

# The Changing of The Guard: Selecting Your Next Managing Partner

by **Patrick J. McKenna**

Sometimes things are not always as they may appear.

I was recently struck by a story told about one law firm where two senior partners were tasked with finding a new Managing Partner. Apparently, they had whittled down the number of candidates to only two. They met with the first candidate and told her that unfortunately, the other candidate had a good deal more support than she had. This candidate refused to believe them, saying that they should go back and take further soundings.

The two senior partners then went to the second candidate and told him that it appeared that the other candidate received more support. He accepted what they said and withdrew from consideration. With the benefit of hindsight, that firm clearly appointed the best person for the job and indeed that firm has never looked back.

Despite what some may possibly regard as manipulation by those two senior partners, they were, in reality, testing both candidates to see how they would react under pressure, and which had the strength of character required for the role. The good news is that partners everywhere are becoming much more concerned about stability and cohesion in the managing partner selection process.

Every law firm eventually finds itself in need of a new leader. The Executive Committee or Board must seek to replace the current Managing Partner as that individual comes to the end of a fixed term of office, announces a return to their practice, or perhaps is contemplating retirement. Even more pressing are those, hopefully rare occasions, where the Managing Partner has become unable to fulfill the obligations of the position and someone has temporarily stepped in to handle the reins until an alternate can be chosen.

In some instances, a successor may have already been groomed and can immediately step into the position. My research with the AmLaw Top 200 firms indicates that only about 17% may be in the enviable position of having an incumbent Managing Partner having picked and nurtured that lawyer that will follow them in the position. The remaining 83% either claim to be working on developing a succession plan or in the vast majority of these firms, have no precedent whatsoever for how they will approach this critical selection process.

Almost by definition, managing partner selection is a highly charged, zero-sum game; there can be only one winner. Various groups and partners may have vested interests in the outcome, with some having a personal interest in whether they will have any ability to influence a new firm leader. If this selection process is managed well, the new Managing Partner will benefit with strong support from multiple constituencies. If managed poorly, internal politics will leave the new Managing Partner trying to align various factions within the firm.

Law firm Executive Committees and Boards are often unprepared for the challenge and time consuming nature of planning and executing the managing partner selection process. Which is probably no surprising given that they only get to do it about once every decade. Nevertheless, there are huge consequences, every partner is watching closely, and the process is intensely personal.

So, how do you manage this selection process? Will certain approaches make the task easier and more efficient? Obviously every situation can be distinctive in so far as it must be executed consistent with your firm's governance and partnership agreements. However, to help you direct the course of your next selection process, I will explore the components of an effective process, and look at the rational, emotional, and political dynamics. So, while every situation may be somewhat unique, there are a number of phases to the Managing Partner selection process:

## CHOOSING A COMMITTEE AND DEVELOPING YOUR TIMELINE

In most cases, the selection process begins with the appointment of a Board Committee, which handles the administrative tasks associated to soliciting nominations, evaluating candidates, and proposing a slate of people to the firm's Board for their decision.

Chief Executives of major corporations are generally appointed by their boards, they are not elected directly by shareholders. So as larger law firms adopt a more corporate style, many have also adopted having the Board "appoint" their firm leader. Typically in the selection process, your Board Committee may also retain an outside facilitator to help guide the process.

Irrespective of whether your final selection is made by your Board or made by the general partnership, your selection should be a carefully managed process, not a horse race. Selecting a Managing Partner should not be about popularity — it should be about choosing the best person for the job. Given the issues impacting on many firms today that may require that unpopular and difficult decisions be made.

This first phase includes deciding on realistic timelines, determining the criteria for selection, and how to effectively communicate ongoing developments and progress to the general partnership.

Attached here, as Appendix 1, is an example of a Managing Partner Selection Timetable. You can assume from this example that in most cases your selection process can take anywhere from three to six months. Consequently it would be a mistake for your Selection Committee Members to think that it is possible to do this without investing 30 to 60 non-billable hours of their time. There is a lot at stake here. Some would argue that effectively managing the selection process is one of the most important functions of your firm's Board. It is important that your Board choose people to serve on the Selection Committee that are prepared to spend the required time.

## APPENDIX 1: The Managing Partner Selection Timetable

Between April 15 and May 15	The Board creates a Managing Partner Nominating Committee (MPNC) and selects members of that committee. It is anticipated that five persons will serve on this Committee. The Board may choose to formally vote for the members of the MPNC, may identify the members by consensus, or may select the members through some other method. Members of the MPNC must be current members of the Board of Directors but must not be candidates for the Managing Partner position.
After Board selects MPNC, but no later than May 15	The Board Chairperson announces members of the Committee to the partnership and informs partners that they can self-nominate or nominate others as candidates for Managing Partner.
May 15 – July 15	The MPNC obtains input from partners regarding all possible candidate(s). The Committee may self identify candidates.
August 1	The MPNC announces to all partners the list of candidates who are “finalists” for the position of Managing Partner. Before announcing finalists, the Committee will have evaluated candidates and obtained permission to have their names released to the firm. (There may only be one finalist at this point.) The Committee will have only screened the candidates for qualifications rather than have ranked them for a recommendation regarding selection.
Between August 1 and August 15	The MPNC obtains confidential input from partners regarding the finalist candidates. The Committee gathers final comments and materials to submit to the Board but the Committee does not make a final selection, nor does it rank the candidates.
Between August 15 and October 15th	The Board selects a new Managing Partner (that individual may or may not be one identified by the MPNC).
October 1	The new Managing Partner becomes member of Executive Committee, if not already a member.
April 1	The new Managing Partner assumes full responsibilities

The most common method of determining the composition of your Nominations Committee is by asking for volunteers from the Board. The individuals who volunteer should understand and agree that they cannot accept a nomination for the position. The role of the external facilitator should be to coordinate the activities of your Committee and (perhaps most importantly) legitimize the process by signaling to the partners that the final selection is being conducted objectively, fairly and with the firm's best interests in mind.

The Board owns the selection decision, while the facilitator manages the selection process.

## MOVING FORWARD – THE SEARCH FOR CANDIDATES

You will note that the primary task of the Committee is most often not to really make a selection. The task is to solicit a pool of good candidates. That gives rise to a number of concerns that members of your Committee will express.

There will be a number of your Committee members who will want to discuss how the Committee should react if certain candidates self-nominate. They may lament the fact that certain individuals do not possess the ideal leadership characteristics for becoming Managing Partner. Some of your Committee members may be justifiably suspicious that this selection process is likely to attract a few partners who see this management job as their ticket to semi-retirement.

At the same time, one would hope that a serious candidate, and someone who viewed this position as the important job that it is, would just naturally ask what the job entailed. Any individual considering a nomination should want to get clarity around what authority and responsibilities they might have, how they would relate to the Executive Committee or Board, and even whether they might be able to maintain a relationship with a few of their key clients or whether this was the type of commitment that would require their passing off all their clients to the care and attention of some fellow partner.

Meanwhile, many of your partners have no appreciation whatsoever, for the scope and responsibilities of the typical managing partner of a multi-million dollar law firm. They literally have no idea what the managing partner does and to the extent that the firm runs smoothly, they may very well be tempted to think that the managing partner really doesn't do anything much. (I am reminded of one managing partner some years back, who confided that when things run too smoothly, it is important to start a fire, then put it out, just to remind your partners that someone is looking after the firm.)

In order to help various of your partners to realistically evaluate whether this is a position they would find interesting, while also serving as a disincentive to those who may be interested in semi-retirement, it is important to detail the enormity of the job. Therefore, the first task of your Committee is to develop (or review and refine) a written position description detailing the tasks and responsibilities of the Managing Partner. While this may sound trite, I've discovered that only 26% of the largest 200 law firms can claim to having a "formal" written job description for the position.

In my work with helping firms develop a more formal understanding of what they require from a Managing Partner, I have identified over 70 discrete tasks that comprise what a comprehensive job description might contain. What your Committee needs to do is look at the various responsibilities that comprise the job, and then determine which are of primary importance to how you want your managing partner to perform. Here is an example, in Appendix 2, of how you might weight the various responsibilities:

## APPENDIX 2: The Managing Partner Job Description

### Criteria

CF Is regarded as a core function of the Managing Partner  
 SF Regarded as important, but of secondary importance  
 N/A Not really part of the Managing Partner's responsibilities

RESPONSIBILITIES & ESSENTIAL FUNCTIONS	CF	SF	N/A
<ul style="list-style-type: none"> <li>• Serves as a member of the executive committee, maintains communications between the executive committee and the partners, and carries out the decisions of the executive committee.</li> </ul>			
<ul style="list-style-type: none"> <li>• Manages the affairs of the board including recommending position descriptions, formation and abolition of committees and committee chairs. In addition, plans and arranges the meetings of the Board.</li> </ul>			
<ul style="list-style-type: none"> <li>• Anticipates significant changes in the profession and in industries served, as well as develops strategies for the future in light of these anticipated changes.</li> </ul>			

Following from determining or agreeing upon the scope of the job and formalizing a job description that may be given to potential candidates, you need as a Committee to also agree upon and set out in writing, a proper Application Form as well as some agreed upon criteria for evaluating the candidates.

Some Board members may advocate the need for a bit of fresh thinking at the top. Others may want to have the selection process used to introduce more radical changes. Rather than simply examining a candidate's past performance, the firm's strategy and related leadership needs should also be considered. Consequently, your Committee Members need to come together on determining some important evaluation criteria.

Most begin this task with the development of a written specification sheet. This describes the talents and skills the firm needs from a new Managing Partner. It is usually developed

through one-on-one meetings with each of the members of the MPNC to get their ideas, and is considered a critical element of the process.

### **APPENDIX 3: Evaluation Criteria**

Determine what talents and skills the firm needs to move successfully into the future:

- What kind of prior experience and track record should the Managing Partner have?
- What personal qualifications are most important for this individual to be highly effective?
- What specific skills and attributes would the ideal Managing Partner possess?
- How much authority will the Managing Partner be given and how should the roles of the MP and the Board complement each other?
- What are the Board's top five priorities for the Managing Partner?
- Where specifically should the Managing Partner place his / her emphasis over the first 18 months?

Following the development of a formal job description, an application form and some criteria for evaluating the internal candidates, your Committee needs to communicate with the partnership and provide them with a copy of these materials, in order to help partners make thoughtful nominations.

### **APPENDIX 4: Internal Partner Memorandum**

*As you are most likely aware, our beloved Managing Partner's term in office will expire on April 1 and he has decided to return to his practice. It is the role of the Board to determine who will hold this important position after the expiration of this term. In order to facilitate that process, the Board recently created a Managing Partner Nominating Committee (MPNC). This Committee has, as its task, the responsibility of calling for applications and then evaluating and screening possible candidates for the position of Managing Director.*

*You are invited, at this time, and up until the close of business on Thursday, July 8 to nominate any partner for consideration (or you may also self-nominate). The initial Managing Partner's term (renewable) is four-years, and as you might well appreciate, with the magnitude and complexities of our law firm, this is a full-time job.*

*Some partners may well ask what the job of being the firm's full-time Managing Partner entails, and on what basis and according to what criteria will the MPNC evaluate candidates? To help answer those questions, enclosed is a copy of the*

***Position Description** for the Managing Partner which identifies the various responsibilities and essential functions; and a written **Evaluation Criteria** which outlines the basis upon which the MPNC members will assess and screen any nominee's qualifications.*

*The Committee would ask that any interested partner, signify their serious interest by completing and submitting the enclosed **Application Form**. All nominees should reserve the date of Monday, July 12 to be available to appear at a formal interview session before the members of the MPNC.*

*The names of all nominees will be kept confidential by the MDNC until after the screening process and the finalist candidates are announced. On or about August 1 the MPNC will identify to all partners those candidates who are "finalists" for the position of Managing Partner.*

*Any partner having any questions about this selection process may speak with any of the members of the Committee.*

*Respectfully submitted,*

## VETTING THE CANDIDATES

In the third phase, your Committee's primary task is to vet the possible candidates by interviewing each of them and by soliciting informal and confidential input from the partnership.

Irrespective of whether a particular candidate meets the evaluation criteria and is properly qualified, (and especially in those instances where a candidate may self-nominate) some questions that will occur to your Committee are "what is this person's motivation for wanting to be considered? Is the personal agenda of this candidate aligned with the best interests of our firm?"

In order to ensure that every candidate is "perceived to be" receiving fair and impartial consideration, you need to schedule a one-on-one appointment to interview the individual, discuss their qualifications, get a sense of their motivation, and their views on what specifically they would like to accomplish in their term as the firm's Managing Partner. A written report on the details of each interview is then submitted by the Committee to the entire Board for their use in assessing and identifying the "finalists."

A rigorous interview process helps your Committee to think more objectively about each lawyer's potential. Your entire MPNC should meet with each candidate for an hour or two in a formal environment. An interview that creates a level of stress in a professional environment where the candidate provides answers to some tough questions (see Appendix 5 for a few examples) will give Committee members some insight on how the candidate handles such situations. It is best to use the same format and discuss the same issues with every candidate to get the best overall understanding of the pool.

## **APPENDIX 5: Sample Interview Questions**

- What are the most significant trends and changes, in your view, that are likely to affect our firm in the next five years?
- How would you go about developing rapport with each of our firm's offices?
- What sort of people do you find most difficult to work with? How do you go about trying to work with these difficult types of people?
- It's hard sometimes to get a new idea accepted by others. When have you had to do this? Give us an example.
- What kind of decisions are most difficult for you?
- What specific aspects of the firm's current strategy do you think represent the highest priority, in terms of where the Managing Partner needs to spend his or her time?

Even if you think there is one candidate who is head and shoulders above all the others, subject all of the candidates to a rigorous interview process. I am always fascinated by the reactions of various MPNC members following the interview when you can just tell that when their particular favorite went head-to-head with the others, their choice fell short.

There is a need to get under the skin of a partnership by taking soundings throughout the firm to gauge partners' views, ambitions, fears and prejudices on the question of who should lead them. Firms should not underestimate the desire of partners to be led. Ask partners what they want most from their firms and many will say that they want to be in a firm that knows where it is going and is determined to get there. In short, they want a leader. All of the partners, therefore, need to be provided with the opportunity to speak to someone objective about their feelings.

Arising from the interviews and subsequent input from partners, the Board would receive a detailed assessment report on each of the candidates. Board members need to be realistic when analyzing their firm's needs and understanding what individual candidates will or won't bring to the job.

## **ONCE THE DECISION IS MADE**

Following the Board's selection of a new Managing Partner or a vote by the general partnership, it's down to the wire but the process is not yet complete as there are a number of important tasks that need to be attended to.

First, is empathetic communication. For those candidates that weren't chosen, the selection process can be bruising and divisive. Given that, for many partners, law firms are insecure

places anyway, partners who may well have had the requisite leadership qualities don't need to now feel humiliated at losing. Therefore it is critically important that all candidates be contacted by the Board and be properly thanked for their interest in the job and for their continuing willingness to be of service to the firm.

Your law firm has a new leader—and people need to be informed. Even assuming everyone knows who will be named the new Managing Partner, the announcement still deserves special attention. Your firm's communications staff should prepare a press release and the announcement should be released first to the partners, then to staff, and finally to the general public.

Second no one should want to take on a job where you are not clear on how your performance is going to be measured at various points throughout your mandate. It therefore becomes incumbent upon both the Board and the new Managing Partner to clearly set out, codify, and agree upon some reasonably clear performance measures. How is this new leader going to improve the success of the firm?

New Managing Partners can be understandably apprehensive about the responsibilities they have agreed to take on, about transitioning their practice to others, about their ability to keep current in their legal field, about appearing disrespectful to their predecessor if they introduce changes, and about their ability to effectively manage a multi-million dollar business. In a meeting of the Board (or a special Subcommittee thereof) and together with this new Managing Partner, someone needs to facilitate the discussion, documentation, and agreement of the MP's mandate, including performance expectations and milestones, and the specific degree of support needed from the Board.

Third is managing the transition period. In many cases, the selection of a new Managing Partner takes place while an incumbent is still in office. The period between the selection of this new Managing Partner and the official transfer of authority can be especially tricky. During this time, when individual partners may jockey for position with the new MP, the exiting Managing Partner can experience the lame-duck syndrome, and needed organizational changes often are put on hold until the formal transition is completed.

There are four requirements for a successful transition:

- to complete the official transfer of power from the departing leader to the new Managing Partner;
- to create a connection between the new leader, in their new role, with the rest of the partnership, especially where there are multiple offices;
- to gain acceptance of the new Managing Partner by key clients and other important external stakeholders; and
- to help the departing firm leader to let go and move on.

Now, during this period, when all eyes are on the new leader, each decision and communication takes on heightened importance. Transitions differ in their degree of difficulty depending on the candidate's history. A new Managing Partner who moves up from having had a role on the Board can experience an easier transition than one who is brought in from having been an Office Managing Partner or Practice Group Leader.

One of the most important discussions the exiting Managing Partner can have with the Executive Committee or Board concerns his or her future role within the firm. Some Managing Partners transition to Firm Chair in an effort to provide stability and help the new

candidate settle in. In reality, the presence of the ex-MP as Firm Chair can add a dimension of political complexity and challenge to the new Managing Partner's job that may outweigh the benefits of continuity.

A split in loyalty on the Board and even within the firm between the old and new Managing Partner can become a serious threat to the new leadership. In most cases, I caution these leaders that the best way to meet the four requirements for a successful transition is for the departing and new Managing Partner to agree on a plan to manage the process. This plan should lay out when key events will occur, how conversations will take place with different partners, what criteria the departing MP will use to decide when to step aside, and what each expects from the other during the process.

Depending on why they are leaving, a departing Managing Partner may feel joy, anger, fear, pride, remorse, envy, impatience, rejection, affirmation, or a sense of loss. The first step in managing these emotions is to acknowledge that they exist, are natural, and will affect the succession process in unpredictable ways unless they are addressed.

## FINAL WORD: LEARNING FROM THE EXERCISE

One of the other important aspects in the selection of a new Managing Partner is to learn from the experience. As a firm, you will be required to choose another Managing Partner again in the future—the only real question is when.

### **APPENDIX 6: What Did We Learn About . . .**

#### **Rational**

- Identifying job requirements based on our firm's strategy?
- Searching diligently for the best candidate?
- Assessing candidates by using multiple methods?
- Selecting the best candidate for the job, regardless of personal loyalties?

#### **Political**

- Dealing with factions within the Nominating Committee and within the Board?
- Avoiding destructive internal politics?
- Balancing needs of external constituencies?

#### **Emotional**

- Coping with personal emotions?
- Helping those partner not selected to adjust?
- Creating support for the new Managing Partner?
- Helping the retired incumbent to move on?

At the beginning, I said the easiest way to select a new Managing Partner is to have a candidate available within your firm so that his or her ascension to the top office is a slam-dunk. If this is not achievable, it is essential to document the selection process and what you

would do differently the next time. This means that when your firm finds itself in the position of selecting a new leader, it should not be necessary to reinvent the wheel. The exact methodology utilized may not be applicable, but the entire process will be available in writing to help you develop procedures for the next time around.

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