obviously be made to talk to or otherwise communicate with those who are likely to be affected – and to give them information more frequently and in greater depth. It is also important to be sure communication is two-way and that those responding, expressing opinions and voicing concerns receive the feedback that tells them they’ve been heard and that their views have, in some demonstrable way, been considered. Short of “winning” a point they raise, people would rather have a response that shows their point has been considered even if not agreed with, than to have no response at all. Partners especially should know that their input is valued.

For a managing partner seeking to build consensus, nothing is more valuable than having the trust of the partners (in fact, of everyone in the firm). Trust is earned – most often on the basis of personal characteristics and on a track record of fulfilled expectations. It is extraordinarily hard to be an effective managing partner if you are not trusted by your partners. Trust comes from: (a) what *you’ve done* translating into partner belief and confidence in what you say *you will do*; (b) a strong track record that instills confidence that you’ve done the due diligence and have, yet again as in the past, a solid basis for the current initiative or proposal; and (c) transparency in supplying information and clearly proceeding on the basis of the best interests of the firm.

Knowing and managing the frustrations of time is important. Higher-quality decisions tend to be made after careful consultation and consensus building but in a partnership there can be frustration about the time that process requires to reach a decision. The solution, in most cases, is – excepting the

¹⁰ Angel, Tony, “Your Challenge – Sustaining Partnership in the Twenty-first Century: the Global Law Firm Experience,” in Empson, Laura (ed.), *Managing the Modern Law Firm*. London: Oxford University Press, 2007 p. 211.

true but in reality infrequent emergency situation – planning for reasonable time for reflection and thought. Time is often actually an ally: consensus is often reached through the attrition of options and opinions, rather than solely through acceptance or rejection of a single targeted proposal. Allowing extra time, even if a bit frustrating, promotes a sense of calm and participation and affords the opportunity for partners to both (a) not appear, including to themselves, to be blindly following-the-managing partner-leader via a rubber-stamp and (b) talk to each other, including other opinion leaders in the firm.

On the immediately preceding point, building wider ownership and enlisting the assistance of a “champion” can be a critical technique. An extraordinary managing partner will realize that on one issue or another, sooner or later, the position of some other partner or partners in the firm will be critical to achieving consensus – and will get that person(s) on board early in the process. That not only builds credibility but it moves the process forward and can shortcut a number of roadblocks. In addition, that approach both builds relationships with the champion (who is likely to have influence on other issues as well) and saves the managing partner some effort/work in consensus building, while also avoiding the impression that he or she is always going it alone in pushing change. Shared credit leads to shared support.

Unless the firm culture clearly dictates otherwise, a key strategy or skill is that of knowing *when* to go ahead with less than 100% backing – which is likely to be the norm not the exception in progressively larger groups of lawyers. The “when” is both a function of issue and of time. It also correlates very highly with firm culture – if the culture is strong and has been built in such a way that partners recognize that decisions need to be made and clear majority consensus must prevail despite an individual or individuals misgivings, then acquiescence without approval is a recognized point of closure on disagreement.

At some point, save for situations when there has to be or is actually a formal vote (the extreme form of measuring consensus) managing, governing and leading requires that in consensus-necessary or consensus-desirable situations there be a decision-point. That becomes the function of a number of things, most importantly evaluating all the information at hand (which will almost never be 100% of all the information that is potentially available) and feeling or gauging the consensus that has been achieved. That can be very critical, since true consensus, when recognized by all involved, generates comfort – which is a key in preserving “partnership” and collegiality.

SEEING AND CREATING THE BIG PICTURE

The managing partner as observer, analyst, visionary, strategist, and advocate

- **The Vantage Point and Responsibility**

Regardless of factors such as firm size, how much business training and experience they may have, and whether the prevailing culture indicates low or high leadership expectations, a managing partner has the advantage of being in a position to see a far “bigger picture” than virtually anyone else in the firm. Minimally, this arises out of four factors:

- Unlike other partners whose focus is on client needs and internal client- or professional-related matters, the managing partner has, and is conceded to have and need, time to tend to the probably not completely defined business of the firm.
- The managing partner has more frequent access to firm information and the *need* to more frequently access and study that information; providing a higher degree of insight into firm progress, individual performance, day-to-day issues across the spectrum of the firm, and both tapped and untapped capabilities.
- As the firm's designated face and presence to the outside world, a managing partner has at least an enhanced opportunity to observe, hear of and learn about business trends, economic forecasts, market conditions, how other law firms are handling issues, and a variety of other things that aren't typically on a practicing partner's radar screen or "To Do" list.
- Whether articulated in a position description or simply inherent in the role, most partners expect that the managing partner is going to look forward and think about the short and long term futures of the firm – and, thus, to an extent the futures of those other partners.

Thinking strategically and having a broad view that fits together all the existing and potential interests of the firm and its people is much more dominant in managing partner thinking than the connotations they associate with being a "visionary."

The big picture in the managing partner's field of vision provides him or her with some important tools.

One is the opportunity to, in a way paralleled perhaps only by the firm's principal administrator, see interrelationships within the firm and how a change in one area may affect other areas of practice, workload or future support. So too, the managing partner – if they've done their homework – may be able to much more quickly anticipate the impact of negative outside influences or the presence of positive future growth opportunities. Third, an expanded field of vision works contrary to the lawyers' natural aversion to risk and can positively increase the managing partner's willingness to think about the firm being more "out front" and being a leader; as opposed to the tendency that overtakes some firms to avoid the leading edge and play follow-the-leader to other firms' initiatives. And, fourth, a grasp of a less limited and instead bigger picture can overcome tendencies to view life in the rearview mirror (where hindsight is always 20-20) and enable the managing partner to be more forward-looking, less tied to "sure things," an analyst and strategist for change, and an impartial, informed developer of a vision and a future for the firm.

Leadership in a law firm is not necessarily and only about producing change; strong leadership can be such that it critically analyzes situations and in fact preserves the status quo against forces of ill-conceived change and of change based on "fashionable" trends or other factors. On the other hand, an important function or characteristic of management leadership *is* the ability and capacity to think outside the box, beyond precedent and stare decisis, and beyond traditionally limiting boundaries, to evaluate and advocate appropriate, constructive change.

Someone's vision of the firm in the future is ultimately going to be important, and in most firms that role and responsibility falls primarily on the shoulders of the person who the firm has entrusted with the position of managing partner. That person *should be* and *should work to be* the person who has

the curiosity about what's over the horizon before they can see what's there; and who can think about and strategize about what they and their firm *may* need in the future, before they *know* they need it.

Extraordinary managing partners are those who deal not only with today's "To Do" list and all those things that aren't on the list but invariably crop-up and demand attention, but who also consciously, regularly and by force of will make time to focus on anticipating tomorrow ... and being proactive about what they see. For example, in mid-2008 there were a few managing partners who observed the collapse in the sub-prime mortgage market and from that quickly saw the possible extension to a general contraction of business credit, the impact that might have on the businesses of their firm's clients, and what that might indicate in terms of future billings, collection practices and firm cash flow. From that point they spearheaded firm efforts to develop planning strategies to assist their clients (before those clients knew they would need that assistance), while at the same time adding value to the client relationship and protecting important aspects of firm cash flow before most partners in the firm had even thought of the potential impacts on any clients except those in the lending industry.

In truth, anticipation is the heart of wisdom, and continuously piecing together and seeing the big picture can bring anticipation – and tomorrow's picture – into focus. Hockey great Wayne Gretzky used to describe his success by saying "I skate to where the puck is going to be, not to where it is." Similarly, managing partners need a sense of where things are going, not just where they are now, and then the ability to take the firm there.