



# Managing Partner Forum<sup>®</sup>

## ADVANCING THE BUSINESS OF LAW

## Welcome

### TO OUR INAUGURAL ISSUE

Welcome to the inaugural edition of The Managing Partner Forum newsletter, a timely and provocative newsletter designed for today's law firm managing partner.

Each issue will include featured articles, information about upcoming Managing Partner Forums and recaps of previous programs.

We hope you enjoy it.



John Remsen, Jr.

President and CEO



Most managing partners say that improving firm profitability is the most important issue their firms face in today's increasingly competitive marketplace for legal services. Tort reform, escalating operating costs (especially associate salaries and insurance), more demanding and fee-sensitive clients, and poor leverage (top-heavy) are among the factors that make it more and more difficult for law firms to maintain and improve profitability.

### PRACTICAL ADVICE TO

## Improve Your Firm's Profitability

by John Remsen, Jr.

In 2006, we surveyed over 90 managing partners at Managing Partner Forums held in Atlanta, Palm Beach and Dallas. We employed state-of-the-art Audience Participation Technology and asked them a number of questions relating to the profitability at their law firms and how they were tackling the issue. The results are interesting and insightful.

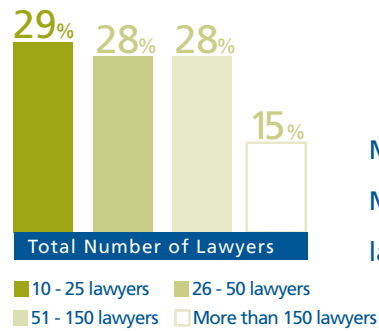
This article presents some of our survey results and offers proven strategies to improve profitability at your firm.

“I’ve attended many law firm leadership conferences over the years and this is one of the best. A great program with outstanding participants.”

**William C. Knight, Jr., Esq.**  
Former Managing Partner  
Burr & Forman  
Birmingham, Alabama

# Leadership

## WHAT IS THE TOTAL NUMBER OF LAWYERS AT YOUR FIRM?



Most managing partners who attended last year’s Managing Partner Forums represented smaller to midsize law firms, with 56% from firms with 25-150 lawyers.

## WHAT IS THE MOST PRESSING ISSUE FACING YOUR LAW FIRM TODAY?



Over half (53%) said that the most pressing issue is to maintain and improve the profitability of the firm. Recruiting young lawyers, succession planning, compensation and competition are also mentioned as important issues.

## WHAT STRATEGY HAS YOUR FIRM FOUND TO BE MOST EFFECTIVE IN ITS EFFORTS TO ACHIEVE HIGHER PROFITABILITY?



For most (41%), the most effective strategy to improve profitability has been to raise rates. 23% said that marketing improves profits, and 21% reported that improved efficiency has resulted in more income. Interestingly, not one managing partner said that cost cutting is the most effective strategy to make more money.

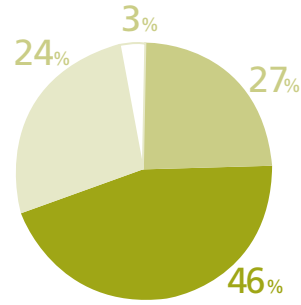
## DOES YOUR FIRM HAVE A WRITTEN STRATEGIC PLAN?



Most law firms participating in Managing Partner Forums (almost 60%) do not have a written strategic plan. Furthermore, a survey of 110 law firms conducted by TheRemsenGroup in July 2006 found that 80% had no plan. It’s hard to believe that any multi-million dollar business operates without a plan for the future. Larger firms tend to do a better job than smaller firms when it comes to planning.



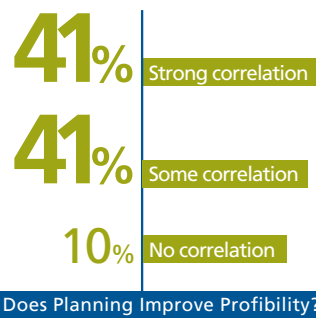
**IF YOU HAVE A STRATEGIC PLAN, DOES IT GUIDE FIRM DECISIONS?**



Of firms that have a plan, 70% say they follow it all or most of the time. Only a handful of managing partners (3%) say that it sits on a shelf collecting dust.

Does the Plan Guide Decision-Making?  
 ■ Most of the time ■ Some of the time ■ In almost all cases ■ Collects dust

**DO YOU FEEL THAT YOUR FIRM’S STRATEGIC PLANNING EFFORTS HAVE RESULTED IN IMPROVED PROFITABILITY?**



And here’s the kicker: 4 out of 5 firms (82%) with a plan reported a correlation with improved profitability. This finding is consistent with research conducted by The Edge Group in 2005.

Does Planning Improve Profitability?

# So What’s A Managing Partner To Do?

**THINK AND ACT LIKE A CEO**

Your role, as managing partner, is to provide the leadership, vision and passion to lead your firm toward a profitable and prosperous future. A law firm is a multi-million dollar business and the most effective managing partners take their roles very seriously. They are starting to think and act more like CEOs and less like day-to-day managers. Here’s our advice on the top five things for you, as managing partner, to focus on this year...

**1 GET A STRATEGIC PLAN**  
 If your firm does not already have a strategic plan, it should get one right away. It should include a succession plan and set forth the roles of the managing partner and other firm leaders. The benefits include a more cohesive, more profitable and more sustainable law firm.

**2 BUILD A GREAT FIRM CULTURE**  
 As managing partner, you should always encourage an institutional mindset and a “firm-first” mentality among your lawyers and staff. For example, insist on the term “our” clients, instead of “mine” and “yours.” Do everything you can to promote trust, teamwork, internal communication, as well as a vision for the future and a passion for what you, as a firm, do.

**3 INVEST IN YOUR FIRM’S FUTURE**  
 Invest adequate resources (both time and money) into marketing, technology and a superior administrative staff. In the long run, it pays off big-time.

**4 PASS THE WORK DOWN TO ASSOCIATES**  
 Leverage is one of the most important drivers to improve partner income. Partners must get in the habit of passing the work down to younger associates wherever possible. Unfortunately, many compensation systems encourage control and the hoarding of hours. In addition, smart firms invest heavily in strong recruiting and training programs.

**5 RESIST THE TEMPTATION TO CUT COSTS**  
 It’s a short-term fix – penny-wise and pound foolish.

“The Florida focus is what distinguishes this program from others and gives it particular relevant value.”

**J. Thomas Cardwell, Esq.**  
Chairman and Chief Executive Officer  
Akerman Senterfitt  
Orlando, Florida

# Regional and State Focus

## INTRODUCTION

Midsized firms (defined as 5-100 lawyers) represent 30% of all law firms in the US, and over 50% of attorneys in private practice. Until now, they have been grossly under served in having access to meaningful benchmarking information.

## 2005 Law Firm Economic Survey

THE MOST COMPREHENSIVE SURVEY OF SMALLER AND MIDSIZED FIRMS VALIDATES THE PERCEPTIONS OF MANY ENLIGHTENED LAW FIRM LEADERS

In the summer of 2006, Juris, Inc. and The Managing Partner Forum conducted a comprehensive Law Firm Economic Survey of managing partners of midsized US law firms. 274 law firms participated. They were located in 40 states (and 142 cities) and represented firms with all types of practices. Midsized, in this case, was defined as 5-100 lawyers. It is the largest and most comprehensive survey of its kind.

### SURVEY OBJECTIVE

The Survey objective is to provide midsized law firms with performance data and insights on how they compare with a representative sample of their peers. In addition, the Survey report can help firms identify opportunities to improve their financial performance and partner income.

### KEY FINDINGS

The Survey confirmed, once again, the important role that leverage plays in determining partner income. But the analysis and recommendations go beyond that old news. The Survey identified many other important factors that influence law firm financial performance and partner income. Here is the top 10 list:

### 1 PARTNERS BILL MORE THAN ASSOCIATES IN MOST MIDSIZED FIRMS

It may surprise you to know that partners billed 13% more hours than associates in 2005 among the 274 midsized firms that participated in the Survey – 1,663 billable hours for partners and 1,477 for associates. Compare that with AmLaw 100 firms where associates bill slightly more hours than partners.

### 2 ASSOCIATES AT MIDSIZED FIRMS BILL FAR FEWER HOURS THAN THEIR COUNTERPARTS AT LARGER FIRMS

Associate attorneys at midsized firms bill 83% (1,477 compared to 1,786) of the hours that their counterparts at AmLaw 100 law firms do. Partners billed out at approximately 94% (1,663 compared to 1,773) of partners at the country's largest law firms. The most profitable firms are well-leveraged, and they do a good job pushing work down to associate attorneys.

### 3 REALIZATION IS NOT A KEY DIFFERENTIATOR FOR PARTNER INCOME

This finding may surprise you. The realization rates analyzed in the Survey were based on post-billing adjustments and did not include the true discount from standard rates to collected rates.



#### 4 TOP PERFORMING FIRMS EXCEL ACROSS ALL KEY PERFORMANCE INDICATORS

Surveyed firms in the top quartile outperformed the next quartile in almost every key performance indicator, including fee earner productivity, operating margin, leverage and rate. Only realization was lower.

#### 5 THE NEGATIVE IMPACT OF UNDER-PERFORMANCE IS EXTREMELY SIGNIFICANT IN SMALLER AND MIDSIZE FIRMS

Top quartile firms earned twice as much partner income as compared to the next quartile, and almost 7 times more partner income as compared to the bottom quartile. That's a huge difference. Clearly, outperforming on key profit drivers has an extremely favorable impact on partner income.

#### 6 FIRM SIZE IS NOT THE TICKET TO HIGHER PARTNER INCOME

Even the smallest firms had representation in the top quartile of participants. Of the 44 firms in the top quartile of partner income, 21 had between 11 and 24 attorneys and 4 firms had 10 or fewer attorneys.

#### 7 TOP PERFORMING FIRMS INVEST MORE MONEY IN THEMSELVES

The most profitable firms did not have the lowest unit cost measured on a per-head basis. They recognize the importance of investing in technology, marketing and a top-notch administrative staff. Cost cutting is not an effective way to improve profitability.


#### 8 ALL FIRMS CAN INCREASE PARTNER INCOME THROUGH IMPROVED BILLING AND COLLECTING

On average, it takes 148 days for participating firms to get paid for time worked. If you want to have a record year, reduce cash flow cycle times.

#### 9 MIDSIZE LAW FIRMS DO NOT INVEST IN STRATEGIC PLANNING, BUT SHOULD

The 2005 Survey and continuing surveys among participants at The Managing Partner Forum indicate that 80% of midsize firms do not actively engage in structured strategic planning. Furthermore, a recent study by Greenfield/Belser Ltd. and The Brand Research Company™ identified a strong correlation between law firm failure and lack of strategic planning. The study indicated that successful law firms planned, measured, held accountable and rewarded.

#### 10 LAW FIRMS BELIEVE THAT THEY WILL CONTINUE TO HAVE PRICING POWER

Raising rates remains the #1 tactic to increase partner income. 2006 projected standard rate increases were 6% for partners, 7% for associates and 12% for paralegals. Between 1999 and 2003, AmLaw 100 rates went up approximately 21% across the board. The bottom line is that for years law firms have continued to raise rates with relative impunity...but they worry about "challenges" of sustaining growth this way. 

## Check It Out!

#### ON THE WEB...

[morepartnerincome.com](http://morepartnerincome.com)  
Tom Collins, Editor-in-Chief

The name of this website says it all. Developed by Tom Collins, the founder and former President of Juris, Inc., "morepartnerincome.com" features a reservoir of ideas to improve the financial performance of your firm, and enhance and protect the wealth of its owners. It features an abundance of articles, research and other valuable tools that are updated on a daily basis. Here, you will find tips and ideas that can increase the profitability of your firm by thousands of dollars. We recommend that you bookmark this website and visit it often.

#### RECOMMENDED READING...

*Good to Great – Why Some Companies Make the Leap and Others Don't*  
by Jim Collins

If you have not already done so, you should read this top-selling book. In it, Jim Collins identifies nine key elements that enabled high-performing companies to maintain greatness for 15 years. Yes, one of them was leadership - but a different kind of leadership than most of us would expect. Collins maintains that organizations – law firms included - cannot move from good to great with leaders who have big egos. Instead, he suggests that those who want to be great leaders need to be self-effacing, quiet, humble and perhaps shy. They also need to be willful and fearless.

# Texas Advisory Board

Our Forum Advisory Boards consist of a diverse group of managing partners of some of the most successful law firms in the region. Their guidance and input help us present the best programs possible.

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Adorno Yoss White & Wiggins, LLP  
Dallas, Texas

# The 3rd Annual Managing Partner

## Advisory Board Dinner

A lively welcome by **John Remsen, Jr.**



## Advisory Board Dinner

**Chris Fritsch** (L) and **Melanie Seim** (both from LexisNexis and dinner sponsors) welcome members of the Forum Advisory Board



## Advisory Board Dinner

**Rudy Aguilar** (McGlinchey Stafford), **Mike O'Horo** (Sales Results) and **Bill Cobb** (WCCI Consulting) smile for the camera



## Advisory Board Dinner

**Phil McCrury** (Shannon Gracey), **John Smock** (Smock Sterling) and **Bill Cobb** (WCCI Consulting) enjoy dinner at The Capital Grille



## Opening Remarks

**John Remsen, Jr.** (TheRemsenGroup and organizer of The Managing Partner Forum) welcomes Forum participants to the third annual Texas Forum at the Belo Mansion



## Opening Session

Over 45 managing partners from law firms throughout Texas, Oklahoma and Louisiana participated in the 2006 Texas Forum



## Keynote Presentation

**Stephen Collins** (Juris) addresses Forum participants during Opening Session



## Opening Session

**John Ben Blanchard** (Sprouse Shrader Smith), on left, and **Steve Good** (Gardere Wynne Sewell) listen attentively to Stephen Collins' remarks



## Opening Session

Faculty members **Bill Cobb** (WCCI Consulting), **Howard Mudrick** (HM Solutions) and **Joel Rose** (Joel Rose & Associates) take notes during Opening Session



## Morning Coffee Break

**Lori Weise** (Powers & Frost), **Paula Black** (Paula Black & Associates), and **Dena Rafte** (Rafte & Company) enjoy coffee and conversation



## Managing Partner Idea Exchange

**Mike McKool** (McKool Smith) listens in on a lively discussion

## Managing Partner Idea Exchange

**Denis Braham** (Winstead Sechrest) appears to agree with points made by a fellow participant during MPIE session



## Managing Partner Idea Exchange

**Larry Bowman** (R) makes his point on the importance of having a strategic plan



# Forum for Texas Law Firms

WAS HELD ON OCTOBER 26TH AT THE BELO MANSION IN DALLAS.

OVER 60 LAW FIRM LEADERS AND FACULTY MEMBERS PARTICIPATED.



*Luncheon Presentation*  
**Paula Black** (Paula Black & Associates), moderates a panel discussion with **Lori Weise** (Powers & Frost), **Marty Truss** (Cox Smith Matthews) and **Rudy Aguilar** (McGlinchey Stafford) on business development



*Luncheon Presentation*  
**Marty Truss** (Cox Smith Matthews) makes his point on law firm branding



*Managing Partner Idea Exchange*  
**Phil McCrury** (Shannon Gracey) offers his thoughts on law firm compensation models



*Managing Partner Idea Exchange*  
 Firm leaders reconvene to discuss succession planning during the first of two afternoon MPIE Sessions for smaller law firms

*Managing Partner Idea Exchange*  
**Chris Rhodes** (Rhodes Hieronymus) articulates his thoughts about Gen X & Gen Y issues



*Managing Partner Idea Exchange*  
 Faculty member **John Smock** (Smock Sterling) shares his insights and perspectives on the important role of the managing partner

*Managing Partner Idea Exchange*  
**Pollard Rogers** (Cantey Hanger) shares his ideas on ways to build a strong and loyal firm culture



*Managing Partner Idea Exchange*  
**Nancy Rappaport** (University of Houston Law School), **Dwayne Hermes** (Hermes Sargent Bates), **Reid Wilson** (Wilson Cripps & Goren), and **John Strawn, Jr.** (Cruse Scott) share a laugh



*Managing Partner Idea Exchange*  
**Pat Sweeney** (Sales Results) facilitates the MPIE sessions for large law firms.



*Managing Partner Idea Exchange*  
**Ric Navarro** (Denton Navarro), on right, presents his thoughts on ways to build a strong firm culture

“The Managing Partner Forum provides a rare opportunity for managing partners throughout Texas to gather and share insights and perspectives on ways to be more effective law firm leaders.”

**Stephen D. Susman, Esq.**  
 Founding Partner – Susman Godfrey  
 Houston, Texas



## Sponsors

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TheRemsenGroup

# Why You Should Participate

IF YOU HAD TO PICK ONE LEADERSHIP CONFERENCE TO ATTEND THIS YEAR, THIS IS IT!

Your time is valuable and there are many law firm leadership conferences you can attend. The Managing Partner Forum is different. Here's why:

#### HIGH LEVEL PARTICIPANTS

Registration is reserved exclusively for managing partners and leaders of law firms with ten or more lawyers.

#### INTERACTIVE FORMAT

Our format — featuring the highly-acclaimed Managing Partner Idea Exchanges and state-of-the-art Audience Participation Technology — provides a rich and unique opportunity to learn from your peers how they are tackling the challenges and tough issues involved in running a successful law firm.

#### STATE OR REGIONAL FOCUS

Many previous participants tell us that what they like most about the MPF is its local focus. Where else can you spend a day with other law firm leaders so close to home?

Since 2001, over 450 managing partners and leaders from over 350 law firms have participated in ten previous Forums presented in Florida, Texas, the Southeast and the Midwest.

## Upcoming Forums

MARK YOUR CALENDAR TODAY!



#### THE FLORIDA FORUM

May 10, 2007 – Fort Lauderdale, Florida

#### THE MIDWESTERN FORUM

October 25, 2007 – St. Louis, Missouri

#### THE SOUTHEASTERN FORUM

May 16, 2008 – Atlanta, Georgia

#### THE TEXAS FORUM

October 23, 2008 – Houston, Texas

For additional information, go to  
[www.ManagingPartnerForum.org](http://www.ManagingPartnerForum.org)

High Level Participants