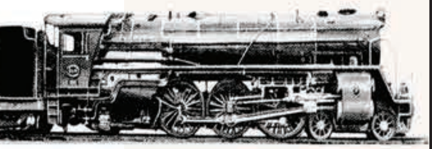
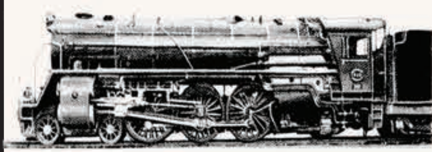
by Manju Manglani

McKenna On How New Managing Partners Can Avoid Being [BLINDSIDED]





Newly-elected managing partners should decline the position if they are not given months to prepare for it, Patrick McKenna tells Manju Manglani

Many new managing partners are not prepared for the realities of what it takes to be successful in the role. Indeed, the vast majority end up being "blindsided by all kinds of issues that they had no idea they would be facing," says Patrick McKenna.

Author of the recently-published *The Changing of the Guard: Selecting Your Next Firm Leader* and a seasoned management consultant, he has witnessed many cases of new managing partners struggling under the weight of unrealistic expectations.

Often, this is because they are not given sufficient time to prepare for the role, let alone to confer with their families and clients or to transfer key client relationships. In many cases, a decision on who will be the next managing partner is made on a Saturday and the new leader is expected to take over on the following Monday.

McKenna argues vehemently against accepting a leadership role on such short notice. "I wouldn't take the job unless there was some time allowed to prepare - ideally you want at least a couple of months."

Part of this preparation should involve spending time with the outgoing managing partner to benefit from their hard-earned experience and to get a realistic idea of what is involved in the job. To be truly successful, the handover period should be "at least three months", he says.

Also important is forming an agreement with the outgoing managing partner as to any outstanding 'dirty work' that could pose a threat to the new leader's position. "If there are tough changes that are needed - changes to practice group leaders, for example - it's better that your predecessor does that dirty work than that you do it when you step into the job."

New leaders should also consider where they want to take their firm and what will be needed - both of themselves personally and the firm as a whole - to achieve that vision. Any leadership skills gaps should be identified and addressed in advance, including soft skills like active listening, to ensure they are able to create strong relationships with key stakeholders.

"Ideally, before you formally take on the mantle, you should be going around talking to your partners and getting their views, thoughts and input. You want to do that before you take on the job, not spending your first 100 days trying to do that," comments McKenna.

A common mistake that new managing partners make is "coming in thinking you have the answers ahead of time and not listening to your partners," he says. "This is not a job of hit the ground running; this is a job of hit the ground listening."

SELECTION PROCESS

A big part of ensuring the effectiveness of a new managing partner is having the leadership selection criteria grounded in the firm's long-term strategy.

"Firms need to look for leaders who are suited to tomorrow's challenges - too many don't do that or have any idea of what they need in their next leader," reflects McKenna. This may even mean looking outside the legal sector for the right person to lead the firm into the future.

An issue which is often not addressed in the process of choosing the firm's next managing partner is what will happen to the candidates who lose a contested election. Many firms don't even talk to those candidates about how they will respond if they are not elected. "You don't want it to be a horserace where people are embarrassed because they lost," warns McKenna. "You do want to have more than one candidate, but you also need to spend some time on the retention side of things to make sure the other candidates still feel valued and maybe involved in committees internally, which will give them some stature if they aren't chosen."

One way to ensure the firm doesn't lose some of its best partners after a leadership election is to make it clear at the outset that, win or lose, all candidates are expected to act in the best interests of the firm.

He points to one firm that did this very well during the selection process for its next managing partner. "There was a formal application form and one of the questions was: 'In the interests of collegiality and maintaining the firm's culture, what are your thoughts about your willingness to support and assist the new firm leader if someone other than yourself is selected and to continue your participation and role in the firm?'

"It is the only firm in my 15 years of doing this kind of work that I've come across that had actually thought that through, and it's important because you don't want to lose those people."

A degree of sensitivity is also required by incoming managing partners as to how they will deal with their former rivals. While they may be tempted to use their newfound power to make life uncomfortable for those out-of-favor partners, as leaders, their focus should be on what is in the best interests of the firm.

Sometimes this can mean massaging rivals' egos so that they don't leave the firm, taking their large books of business with them.

"Part of the toughest part of being managing partner is that it's a totally different activity and mindset to practicing law," comments McKenna. "It's a change in ego gratification and it's a change in status. You used to be the one getting the gratification; now, you have to be the one giving it out. That's a huge gulf to absorb."

ENSURING EFFECTIVENESS

Once a new managing partner has been selected by the firm, clear objectives and expectations should be agreed and documented to ensure the individual's performance is properly measured and rewarded. While this would seem an obvious way to protect both parties in the event of a disagreement, it is infrequently done in practice in the US. "About 23 per cent of US managing partners have formal written job descriptions, but not one of the AmLaw 100 firms has a formal job description for their managing partner," says McKenna.

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Some managing partners resist having a formal job description, believing that it will ultimately put their job at risk. However, this is a myopic view. "It is in your best interests to have a very detailed job description so that people really understand what it is you do," says McKenna.

He gives the example of Latham & Watkins' long-serving chair and managing partner, Bob Dell, who retired at the end of 2014. "The biggest surprise for him after 20 years as managing partner was how few of his partners knew what he did and was responsible for."

The same need for internal understanding of the value provided by support roles holds true for business support teams, which are often seen as cost lines on the balance sheet rather than revenue-generating internal service providers. This problem is compounded by the fact that few managing partners and heads of business divisions record the contributions they make to the business on an ongoing basis. By failing to create transparency on the usage of their time in a business that relies on timesheets, they inevitably put their positions at risk when partners' annual profits are lower than expected.

"Out of sight, out of mind," comments McKenna.

"If you don't have some way of capturing the activity that's going on and the value of that activity, you risk putting yourself under fire."

"If I was managing partner, I would be going to my chief marketing officer, chief operating officer and chief technology officer and saying on a weekly basis 'I want a one-page bullet-point summary of what you did this week'. If you were the head of HR, I'd ask 'how many interviews did you hold and for which positions?'

"I would want that sent to both the COO and me on a weekly basis. On a monthly and quarterly basis, I would want that combined into a report. Let it never be asked in a law firm by any partner 'what the hell is the marketing department doing?' that you can't answer."

For managing partners, a big hindrance to making the most effective use of their time is the constant stream of internal interruptions to their primary work. The majority of leaders have said they would prefer to spend most of their time developing their firm's strategy, new business areas and financial performance, in addition to visiting key clients to institutionalize those relationships. However, they invariably find themselves spending most of their time addressing "thorny people issues" and dealing with "day-to-day administrative minutiae" instead.

"You cannot let the urgent crowd out the important," warns McKenna. In such situations, timesheets can be an effective way of demonstrating managing partners' 'softer' contributions to the business - such as by spending time with a disgruntled practice group leader who was at risk of defecting to a competitor. If tackled sensitively, such timesheets can also serve to protect full-time managing partners' positions if their partners start to view them as simply a drain on profits.

"The best full-time managing partners keep timesheets, because they really want to look back on and assess on an ongoing basis where they are spending their time. It's very easy to get consumed by the wrong things," he says.

Another problematic area in many law firms is the lack of formal exit agreements for when the time comes for the managing partner to step down - willingly or not. This is a particularly difficult issue when leaders have given up most (if not all) of their client work in order to serve their firms' best interests.

The 'rule of thumb' in such situations is one year's income protection for every three years service as managing partner, up to a maximum of three years, but it is rarely put in writing, says McKenna. "Only 24 per cent of firms have a written agreement in place. So, many managing partners are operating on the basis of what happened in the past and trusting in their fellow partners to do right by them."

"After you have become managing partner, some of your partners will walk down to your predecessor's office and say 'that's not how you did it, what do you think about what he is doing?' The next words out of his mouth will determine your future."

SUCCESSFUL HANDOVERS

It's not uncommon for newly-elected managing partners to give themselves a congratulatory pat on the back for their ascension to the role. Many are hopeful, if not downright optimistic, about the changes they will effect at their firm and the impact they will have as its new leader.

Some are in such a rush to take over the best office in the building and convert the outgoing managing partner into a non-fee-earning partner that they fail to consider what they should be learning from and, indeed, negotiating with their predecessor, whom they are desperate to outperform.

"The two of you need to come to some sort of agreement - which may even be in writing - as to how you will honor each other's positions," says McKenna.

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"And, remember, that door swings both ways. You could be in a position where you find that your predecessor screwed up, but you don't want to be badmouthing your predecessor," he warns.

"It's like anything having to do with spreading rumors - if you speak ill of someone, what's to suggest you don't speak ill of everyone? Plus, it doesn't make you look better - it does nothing to make you look better."

Of course, it takes two to tango: McKenna says that, nine times out of ten, new managing partners get very little help from their predecessors. Often, this is because of the myopic desire of outgoing managing partners to be remembered as the best leader their firm ever had, rather than thinking about their own legacy. One of the greatest gifts which outgoing managing partners can give their firms is the sharing of their hard-earned knowledge and relationships with their successors.

Asks McKenna: "You have contacts in the business community and in the legal media - where is the transfer of the relationship equity from you to the individual taking over?"

Departing managing partners also have a lot of wisdom to share on the unexpected impact of the new leadership role on their personal lives.

"There's a disconnect that hits new managing partners in the face pretty quickly into the position and they have to adjust to it," he says. "The way in which lawyers react is by putting in more time. They think that, if they stay in the office for longer, maybe they can work their way through it. And then that creates problems at home."

McKenna points to one instance of an outgoing managing partner and his wife taking the new managing partner and his wife out for dinner to talk about the impact of the job on them as a couple.

"If your predecessor hasn't suggested it, you suggest it," he advises.

HUMBLE LEADERS

The title 'managing partner' is one that many lawyers covet because of the status and power it appears to confer. But, few who take on the role are prepared for the challenges it will create for them personally or for the impact it will have on their practice, their clients and their family.

The job of law firm leader is not for the faint of heart, nor is it for the biggest biller; it's for the person most willing and able to think and act firm-first rather than me-first.

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