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International Review

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**FIRM STRATEGY:
UNDERSTANDING
INDUSTRY
DYNAMICS**

**SCHEDULE TIME
FOR STRATEGIC
THINKING**

**THE VALUE IN
DEVELOPING A
LEADERSHIP BRAND**

**ANNOUNCING: THE
CHANGING OF THE GUARD**

**McKENNA ON
HOW NEW
MANAGING
PARTNERS CAN
AVOID BEING
'BLINDSIDED'**

**A SPECIAL OFFER FROM
MANAGING PARTNER
MAGAZINE**

**HOW EFFECTIVE LEADERS
DELEGATE**

**WHY LAW FIRMS NEED
NON-EXECUTIVE DIRECTORS**

Increase revenues by strategically painting
your BRAND to distinguish you from the herd



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CORPORATE BRANDING

INTELLIGENT MARKETING

EFFECTIVE POSITIONING

Dear Valued Clients and Friends:

I trust that you enjoyed a productive and restful summer. I am hopeful that you will find this latest issue of my *International Review* magazine to contain a number of pragmatic ideas, tips and techniques on law firm strategy and leadership that you can put to use immediately.

We start with some prescriptive counsel on how your industry groups need to better *Understand Industry Dynamics* in order to be successful, and then continue with a reminder of how you need to *Schedule Time For Strategic Thinking* as it could arguably be the most important activity in your leadership role.

While I have never been a fan of “branding” and watched over the years as numerous law firms have wasted incredible monetary resources in various expensive advertising experiments, I am nevertheless going to stick my neck out and suggest that *The Value In Developing A Leadership Brand* is there for every firm leader to employ.

Pages 12 and 13 are intended to introduce you to my newest work, *The Changing of The Guard: Selecting Your Next Firm Leader*, and *How New Managing Partners Can Avoid Being Blindsided* is a related one-on-one interview with the Editor of *Managing Partner Magazine*.

How Effective Leaders Delegate has its origins in a survey that I send out to new managing partners, after their First 100 Days (see back cover) inquiring about their most unexpected challenges and the last piece, *Why Law Firms Need Non-Executive Directors* is included to provoke your thinking about a trend that has been paying dividends for UK and Australian law firms for a few years now.

Finally I would draw your attention to a SPECIAL OFFER (please see page 17) from my friends at *Managing Partner Magazine* that is exclusively available to you . . . but only for a limited time – so please take advantage of it.

Patrick J. McKenna

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FIRM STRATEGY: UNDERSTANDING INDUSTRY DYNAMICS

Let's look at what is now happening in advanced education and specifically with the long revered MBA degree as an example of what is happening within our own profession.

Last year about 87,000 Americans wrote their Graduate Management Admission Test (or GMAT), an aptitude exam generally required as part of an application to MBA programs. That compares with 127,000 in 2010. Applications from students have been in a decline following the economic crisis and competition for a smaller pool of students has been raging among the hundreds of MBA schools across the continent. This rampant marketing and competition for students has raised questions about what a sustainable model for MBA programs might look like.

The generalist MBA, wherein students select a specific discipline, be it finance, operations or marketing in which to specialize, is being seen to be outdated such that schools are finding that they increasingly have to differentiate themselves. And finding ways to meaningful differentiate usually means asking the client – in this case those who hire the end product of graduate education mills, to find out from them what they need. The response? Increasingly corporations are expecting their MBA graduates to indeed specialize, but no much in traditional disciplines but in specific industry sectors – like mining, retail, health, real estate and so forth.

The world of management education is changing. General programs are not good enough. As one business dean expressed it, “this shift will mean an end to the conventional ‘cookie cutter’ MBA, where all students learned the same basic business skills. The two-year MBA with some opportunity for industry-specific specialization is becoming the gold standard.”

Let's compare what is going on in management education

with what is going on in the legal profession. Today many firms would assert they have embraced having a smattering of industry groups in their firms. Nevertheless, it is interesting and informative to look at what some of these groups may actually signal to clients about the firm's industry knowledge and competence. For example:

■ **It is not what you call the industry, it is what the client calls itself that is most important.**

When you think about the various options available for stimulating revenue growth, one of those options is driven by the preponderance of various industries that are located in your particular market footprint. That said, I am always surprised by the lack of knowledge some professionals display in understanding which industries often have a prevailing influence in their particular locale. In fact, in a number of recent meetings (after having done the required homework myself), I've asked partners to tell me, "What particular industry concentration or 'industry cluster' is your city, region or state focusing attention and fiscal resources on developing?" A short period of stunned silence is then often punctuated with some wild guesses and sometimes a few manage to guess correctly.

When we think about industry clusters we naturally imagine the car manufacturers of Detroit, computer makers of Silicon Valley, aircraft manufacturers of Seattle, financial services in New York, and the movie makers of Hollywood; but industry clusters are more than just a collection of companies in the same industry. Industry clusters are actually a geographical proximate group of interconnected companies with associated institutions in a particular specialization – all linked by networks.

In other words, while some locality can have an industry group, for example the Napa Valley vineyards, what would make this group a

cluster would be the presence of upstream and downstream specialists. Using the example of the Napa Valley vineyards, this would include upstream manufacturers and suppliers of herbicides, pesticides, and irrigation, harvesting and processing equipment – while downstream would include manufacturers and

ics industry and am proud of being an active member of the New York Photonics Industry Association – you might see how you and your firm could be perceived to be irrelevant!

Meanwhile, by not focusing your attention on the right industry "label" you may have

"Isn't it fascinating how the mindset we bring to the table as purchasers of professional services is so completely different from the mindset we exhibit as sellers of professional services?"

suppliers of winemaking equipment, bottles, labels and corks. The associated institutions would then include government departments (including export), educational and research organizations, plus other related industries like tourism and hospitality.

The challenge that arises from all of this can often manifest itself in really understanding what specific industry you are really working in and how you are communicating your expertise to the market.

For example, in one particular firm I was recently engaged in working with, as I examined the various clusters in their market, I noticed that one of the top three industry clusters was "Photonics" which included data transmission technologies, laser processing and spectroscopy analysis. When one examined the firm's web site you could not find a single mention of anyone having done work in the "Photonics" industry. When I raised this point later in our strategy sessions, I was informed that the firm had a long history of serving a number of major companies in the . . . "Optics" industry.

Now, you're welcome to call it the Optics industry, but if I, as the client, call it the Photon-

ics industry cluster. But then I suppose you could explore prospects in New Mexico, the only state that I could identify that had an active "Optics" Industry cluster.

MAKE NO MISTAKE: what label you attach to your industry group matters.

■ **As all industries eventually mature they naturally fracture into multiple sub-industries.**

Some years back I had the opportunity of working with a Technology Practice Group to help the partners develop a strategic plan and direction for growth. Not too far into what had been scheduled to be a four-hour working session, I discerned that five of the partners served software developers; three others focused much of their attention on cable television companies; four were developing expertise with companies in the digital publishing space; and the remaining five spent their professional time working with telecommunications operations. Each of these were operating under the same marketing umbrella

(Technology) but were actually sub-groups in entirely different industries.

News Flash: You cannot develop a strategic plan for an industry group if you don't all serve the same kind of clients.

Today, this same situation is true with numerous industry groups. To be provocative – I would strongly advocate that there is no such thing as a Health Care lawyer!

A blog post that got a fair bit of attention recently announced: *“Want to Expand? 5 Hot Legal Practice Areas to Consider for 2015.”* It advised lawyers that: *“Changing technology, government policies, and legal environments mean that there are more opportunities than ever to expand your practice into new areas. Here are just a few ideas to get you started.”* And number one amongst its hot areas to consider was . . . Health Care.

The way some firms define and describe their industry groups is really quite interesting. If you look at Health Care by way of example, and examine various law firm websites, you are likely see a description that reads something like this:

We offer clients the advantages of both a concentrated practice in health care law and a business firm with broad and varied areas of experience. Our Health Care practice enjoys an outstanding reputation for its knowledge in health law and its leadership in the health law community. Our strength lies in the ability to understand and keep pace with the numerous changes in the health care industry and to work creatively with clients to achieve workable solutions. We offer a comprehensive approach with many inherent advantages. Because we are familiar with how health care is delivered and financed, we can respond quickly to the business and financial needs of our health care clients and to the practical realities they face.

Our experience encompasses a wide range of matters of concern to the health care industry, including:

*Business Transactions
Integrated Delivery Systems
Contracts
Managed Care Relationships
Health Care Provider Financing
Restructuring and Reorganization
Tax Advice for Tax-Exempt and For-Profit Entities
Antitrust
Fraud and Abuse
Medicare, Medicaid, and Third Party Reimbursement
Employment Issues
Credentialing and Accreditation
Certificate of Need
Patient Care and Operational Issues
Medical Malpractice*

It sounds both comprehensive and convincing. The only small problem is that Health Care, as an industry, has fractured into numerous distinct sub-industries (witness my earlier example with technology) as it has grown and matured, each of which is comprised of companies who believe they are unique.

Take for example the industry of professional services and the sub-industry known as the legal profession. If some service provider held themselves out to be the renowned expert in professional service firms, your first question would be, “Yes, that’s fine, but what do you specifically know about law firms?” Then if that same renowned expert began to tell you about how they employed their smarts in marketing to the advantage of some major accounting firm, even though you might admit that the tactics were equally applicable, you would still inquire as to what experience they have had serving a law firm like yours. You reject any notion that being an expert in an industry as broad as professional services, or even marketing leadership in the accounting sector, is sufficient.

Isn’t it fascinating how the mindset we bring to the table as purchasers of professional services is so completely different from the mindset we exhibit as sellers of professional services?

As sellers, we appear to be quite content with telling the marketplace that we are Health Care lawyers with little regard for what our clients are looking to buy. And in this instance the Health Care industry is fragmented into dozens of sub-industries. Therefore those lawyers who develop a specific expertise in areas like personalized DNA-based medicine, mobile health appliances, stem-cell bio ethics, e-health information systems, or lithotripsy services and then effectively market that specific expertise will become the go-to providers and achieve a significant strategic advantage over those attorneys who simply claim to be health care lawyers.

MAKE NO MISTAKE: in most industries you need to be very specific about the sub-industry that you are targeting to serve.

■ **There are some areas of opportunity that initially defy simple industry categorization**

One particular area of emerging opportunity is in what is being categorized as the “Internet of Things” or IoT.

Most often, we hear about IoT in the context of wearable devices: things like the Fitbit that promise to improve health and wellness, or more fully featured devices like the Apple Watch and Google Glass that also extend such smartphone functions as messaging or Web searching. But while consumer technology is a hot area, IoT will likely have a far greater impact in: manufacturing, resources and energy, utilities and civic services.

Simply defined, IoT is about connecting objects, from trucks to refrigerators and hydro

meters, to the Internet. Data gleaned from the sensors and systems applied to these objects can then be used to monitor, control or redesign business processes.

Meanwhile, a number of IoT focused venture funds have been launched and one analyst

MAKE NO MISTAKE: in spite of what some pundits might suggest – growth is not dead; it is merely hiding amongst area of opportunity not easily categorized within traditional legal departmental structures.

■ **Industry sector expertise is THE differentiator.**

“In spite of what some pundits might suggest – growth is not dead; it is merely hiding amongst areas of opportunity not easily categorized within traditional legal departmental structures.”

claims that knowing how many IoT companies there are at any given moment is tracking a moving target. Globally, every three weeks there's either an acquisition or a new company starting up. And according to Accenture, roughly three quarters of large companies are investing 20% of their research and development spending on big data and analytics, which IoT is driving.

My research into this area of opportunity indicates that there are four expanding segments: makers and installers of physical sensors; connection providers (landline, wireless, telecoms, etc.); storage and security hardware and software (server farms, the cloud) to hold on to and encrypt all the collected data; and finally the data analysis software. Some companies do all that in one solution; others focus on one piece of the spectrum.

The projections for growth are huge: Networking equipment titan Cisco Systems Inc. believes IoT represents a \$19-trillion (U.S.) global market and predicts that 50 billion devices will be connected to the Internet by 2020.

For those who missed one particular development that emerged over a year ago, 500-attorney Husch Blackwell, a St. Louis based firm, completely dispensed with its traditional practice group structure in favor of organizing itself into a configuration of six industry groups.

In a recent interview with firm chairman, Maurice Watson, he explained, “We were aware that the competition, especially in our segment of the market, was intensifying, that there were too many talented lawyers and talented firms and too little great work to be had. As a consequence, there's much greater pressure and focus on the need for law firms to be able to differentiate themselves as well as establish, for clients, that they can offer some kind of additional value that other comparable firms could not provide.”

Back in 1989 I authored one of the first books on the marketing of legal services (for Butterworths) wherein I confidently predicted that within ten years every significant law firm would be structured based on industry groups – so much for the folly of making predictions. Fast forward twenty-five years and it is still staggering for me to understand why, in spite of decades

of witnessing other professions, like our brethren in the accounting and management consulting fields, focus on seeing client need through an industry lens, that so many law firms still miss this opportunity. It gets even crazier when we consider that one of the primary reasons for corporate counsel to either select (or deselect) any firm is increasingly based on the degree to which that firm clearly “demonstrates” an understanding of the client's business, their industry, and what issues are of paramount importance.

What makes industry sector expertise a meaningful differentiator?

First, where you enter into serving a specific industry segment and are eventually perceived by the sub-industry members as having specialized knowledge in their unique business and legal matters (“you talk their lingo”), you can develop a name recognition that becomes hard for others to match.

Second, in any market with a steep learning curve, being first to target and develop a presence in some specific industry segment (think: personalized DNA-based medicine) can confer the advantage of having a head start. That head start allows you to position yourself as a primary source for media commentary, for seminar presentations, for having articles published and other such positioning tactics.

Finally, by being early and effective in targeting some lucrative sub-industry, you have the opportunity to draw clients into your web, creating “switching costs” that curtail those clients from any notion of later, moving their work to other copy-cat firms.

MAKE NO MISTAKE: *To take advantage of the opportunity professionals must participate actively within their chosen industry segment and work to establish a significant presence.*

SCHEDULE TIME FOR STRATEGIC THINKING

I don't know if you have consciously noticed

we are all becoming far more reactive than at any other time in history. For example, it would seem that you can no longer hide behind voicemail or email because both colleagues and clients will now simply send you a text and then look for an immediate response – we are becoming the text-messaging generation.

Today, if you are like many law firm leaders, you are caught in a tidal wave of 24/7 communications from your partners and direct reports for quick responses to their requests. At the same time, other lawyers, staffers and, of course, clients want your input, require your approval, or request your participation in meetings or discussions. For most any law firm leader, keeping busy and focusing on the urgent is seductive. Many confide to me that they continue to find themselves more and more distracted. So is it any wonder that you are not being as strategic or thoughtful as perhaps you would prefer to be? Yes, you may be busier than ever before, but perhaps far less effective.

I recently met with a couple of firm leaders and discussed the demands on their attention as well as some of the timely issues that were important to them, and it reminded me of something I learned awhile back about where many leaders invest (or don't) their precious and limited management time...

When meeting with managing partners, I have often asked a couple of questions that usually serve to illuminate precisely where they spend their time. My first question is:

"What proportion of your management time is spent solving problems versus what proportion is spent on exploring new opportunities?" (Think about what your percentage breakout might be)

After what can often be a rather awkward reflection period, the answer I will usually elicit is about 80% on solving problems and 20% on exploring opportunities.

From knowing and spending time with many of them, I suspect that it is really more like 95% on problem-solving and 5% on opportunity-seeking, but let's analyze what this division of time infers. This means that as a firm leader, you are spending 80% of your time and energy (by your own admission) looking backwards and fixing things, while only 20% looking forward and creating things. It's not too far a stretch to see that firms operating in this mode may be constrained in their attempts to take the lead in their competitive marketplace.

So why does this happen?

Well, it should be obvious that most professionals are veteran problem-solvers. We are trained to resolve the issues, put out the fires, correct the underperformance, and generally "fix" any and all problems. No matter what your title and task, there is a powerful gravitational pull that unconsciously moves us toward fixing things instead of innovating, toward restoring instead of increasing, and toward reacting rather than being proactive.

The truth is, we secretly love the urgency of problems to be addressed. The urgent makes us feel *valued*. We get an adrenalin rush from urgent matters. With problems to be fixed we can be the hero that saves the day. Some of us are even pros at waiting until the last minute to rush in with a solution. If we're honest with ourselves, we can admit that we feel more secure when we are busy doing something, even if it isn't the most important task on our plate. Indeed, that urgent little problem can sometimes actually become a convenient excuse to ignore or put off the important tasks. But firm leaders need to realize they need to focus their energies on where they will have the greatest impact.

For that to happen, they need to understand that fixing things, however noble, simply restores the prior performance or condition—

and that may be comfortable, but it limits value. However, if your focus is on improving the condition, on inspiring entrepreneurial endeavors, on being innovative; then your intent is not on restoring the *status quo*, but on developing a level of performance that exceeds any previous standards.

Now comes my second question, a follow-up I tend to pose which goes like this:

"Of the time you spend on exploring opportunities, (remember it was reported to be 20% of the total) how much of that time is directed

"No matter what your title and task, there is a powerful gravitational pull that unconsciously moves us toward fixing things instead of innovating, toward restoring instead of increasing, and toward reacting rather than being proactive."

toward pursuing billable production, winning the next big transaction or responding to a competitor; [i.e., the present] versus pursuing the development of entirely new skills, new technologies or new niche services [i.e., the future]?

Again, if I were generous in reporting what I have learned from this question, then the average managing partner spends about 60% of his or her time exploring present opportunities and 40% on pursuing future opportunities. This, albeit unscientific research does drive home a point worth scrutiny: What kind of a future is likely to be created by a firm leader spending only about 8% of his or her *total* management time and energy focused on the future?

That question might be tougher to answer than my first two!

Finally, to make matters worse, I find that many firm leaders have developed a technique of rapid-response to issues, becoming more reactive and losing vital perspective regarding the strategic impact and the potential unintended consequences from snap judgments. They are moving so fast, in so many directions, doing so much multi-tasking that the quality of their thinking, their relationships and their leadership is suffering.

Some will commit the time to develop detailed strategic plans but then not make the time to execute or consistently follow through in order to track progress on initiatives or maintain critical momentum. Others struggle with far too many "top priorities" when in fact, they should be narrowing their leadership focus, not expanding the number of initiatives on their agenda.

It may sound trite but I have discovered that the most successful firm leaders have learned to narrow their scope and limit their top priorities to those critical few with the greatest strategic impact. Where

I see firm leaders getting into trouble is when they are trying to do and manage far too many initiatives at the same time.

I strongly advise firm leaders to purposefully schedule white space into your calendar – time for quiet thinking and reflection. And if you cannot get that uninterrupted time at the office then go offsite and literally unplug for a few hours to engage in thoughtful reflection about your most strategic and important issues. This is not a luxury. Given the amount of change the profession is going through these days, it is a business imperative to improve your effectiveness.

An excerpt of this article appeared in June on legalexecutiveinstitute.com

The Value In Developing A Leadership

When scanning the legal media, reading interviews on emerging issues, or seeing who gets asked to speak at various legal conferences and events, you should notice that it is usually those Firm Leaders who have invested the time to positioned themselves as innovators and thought leaders who seem to frequently garner the spotlight. These professionals may not, in your opinion, have anything more to offer than you, but the fact is that they certainly know how to brand themselves as consummate frontrunners within the profession. And developing a leadership brand should not be viewed as some ego trip or perverse exercise in executive hubris, because it can provide measurable benefits for your firm — and for you.

Our leadership brand is in essence your reputation. Reputation is the most important asset you have and is the *perception* about you as a leader and a professional. Your reputation isn't *who* you are, but rather what others *believe* about you. Every firm leader has a responsibility to create and manage a positive firm and leadership brand. As Fortune magazine once expressed it, "despite the complexity of our times, the person in charge still sets the tone, defines the style, becomes the firm's public face."

By way of example, back in 2007, I initiated a survey to an extensive list of law firm leaders asking them, among other things, which law firm managing partner (chair / CEO / etc.) they most admired for their management / leadership competence. Far and away the most revered was Robert M. Dell, the recently retired chair and managing partner at Latham & Watkins. Did Bob develop a strong, recognized leadership brand? You bet he did! In numerous inter-

views Bob talked passionately about how he believed in true integrated teamwork, building professional skills, always putting the firm first, and remaining committed to upholding core values, behavior and culture. His commitment oversaw a growth in the firm from 11 offices and 600 lawyers to 32 offices worldwide and 2000 lawyers — all without ever giving in to the temptation of big-book greedy laterals, ego-driven mergers, or star compensation systems that other firms have fallen victim to.

Now many firm leaders may be content to be perceived as just "your regular managing partner." They attend to their management and leadership responsibilities without much concern for their own public perception, so long as it isn't negative. That viewpoint however, may result in keeping both the leader and his or her firm out of the public eye, missing important growth opportunities. My observations and research would suggest that those firm leaders with strong reputations and the know-how to promote their accomplishments — that is, those with strong brands — can gain a noticeable advantage over competitors.

Having a recognized firm leader can put your firm in front of its target audience in a very favorable way. In one recent instance, when a prominent legal publication selected a particular law firm chair as "Law Firm Leader of the Year" the individual related to me how those accolades contributed significantly to his being able to successfully recruit a few very attractive laterals to the firm.

For many firm leaders, the thought of focusing on personal branding may seem uncomfortable. It doesn't mean that you have to

suddenly invent an oversized personality and contrary to any misconceptions, leadership branding is not about becoming a celebrity. It does mean that you need to think about an approach that works with your existing persona. The good news is that any firm chair or managing partner can create a perception of confidence, competence and success. Here are a few areas that I've observed others taking action on:

• Your Leadership Message.

People have short attention spans, so your brand message needs to make an impact. When some colleague or client asks what your goals are as the firm leader your message needs to be concise and it needs to resonate. Your brand can help you attract the right talent to your team; align them around a common purpose; mediate issues; get things done across the firm; influence your executive committee; and also help you create a more dynamic, high-functioning firm.

It is sometimes helpful to actually give your business philosophy a label that people can recognize and remember. So,





when I say “legal lean”, what firm leader do you immediately think of? Stephen Poor, the long-serving chair of Seyfarth Shaw is among the thought leaders in promoting the application of process improvement techniques to the practice of law. And the new website that Stephen instigated, ‘Rethink the Practice: Essays on Change in the Legal Industry from Seyfarth Shaw’ integrates his and the firm’s brand very nicely.

Successful branding involves differentiating yourself from your competition and creating identifiable ways for observers to perceive your unique identity. Sometimes that can be accomplished through aligning yourself with a particular industry. One of the larger-than-life figures in Silicon Valley over the past three decades has been Larry Sonsini, Chairman of Wilson Sonsini. His high profile leadership has created a brand that has gained international recognition and that the technology industry knows and respects.

• Your Personal Bio.

The Personal Bio that appears on your firm’s website is another opportunity to clearly define your leadership essence. Not taking great care with your Bio prevents people from getting to know you better. Have a look at Andrew Glincher’s bio (http://www.nixonpeabody.com/andrew_i_glincher). Andrew is the CEO and managing partner of Nixon Peabody. In the past few months he has appeared on KABC News Radio in Los Angeles, been featured in a *Washington Post* article, been interviewed in *American Lawyer*, authored a column for Bloomberg, and been quoted throughout an article in *Fast Company* on

best practices in leadership.

Even, and perhaps especially, when your practice is highly focused in a selective discipline there are numerous opportunities to become active in associated media channels. Vincent Cino, Chair of Jackson Lewis has become a regular in Employment Law 360 articles discussing trends and developments in the workplace, as well as being quoted in *American Lawyer* and in other regional business and legal media.

• Your Presence on Social Media.

Even if you hate social media, any firm leader who does not have a presence on LinkedIn is now suspect. Having a social media presence can begin to help brand you as a person of influence. Have a look at the Twitter activity of Mitchell Zuklie (<https://twitter.com/MitchZuklie>). Since becoming the new global Chairman and CEO at Orrick, Mitch has managed to post a couple of dozen messages a week congratulating individual partners, drawing attention to firm achievements, identifying new legal developments, sending kudos to clients and so forth.

And make no mistake. As a firm leader, you need to control your online presence. Have you Googled yourself lately? Do you like what you see? If not, change it. Just as social media can help build or destroy any brand’s credibility, negative Google results can also spell the end of your credibility.

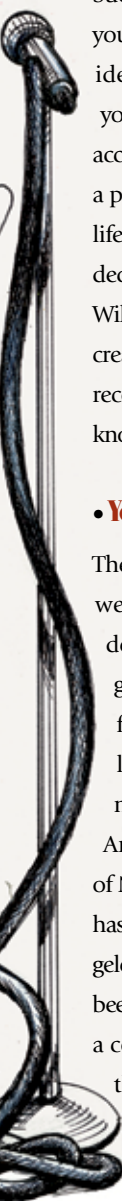
ONE CAUTION

Having your managing partner establish a strong leadership brand toward the end of their time in office, often out of concern for their personal legacy, can have a negative effect where it contributes to extending their tenure beyond what may be best for the firm. A managing partner who becomes the public

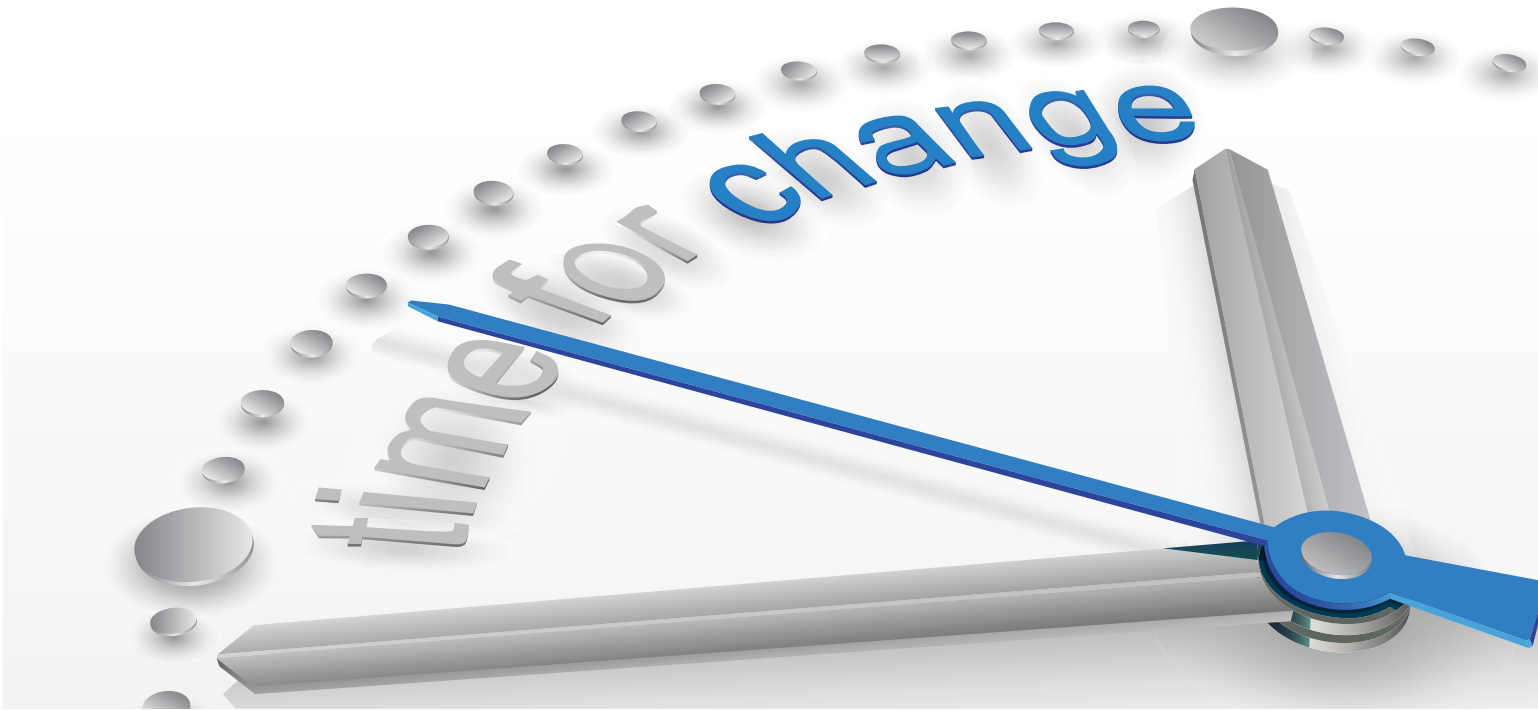
face of the firm and commands high recognition from both the business and legal community may foster board members who find themselves in a situation where they view the incumbent as indispensable and feel pressured to extend his or her planned retirement date. Any firm leader with a strong personal brand may leave behind an iconic image, which ultimately poses a challenge to their immediate successor. I have witnessed a couple of instances where a new firm leader was elected to replace some leader that everyone idolized and instead of pursuing his personal strategic agenda and leadership style, he was overwhelmed with enormous partner expectations.

That said, it should be noted that many a firm leader’s brand, when done well, is portable. As you think about starting future ventures, your leadership brand can follow you. Just look at Ralph Baxter, former Chairman and CEO of Orrick, who is now a Senior Advisor and Chairman of the Legal Executive Institute at Thomson Reuters Legal. He writes a weekly blog on the LEI web site and chairs several LEI live events each year. His recognition for leading a prominent global law firm for nearly a quarter century also contributed to his being an active member of the Advisory Board of the Harvard Law School Center on the Legal Profession, and the Advisory Board of the Center for the Study of the Legal Profession at the Georgetown Law Center.

There is an old joke that states, ‘your leadership brand is what your partners say about you, when you’re not in the room.’ Your brand can give you enormous influence and can dramatically enhance your firm’s reputation. Of course, the exception to all of this might be if you are intentionally maintaining a low profile trying to create an aura of mystique and intrigue.



THE CHANGING OF THE GUARD: SELECTING YOUR NEXT FIRM LEADER



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When the time comes, how is your firm going to navigate the intricate process of selecting your next leader?

Every firm eventually finds itself in need of a new leader. The executive committee or board must seek to replace the current incumbent as that individual comes to the end of their term of office, announces a return to their practice or, perhaps, is contemplating retirement. Every year firm leaders also step down because of a loss of partner confidence, an unexpected disability, a tempting career offer from a prestigious corporate client, or even on occasion being laterally recruited by a competing firm!

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FEATURES

This report outlines prescriptive guidelines and includes:

- 15 pragmatic “how-to” chapters;
- 7 appendices covering topics as diverse as understanding what it takes to become a firm leader, to the delicate dynamics involved if you select co-managing partners; and
- 20 exhibits covering nominating committee terms of reference, various sample internal memorandum, examples of firm leader evaluation criteria, and sample candidate interview questions.

The report also includes interviews with:

- **Stephen J. Immelt** – Hogan Lovells;
- **Vincent A. Cino** – Jackson Lewis;
- **Carter G. Phillips** – Sidley Austin;
- **Timothy E. Powers** – Haynes and Boone; and
- **Kim Koopersmith** – Akin Gump Strauss Hauer & Feld.



The Changing of the Guard: Selecting Your Next Firm Leader

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By: Patrick J. McKenna

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About the author

Patrick J. McKenna is an internationally recognized author, lecturer, strategist, and seasoned advisor to the leaders of premier law firms. He is the author of seven other books, most notably his international best seller, *First Among Equals*, currently in its sixth printing and translated into nine languages. His consulting expertise was acknowledged in 2008 when he was identified through independent research compiled and published by Lawdragon as “one of the most trusted names in legal consulting”, and his three decades of experience led to his being the subject of a Harvard Law School case study entitled “Innovations In Legal Consulting” (2011). An example of that innovation was launching the first instructional program designed to specifically address the issues that new firm leaders face in their First 100 Days, which has thus far graduated over 70 new leaders, many from AmLaw 100 and 200 sized firms. In addition, McKenna has consulted with at least one of the largest law firms in over a dozen different countries.

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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.

"There are also often no objectives or expectations formally laid out as to the role of the managing partner or firm leader. Very few firms have formal

"There are also often no objectives or expectations formally laid out as to the role of the managing partner or firm leader. Very few firms have formal feedback or appraisal systems. There's no discussion around compensation arrangements."

feedback or appraisal systems. There's no discussion around compensation arrangements."

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."

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.

"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.

"And, remember, that door swings both ways. You could be in a position where you find that your

"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."

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.

This feature article appeared in the May issue of Managing Partner magazine
Manju Manglani is editor of Managing Partner (www.managingpartner.com)



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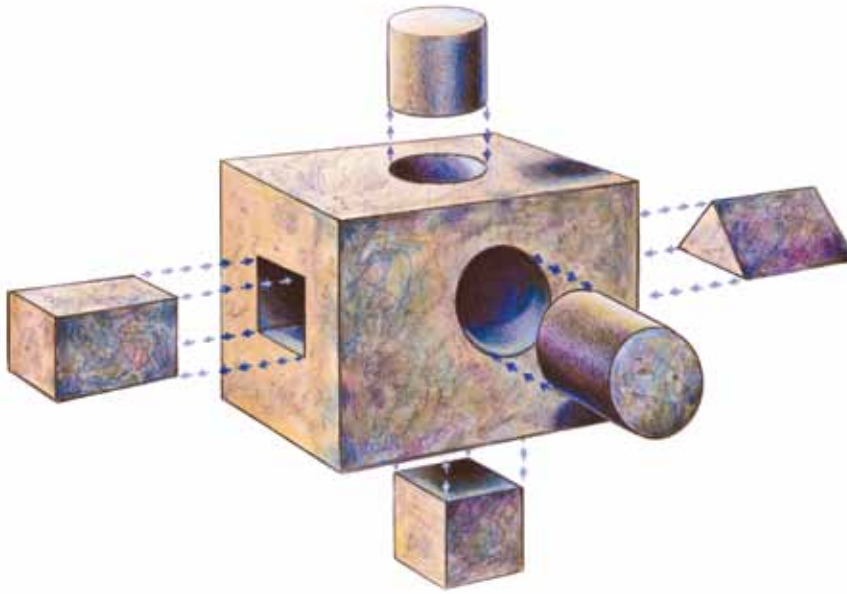
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- Patrick McKenna

How Effective Leaders **DELEGATE**



take of early working relationships, some direct report will either seek to consult with the firm leader when they should have simply handled the issue on their own, or they proceeded without consultation when in the eyes of the new leader, they would have wanted input.

What then transpires, is if they sought the leaders input when it was really **not** required, it is rarely brought to their attention. In this case the professional can easily misinterpret the firm leader's responsiveness to mean that he wants involvement on that sort of issue. If, on the other hand, this professional failed to consult when they should have, they will usually elicit corrective feedback. This results in a risk-averse 'if in doubt, check it out' behavioral response pattern. Since the failure to consult is corrected while the seeking unnecessary input is not and may even be (unconsciously) encouraged, the overall result is for more and more issues to reach the firm leader. The leader consequently becomes overloaded, diverted from their more important strategic tasks and feels swamped in trivia.

The most powerful antidote to this pattern is to meet with each of your direct reports and ask of them:

"Do you ever see me working on tasks that someone who is serving as the firm leader should not need to do? In other words, are there areas where you believe I can delegate some of my responsibilities, help other people grow, and give myself more time to focus on the important strategic and long-term issues facing our firm?"

One of the key questions that need to be asked of firm leaders is – **"whose work are you doing?"** When any firm leader invests their time in performing administrative or

In discussions with new firm leaders before they formally take on the role, I ask them what they think that they will like doing the most, in other words where are they eager to spend their time. The most common response is: "determining strategic direction and implementation." After being in the job for some months when we come back and have them assess where they have been spending the largest portion of their time, they then confess how it is spent in "day-to-day administrative responsibilities" with absolutely no time for strategic issues. All too often, the urgent crowds out the important.

Whenever I've had the opportunity to follow up with new firm leaders and ask what surprised them the most during their first 100 days in the role and what changes they would make to be more effective if they had the chance to do it all over again, one of the more common responses I elicit is "needing to delegate more."

Delegation is one subject that every firm leader I speak with, has strong opinions about. Some feel that they do it well. Some will quietly admit that they don't even know where to start. Some have experienced a good example of delegation. Some feel like every time someone has

ever "delegated" to them, it felt like they had just been dumped on. Many believe it is something they *should do* more of to be effective; but there are some who resist it with a passion – almost as if they feel that their fingerprints should be found on everything.

In my work with leadership transitions, one of the problems that I will often see arise in the early months of the new leadership is a pattern of misunderstanding between the firm leader and some of the professionals on his or her senior team. The new firm leader will often find a myriad of issues awaiting their attention. In the give and

other less strategic functions that should be done by others, you are overextending yourself in a way that consumes your limited energies. Sometimes you might not be aware of how much of your time is being taken up by routine tasks. Another thing you can do is keep a diary to make this 'routine creep' more visible.

Watch for the warning signs. If you find yourself hoarding work, and working long hours as a result, that may be a classic sign of under-delegating.

How To Delegate Effectively

Delegating is a skill that needs to be learnt and some leaders can find it difficult. However, learning to delegate is a key competency for being a good firm leader. Here are some basic guidelines to help you delegate more effectively:

1. Determine what you will delegate.

You decide which task you want to delegate. Keep in mind that delegating is different from simply assigning someone a task that is already a part of their normal job requirements. When you delegate, you give someone else **one of your job tasks**; but you maintain control and responsibility.

The nature of the task that you are delegating may fall into a number of different categories. For example:

- You may assign someone a task that you want completed in a very specific way. These are tasks that require time and effort but not a great deal of thought.
- You may give someone a topic to research for you. You want this individual to gather the facts, consider various

“One of the key questions that need to be asked of firm leaders is – ‘whose work are you doing?’ When any firm leader invests their time in performing administrative or other less strategic functions that should be done by others, you are over-extending yourself in a way that consumes your limited energies.”

approaches, get back to you to discuss their findings and make recommendations on how to proceed. These tasks can be more of a lengthier assignment in that they may require multiple steps and decision points.

- You may make someone a 'project leader' and give them full responsibility and accountability to make decisions, figure out the best course of action and get it done. You provide direction, clarify the end goal and remain available as a resource. But they own the project.

2. Determine to whom you will delegate each task

A new firm leader rarely starts with a clean slate. Usually most of your team, especially your C-level professionals, are already in place. So to select that individual on your team who is the right fit, you need to know each team member's temperament, strengths, and interests so that you can best determine who might excel at the task and benefit from doing it. You can either delegate tasks based on the particular in-

dividual's strengths, or you can give your team members a list of tasks and ask who would be interested in the assignment.

I find that the best leaders engage in regular conversations with their C-level professionals about the kind of opportunities each would like to receive. The individual you identify must have the capability to do the work, or it is important for them to be able to learn how to do it. Your discussions can help you determine which professional would be good for this and not the best for that.

It may sound trite but you need to remember that your delegation requires two individuals and a relationship to exist between those individuals. Unless that relationship is based on trust, delegation cannot work. So in selecting the right team member you need to ask yourself: "How confident will I be in delegating authority to this person?" Confidence in the delegatee is a big issue in delegating – if you don't believe the individual is truly able to do the job you need them to do, you may have a bigger problem than a reluctance to delegate. Conversely, good delegation is vital to the leadership development of those you delegate to in your firm.

In order for the person to feel empowered and motivated, they should be given full responsibility and accountability for the task. Only by having ownership of the task will this individual know that you are trusting them to do a good job and thereby have the inspiration and determination to succeed.

3. Clarify your expectations and the results you want.

Delegation does not mean passing off or ignoring key aspects of your firm's opera-

tions, and especially if they are composed of areas outside of your expertise. Mastering the art of “managing the inscrutable” is a *sine qua non* for anyone who takes on the role of being firm leader. You can’t simply leave all matters having to do with technology to your Chief of IT. It is only by investing the time to fully understand the business can you delegate with any confidence. The trick is to delegate what you do understand, not what you don’t.

Delegating is also not simply handing over a task and leaving someone to it, and then expecting them to do it exactly as you would. In general, the individual to whom you delegate uses his or her own methods to accomplish the task. If you expect use of a specific method to accomplish results, relate that to the person at the beginning. You need to determine the results you consider necessary for successful completion of the task.

As you begin, keep in mind that YOU will be the most common reason that your delegation fails. A typical problem occurs when, while you are delegating, you become concerned about not coming across as condescending when explaining the task, so you mistakenly assume the other person knows what you want and that giving too much guidance would be offensive. But, be assured that problems will occur when you hand over any task without clear direction about the standards you expect, the quality, or the timeline for completion. Ideally, it is a good idea to convey this information in the way the person likes to receive it. For example, does this individual absorb information best by verbal or written instructions?

You are going to think that your commu-

nication is clear but it may not be. For example, time means different things to different people. If you want the delegated work completed within a certain period, make that clear. If you say, “When you get time, would you please work on this,” your project may remain untouched for weeks. Also, if you want portions of the work completed by certain dates, make that clear.

After you have given your colleague the information about the delegated task, ask him or her to tell you their understanding of both the task and your goals. If this individual’s answers do not match your expectations, you need to review the matter in detail again.

Delegating effectively also means taking time to explain how this particular task may fit into a bigger picture, perhaps with regard to your or the firm’s business strategy. You should not assume that your colleague will already know this.

You need to understand that if delegation doesn’t work, it is because you haven’t done it right. Did you choose the right person? Did you explain the task and expectations clearly? Did you set clear guidelines and deadlines? Did you schedule review sessions? Did you create an environment of trust that allowed this individual to ask you for clarification and guidance ahead of time?

4. Communicate this individual’s authority over the delegated task.

Whether you prefer the term leadership or management, it is still about accountability. Though you cannot delegate your personal accountability, you can make others accountable for their results . . . but only if you are willing to give them your authority

– and live with their results.

You need to carefully define the scope and degree of authority given to this individual for completing the delegated task. You need to explain which decisions he or she may make independently, which require consultation with you and which require your sole approval. Be specific. If you tell someone, “Do whatever it takes,” you may end up with an unpleasant surprise.

Alternatively, a too-limited authority may frustrate the individual from accomplishing the task. Provide the authority necessary to accomplish the task but not so much authority that he or she can create a major disaster before anyone discovers the problem. Also, you need to make clear the budget available and any budgetary limitations.

Again, have this individual play back to you his or her understanding of their authority regarding this task. You obviously need to resolve any misunderstandings at the very beginning of the undertaking.

5. Establish a process for follow-up.

Successful delegation requires a balance of saying “no” to the urges of micromanaging, yet never walking away completely – even though the ultimate responsibility lies with you.

You need to set aside a period of time (perhaps each week) when you will be available to answer questions; but remember to let them know that you are still available if there’s anything urgent. Identify checkpoints from the outset to help you avoid the temptation of constantly looking over shoulders. It is essential to set up these checkpoints to monitor progress and ensure the work is going according

to expectations. Monitoring the progress avoids a discovery two days before the due date that the task is not on schedule. It also can serve as an indication of whether your colleague needs assistance.

Some individuals may hesitate to ask questions or request assistance. They fear that that will be interpreted as a sign of weakness or inadequacy for the job. Follow-up meetings give them the opportunity to ask questions within the context of a meeting designed for that purpose. The frequency of follow-up meetings will vary from project to project. Also, you may need to schedule more frequent meetings when delegating to someone new to your management team versus when delegating to an experienced and proven professional.

To help coordinate your delegated tasks, you should probably have an assistant monitor deadline dates, key deliverables and create metrics that help everyone know if things are on track. You can then incorporate follow-ups on major initiatives into your regular management team staff meetings.

6. Recognize the contribution.

Once a task is complete and work is submitted, it is all too easy to immediately move onto the next super-urgent task; only giving an obligatory nod to the work that was done. The danger with this, however, is that you're sending the message that the work is not important and let's face it, no one wants to think their work isn't valued! Take the time to provide acknowledgment when it is due.

The quality of results is likely to vary greatly across different tasks and according to the different people doing them but in all cases it is important to always jointly learn from

“Successful delegation requires a balance of saying “no” to the urges of micromanaging, yet never walking away completely – even though the ultimate responsibility lies with you.”

the experience for next time and to offer thanks for the efforts, as well as recognition for a job done well, when it is due.

When It's A Bad Idea To Delegate

There are some things that new leaders tell me they believe they should not delegate. For example, the firm leader has a special responsibility for the future so assigning to someone else the responsibility of thinking about the firm's strategic direction could put your future at risk. And because your colleagues view your competence often based on the work of your senior team, you should not delegate their selection. Others may help you screen various candidates, but in the end, the final selection must be yours to make.

Beyond these, one of the main areas that I observe leaders getting into trouble with delegating is in the execution or implementation of their strategic initiatives. Whether it is a matter of developing the firm's strategic plan, initiating key client teams, launching a new office, getting the firm's practice groups operating more effectively, the firm leader cannot delegate all aspects of the implementation to others. If

it is truly one of your top strategic priorities your partners expect to see you constantly sticking your nose in, asking the tough questions and tracking the progress of your initiative – otherwise you probably are not going to get any results.

Time and time again when any new firm leader takes active interest in and announces some new initiative that announcement is an endorsement for change and a signal of the leader's priorities. When that same leader is then seen to delegate the initiative and no longer be devoting any further time or attention to the matter, your partners take that as a explicit sign that the stated initiative is no longer a high priority. Even worse, those firm leaders who do this repeatedly are soon seen as either unfocused or gullible victims of the latest management fad.

That all said, successful leaders delegate. The best surround themselves with people on their internal management teams that are smarter than they are and give them room to run with huge responsibilities. The best leaders, says famed ex-GE CEO Jack Welch, “should always err on the side of delegation; and the bigger the enterprise, the more delegation you need to do.” And management sage, Peter Drucker said it as far back as the early 50's: the ability to delegate lies at the heart of leadership.

What are your next steps? When are you getting too involved? Give your direct reports permission to call you out **when you haven't delegated something you should**. And, when do you need to get more involved? Ask yourself these tough questions. Then ask the people who are working with you. Their answers may save your time and increase your leadership effectiveness.

Why Law Firms Need NON-EXECUTIVE DIRECTORS



Until recently and certainly before the failure of Howrey and then Dewey & LeBoeuf, the bankruptcy of a large law firm had been regarded as nearly inconceivable. In examining what went off track and in my article entitled *Malignant Leadership*, I reported that “too often, boards and/or executive committees facilitate firm failures by denying, overlooking, or ‘working around’ crucial issues.”

In that same piece I cited a number of governance steps that firms might consider. One of the notable differences between the top UK law firms and top US firms is that almost one in four (24%) of the UK firms now employ one or more Non-Executive Directors (NED) on their boards. Even more interesting, in a study released late last year, those law firms with at least one NED have seen revenues grow by one-third more than those without. In another research study commissioned by BDO and published in April: nearly a third (33%) of the global firms had at least one NED on their board.

Law firm NEDs have often been drawn from a pool of retired law firm leaders, accountants and management consultants. None of the US firms surveyed had any independent advisers involved in their firms’ governance. US lawyers continue to be skeptical about the value an outside expert might bring.

Yet, the use of NEDs has grown significantly. Lovells was known to have appointed the first NED back in the early 90’s and attested to the benefits of taking such a move. In raising this topic with Fred Lautz, the Managing Partner at 480-lawyer Quarles & Brady, he offered this observation:

We have assembled a few partners who we call investment partners. They are attorneys who were partners in the firm at one time, and then went on to become business executives. After retiring or otherwise completing their executive roles, some of them have been willing to commit some portion of their time, under contract, to

assist us in business development. We ask them to leverage their significant business contacts and community and business profiles to help position us to be in front of developing legal needs which fit our strategic imperatives. I frequently confer with a number of these investment partners on matters of firm business, service delivery, client relationships and Firm growth. I find their experiences in the business side of things (and in some cases as purchasers of outside legal services), coupled with their knowledge not only of the business and operations of a professional partnership generally, but of ours in particular, provide terrific perspective and insight for me as I lead our Firm. So, while we have not formalized any advisory board of outside business folks, I can certainly affirm the value of tapping into people with this type of experience.

I believe an NED can provide any law firm with a number of benefits:

- provide a dispassionate external view of the firm together with business experience and new concepts;
- make a contribution to the firm’s strategy and market performance;
- act as a vital sounding board and an outside voice to challenge current thinking and practices;
- strengthen the firm’s management and provide an objective view;
- deliver a fresh perspective and open up opportuni-

ties for how the firm might access new revenue streams; and

- objectively assess the firm’s performance and make recommendations for improvement

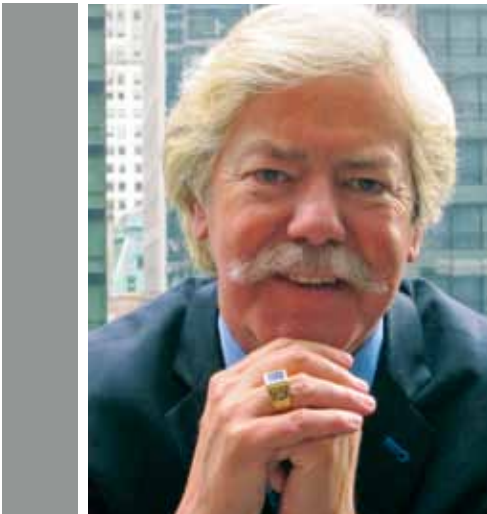
Key areas that NEDs might be consulted on include governance, complex partnership matters, areas of risk management, changing partner performance evaluation, financing policies, along with many of the marketing and strategic challenges that today’s firms are facing. The ‘right’ NED can also be engaged in the role of leadership coach, helping the Managing Partner who may be an excellent attorney, but with limited leadership and management experience.

It is important that NEDs are focused on matters at the Executive Committee or Board level and should not be involved in the day-to-day operations of the firm. An outside NED should have a more objective view of external factors affecting the business than the partners and should not be afraid to comment and contribute accordingly in the longer-term interests of the firm.

Lawyers recognize that it is good practice for their clients to involve external non-executive directors on their boards, yet law firms seldom adopt this practice themselves. It is often claimed that only partners really understand the business or enjoy the necessary respect, and that elected partners don’t have the necessary oversight function. Yet non-executive directors are perfectly capable, in the corporate world, of commanding respect and of calling management to account on behalf of the shareholders. They can also use their outside experience to advise, and to challenge the sacred cows which tend to develop in any inwardly-focused organization. Thus they can help the board to see things from a different perspective, and to spot unforeseen risks and opportunities.

So what do you think; is it time for our law firms to adopt a similar strategy to what most of our corporate clients have been doing for decades?

“In a study released late last year, those law firms with at least one Non-Executive Director have seen revenues grow by one-third more than those without. Is it time to explore this growth option?”



PATRICK J. MCKENNA

P R O F E S S I O N A L P R O F I L E

An internationally recognized authority on practice management, McKenna has, since 1983, worked with leaders of premier firms globally to discuss, challenge and escalate their thinking on how to manage and compete effectively.

He is author of a pioneering text on law firm marketing, *Practice Development: Creating a Marketing Mindset* (Butterworths, 1989), recognized by an international journal as being "among the top ten books that any professional services marketer should have." His subsequent work includes *Herd-ing Cats: A Handbook for Managing Partners and Practice Leaders* (IBMP, 1995); and *Beyond Knowing: 16 Cage-Rattling Questions To Jump-Start Your Practice Team* (IBMP, 2000).

A prolific writer on the challenges of firm leadership, his book (co-authored with David Maister), *First Among Equals: How to Manage a Group of Professionals*, (The Free Press, 2002) topped business bestseller lists in the United States, Canada and Australia; was translated into nine languages; is currently in its sixth printing; and received an award for being one of the best business books of 2002; while the book *Management Skills* (John Wiley, 2005) named McKenna among the "leading thinkers in the field" together with Peter Drucker and Warren Bennis.

In 2006, McKenna's e-book *First 100 Days: Transitioning A New Managing Partner* (NXT-Book) earned glowing reviews and has been read by leaders in 63 countries. This publication culminated in Patrick being asked to conduct a one-day master class for new managing partners, currently held at

the University of Chicago. Thus far over 60 new firm leaders from legal, accounting and consulting firms have graduated from the program.

His published articles have appeared in over 50 leading professional journals, newsletters, and online sources; and his work has been featured in *Fast Company*, *Business Week*, *The Globe and Mail*, *The Economist*, *Investor's Business Daily* and *The Financial Times*.

Always obsessed with innovation, he was instrumental in introducing the first global (InnovAction) awards initiative in 2003 in conjunction with the College of Law Practice Management to identify and celebrate law firm innovation.

McKenna did his MBA graduate work at the Canadian School of Management, is among the first alumni at Harvard's Leadership in Professional Service Firms program, and holds professional certifications in management. He has served at least one of the top ten largest law firms in each of over a dozen different countries and his work with North American law firms has evidenced him serving 62 of the largest NLJ 250 firms.

His expertise was acknowledged in 2008 when he was identified through independent research compiled and published by Lawdragon as "one of the most trusted names in legal consulting" and his three decades of experience in consulting led to his being the subject of a Harvard Law School Case Study entitled: *Innovations In Legal Consulting* (2011).



FIRST 100 DAYS

Master Class for the New Firm Leader

TESTIMONIALS:

"I was struck by the synthesis of the issues you presented. It was amazingly clear and comprehensive, given the breadth of the topic and the short time available. I was delighted to attend the event and I learned a lot from it."

Hugh Verrier, Chairman
WHITE & CASE

The First 100 Days Masterclass was concise and insightful. I quickly learned the difference between being a practitioner and a Firm Leader. I was thoroughly impressed with the scope of the topics discussed.

ONE YEAR LATER: I continually refer to that one day class as the best thing I did to prepare for my new role."

Vincent A. Cino, Chairman
JACKSON LEWIS

This Seminar was precisely tailored to the new managing partner and I left with specific strategies to help my transition into my new role. You can expect to get a call or two over the next 100 days . . . I made notes of 15 items I want to act on sooner rather than later. And I expect to borrow heavily from your slides in assigning tasks to a half-dozen people.

Michael P. McGee, CEO
MILLER CANFIELD

For more details, a copy of the day's agenda or to register, please visit:
www.first100daysmasterclass.com

WHY A MASTERCLASS FOR NEW FIRM LEADERS?

"New firm leaders mistakenly believe that because they have served as a practice group manager or on the firm's executive committee they have the necessary background for taking on the role of leading the entire firm. Not even close!"

It may not be fair, but it's true: Your first few months as Managing Partner or Firm Chair — the time when you are just starting to grasp the dimensions of your new job — may well turn out to be the most crucial in setting the stage for a tenure that hopefully should last for years.

While these first 100 days will present a unique window of opportunity, they also hold potential for others to misunderstand you. How quickly you swing into action as the new leader, for example, might provide a basis for your peers to characterize your management style as rash, purposeful, or indecisive. Your selection of colleagues within the firm for consultation on your early decisions will fuel others' notions that you're inclusive, authoritarian, or even playing favorites. Some partners might rush to label you as fair or arbitrary; a visionary or a cautious bureaucrat. Some are even likely to try to test your composure in the early going.

This one-day intensive masterclass is designed to help you hone critical skills and develop a plan for a successful transition as you move into your role as your firm's new leader.

WHEN: Thursday
January 28, 2016

TIME: 8:30 am - 4:30 pm

WHERE: Emory Conference Center
Atlanta, Georgia

YOUR MASTERCLASS MATERIALS

■ **24-PAGE MONOGRAPH** — "FIRST 100 DAYS: TRANSITIONING A NEW MANAGING PARTNER"

■ **200-PAGE HARDCOVER** — "SERVING AT THE PLEASURE OF MY PARTNERS: ADVICE FOR THE NEW FIRM LEADER"

■ **75-PAGE WORKBOOK**
INCLUDES CASE STUDIES, EXERCISES AND DISCUSSION MATERIALS

■ **COPY OF 170+ SLIDE POWER-POINT PRESENTATION**

■ **A FORMAL, WRITTEN AND CONFIDENTIAL 15-PAGE "HOGAN" PERSONALITY ASSESSMENT WITH COACHING RECOMMENDATIONS.**

YOUR MASTERCLASS FACULTY:

Patrick J. McKenna is an internationally recognized authority on law practice management; and

Brian K. Burke is the former Chair Emeritus at Baker & Daniels with over 20 years in law firm leadership positions.