

formal training?

job description?

# Inside The Corridors of Firm Lea

formal evaluation?

In November and December I distributed a survey containing over 30 questions to a group of some 300 law firm leaders. I received detailed written responses from the leaders of 98 firms divided into two, roughly equal groupings – those from Am Law 100 and 200 ranked firms and those from other firms of 100 attorneys and larger. I subsequently conducted one-on-one conversations with a number of the firm leaders who graciously responded. What follows is a summary of what I learned from my research and what those leaders told me.

## TIME SPENT MANAGING

When asked how much of your total time do you dedicate to your role as firm leader, 43% of the AmLaw leaders occupy the position and serve “full-time,” declining slightly to 39% for other firms. What I heard from many serving less than full time was that while their leadership position really occupied about 80% of their attention, they still felt a need, enhanced since the economic debacle, to “keep their hand in the game serving a few clients.” That said, there is a bit of a trend among the AmLaw firms (about 14% of

them) toward having co-managing partners or one firm leader assisted by deputies that allow the incumbents to spend only half their time on management matters.

When asked, “compared with 5 years ago, how complex would you say the challenges are that law firm leaders face?” ironically it was a majority of the full-time leaders who responded: “Almost overwhelming at times” with most of the others acknowledging that things today are “more complex.”

When asked, “How is the whole notion of leadership regarded by most lawyers in your firm?” 49% of the AmLaw but only 31% of the other leaders all said – “critical to our future” with most remaining firms confirming that it was “important.” Meanwhile, 5% of the AmLaw firms and 19% of the others answered that leadership was regarded as “a necessary annoyance” in their firms.

Here is where one disconnect occurs. When I inquired, “how would you categorize your current job description?” not a single respondent among the AmLaw 100 firms, only 23% of the AmLaw 200 firm leaders and 28% of the other firm leaders claimed to have a formal written job description. The vast majority classified their job description as “informal and understood” with a few respondents bemoaning to me both in written form and later in supplementary comments that their partners “really

don’t understand what I do.”

While asking about a formal job description might seem a touch bureaucratic, I learned some years back that few attorneys in any firm truly appreciate the magnitude of this job. In fact, some years back I participated in conducting a thorough activity analysis that resulted in the codification of a 53 bullet-point ‘Responsibilities and Essential Functions’ document. When this five-page listing was shared with the partners, during the process of soliciting nominations for a full-time managing director, a couple of alleged candidates declined putting their names forward. I concluded that these attorneys now understood that this role was not the position of semi-retirement that they may have first suspected.

Not to belabor this particular issue but when I inquired of a colleague, Dr. David Dotlich (named one of the top 50 CEO coaches and author of nine business bestsellers) whether CEOs of Fortune 1000 companies have a written job description, David confirmed “most CEOs of large public companies certainly do have a formal job description. In fact, now SEC regulations demand that a formal succession plan is required of the Board. This has led to much more discipline in the creation of formal job descriptions. The trend is definitely in the direction of rigor and formal descriptions because Boards are afraid of shareholder litigation for lack of oversight.”


 Leadership

criteria for successor?

One cross-correlation that followed from this question of job descriptions was a question asking “is there any understanding covering your role and compensation when you relinquish your firm leadership responsibilities?” Those that had written job descriptions usually also had a written agreement covering their compensation for a few years after they stepped down. The remainder either claimed that there “is precedent based on how successors have been treated” (15%) or more commonly, confessed that there is “no formal agreement, but that they trusted their partners to be fair” – 61% for AmLaw firms and 49% for the other leaders.

#### THE DYNAMICS OF THE JOB

My research shows that today’s typical law firm leader has served for about 9.8 years and has a 4-year term, which in 82% of the cases is renewable. The converse is that 18% have term limits – usually varying in length from 6 years (2 terms of 3 years) to 15 years (3 terms of 5 years). I did hear from 12 incumbents who have thus far served over 15 years and another two who had served over 30 years in the role.

The firm leader (80% for AmLaw firms and 84% for other firms) usually reports to an “elected” Executive Committee/Board comprised of an average of 10 partners for AmLaw firms and 7 partners for smaller firms. The other respondents

stated they have “very broad discretion” with a few describing how they report to a group within the firm, but one that is not formally elected.

My survey queried leaders on “what they liked doing the most” and then “what they found most time-consuming” which produced some similar responses across the board.

Among the AmLaw 100 respondents, the top three activities were: determining strategic direction and implementation; having responsibility for the overall firm performance; and visiting with key clients. When then asked what they find the most time-consuming, these same leaders selected: lawyer counseling and thorny people issues; day-to-day administrative responsibilities; and having responsibility for the overall firm performance.

With the AmLaw 200 firms, their top three were: determining strategic direction and implementation (same choice for most favored activity); but then: initiating change necessary to ensure long-term success; and traveling to spend time with partners in the various offices. What they then found most time-consuming was similar – day-to-day administrative responsibilities; lawyer counseling and thorny people issues; and traveling to spend time with partners in various offices.

As one Firm Chair expressed it, “leadership is a

contact sport. Leaders of large firms have always been on the road; this is not a new development. But now the stakes are higher. With so many offices and markets demanding attention, it becomes more challenging to check the pulse of the partners, to gauge the effectiveness of local office leaders, and to know when to intervene.”

For the other firms responding to this survey, the top three were: determining strategic direction and implementation; having responsibility for the overall firm performance; and initiating change necessary to ensure long-term success – while those determined to be most time-consuming were exactly the same as the AmLaw 100 leaders.

What we see here among firms of all sizes is that another disconnect occurs between what firm leaders like doing and what consumes their time. To be specific, one could conclude that while strategic direction is seen as a priority by all firm leaders it was not something that many find the time for – given being consumed with administrative minutia and thorny people issues.

On a similar note, I was interested in hearing what these respondents thought the “key hurdles were to exercising leadership in their firms.” The top three for all firms participating and by a wide margin were: reluctance to change cited by 86% of firm leaders; some of the lawyer personalities

(45%) and complacency (41%).

And, while we have all heard the old adage that “it’s lonely at the top,” when asked how they would rate the feelings of isolation that they experience, 60% of the AmLaw 100 leaders claimed that they were “not at all lonely.” But, the same feelings did not hold true for the AmLaw 200 leaders (36% responded in the same way) or the other firm leaders where 27% were not at all lonely. These numbers would indicate, ironically to some of us, that the smaller the firm the more leaders are inclined to feel isolation.

### HOW THE CURRENT INCUMBENT GOT THE JOB

I asked these leaders how many candidates there were for the position when they obtained the job. In a majority of cases (56% for AmLaw firms and 58% for the others) the current incumbent was the only candidate. My subsequent conversations concluded that many of them concur with Keith Wetmore, the recently retired Chair of Morrison & Foerster who said, “We have no competing elections. We have extensive consultation resulting in a consensus choice.”

When I inquired as to whether there was any formal interviewing process incorporated into the selection process, about a third (32%) of all firms told me that there was. Interestingly, there was absolutely no correlation between those subjected to formal interviews and those being the only candidate, or those having job descriptions or even those serving full-time.

### TRAINING AND GUIDANCE PROVIDED

I was curious to learn how the current chair or managing partner received guidance or training to prepare them for assuming their top leadership position and posed a number of questions on this subject.

I started with asking respondents to reflect back on when they first took the job, and tell me “what

was of greatest concern to you?” Consistently, the top three responses were: satisfying my partner’s expectations, having the strengths and competencies necessary to do a good job; and making a meaningful impact on the fortunes of the firm.

Consistent with leaders being concerned about their strengths and competencies, I asked about the guidance provided. Only 9% of the AmLaw 100 firms reported receiving counsel from the previous firm leader with 56% claiming that it was “pretty much a sink-or-swim proposition. Meanwhile, only 38% claimed that having served on the firm’s executive committee/board “was helpful” in preparing them and only 15% professed to have been “pretty much prepared for everything I encountered.” In fact, the only correlation to feeling totally prepared was “having served as a firm leader previously” or “having external management/leadership experience.” Ironically, having served as deputy managing partner, an office managing partner, or as a practice or industry group leader seemed to have minimal value in preparing one for taking on the responsibility of being a firm leader.

With the AmLaw 200 and other firms, the results were slightly different in that about 40% reported receiving guidance from the previous firm leader – but unfortunately, it didn’t seem to help them feeling any better prepared. Here the correlation was even stronger between “having served as a firm leader previously” and “being prepared for everything I encountered.”

So why doesn’t the predecessor’s guidance have any impact? It makes one wonder whether firms have any defined internal process whereby a thorough debriefing occurs between the departing leader and the successor – or whether it is just left to happenstance. In other words, is there any effort expended in having the two develop a first 100 days written plan for the launching of the new leader’s initiatives? Is there any in-depth discussion concerning short-term opportunities that are ripe for harvesting by the new leader looking to make a quick, positive impression on the partnership?

Or, heaven forbid, is the process simply one of the departing leader telling the incumbent to “call me if you need me.” (Could it have occurred to some departing leaders that the worse the new one performs, the better the old one looks?)

I also inquired about “how long the transition period was between when your predecessor formally stepped down and when you actually took the reins?” Whether it happened immediately (34%) at one extreme, or took longer than three months (26%) at the other, 73% felt that the transition period was “just right” – except that once again, there was absolutely NO correlation between how long you had to prepare and how prepared you actually felt you were! In fact, numerous respondents told me about how they had “shadowed” the current managing partner for many months, or how they had served in numerous roles and committees throughout the firm, but when it came to their preparedness, admitted that, “there were a number of things that they would have done differently” or that they “simply had no training and were not well prepared.”

One managing partner put it succinctly when he stated, “You really can’t understand this position until you’re in it.”

### PERFORMANCE EVALUATION

I asked leaders “how they would categorize the way in which their performance is evaluated?” In ONLY 8% of the responses received from AmLaw 100 firms (27% for AmLaw 200 firms and 13% for the others) did I hear that a firm indeed had a formal, annual written evaluation process in place. For 24% of firm leaders I heard “there is no real evaluation of my performance” and 8% told me that they don’t believe they need any evaluation of their performance. For the remainder, any evaluation “comes from the Board in an informal, ongoing manner.”

With that as a backdrop I inquired as to whether firm leaders received compensation bonuses and learned that 42% of AmLaw 100 firms, 50% of AmLaw 200 firms and 46% of the other firms

provide bonuses – often based on both individual and firm performance.

Now I will leave it to you to determine if you can reconcile these two sets of statistics.

## LEADERSHIP SUCCESSION

To conclude, I asked what “one reason triggers a firm leader to begin thinking about stepping down?” What I heard most often, irrespective of firm size – is when “enthusiasm is dwindling” (31%) followed by “the job now needs someone with different talents” (24%).

I then asked whether there was any process in place for selecting the next firm leader and solicited answers that were all over the map. The most common response (43%) was some variation on “simply accept nominations from the partnership” – perhaps through an executive or nominating process, whereby a succession committee interviews partners to develop a slate of candidates. I also heard from firms who told me about how they conducted a series of internal meetings in search of a consensus candidate to one firm who informed me of how every partner’s name appears on a ballot.

Meanwhile, 17% of the current firm leaders, again consistent in responses from firms of all sizes, claim that they “pick and nurture the lawyer who will be my successor” while the remainder admit that they have no precedent for how they will approach the selection process. One firm leader expressed the strong view that “one of the challenges inherent in having any current leader pick and nurture their successor is the natural human instinct to want to select someone just like myself – which may not be what the firm needs at this point in time.”

On a related note, I asked whether there were any specific qualifications required to be the next chair or managing partner. An astonishing 75% of AmLaw 100 firms declared that there was “nothing specifically defined (which dropped to 59% for AmLaw 200 and 78% for other firms). A few spoke of

“*I* makes one wonder whether firms have any defined internal process whereby a thorough debriefing occurs between the departing leader and the successor – or whether it is just left to happenstance.”

wanting previous management experience while the remainder made reference to various factors like unselfishness, compassion, temperament, vision, trust, visibility within the firm and so forth.

This is a far cry from one recent experience wherein 450 partners, by way of a firm-wide survey, identified from a list of 53 leadership attributes, their top 12 – the ones that they collectively felt would be most important for any candidate to demonstrate as the new firm leader. In other words, where we need this firm leader to take us is obviously different from the last; the world has changed and so the skills we need from our new leader are very different.

I asked firm leaders to identify “what one issue would be most important to you when you relinquish your position?” It came as no surprise that the majority identified “agreeing on a plan to manage the transition period.”

What was interesting was the 37% who indicated “how to let go, how to move on and how to say goodbye.” There was a very direct correlation between this answer and the length of time that some firm leader had served. Determining the right moment (assuming no term limits) to move on remains a gut-wrenching decision and one that many partners and a leader’s successor, don’t

often fully appreciate. As one managing partner expressed it, “we all have a shelf life where we begin to lose our spark and then wonder how to exit with grace. When everything is clicking, it’s easy to overstay your welcome.”

My final survey question was to inquire what these firm leaders had planned for themselves when they completed their terms. Among the AmLaw 100 firms, 8% would return to practice, 33% take on a reduced work load, 8% planned to retire, 21% look for some alternative career and the rest didn’t know for certain. “Returning to practice” was the preferred choice of 41% of AmLaw 200 and 31% of the other leaders.

An interesting dichotomy of views emerged wherein some 14% claimed that they wanted to stay involved in firm management. As one expressed it, “we have a tradition wherein the departing Chair becomes a trusted advisor to the new Chair. It’s a bit unusual but it works.” Taking the opposite view was another Chair (selected recently by Law360 as one of the most innovative firm leaders) who told me, “One of the unique challenges in a large law firm is that the CEO often stays with the firm. An ex-CEO can be a real problem for the new CEO. So you need to get out of the way and channel your leadership energies outside of the firm.”

## A FINAL QUESTION

What all of this seems to indicate is that we have some leaders of America’s largest law firms who do not devote 100% of their time to managing multi-million dollar businesses, who have no clear job descriptions, limited formal training, no formal evaluation process and no established criteria for choosing their successor.

While this may sound unduly harsh, it does beg a question: “What might your professional counsel be, to the Board of a client company with the same revenues as your firm, which has this as their profile and were looking for a recommendation from you on what action they might take to improve their overall organizational governance?”