Your Next Managing Partner: Succession Planning Strategies-Dos and Don'ts for Passing the Torch

By Steven T. Taylor

Management experts and firm leaders discuss what firms do right to pass the proverbial baton successfully-and what they do wrong when they drop it.

The *I Ching* is right, of course.

"The only thing constant is change itself." Yet some lawyers don't embrace the message of this famous axiom when their law firms change leadership. Instead, they resist the transfer of power, clinging to the outgoing managing partner and his or her familiar ways of leading the firm, which poisons the partnership's succession efforts.

But that's only one factor in why some successions are ... well ... so unsuccessful. *Law Practice* talked to several management experts and law firm leaders to discover what firms do right to pass the proverbial baton successfully—and what they do wrong when they drop it.

First, let's look into the abyss at ways succession fails.

Why Succession Fails: Common Stumbles on the Field

Perhaps nothing's worse than witnessing a managing partner or firm chair hanging onto power when the time to make a graceful exit has long passed. It's like watching an aging athlete stumble around the playing field making clumsy missteps and sinking the team's chances for victory.

In the legal arena, such errors come in the form of ill-advised decisions that the law firm leader would have never made in his or her prime. When this unfortunate situation presents itself, the best way to help the resistant leader, and consequently the firm, is for a close older colleague to suggest, privately, that the time has come to step aside. But this must be done with "extreme sensitivity and appreciation for the [managing] partner's feelings and long-time service with the firm," says Robert W. Denney, a strategy and management consultant to law firms.
But what about when the managing partner is more than happy to retire? What else can go awry? A lot.

Complacency, for example, is a frequent mistake that firms of all sizes fall prone to, according to advisors who help partnerships with succession plans. "The biggest problems occur," says Ward Bower, a consultant with Altman Weil who specializes in organization and partnership planning, "when firms get a false sense of security by virtue of having a first-rate leader for a long time, so long that no one thinks about who else could lead the firm. No one's been groomed for succession."

Inevitably when that happens—and Bower says he has seen it occur all too often, at firms that should know better—a power struggle ensues with several practice group leaders or executive committee members scrambling to position themselves as the heir apparent. "Then you have multiple candidates and a lot of politicking going on," he says. "There's a contested election and the loser is disenfranchised. I've seen the loser leave the firm because he's so embarrassed. And all that saps the energy of the firm."

But sometimes even when the outgoing leader acts to avoid such harmful internal politics and chooses a successor in advance, that person isn't who the partners had in mind. "Some managing partners have their fair-haired boy, and even though 80 percent of the partners don't like the fair-haired boy, that's the one the managing partner selects to succeed him," says James Hill, who is stepping aside as managing partner of Cleveland's Benesch, Friedlander, Coplan & Aronoff on December 31, 2007. "Usually this doesn't work so well, and within a year or two the firm's looking for someone else to lead them."

Another succession blunder occurs when a partner becomes the firm's leader simply by virtue of an ability to generate piles of revenue. Denney says he knows of several firms that have made this mistake. "The worst is when the partners put in place somebody who has absolutely no preparation, aptitude or background for leadership but was chosen because the person was the biggest rainmaker," he says.

The rainmaker may even realize that he's not the right person for the job but his ego tells him that if he can lead the firm in revenues, he can lead the firm to greatness. Partners tend to respect people who can make a lot of money so, even against their better judgment, they vote such people into the seats of biggest power—with disastrous consequences.

Denney recalls a recent example of this very scenario at a well-known East Coast firm. Within a year of taking the leadership reins—and after making decisions and setting policies that hurt the firm—the rainmaker in question was forced to step down. "He had no skills at building consensus or involving people," Denney says. "In fact, he tried to do everything on his own."

In a similar situation, another ill-prepared new managing partner brought in an intellectual property group from a competing firm, even though the move presented conflicts of both personality and legal practice. "It was a bad fit every which way you look at it," according to Denney.

Lastly, law firm observers have also been witness to the "Meddling Syndrome," an affliction that occurs when the former managing partner stays too close to the circle of power and interferes with the incoming leader's affairs, which consciously or subconsciously undermines the new management. The last thing a managing partner wants as she takes the helm is her predecessor whispering in the partners' ears about "how I would have handled that issue."

Understudy Role Leads to Smooth Succession

Enough of the bad—let's look at the good. When successions work smoothly, the outgoing managing partner honestly embraces reality. To do that, she must understand what Patrick McKenna, a management and leadership consultant with Edge International, calls "self-evident truths." After talking with many outgoing and incoming managing partners in his work, McKenna has identified several such truisms.

The first, he says, is that the leader who has announced her departure must realize that she simply won't be able to complete all the tasks sitting on her plate before her tenure ends. "It just won't happen," he says. "So you have to sit down and think it through: In the six months you have left, or however long it is, what are the ones you're going to tackle?"

Another truth may hurt but successful departing leaders understand it. "That is, some of your pet projects are just not going to get the same attention when you're gone," McKenna says. "You just have to accept that." For example, you have to move past the fact the firm may never open that branch office in Maui you so dearly wanted.

And then there's the stark reality that the outgoing leader must move on and give the new managing partner the clear authority to lead. Sometimes that means actually leaving the firm, at least for a while. "I've known smart departing managing partners who have taken a long holiday, to give the successor some room," McKenna says. "You want the new person to be front and center, without having to look over his or her shoulder."

That's exactly what the outgoing leader at Washington, D.C.'s Dickstein Shapiro did. Just before and just after Angelo Arcadipane officially passed the torch to the very well-prepared Michael Nannes in January 2004, Arcadipane took a long vacation and then came back to serve as managing partner emeritus, working on special assignments and, importantly, staying away from the decision-making arena.

"That's probably the best example of a succession transition that you'll see," Bower says. "Dickstein had a very successful managing partner who groomed his successor well, and the transition was literally seamless. That's not an easy thing to do."

In fact, Nannes had essentially been groomed for about eight years, during which time he served as the firm's deputy managing partner. "It was very valuable not only to me but to the firm," Nannes says. "In working closely with Angelo, I got to see how he resolved certain issues. I watched his approach to matters very carefully."

The partners had been aware for a long time that Nannes would most likely succeed the popular Arcadipane, in part because of the way the two shared firmwide responsibilities and speaking duties at such events as Staff Appreciation Day, partner retreats and Bring-Your-Kids-to-Work Day.

"Angelo didn't let ego get in the way," Nannes recalls. "He was very supportive. He didn't mind if I wanted to take the microphone, and I didn't mind, of course, if he did. And with some regularity, he would make my role clear by letting me conduct matters of increasing responsibility. And not just because he wasn't around. He would be there in full support of what I was doing."

All that helped when it came time to communicate effectively to the partners, associates and staff that the new skipper would navigate the ship just as well as the old one did. "Before I took over, the firm was doing very well," Nannes says. "And what I realized was that the people in our organization very much wanted constant reassurance that things wouldn't change because Angelo was stepping down. Communicating that was very important for the transition."

When Nannes looks to the future at his eventual departure, he hopes to have prepared a few candidates who can capably take the wheel. "I'm trying to reach out and give more people who are younger than me more responsibility and see how they do with decision making. It's very important to empower others."

Term Limits: Writing Yourself Out of the Job

At Benesch Friedlander, Jim Hill advocated an end to his own job. That is, when the firm began rewriting its partnership agreement in 2001, Hill—who became managing partner in 1999—was one of the chief proponents for adding term limits to the managing partner position.

"I'm a corporate lawyer, and I've observed a lot of companies that have had somebody in the position of CEO for 15 or 20 years," he says. "Now there are some advantages to that—namely, you have some consistencies—but I also think it gets a little stale. Fresh blood in the leadership role, from a perspective of planned succession, is a good thing for any organization."

The partners agreed and established two three-year term limits. Consequently, while the firm has done well under Hill's leadership—several of the partners even toyed with the idea of suspending the guideline and extending his incumbency—a new managing partner takes the reins at the start of 2008.
So how did the firm move to select a successor? Benesch partners were smart and gave the process plenty of lead-up time.

About 18 months before the scheduled expiration of Hill's term, he and his partners convened a succession planning committee, which comprised members of the executive committee as well as nonmembers. The succession planners interviewed nearly every partner in the firm to get their opinions about who should succeed Hill. In the end, three strong candidates emerged.

"What I admire about Benesch's succession plan is that Jim Hill has been a very strong managing partner," Denney says. "But at Jim's initiative a year and a half ago, he said, ‘My term is coming up. We need change. Let's put something in order now.'"

Hill, though, does have one second-guess on the process: "One thing I think I could have done better—although it's worked out well anyway—was start the process sooner, perhaps two years out," he says, "in order to get more people more hands-on management experience by, for example, running a department." Although only time will tell it seems it did work out well, with the firm electing partner Ira Kaplan, a Benesch "lifer," as Hill says, with experience on the executive committee and as head of the firm's corporate department. "We picked a really good successor," Hill says. "He's somebody I trust. And we work well together so the transition is painless."

Another thing Hill likes is that while Kaplan wants to lead the firm, he never pushed for it. "If you're promoting yourself for managing partner, you probably shouldn't be managing partner," Hill says. "You should earn it. Ira earned it."

Succeeding a Founding Father

Similar to Benesch, New York's Pryor Cashman recently revamped its partnership agreement and took the opportunity to launch a relatively fast-moving succession plan. And there were some mighty big shoes to fill in the succession process—those of firm co-founder Gideon Cashman, who had run the firm for nearly 44 years.

After a year of planning that began in early 2006, Ronald Shechtman was elected to step into the managing partner's role. "Our succession evolved fairly quickly in conjunction with redrafting our partnership agreement," Shechtman says. "The agreement we'd been living under was of another era, with little application to the needs and circumstances of the firm that we'd grown to be in the 21st century."

Although Cashman, who is in his late 70s, is in fine health now, he had some setbacks in the past few years that kept him away from the office "more than he wanted and more than we wanted," Shechtman says. "As we rewrote our agreement it became apparent that change in the day-to-day management and the governing structure of the firm was very important."

Also important was that Shechtman had already been assisting in the firm's management for several years. As with Nannes's tutelage under Arcadipane, Shechtman served in a similar position under Cashman. "I've had five or six years of doing that," Shechtman says. "So as the roles evolved and changed that experience, plus the ability to make this transition with Gideon's full participation, it facilitated our evolution."

That's not to say Shechtman doesn't face challenges. At 119 attorneys, Pryor Cashman is one of those endangered species the legal trade press is always writing about: the midsize firm in New York, where a partnership of this size seems to be acquired by a megafirm every other week.

That means the leadership must make certain changes. Chief among them requires partners and associates to share more information—for example, about clients and finances—which is designed to encourage more cross-selling among the firms' lawyers. Still, Shechtman says, the firm wants to maintain its independent culture.

"We've had a laissez faire business culture that has encouraged entrepreneurial approaches for the partners," he explains. "This gives great latitude in how they structure their business relationships and how they work with their clients. We now have the challenge of trying to protect the entrepreneurial spirit here while making sure there's appropriate oversight."

When asked about advice he might give other managing partners as they transition into the role, Shechtman doesn't hesitate. "To make a change this fundamental requires consensus at every level. My worst nightmare would have been to assume this position and be at odds with my partners, or with Gideon. In the end, you need to create that consensus to discuss such things as: What's our view of the firm in the future? What do we want to be? What do we want to preserve and change?"

Those, he says, are the essential questions around which leaders need consensus to find answers, shape policies and implement them.

But what about advice for the outgoing managing partner? How might he or she best step out from under the limelight and exit the leadership stage? Patrick McKenna says a managing partner he talked to offered this excellent recommendation on departure: "He said, ‘Your last impression, as you're going out the door, sets the tone of your legacy. You better make sure that last impression is graceful, humble and well-orchestrated.'"

About the Author

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