

# A Profile of Today's Managing Partner

by Patrick J. McKenna

Over the past few years we have had the opportunity to counsel firms in the task of selecting a new managing partner, as well as assist individual managing partners on issues pertaining to their role and goals as firm leader. Irrespective of how unique any law firm may be or their peculiar culture, many of the issues had very common elements. So much so, that we began to construct a rough profile of, what we believed accurately described, the typical managing partner.

Does this sound familiar?

*Today's law firm leader is (usually still) a white male, in his early to mid-fifties, with a history of being a very successful practitioner, likely somewhere in the second term of a four-year stint as managing partner (alternatively called managing director or CEO). He has no formal job description or means of appraising his performance, and the firm has yet to develop any succession plan or accepted methodology to replace him. For his part, he has given up some of his best revenue-generating years for the firm and a good portion of his personal client base, but does at least have a defined 'parachute' that should allow him to ease back into rebuilding a solid personal practice.*

*This individual is now wondering about career security and contemplating whether he should return to rebuilding his practice when this term expires, or opt for one more four-year term (if it is available to him). But he fully realizes that if he accepts one more term, he will then be in his late fifties. Meanwhile the firm has expanded nicely in size over the past decade, usually with a good portion of laterals that don't know him as well as those he had grown up with. He now has a small group of detractors (which follows any effective leader who can't possibly make everyone happy), a couple of which are on the Executive Committee (or Board) and quietly lobbying for a change in leadership.*

*Perhaps most importantly, this managing partner is cognizant that even with a guaranteed compensation parachute, building back the practice he would have been enjoying had he not become the managing partner is going to be very difficult. His age, even now, is not on his side.*

Not content to merely speculate, we decided to test whether this profile had any validity. In July 2004 we surveyed a group of over 100 managing partners, randomly chosen from firms of between 150 to 600 lawyers in size. We received detailed written responses from 43% of the firms and had subsequent one-on-one conversations with a number of the managing partners who responded.

What follows is a summary of what we learned from our research and what these firm leaders told us.

## Time Spent Managing

When asked, how much of your total time do you spend managing the firm, we were rather surprised to learn that only 24% occupy the position and serve as a “full time” managing partner.

The vast majority (61% of the respondents) stated that they maintain a minor practice, approximated that it accounted for between 20 to 30% of their total time, or was somewhere between 300 to 500 billable hours a year. This was a percentage higher than we would have anticipated, but certainly understandable from the perspective of an individual wanting to both maintain credibility with peers as well as maintain a modicum of professional practice security.

Most surprising, at least to us, was that a further 15% claimed that theirs was a 50-50 relationship between managing the firm and maintaining a personal practice. What one might naturally assume was that these responses were received from those in the smallest sized responding firms; but that was not the case. There was no correlation between time spent managing and firm size. There are law firms of over 350 attorneys where the managing partner is half-time. What might then be assumed is that we are talking about larger law firms based in relatively small urban markets. Wrong again. These firms all hailed from major cities.

## The Dynamics of The Job

Our research shows that the typical managing partner is indeed a white male (93%); usually in his early fifties and has been in the position for an average of 7.4 years. Interestingly, a small number, 21% of the firms claim to have a term limit on how long any managing partner may serve and the term limit averages about 6 years for those in the position.

When we asked about how today’s managing partner might categorize their current job description, only 26% reported that they indeed had a formal and written job description, while 71% told us that their job description was “informal” with a number of these respondents claiming that it was not at all, that well understood.

Another 3% don’t believe they need any form of job description, with one respondent asserting that “CEO’s don’t have job descriptions!” We suspect that this may be newsworthy to many of those that head Fortune 1000 companies and indeed some of his firm’s own clients.

Most of those with formal job descriptions told us that their firms were following more of a corporate governance model, wherein the managing partner reports to a Board of Directors and the job description may be three paragraphs or three pages, but it is a detailed outline of the authority and responsibilities of the position. What was noteworthy was a close correlation between those that had formal job descriptions, also being those individuals who were full-time managing partners.

## How The Current Managing Partner Got The Job

Our research queried firms on how many candidates there were for the managing partner's job when the current incumbent obtained the position. In the majority, 52% of the cases, the current managing partner was the only candidate. It stimulates one to ponder whether this individual was the obvious choice to the other partners in the firm, or whether this was the result of no one else wanting the job.

In 39% of the firms, there were a few other candidates vying for the position; while in 9% of the cases there was only one other candidate who had thrown their hat into the ring.

When we inquired as to whether there was any formal interview procedure incorporated into the selection process, a mere 24% responded that they had indeed participated in an interview, most often with the Board or Executive Committee, and this interview occurred irrespective of whether there were competing candidates or not. We also learned that these interviews often lasted anywhere from one to three hours in length.

Again, there was a correlation between those experiencing interviews, also having job descriptions and also serving full-time.

## Guidance and Evaluation

We were interested in learning how the current managing partner received guidance or training for the top leadership job and posed a number of questions on this subject. What we discovered was that for 16% of them, their prior years spent serving on the firm's management committee was considered the most valuable preparation; while for another 47%, it was the previous managing partner that served as their primary source of guidance.

In 16% of the cases, the respondent claimed that they were immersed in what was pretty much a "sink or swim" environment. Only 3% claimed to have sought out or received any training from external sources, with another 3% crediting the firm's Executive Director as the major source of guidance. For us, this was another surprise. Given both the number of external programs being offered by various consulting and educational organizations as well as the management training and certification available to law firm Executive Directors, we had expected that this would be a far more significant factor.

You might compare and contrast all of these prior statistics to the next question we asked – what was of the greatest concern to you when you first took the job as managing partner? Overwhelmingly, 74% of the responses were centered on "managing a multi-million dollar business."

To conclude, we asked whether there was any formal means by which the managing partner's performance was evaluated. In only 6% of responses received did we hear back that a firm indeed had a very formal, annual evaluation process in place. For 24% of managing partners there was "no real evaluation of my performance" while 70% claimed it came from the Board in an informal, ongoing manner.

Speaking with those few individuals who are subject to a formal evaluation process we learned that it did not originate from the bowels of some Board intent on micro-managing their firm leader. Rather, in all instances, the managing partner himself initiated the

evaluation process. At the end of the year, the incumbent drafted a written evaluation of his performance, presented it to the Board as a discussion document, and then used the resulting discussion as the basis from which to set specific goals for the coming year. The goals were codified and formed the basis for the next year's formal evaluation.

### **When Relinquishing The Position**

Part of our examination posed a number of questions around where an incumbent goes next with their personal career.

In 52% of the cases, when asked what issue would be most important when you relinquish your position, the managing partners responded, 'determining how to let go and move on.' For 30% it was how to agree on a plan to manage the transition period and 18% were primarily concerned that important initiatives not be put on hold.

While the majority (58%) of today's managing partners do expect to return to building their legal practice, 15% claimed that they would likely retire completely from the practice of law, while 21% would look for some alternative career challenge, and 6% just simply didn't know what was next on their career horizon.

### **Selecting The Next Managing Partner**

Our study explored the degree to which there was any process in place for selecting a new managing partner at that point when the incumbent relinquishes the position. In 6% of the cases we were informed that the Executive Committee or Board was currently exploring the development of some form of a succession plan. Concurrently, another 18% of the managing partners asserted that they do pick and nurture that lawyer that will follow them into the position.

In 42% of the firms responding, we found that the process was one of simply accepting nominations from the partnership, often either through a specially constituted Nominating Committee or through the Executive Committee calling for such nominations. That left approximately 34% of the firms admitting that they really have no precedent for how they would approach the selection process.

On a related note, we asked of these firms whether there were any specific qualifications required to be the next managing partner. An astonishing 76% of the respondents declared that there was nothing specifically defined, while 12% cited a particular skill (often identified as trust, integrity or such), 9% wanted some previous management experience (as a practice group leader or having served on the Board); and for 3% the most important qualification was a 'significant client following.'

It is a bit of a parody that 'a significant client following' would be cited by only 3% when in many cases the firm leader is someone who has proven to be extraordinarily gifted at both attracting and retaining clients. It is often that quality that imbues our respect and admiration for the individual and provokes us wanting to have them lead the firm as if some of their magic might cascade down upon the rest of us. Then, after they have accepted the leadership mantle, we ask them to forsake, precisely that which we found most attractive – their clients.



### **A Final Question**

It would appear that our initial profile of the typical managing partner wasn't too far off the mark. What all of this seems to indicate is that, for the most part, in legal business operations grossing between \$50 to \$250 million in annual revenues, we have CEO's who do not devote 100% of their time to managing the business, 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 recommendation be, to the Board of a client company, which had this as their profile, and were looking to you for a recommendation on what action they might take to improve their organization's overall performance?

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