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UNDERPERFORMING
PARTNER: A
PERSISTENTLY
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**ANNOUNCING:
SERVING AT THE
PLEASURE OF MY
PARTNERS**

**WORKING WITH
THE TEAM YOU
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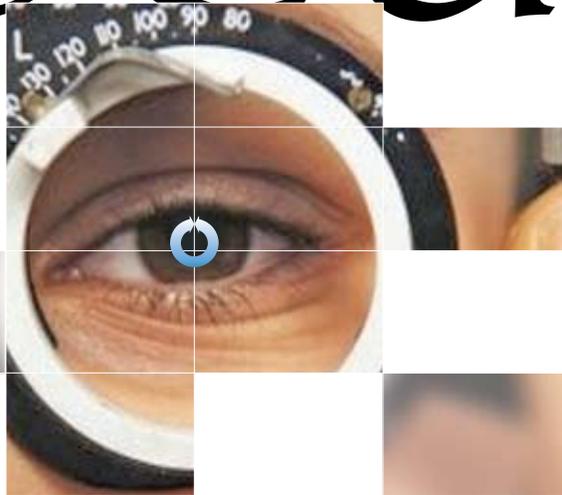
CRAZY LIKE A FOX

**ADVICE TO A LEAD-
ERSHIP SUCCESSOR**



Illustration by Jim Prokell

BRING YOUR FIRM INTO FOCUS



BECOME THE LEADER IN YOUR FIELD

All law firms must have one major objective—be the leader in your field. Easy to say. Hard to do?

Achieving leadership demands superior legal performance complemented by savvy marketing—inside and outside the firm.

Begin by realizing your BRAND. Successful executives understand that clear, consistent marketing strengthens their firm's leadership position and their BRAND. However, they also know their attorney's are enrolled in the intellectual challenges of crafting successful and brilliant solutions for their clients. This, after all, is what attorneys do. But let's face it, most attorneys dislike marketing. Marketing steals billable hours. Grooming attorneys to embrace the firm's BRAND and adopt their role as

marketers requires guidance and a strong arsenal of support. Without this your BRAND becomes diluted and ineffective.

Intelligent marketing requires agility and focus in today's fast-paced, linked culture. Creating a consistent, clear BRAND connectivity is a "must" dynamic for success. If you are not proactive you will fall behind and perhaps fail.

Perpetuate your BRAND. Avoid looking stale and getting lost among your competition. Actively maintaining a current-looking web site is critical. Establish your site as a living breathing marketing tool which looks fresh and accurately portrays who you are. It should also acknowledge your attorney's accomplishments giving them a tasteful marketing BRAND. One they are proud to wear. One that

rewards performance and leadership.

However, what is most often misunderstood and neglected is making a commitment to optimize your search engine presence. This is a daily marketing process not an IT project. Paying attention to your site's details and BRAND encourages repeat connectivity and seamlessly translates that you will pay equal attention to your client's needs. This builds trust which, after all, is what legal leadership strives to achieve. Maximizing these necessary components is essential for securing your firm's leadership role.

Bring your FIRM into Focus with PROKELLSEO, an experienced search engine optimization resource, and it's talented web site designers.

PROKELLSEO

Dear Valued Clients and Friends:

Welcome to the Spring 2012 issue of *International Review*. This issue begins with a discussion about money, partner compensation, and how incentives can bring about unintended results. We then gravitate to how one deals (or doesn't and should) with an underproductive partner.

Once again, I am honored to include the thinking of my collaborators at the Managing Partner's Leadership Advisory Board (the LAB) as they address a question on how one goes about working with a team that they inherited. This is but one of 18 different chapters that comprise a brand new book published by Thomson Reuters: *Serving At The Pleasure Of My Partners*.

Crazy Like a Fox is an article that just appeared in *American Lawyer* magazine explaining why the increase in none equity partners that many larger firms are experiencing, may actually make business sense.

Our final article presents the collective advice of some twenty experienced managing partners who each contribute the one important suggestion, idea or piece of advice they would offer that individual who becomes their successor. This is excerpted from a Law Firm Leaders discussion.

LAW FIRM LEADERS is a "closed" group at www.linkedin.com, which means that it is "member-only" with none of our discussions being visible or searchable on the Web. Thus far we have welcomed over 130 law firm leaders as members with 62% representing leaders from firms of 100 to 300 lawyers; 16% from firms of 300 to 500 lawyers and another 19% coming from firms of over 500 attorneys. (see page 22)

I am hopeful that you will find this Spring issue to contain a number of practical ideas, tips and techniques on law firm strategy and leadership that you can put to use immediately. As always, I sincerely welcome your observations, views, critiques and any suggestions for future article content.

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The Unintended Consequences of Getting What You Pay For

LAW FIRM LEADERS AND MANAGEMENT COMMITTEES EXPEND VAST ENERGY IN PURSUIT OF THE HOLY GRAIL OF THE PERFECT BLEND OF INCENTIVES, POSITIVE AND NEGATIVE, TO STIMULATE ATTORNEY BEHAVIOR. THAT PURSUIT IS PREMISED ON DEEPLY HELD ASSUMPTIONS CONCERNING HOW MUCH MONEY MOTIVATES PEOPLE, AND A BELIEF THAT IF THEY CAN JUST GET THE COMPENSATION SCHEME RIGHT, ATTORNEYS WILL THEN BEHAVE IN WHATEVER MANNER MANAGEMENT DICTATES.

Money does motivate us. Professionals need to feel that their compensation is commensurate with their contributions and that they are equitable relative to what other professionals are earning. Financial rewards can be used as a way to express appreciation and acknowledge a job well done, but the more you use money as a motivator the more likely it is that you will have negative effects.

Performance-related compensation, bonuses and many other incentives are designed by law firms to encourage lawyers to work harder and do (or not do) certain things that management determines would increase performance. However, obsessing about money and believing it to be the primary answer to managing your fellow partners, may also be one area wherein many firms have experienced the most dire, unintended consequences. There is ample evidence to suggest that compensation and behavior are far more complicated to understand than simply thinking that if one provides a lucrative carrot, or gnarly stick, people will do whatever management wants.

Years ago a survey was conducted by international HR consultants Watson Wyatt (now Towers Watson). There was nothing unique about this survey, which replicated the results of countless other surveys over decades, except for one



rather interesting twist. Rather than asking just any individual, these surveyors polled 1700 “high-performing” individuals – as identified by their firms. They found that top performers rated “a desire to maintain a positive reputation” as *the* most important factor in their personal motivation (like most attorneys). These top performers than ranked “being appreciated” second, “belief that the work is important” third, “interesting assignments” fourth, and “expecting a significant financial reward” as . . . ninth, out of ten items.

If people really do have a need to “be appreciated” (remember, it ranked second) than that should certainly influence their motivation. So imagine if someone were to say to you, “I’ll praise you if you do such and such.” How motivating might that be? If you do something first, then I will praise you. In yet, that is how we use money. We think nothing of saying, “I’ll pay you more money (the ninth most important motivator) if you do such and such.”

Consider this provocative question: If your firm suddenly adopted a pure lockstep system of partner compensation, how many of your partners would not work as hard? Where we’ve posed that question, respondents think that the majority of their partners would slack off. When you ask those



same partners how shifting the compensation scheme might affect their own personal behavior, they quickly explain that it would have no effect.

Here are a few of those complicated factors that influence behavior:

1. Compensation can change the way in which we think.

It is impossible to not be swayed by the allure of the profit motive. If the “old” objective was help the client solve their problem as quickly and effectively as possible; there are now many who suspect that the “new” objective of management has become one of do whatever it takes to increase your hours and bill the client more money. As the business of law is perceived by managers to be “top line” driven, one obvious approach to improve profitability is to increase the gross revenue by billing more hours, and billing those hours at higher rates. With costs roughly stable without regard to hours, the easiest conclusion for management is to bill more for more. This leads to the measurement tools of not only keeping track of hours and rates, but also such measures as Revenue per Lawyer, Revenue per Partner, Profits per Lawyer, and Profits per Partner. That is not to say that they don’t have a place, but they are not answers and not objectives either, they are just tools.

Now consider some different metrics. We’ve observed that metrics associated with the efficiency of producing work product, or

measuring quality of the work, or measuring the client’s satisfaction, or measuring the results obtained, are completely lacking in most firms. But

aren’t these the

elements that matter

most to the client? And are they not also the elements

“*W*e’ve observed that metrics associated with the efficiency of producing work product, or measuring quality of the work, or measuring the client’s satisfaction, or measuring the results obtained, are completely lacking in most firms.”

that most accurately measure the long-term worth of your client relationships – the true asset your firm possesses? Does your firm reward your lawyers for those elements of performance? Does your firm even have the proper tools to measure them? Probably not! These are waved off as being irrelevant because the system “assumes” that all work is done to the highest professional standards, with an inherent commitment to getting the best results.

With a system of measurement that looks primarily to volume of work, concern for the client’s best interests with respect to cost are thus subordinated. The billable hour becomes comparable to being paid by the shovel full for digging a ditch. To increase profit, every worker is given a smaller shovel, which then takes more shovel fulls to remove the same amount of dirt. Harder work, more money earned, same result for the client. If a more able worker can use a larger sized shovel to dig the ditch in fewer passes, she is financially punished by this system. And so is the client.

Transition from lawyer to client and think about this scenario: Confronting

a serious claim that is career-threatening, you have a choice between two lawyers: one entered law school to make as much money as fast as he could; the other entered law school because she was interested in the intellectual challenges and wanted to serve people. Which lawyer would you choose?

How easily can you tell if someone, seeking to provide you with a service, has a true passion for what they do? On the flip side, “I’m interested in being of service . . . primarily for the fee” is a way of behaving that most of us can quickly discern. And we suspect that once you have gleaned that sense from someone, there is no way you would want to hire them. Yet this is the number one reason firms give when they try to motivate their professionals to achieve higher levels of performance.



Paying professionals to behave in a specific manner can undermine moral motivation and cause them to do things that they might otherwise never consider. And which when carried to extremes is in conflict with the fundamental duty of a lawyer to only charge a “fair fee” for the work performed, which should also mean only that work which is necessary.

2. Compensation may motivate effort, but doesn’t guarantee results.

When we utilize compensation as a motivational lever, we intend to have people work harder and be rewarded for it. Using money to enhance effort presumes that if they try harder they will attain better results. But throwing money at the issue does not affect an individual’s abilities.

Assume you intend to have partners cross-sell more clients and introduce incentives for those who do. The incentive may get some



lawyers to try harder, but it won't achieve better results if partners are not sufficiently trained to know how to effectively cross-sell or don't know what many of their fellow partners do and how it brings value to their client's needs.

The end result can be a targeted financial incentive that frustrates performance and undermines lawyer morale as people work harder but fail to achieve the desired results, and then give up the effort completely when they determine that the effort is not rewarded with money, or with enough money to justify the effort. If this financial incentive is in conflict with others (maximizing hours and rates individually) then the higher reward incentive that conflicts will be embraced. An important objective of improving the breadth of the client relationship is lost because it was presumed that all one had to do to achieve it was provide a financial incentive.

3. Compensation may make us work harder, but not necessarily smarter.

You have two partners with different practices. Irrespective of how much work is conducted by billable hours versus alternative fee arrangement, you must comparatively evaluate performance to assess compensation.

Gina works in the Health Care practice, has identified a new niche area at the intersection of microbiology and stem cell research that has tremendous growth potential, pursues it aggressively in non-billable effort, and will have billable hours this year in the 1400 range. George works in the Labor and Employment practice with billable rate and collections about the same as Gina. However George's billable hours are in the 2200 range. Which of these two partners is more valuable to your firm and which should you reward more handsomely?

For the most part, firms put the burden of success or failure of such an endeavor squarely on the shoulders of Gina, and will negatively adjust her compensation severely, and possibly put her partner status at risk for doing so. The outcome is that Gina will either make the decision to not to pursue the opportunity and not reach her potential as a higher performing partner (both to the detriment of herself and the firm); or take the risk and fail and be asked to leave; or take the risk and succeed after a material compensation downgrade in the hope and expectation that the firm will then elevate her compensation; or take the risk and succeed and then do what appears to characterize the market today, which is leave the firm with the higher performing business profile transferred to a new firm.

For an organization that bases its future on the performance of its partners, and loudly pronounces to the world at large that it hires only the best and brightest, is the optimal management response to rely on the hours/rate/production formula? Can there be any greater obscenity than not only to have great reservoirs of unrealized potential in the talent base, but to affirmatively suppress it with such a compensation scheme?

4. Compensation may motivate enhanced individual effort, but it can also render us indisposed to collaborating with our partners.

In most firms the compensation effort is directed toward rewarding success, especially when it comes to either bringing in a new client or growing an existing one. But what happens when the system does not acknowledge the professional who looked after setting up the particular seminar, the professional who attended to the mailing lists and the invitations, the professional who arranged and moderated that important panel discussions, and only rewarded the professional who happen to have co-authored one of the handouts and then was fortunate enough to take the

call from the new prospect?

In our firms, we do a great job of preaching the importance of cooperative effort, team work and practice group collaboration only to then turn around and reward what is primarily individual performance. So, if you are going to reward me only for my individual accomplishments why would I bother to really contribute to any group that I'm a member of? And so we see practice groups and practice group meetings wherein partners waste time taking about what they have each been working on and engaging in exercises where they fill-in the marketing department's silly personal business plan templates, but do little by way of engaging in meaningful group activities to build their collective practice.

Money can motivate individual effort, with significant non-collaborative side effects. Money can motivate interest in ourselves and in working alone in serving clients. Compensation may make us self-sufficient, but diminishes our sense of commitment to one another and fosters an attitude of every man/woman for themselves.

The fostering of a "silo" approach to practice diminishes income to the firm while increasing lateral portability of practices in the event the key partners are not satisfied with their compensation. This exposes the firm to greater risk of being held hostage to the demands of greater compensation by dissatisfied high performing partners.

5. Compensation can irrevocably destroy firm cultural priorities.

In one psychological experiment, when there was no penalty imposed for day care center parents arriving late to pick up their toddlers, parents involved were rarely tardy. When management of the facility introduced a financial penalty for arriving late to the center, the possibility of a fine, rather than making





Compensation may make us self-sufficient, but diminishes our sense of commitment to one another and fosters an attitude of every man/woman for themselves.”

everyone more punctual, served only to increase the number of late arrivals. Attempting to reinforce the cultural obligation with a money tool only served to set a price for undesirable, selfish behavior. Even more intriguing, when management withdrew the fine, the previous punctuality did not return.

Ironically, it would seem that when we care about people, we care less about money, and conversely if we are taught to monetize cultural commitments, we have great difficulty in re-establishing culture over money, even when the monetary component was relatively inconsequential. Thus money can become a corrosive that destroys culture, and which may not be restorable.

6. If people come for compensation, they will leave for compensation.

If you visit any Zoo you are likely to take in the familiar seal act. These is where the Zoo keepers enter the seal area carrying their bags of fish and create an entertaining spectacle by dropping fish into the mouths of performing seals who will do their bit to keep the supply of fresh food coming. The message seems simple – reward the desired behavior and there is increased likelihood that the behavior will be repeated.

But, as it happens, sometimes it just doesn't

quite work the way we might hope. At the Zoo, when the feeders disappear so too do the entertaining seal tricks. Money and rewards may increase the likelihood of eliciting certain behavior, but only so long as the rewards keep coming.

So too, playing a game of buying talent for the highest dollar in a market where professionals can and do search out the most lucrative offerings, and then move for higher compensation, will do precisely what economic theory predicts. And unless you can keep those rewards coming, you might learn (as some firms that dissolved over the past few years have) that it can become an unsustainable practice.

7. Compensation may provide satisfaction, but it is often very short-lived satisfaction.

We tend to value money because it makes us feel good. However, money can trend to be addictive – the more we have, the more we feel we need. Beyond all of the unintended consequences we've identified thus far, consider one more: we adapt far too quickly to receiving any increases in compensation. In other words, any compensation or bonus I received for my past year's performance soon becomes viewed as my total compensation, and serves as the baseline for what I expect to be exceeded in the coming year.

This is especially true when "being appreciated" and other elements of importance to high performing lawyers are reduced to being measured by money. Managing partners already struggle with this conundrum in having growing numbers of very highly compensated partners perpetually dissatisfied with their money reward even though it is clearly fair or more than fair in the firm. And of course there is injected into the system a broad and increas-

ing suspicion by many partners in the firm that the system is increasingly skewed to the high performing partner class, and less fairly to the greater body of working lawyers and staff.

Our Conclusion

The biggest problem with monetary incentives is that they are tremendously overused. Management committees will too often throw money at a problem rather than invest time in one-on-one coaching, mentoring and managing. In an earlier era of lock-step compensation, if a partner was underperforming, it was quickly detected and resulted in someone discretely visiting with the individual to offer assistance to get him or her back on track. Today, when that happens, management simply abdicates their job under the guise of adjusting the individual's compensation.

Many seem to think that the most effective motivation comes either from money or from some inspirational speech. Think of the typical locker-room cliché wherein the coach through the power of eloquence manages to implore, shame, and exhort his team of wimps into champs. So if money isn't the complete answer, what is the best means to motivate people? Perhaps that is not the question that your management committee should be asking. Perhaps the more enlightened question might be: *how can we create the conditions in this firm, within which our professionals will motivate themselves?*

An excerpt of this article was first published in the November 2011 issue of American Lawyer Magazine under the title 'Low Return.'

My Co-author: EDWIN B. REESER is a business lawyer in Pasadena specializing in structuring, negotiating and documenting complex real estate and business transactions for international and domestic corporations and individuals. He has served on the executive committees and as an office managing partner of firms ranging from 25 to over 800 lawyers in size.



Underperform

CONFRONTING THE
A PERSISTENTLY UNMET CHALLENGE

I WITNESS THIS SAME SCENARIO PLAY ITSELF OUT, TIME AFTER TIME, AND WE NEVER SEEM TO LEARN.

Imagine this: It's brought to the attention of a practice group leader or managing partner that an esteemed and well-liked partner is underperforming. Actually, this leader knew that the particular partner was underperforming, so it didn't come as a shock. But the firm had been content to let the situation drift without resolution rather than have to confront the unpleasant reality of the circumstances.

Today we have the facts thrust before us in no uncertain terms and now something must be done.

THE COMPENSATION STOPGAP

Our dedicated leader, unaccustomed to having to deal with an interpersonal situation of this nature, makes a case for simply leaving the underperforming partner alone and, instead, sending this individual a message via the annual compensation review. The rationale is that, by cutting this lawyer's compensation, he or she will quickly realize the need to pick up their socks and get with the program.

Given that we are dealing with rational people, the leader's argument reaches sympathetic ears and, after some months, the compensation adjustment is finally executed. No effort is ever made to fully explain this compensation adjustment or to inquire as to why this partner's performance has declined. Has work dried up in his or her area of practice?

Is the person experiencing some personal problems, perhaps the onset of burnout? Are problems at home creating a distraction? All of these obstacles are potentially temporary in nature and capable of being remedied.

No one bothers to ask, "What's going on here?"

In an earlier era of lockstep compensation, if a partner was underperforming, it was quickly detected and, as a result, someone discretely visited the lawyer to offer assistance to get him or her back on track. Today, in this same situation, management more typically just abdicates its job or pretends that adjusting the individual's pay *was* the job.

But now that annual compensation has been adjusted, there is still no change in performance after some months. Did this underperforming partner really know that his or her performance had declined and was below expectations? Absolutely! I have never seen an instance where the individual was oblivious to the realities of the situation. Did this underperforming partner know what to do to get his or her performance back on track? Who knows, but not likely! Certainly, no one has thus far bothered to find out or even to at least ask.

HIGH NOON

The situation continues to fester for some protracted period of time, sometimes for years (unfortunately) until someone in a leadership position finally (hopefully), decides that

maybe this partner should be spoken to. So a one-on-one meeting is scheduled.

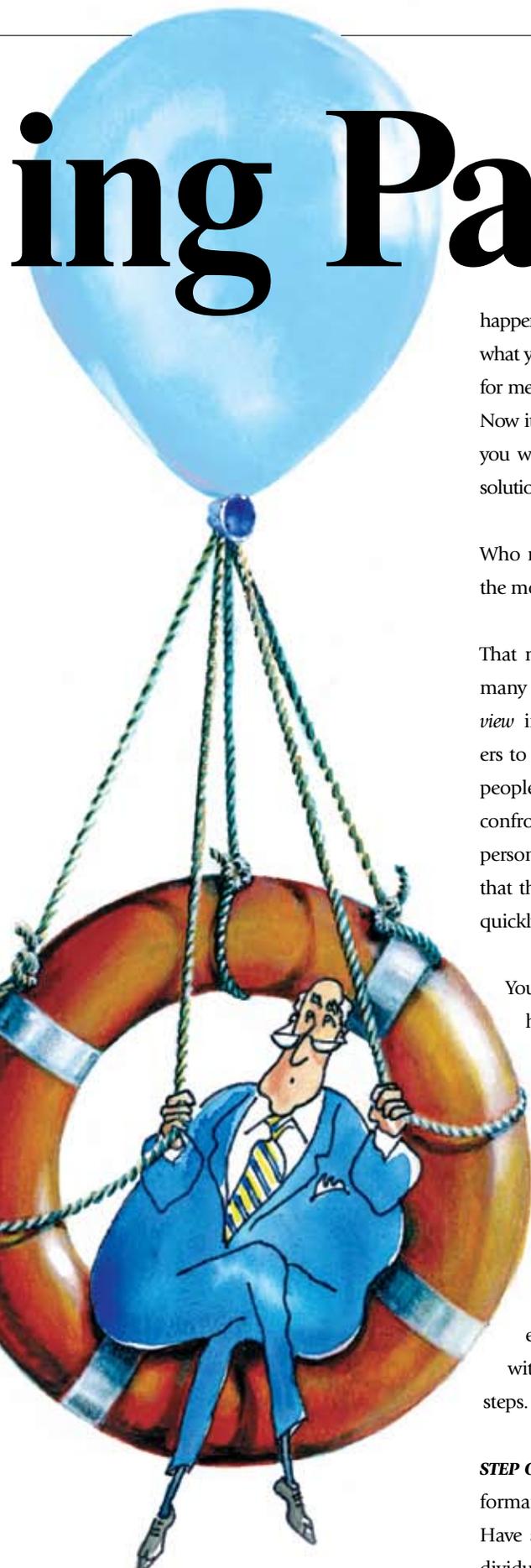
Now, because this situation has been allowed to drag on for a prolonged period of time, it can be far more difficult for our underperforming partner to take the kind of remedial action that might have delivered results. The discussion should have happened when the underperformance was first detected. Difficult personnel or performance decisions never mellow with age.

Undaunted, our persistent leader sits down with the underperformer, points out the issue, and, in a tone that reflects his or her own personality, asks the partner what's going on. The partner, recognizing that here at last is the day of reckoning, will at some point (I guarantee it) inquire of the leader, "What do you think I should do to get my performance back on track?"

Our naive manager, in an attempt to be helpful and offer some genuine guidance, now outlines a number of alternatives that this underperforming partner might want to think about doing. The partner picks one of the alternatives; the leader is delighted to see that action is being taken, and everyone goes back to their office to let the situation percolate . . . for another year.

A year goes by, the performance has not improved and another sit-down is scheduled. Our leader asks the underperforming partner what

ing Partner:



happened. The partner responds, "I did exactly what you suggested, but it didn't seem to work for me." Interpretation: It was your idea, boss. Now it's your problem, not mine. I tried what you wanted me to do, but it was the wrong solution." In other words: *It's your fault!*

Who really owns this problem? Who's got the monkey?

That monkey refers to an article published many years ago in the *Harvard Business Review* in which the author asked his readers to imagine that, every, time one of their people has a problem, issue, or challenge to confront, there's a monkey is sitting on that person's shoulder. The author's point was that the next words out of your mouth will quickly determine who *owns* that monkey.

You may, as a practice leader, want to be of help to your partner and, indeed, that is your highest value activity. However, by taking ownership of your partner's problem, you have actually hindered his or her professional development.

AGENDA FOR CHANGE

The good news is that being helpful doesn't automatically make you an enabler if you can act on your concern with a number of sound management steps. Here's the agenda...

STEP ONE: Confront the partner's underperformance problem as quickly as possible. Have a one-on-one discussion with the individual to identify the underperformance. Do not let the situation fester. It will be far

harder to deal with a few months down the road and far more difficult to resolve in a satisfactory way.

STEP TWO: Listen persuasively. Listening persuasively is the ability to ask questions that help your partner come to his or her own conclusions. Ask lots of questions, seek to understand what's going on, and help your partner think through the various options. The key question you need to pose is: "So what do you think *you* need to do to resolve this issue?"

STEP THREE: Invite your partner to identify a sequential plan of action. Do not volunteer your own ideas of what you think your partner needs to do. Rather, ask your partner what specifically he or she is going to do, and by what dates, to turn the situation around.

What if they just don't know? Invite them to think about someone within the firm (or outside the firm) with whom they might want to confer to get some ideas. But leave the ownership for developing a remedial course of action with the partner affected, not a third party.

STEP FOUR: Offer your assistance by scheduling frequent follow-up meetings. Help your partner by determining with them what they expect to do and accomplish and, again, by what dates. Set frequent review sessions – at least every second month – to check in on their progress. Encourage them to maintain their focus and help celebrate small successes.

This article appears in the March 2012 issue of *Of Counsel: The Legal Practice and Management Report*

LAW FIRM LEADERSHIP REFLECTIONS:

PRACTICAL ADVICE FOR THOSE WHO MANAGE

ON THE SUBJECT OF STRATEGIC FOCUS

This memo has its origins in a particular incident that compelled me to share some further thoughts with the firm's managing partner.

DEAR MANAGING PARTNER:

In our strategic planning committee discussions of earlier this week, we heard from one senior partner about the importance of capitalizing on an opportunity to open a new office in another State. He informed us about this lawyer he knew who could bring us a \$4 million book of business. I asked how that would augment or support the firm's core area of industry strength.

We learned that it had nothing to do with the firm's area of strength. At the time, rather than get into a protracted debate, I abstained from commenting any further on this issue. Upon reflection, while that was still the proper action to take at the time, I should offer my thinking to you on this subject – as I believe it is critical to your firm's strategy going forward . . .

As counterintuitive as it may sound, the very best growth strategy (in both good economic times and bad) is to decide what NOT to do. If some partners hold to a view that the firm should "keep our options open and not limit ourselves" than you, in essence, will not have a strategy. By definition, having a strategy means that you decide to do one thing and not another. If we attempt to draft a strategy that has us doing a lot of things, inevitably it will end up with the firm actually doing nothing really well. When you try to do everything (full service) for everybody, the only leverage you have is to do more of it faster, better and cheaper.



The best way to expand is by narrowing. Consider: clients don't hire you for what you do, they hire you for what you know. And what your firm knows better than any other firm is this particular industry. I am reminded that Bain & Company's Chris Zook (author of *Profit From The Core*) has long studied the principles of focus exclusively and concluded that "narrower focus and concentration of resources on a single core business provide the best road to sustained profitable growth."

Many lawyers fear focus for numerous reasons. A leading concern is their view that if they focus their efforts on solving a particular problem or serving a particular segment of the market, they won't get to address other problems or other segments, and therefore be less appealing to everyone. Nothing could be further from the truth. It is in being highly recognized for some specific 'world-class expertise' that opens the door to developing relationships that allow you to then be called upon for your counsel and subsequently develop skills and competencies in other areas that the client needs you to help them with.

These same lawyers also make the mistake of assuming that narrow is the same thing as small; that if you are focused in on any one area you somehow limit your growth potential. While seemingly logical, this is simply not true

as evidenced by firms as diverse as Intel to

Wachtel. A narrow target doesn't mean

narrow profits. A focused market almost always provides higher returns than a mass market because

you meet a very specific set of needs. The old adage of 'better to be a big fish in a small pond' is very true in a highly competitive market.



The only growth that really matters is growth in profitability. It typically costs much more to serve the needs of a broad, mass market of clients than it does a narrow focused market. Too many practitioners have the attitude that every dollar they bring in is a good dollar. But some dollars actually have a negative value.

In today's market, you have to be lean, simplified and incredibly focused. Resources are limited and clients are discriminating. Be vigilant about how the marketplace is evolving and how you'll stay ahead of it. It's not about building for size. It's about building for dominating a few selective practice areas. Dominate or leave. There's no such thing as a "fast follower."

The simple fact is that the specialist earns more than any generalist. A highly focused firm, as you are in your one specific industry, allows you to draw clients from all over the globe (as one of your partners attests with clients from Beijing to Brussels), to offer a higher level of value, to differentiate your offerings, and is the easiest way to narrow your competition. Instead of being concerned about being focused, we need to be concerned about being mediocre – with opening some kiosk operation with a few lawyers serving a few clients that do nothing to enhance your position or reputation.

As Steve Jobs once said, "People think focus means saying yes to the thing you've got to focus on. But that's not what it means at all. It means saying no to the 100 other good ideas that there are. You have to pick carefully. I'm actually as proud of the many things we at Apple haven't done, as the things we have done."

DO YOU HAVE YOUR OWN CONSIGLIERE?

Here is a suggestion (posted on the LinkedIn group: Law Firm Leaders), that particularly res-

onated with me and an idea I think many progressive leaders should find worth emulating:

One element I installed was the "Consigliere" to the MP. Basically it was a process whereby any partner who had a question or challenge, was free to bring it up to my consigliere partner – a senior who was acknowledged for his embrace of the firm culture and values; someone that I had labored with for years, and whose judgment and fairness was well respected.

Any partner had access to approach and in total confidence lay out his / her concerns if they were, for any reason, concerned about doing it directly to my face. My promise to the partners was that there was no issue or subject too sensitive or too toxic, and no excuse for not getting it to me.

And no matter what, my pledge was that whatever I was doing, would be halted instantly and I would carefully go through with the consigliere whether the issues and concerns were not being weighted fully enough, or if they were game-changing in their nature, before proceeding.

It only happened twice during my years of service, but it was worth having for the effect it had on the trust in my decisions and elimination of any fear or concern of my being or becoming an arbitrary or arrogant leader, as contrasted with servant and follower of the best interests of my partners.

RANDOM THOUGHTS

■ There are two kinds of professionals and firms in the marketplace – Eaters and Bakers. Eaters want a bigger slice of an existing pie. Eaters think that if they win, you lose and if you win, they lose. Bakers just want to construct a bigger pie, believing that then everyone can win.

■ Resistance to change is not a matter of people not getting it – it is because people DO GET IT,

and they don't like it! Your brilliant idea threatens something that is important to them. In most law firms we seem to spend too much time talking about the inspirational ("need to develop a vision") part of leadership and far too little time on the perspirational ("how to bring about effective change") part of being a leader.

■ THINK about this: "Marketing is the tax you must pay for being undifferentiated and unremarkable."

■ There is a great deal of time and energy being focused today on initiatives like legal process improvement and project management all intended to improve a firm's overall efficiency. And there is certainly ample room to improve efficiency in most firms. Efficiency requires that we focus on costs and we need to do that. But, where is the resource and energy commitment to being effective? Effectiveness focuses our attention on opportunities to produce new revenue streams, to create new practices and new markets. It doesn't focus our attention on how do we do this or that better. It demands that we focus our energies on which services and niches are capable of producing superior economic results and where might we achieve market dominance. The most efficient law firm will not survive, let alone prosper, if it merely becomes extraordinarily efficient . . . at delivering commodity services.

■ You need to meet with every new lateral hire, partner or associate, after they've been in your firm for three months. Ask each of them these two questions: "What is working for you here that you didn't have before?" And "Is there something that you used to do at your old firm that we should be doing?"

The above was excerpted from www.patrickmckenna.com/blog

REAL ADVICE FROM LAW FIRM LEADERS



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By Patrick J. McKenna and Brian K. Burke
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Working With The Team You Inherited

N O T E S F R O M T H E L A B

While management experts vary on the number of direct reports a person can effectively manage, it is clear that your ability to effectively manage, supervise, coach and provide feedback diminishes as the number of direct reports increases. If, as managing partner, you have these administrative functions, plus the practice group leaders and possible multiple office heads all reporting to you, it becomes very difficult to effectively manage all of them. Inevitably, this can create an internal, rather than external, focus and draw you into management and administrative matters, rather than allow you to concentrate on firm leadership, strategic priorities, practice expansion and key client relationships.

You are in an awkward position. You feel a need to evaluate each of these administrative professionals while also being totally dependent upon them for their internal knowledge and expertise. These professionals likely realize they are being evaluated, are walking on eggshells waiting to see what your particular management style is going to be like and how you like to get things done, and may skew their behavior to reflect what they think you want.

While there is no 'one size fits all' in law firm structures, one that seems to have worked well for many is to have all of these administrative functions report to an experienced management professional who serves as your Executive Director or COO (Chief Operating Officer). This person then reports directly to you. Now, you may not be able to change the reporting structure immediately. It is highly dependent on the capabilities of the people involved. However, we would recommend that you make that one of your short-term priorities – perhaps, to be accomplished within your first year.

Q U E S T I O N

As I am about to assume office, I find myself with a number of direct reports that form the professional administrative tier in my firm – the COO, the CMO, the Director of IT, Director of HR and so forth; all of whom will be reporting directly to me. Now I have some very specific observations as to how some of these folks have performed (or not) in the culture that my predecessor established. What is your experience and what are your recommendations on how I should begin to deal with these people in the early days of my tenure?



For now, one of the tests of your leadership will be having to work with and motivate a group, which someone else assembled, to be productive for you. In other words, you may just need to play the hand you have been dealt. Sometimes we are simply stuck and need to function and be productive with any personnel changes happening over time.

Keep in mind that as a new firm leader you represent a fresh start, even if the rest of the administrative professionals continue to work with each other in the exact same way tomorrow as they did yesterday. Therefore, one valuable thing that you can do for this team (in the short term) is to give them all a chance for a do-over. You represent an opportunity for your administrative group members to press the reset button on their professional careers in your firm. To do that, you need to make 'that was then, this is now', your operational philosophy. Try to neutralize your views about each of these people so that whatever you've observed or heard about their performance (or lack thereof) is contained until they have had a reasonable chance to perform for you. Let each of them know that starting now, what you care about is what they can contribute to fulfilling your objectives for the betterment of the firm.

And as if all of that were not enough, you have become heir to a group that may be accustomed (perhaps over many years) to a totally different style of managing. Here are some immediate things we recommend that you do to move forward:

CONSULT WITH YOUR PREDECESSOR

There are several immediate and potentially delicate questions that you need to find the answers to: Did your predecessor make any promises to any of these administrative professionals? Are you now bound in some way by those commitments, and if not, how do you reset expectations?

Your first step is to spend a bit of time with the retiring firm leader to get that individual's take on the strengths and weaknesses (as he or she perceives them) of each member of the group. Keep in mind that personalities play a large part and judgments tend to be subjective. You might find it productive to pose questions such as:

- If you had to rehire any of these individuals, who would be the first you would choose, and why?
- Who tends to be the 'high maintenance' individual in the group?
- Which of these administrators is known to have difficulty playing well with the others?
- Are there any individuals that you would advise me to be careful with or pay special attention to?
- Are there any special circumstances with any of these individuals that I should be aware of?

You may want to pay particular close attention to your predecessor's impressions of the current COO. Your relationship with your COO is of crucial importance, especially as you plan to transition your other administrative professional to reporting directly to this individual. You must be able to trust and rely on your COO, and your COO's effectiveness is enhanced when you have the confidence to support and empower their decisions.

From this briefing you can determine for yourself things like:

- whether there is a collegial working relationship between and among the various members of your administrative group;
- whether some of these administrators may have a special, personal relationship with your predecessor and if so, how that may affect your relationship with them; and
- what skills and experience each group members brings to the table and whether you think any particular expertise is missing that would be important to your future strategy.

MEET ONE-ON-ONE

From conferring with your predecessor, you need to meet one-on-one with the head of each of your administrative functions. Ask about their backgrounds, what personally motivates them, what they believe they've contributed, whether they are happy with their job, and what changes they would like to see you make.

You need to invest the time to thoroughly understand the job the direct

report is currently performing and to communicate clearly your initial expectations. This is also a great opportunity for you to learn what the direct report feels are obstacles to the accomplishment of their job.

Many of your administrative professionals are likely to have ideas for how to improve their area of responsibility (that were not approved under your predecessor). Their natural inclination will be to proffer those to you. But which ideas do you want to hear – the growth ideas or only the efficiency ideas, the ways to improve existing ini-

tiatives or ideas on new initiatives that need to be started? You need to tell your people whether you are ready to explore their proposals or whether you need a few months to get comfortable before you have those discussions.

Be clear on what your goals are. You need to communicate and have clarity on where you want to go, what you want to achieve, and how each member of the administrative group has a distinct role to play in helping achieve those objectives. While it may not be possible, yet, for you to have complete clarity on these things, you should aim to provide each of them with some guidance.

CONVENE A MEETING OF THE GROUP

Following from your one-on-one meetings, bring the administrative group together to share some of your observations. If you have specific ideas about how the culture will need to change, you should start conditioning them to the coming change. When it comes to change, it is helpful to start at a conceptual level accompanied by the logic underlying the need for change. You first have to get your people conditioned to the concept before you can get to the specifics. You will find that staff

“One valuable thing that you can do for this team (in the short term) is to give them all a chance for a do-over. You represent an opportunity for your administrative group members to press the reset button on their professional careers in your firm.”

people tend to be more hierarchical than lawyers and therefore more likely to get with the new program, rather than dissecting it and talking your ideas to death, as lawyers may do. Once you have planted the conceptual seed and given them time to assimilate it, then you can start talking in more specifics and lay out how you want their jobs performed and the goals you would like to see achieved. It is at this stage that you may decide that some of your administrators will not make the transition.

Allow time in your meeting to have your direct reports identify their expectations and have you answer any of their questions. You are likely to confront questions having to do with:

- What do we want to know about this new MP?
- What do we expect of this individual as our firm leader?
- What could this new MP do that would help us perform?
- What do we want from this new MP that we have not been getting from the last MP?
- What one thing would we like this new MP to do (or not do) that would help us, as a group, be more effective?

Identify the expectations and behavior you want to see. Beyond the goals you have, you need to communicate the qualities you'd like to see evidenced among your group, the behavior you expect them all to exhibit, and the protocols you intend to instill. For example, you might let it be known that you won't tolerate and there will be zero tolerance for infighting and internal bickering. These jobs are hard enough when everyone works together, and it should be understood that divisive behavior will result in separations from the firm. Second, require the direct reports to meet and consider important issues as a committee (like a management committee). Whenever a significant decision is brought to you, require that it be reviewed in the first instance by the committee. Your expectations will create the structure for the group and provide direction for their individual conduct and decision-making.

Teach them how to best interact with you. As you think about your preferences, you might like formal memos of some length, or quick, snappy, brief e-mails. You may favor written communications with some time to think and review the information, or more face-to-face brainstorming-like communications. And how should they disagree with you? When they have a different take on some specific

“You need to invest the time to thoroughly understand the job the direct report is currently performing and to communicate clearly your initial expectations.”

issue do you want them to express that in the group meeting or only privately. New relationships like this often require more support, structure, direction and feedback.

CHALLENGE EACH WITH A STRETCH ASSIGNMENT

In order to provide an assessment of the capabilities of each of your administrative professionals, you can challenge

each with a short-term stretch assignment. Give each of them thirty to sixty days to get something, you feel important, done that pushes them outside their normal comfort zone. Not only will this help you with achieving some small successes in your first few months, it will also provide you with invaluable data about the strengths of your individual group members.

Provide prompt constructive feedback. If you need to provide constructive or remedial feedback, we recommend that you do so promptly; but also provide it gently. On the day you become the new managing partner, every comment you utter is magnified in its perceived importance. Keep in mind that you need to correct the behavior but not crush the spirit or motivation to take action.

Ultimately, you may come to the conclusion that some players in your group are just not a fit for what you want to accomplish. In fact, you may encounter some administrator who doesn't want to be part of what you are trying to create, doesn't agree with your direction or who doesn't play well with others. In those instances, you need to determine how you move these individuals out of the firm and over what time frame you need to have changes made.

This article is excerpted from our new book, *Serving At The Pleasure of My Partners: Advice For The NEW Firm Leader*.

THE LAB IS COMPRISED OF THE FOLLOWING DISTINGUISHED CURRENT AND FORMER LAW FIRM LEADERS: ANGELO ARCADIPANE (DICKSTEIN SHAPIRO LLP); JOHN BOUMA (SNELL & WILMER LLP); BRIAN K. BURKE (BAKER & DANIELS LLP); BEN F. JOHNSON, III (ALSTON & BIRD LLP); KEITH B. SIMMONS (BASS BERRY & SIMS PLC); WILLIAM J. STRICKLAND (MCGUIRE WOODS LLP); HARRY P. TRUEHEART, III (NIXON PEABODY LLP); R. THOMAS STANTON (SQUIRE SANDERS) TOGETHER WITH PATRICK J. MCKENNA

Crazy Like a FOX

WHY THE INCREASE IN NONEQUITY

PARTNERS (AND DECREASE IN ASSOCI-

ATE RANKS) MAKES BUSINESS SENSE.

At first blush, it sounds crazy: firms shedding associates—long regarded as the sweet spot of law firm profitability—while expanding their ranks of better-paid nonequity partners. But even during the recession, that's what happened [*"Holy Nonequity Partners,"* May 2010]. And the bankers have noticed. In an essay about third-quarter financial trends [*"New Year, Old Worry,"* January], Citibank's Dan DiPietro and Gretta Rusanow noted "a discernable decline in the percentage of associates represented in the leverage composition and a significant growth in the income partner, counsel, and of counsel categories. The result is a much more expensive leverage model, which would be fine if these more expensive lawyers were as productive as equity partners and associates, but they are not. In looking at average annual lawyer productivity from 2001 to 2010, income partners and counsel worked about 150 hours less than equity partners and associates." In other words, relying on nonequity partners instead of associates makes for a dangerously expensive leverage model.

We disagree! We believe that the growth in non-equity partner ranks is a part of a fundamental shift in the leverage model — call it the New Leverage. Reduced reliance on associates is part of it; so is the deequitization trend of recent years — and it's an aspect of the latter element, not the former, that firms should be worrying about.



First, about those nonequity partners: If firms are crazy to increase their nonequity ranks like this, they're crazy like a fox. In the deleveraging process, nonequity partners are immensely more profitable than associates. Here's why:

IT IS NOT ABOUT THE HOURS WORKED; IT IS ABOUT THE HOURS COLLECTED.

Realization rates on work by nonequity partners are high, particularly when contrasted with associates, where write-downs are much more common (assuming that clients will pay for associate work in the first place).

This is more complicated than just hours worked. The new leverage model is more of a column than a pyramid, with clients demanding that more senior people work on their cases, and some general counsel forbidding use of first-, second-, and even third-year associates altogether. It has become common for clients to say that they will pay for however many standard-rate hours it will take for nonequity partners to work on their case but will not subsidize on-the-job training of a gaggle of associates.

THE ROLLOVER (OR ATTRITION COST) OF ASSOCIATES IS SIGNIFICANT.

The average Am Law 200 law firm loses approximately 20 percent of its associates per year, and when one factors in recruitment, summer programs, time write-downs, training, and so forth, it's widely accepted that each lost associate costs a firm \$250,000 – \$300,000. We all know, but quietly ignore, that at many firms, this "impact cost" adds up to millions of dollars every year.

Now contrast that to the rollover rate for nonequity partners. The rate is not only much lower, but even when a firm loses nonequity partners, there is little impact cost, since the firm has recovered the investment in their de-

“With attrition of 80 percent of the class by the end of the fifth year, it is a somber economic reality that even in the glory years, associates' profit contribution, relative to the cost to support them, was problematic and is now obviously unsustainable.”

velopment and has been earning profits on them — in most cases for years.

The one cost here that is not measurable is client dissatisfaction. Clients continue to complain about the high turnover and disruption they experience whenever they have to confront yet another replacement associate working on their matter. Those clients may instead choose to move their work to more efficient and lower-cost firms. This movement is hard to quantify, but it is happening broadly, and the forecast is for it to accelerate.

THE MARGINAL ADDITIONAL COST PER NONEQUITY PARTNER IS MODEST.

Admittedly, the salary for a nonequity partner is higher, but that is about it. The per capita allocated cost for overhead for a nonequity partner is about the same as for an associate. Thus the marginal income per hour from a nonequity partner is much more profitable to the firm. Nonequity partners can work fewer hours and produce a bigger net return to the firm, especially because of their higher realization rates.

NONEQUITY PARTNER COMPENSATION IS USUALLY PERFORMANCE-BASED.

Almost by definition, every income partner makes money for the equity partners, while most associate compensation is lockstep-based and not attached to true profit contribution. As a class, associates do not make money for the firm until sometime in the

third or even the fourth year and cumulatively do not reach breakeven for the firm until even later. With attrition of 80 percent of the class by the end of the fifth year (and thus fewer associates making a profit to counter the early-year losses on great numbers of them), it is a somber economic reality that even in the glory years, associates' profit contribution, relative to the cost to support them, was problematic and is now obviously unsustainable.

NONEQUITY PARTNERS MAKE A VALUE-ADDED CONTRIBUTION.

Montrary to the conventional wisdom, we believe it is logical that nonequity partners work less — or that they appear to. These nonequity partners settle into a manageable, though still hardworking, existence. Many take on nonbillable leadership positions in firm initiatives involving pro bono, diversity, recruiting, training, and professional development.

These practitioners also often possess specialized skill sets that are valuable to the firm at large. They can help with RFP responses and new business pitches and contribute to handling nonbillable administrative duties in ways that most associates never could. In addition, many of them have reasonable books of business and self-sustain their presence, making it a no-brainer to keep them on the team.

Finally, the nonequity category is often home to lawyers interested in flextime work and alternative career paths. Firms can retain some whiz-bang lawyers who have young children they want to spend more time with or who just want to get off the equity partner treadmill.

TWO OF THE THREE SOURCES OF NONEQUITY PARTNERS ARE VIRTUALLY RISK- AND COST-FREE.

Nonequity partners come to a firm in one of three ways. The first involves promoting the

best associates from within. They already produce more revenue than they cost, so they are welcomed into the non-equity class, to learn the business development skills needed for advancement to the equity partnership.

The second comes from the deequitization of underperforming equity partners. Again, they are retained at a compensation formula that is a guaranteed win for the law firm. (As we'll discuss below, this is likely to have been the case even when these deequitized partners were in the equity partner ranks. The bulk of equity partners in the modern big-firm economic model are net contributors to the "enterprise profit," which is shared among an ever-shrinking percentage of upper-tier equity partners.)

The third source is the lateral transfer market. This involves high out-of-pocket costs for recruiter fees and the risk that a lateral's promised book of business won't materialize. Increasingly, firms are requiring all but true stars to spend a year or two as nonequity partners to prove themselves. This makes a mistake easier to fix by dispensing with an underperforming lateral as an employee at will and sparing the firm a painful and procedurally sensitive and difficult equity partner expulsion.

All told, we think astute firm management should conclude that a professionally skilled nonequity partner with a modest book of business (say, \$700,000) who delivers a reasonable realization (93 percent or so) and a \$200,000 contribution to the distributable income pool for the equity partners is a valuable contributor to the bottom line.

The one component of the new leverage model that we believe warrants serious attention is the application of the deequitization strategy to maintain or boost equity partner

“Over the last few years there has been a dramatic change in the balance of compensation, to a large degree undisclosed, in which increasing numbers of partners fall below the firm's reported average profits per equity partner (PPP).”

income levels — and indeed, in some instances, to seriously increase income to some equity partners at the expense of others. This strategy has two parts — one that has become widely recognized, and one that has not.

The talked-about portion is reducing the number of players who share in the pie by either expelling or easing out the “underproductive” members of the equity class, or by converting them into a salaried income, contract, senior, or of counsel status (possibly with a performance bonus component).

But the other portion is the dramatic stretching of the partnership income spread and how it is accomplished, especially at firms with closed compensation systems. While it has been noted that the spread from lowest to highest partner incomes has increased from, say, 3:1 to much higher ratios, such as 10:1 or even 12:1, the breakdown is not analyzed, mostly because it is kept secret from the partners themselves. Over the last few years there has been a dramatic change in the balance of compensation, to a large degree undisclosed, in which increasing numbers of partners fall below the firm's reported average profits per equity partner (PPP).

In order to pay the higher-compensated partners, there has to be a shift or reallocation of partnership profits “upstream.” That money comes from the lower- and middle-tier equity partner ranks. So while there may be reports of

maintaining or even increasing PPP, the reality is that almost all of that money has been handed to the high-performing partners, and that the lower- and middle-tier partners have seen no income increases. Indeed, we hear that many of them have seen, in real terms, reductions in their actual compensation, even in situations where they have met or exceeded budgeted targets for client originations, hours worked, and hours billed.

This is an important point and one that has been misunderstood. Whatever the average PPP is, most of the equity partners at most Am Law 200 firms do not collect anywhere near that sum. The arithmetic average — the mean — is much higher than the arithmetic median, the midpoint at which half earn above and half below the reported number. Typically two-thirds of the equity partners earn less, and some only perhaps half, of the average PPP. This increased “tilting” of a firm's basic operating platform is a great destabilizer — and a potential contributor to sudden firm collapse. That, we believe, is where the real danger to law firms lurks.

This article was first published in the February 2012 issue of *American Lawyer Magazine*.

My Co-author: EDWIN B. REESER is a business lawyer in Pasadena specializing in structuring, negotiating and documenting complex real estate and business transactions for international and domestic corporations and individuals. He has served on the executive committees and as an office managing partner of firms ranging from 25 to over 800 lawyers in size.

Advice to a Leadership Successor

I RECENTLY LAUNCHED THE ONLY GROUP ON LINKEDIN EXCLUSIVELY FOR AND POPULATED BY LAW FIRM LEADERS – FIRM CHAIRS, MANAGING PARTNERS, AND A FEW QUALIFIED EXECUTIVE COMMITTEE MEMBERS OF FIRMS WITH OVER 100 LAWYERS IN SIZE. THIS QUESTION FROM MY COLLEAGUE, BRIAN BURKE, QUICKLY BECAME ONE OF THE MOST POPULAR, GENERATING NUMEROUS RESPONSES:

As you think back over your years of service as a managing partner, as you think about some of the leadership lessons that you've learned (perhaps some through trials of fire), what one important suggestion, idea or piece of advice would you offer that individual (and assume it's your best friend) who becomes your successor?

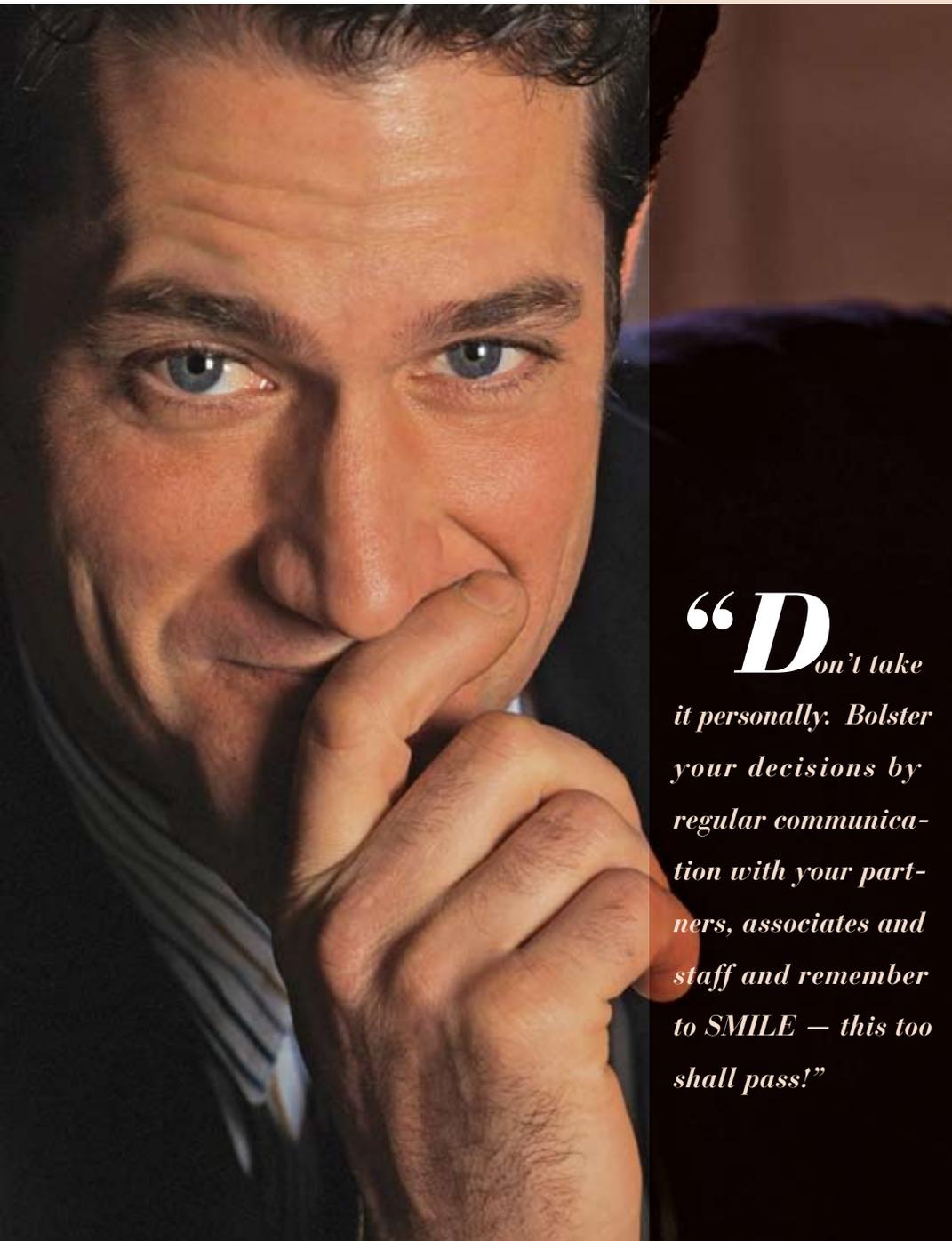
So far, about four years in, the most significant positive thing I have learned is the value of hiring well on the staff side. Having really outstanding leaders has both compensated for some of my early naivete about management and leadership, and quite frequently made me look better than I deserved to. As a corollary, my predecessor was very good about easing out some underperformers, taking any heat and giving me a cleaner slate to work from.

DAVE BACA, *Managing Partner*
Davis Wright Tremaine, Portland

When I first started in the position, I felt like all I was doing was meeting, talking and exchanging e-mails with partners. I wondered when I was going to find time to get my work done. Three years later I have come to realize that maintaining dialogue with individual partners is the most important part of the job. That is how you win and maintain the trust and confidence of your partners and how you get their buy-in, all of which are necessary outcomes to being an effective leader. You don't have to be able to resolve every concern your partners raise, but they need to know that you are listening. So my advice to a successor would be to make sure you go out of your way every day to stay in close contact with your partners.

FRED LAUTZ, *Firm Managing Partner*
Quarles & Brady, Milwaukee

Effective planning and execution is fundamental to the success of a leader. As lawyers, we are well trained to excel at that fundamental skill. I think the key piece of advice I would give relates to the topic of several of the other comments - but let me put it more broadly - work hard to be an effective communicator. In a



“Don't take it personally. Bolster your decisions by regular communication with your partners, associates and staff and remember to SMILE — this too shall pass!”

law firm, effective communication is an asymmetrical challenge. Effective communication techniques range from casual conversations with your partners to formal publications and meetings to keep your whole firm informed. We have seen recently how ineffective communication brought down a very highly regarded law firm and I think we all have experienced how staying in touch with the human capital of your firm allowed us to weather some difficult economic times. How to develop an effective internal communication strategy requires a lot of thought and reflection - thinking how your firm culture best absorbs information - but it is some of the most important time you will invest.

JEFF HAIDET, *Chairman*
McKenna Long & Aldridge, Atlanta

When working with my board, one of the most difficult things I had to learn was to be patient and respect the decision-making process. Early in my term, I would become frustrated at having to go through a formal procedure to reach a decision that was obvious to me. My predecessor told me that the process is often as important as the outcome, if not more so. Once I learned that lesson, my interactions with the board became much less contentious.

MICHAEL FANDEL, *Managing Partner*
Graham & Dunn, Seattle

Realize that your most significant contributions to the firm are no longer in the form of billable hours and direct revenue generation, but rather, providing leadership and direction to the firm that will enable exponentially greater value than you could ever provide through traditional lawyering.

DAVID KLEPPINGER, *Chairman*
McNees Wallace & Nurick, Harrisburg

All of the comments so far are spot-on. Another way of expressing Dave Baca's advice (with which I wholeheartedly agree) would be this: Learn to interact with and treat your partners the same way you have treated your clients over the years before becoming Managing Partner... understanding that some need more attention

than others, some merit more time than others, etc. In many respects, your partners are your clients after you assume the leadership role.

THOMAS TERP, *Managing Partner*
Taft Stettinius & Hollister, Cincinnati

We've restructured our Board of Directors and as a result of the restructure, we've endeavored to achieve demographic diversity in our leadership. Therefore, our Board consists of 3 individuals under 45; the managing attorney from our largest satellite office; 2 women leaders; and no more than 2 members representing any one practice group. My goal is to have 3 or 4 attorneys fully prepared to take over my position in 4 1/2 years. The best single piece of advice I can give to my successor is that my successor listen carefully to our universally respected COO before making a major decision. She has great instincts and carefully monitors both monetary and citizenship performance. The second best piece of advice would be to form personal relationships with the eight to ten top rainmakers in the firm. At a recent leadership forum, two things were emphasized: 1. No matter how strong the firm, every firm is only 6 to 8 attorneys away from collapse. I'm sure that each of us can identify who the critical 6 to 8 attorneys are in our shops. 2. Long term loyalty to firms is abating. The forum presenters pointed to the "free agency" mentality among several rainmakers. That presents opportunity and red flags for each of us.

CHARLIE MILLER, *Managing Shareholder*
Bernstein Shur Sawyer & Nelson, Portland

Keep your head down and follow through. Head down in the sense of going slow to make changes. Develop a constituency by talking to as many lawyers and staff as you can. Actually by listening to as many as you can. Follow through by having a plan, explaining it, and then executing it. The ability to explain your vision so that others not only understand it, but buy into it, differentiates a leader from a manager.

JULIOUS SMITH, *Chairman Emeritus*
Williams Mullen, Richmond

I echo many of the comments previously shared by other group members. I would tell

my successor to be patient, carefully listen, and work your hardest to develop and strengthen institutional loyalty. Patience and listening are key to maximizing your chances of developing necessary buy-in for implementing long-lasting initiatives, while at the same time strengthening institutional loyalty.

RUDY PARGA, *Managing Shareholder*
Ryley Carlock & Applewhite, Phoenix

You were selected to guide the Firm to professional and financial success and therefore to make the best decisions for the Firm. In pursuing this obligation, you will undoubtedly make some individuals uncomfortable (or downright mad). Don't take it personally. Bolster your decisions by regular communication with your partners, associates and staff and remember to SMILE -- this too shall pass!

RHEA LAW, *CEO & Chair*
Fowler White Boggs, Tampa

First, being a good listener is by far the most important skill for success. You must keep enough time in your day open for your partners to talk to you about their practices and their concerns. Second, the advice above about not taking things personally is also great advice. You have to remember that if you try to do things that are right for the Firm inevitably some of those things will adversely affect individual partners from time to time. For your own sanity you must be satisfied that the decisions you make are fair and you must also develop the reputation for making fair decisions or you will quickly lose your credibility. Third, you can't over communicate your ideas for moving the Firm forward. Consistent and constant communication about Firm direction is critical to buy in. I call it shampoo, rinse and repeat. You know it's working when you hear other people saying the things you are saying. Finally, if you are also a practicing attorney, lead by example. If you think for example that your partners should be spending more time on thought leadership nothing will add more credibility to your implementation efforts than spending some of your own time speaking and writing and visiting clients. Nothing takes the "I'm too

busy getting my billable work done" excuse away from your partners faster than if they know you are walking the walk on the things you are asking them to do.

TIM MOHAN, *Chief Executive Partner*
Chapman and Cutler, Chicago

As has been eloquently stated, a key ingredient in successful stewardship as a managing partner is creating trust. Developing the right level of rapport with your partners takes time and patience, but you cannot achieve what is in the best interest of the firm without it. Another point made which bears repeating is that the process is often as important as the outcome. Results are better obtained if there is buy in along the way.

LAWRENCE MURPHY, *Managing Partner*
Varmum Riddering, Grand Rapids

If you think you have finally obtained a point when you have communicated your strategy and message then you know you are just beginning.

BRYAN SCWARTZ, *Chairman*
Levenfeld Pearlstein, Chicago

Never assume that just because you have communicated strategies to your partners that they have either adopted them or even remembered them. You cannot over-communicate on the fundamental elements that drive the firm.

JIM HILL, *Executive Chairman*
Benesch Friedlander, Cleveland

Always act in the best interest of the firm, even if it may impact you or your best friends in the firm negatively. And remember that no matter what you do, you'll never make everyone happy--but you can tick everyone off.

JACK CLEVELAND, *Chair and Managing Partner*
Thompson Coe, Dallas

Use your credibility wisely. This means always being prepared for meetings with your partners or partner groups. Have the data you need to support any new initiatives, and sound out your proposals with key opinion leaders in the firm before making formal proposals. This means that you need to be patient with moving your ideas forward and it is hard to accomplish your objectives if you do not get buy-in for them.

ALAN BECKER, *Managing Partner*
Lichfield Cavo, Chicago

Be a leader, not just a manager.

JERRY BIEDERMAN, *Managing Partner*
Neil Gerber & Eisenberg, Chicago

The best advice I received and would pass on is "know when to engage." MP's, particularly early in their service, are consulted about every trivial problem or copied on a lot of emails describing problems or disputes of every level of importance. We are trained as problem solvers and rarely see a problem we do not want to try to fix. What we allow ourselves to be drawn into will define our effectiveness at the important roles for which we were selected - many of which were described by the others above. If we allow ourselves to be drawn into micromanagement, we will not have time for leadership, effective communication, developing relationships with key partners and clients, etc. Learn to read or hear about problems "for information only." Know when to hit delete. Know when you must engage and when not. The important corollary is to learn to effectively delegate and support those to whom you delegate so their decisions stick for the most part. The standard cannot be "how I would have done it" lest we undermine and become micromanagers. Micromanagers will not be able to effectively lead. Nor will they be able to attract and develop the best future leaders because of the demoralizing effect of being micromanaged.

CHARLES P. ADAMS, JR., *Managing Partner*
Adams and Reese, Jackson

Don't be completely transparent in your thinking as you develop a new policy or initiative. Feel free to gather advice and insights from others before they know exactly where you stand, and be aware that too much "thinking out loud," too soon, can create a problem. Then, be completely transparent as you commit to, and lead others to committing to, the policy or initiative.

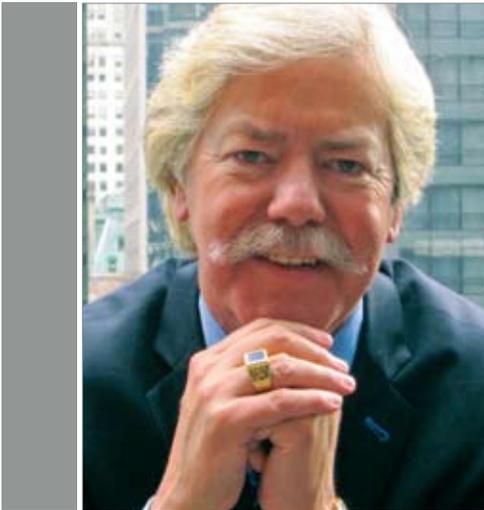
LOWELL STORTZ, *Managing Partner*
Leonard Street, Minneapolis

Communicate, communicate -- no surprises. And you must act -- and be perceived to act -- on the merits, without favorites and special exceptions. You must do this while cultivating and tending to the rainmakers, which means you must have the credibility to prevent a prima donna culture from developing that overrides the core principles and values of the firm.

GRAEME BUSH, *Chairman*
Zuckerman Spaeder, Washington DC

COME JOIN US AT 'LAW FIRM LEADERS'

Now, if you are not a member of www.linkedin.com, you will have to join. But the good news is that there is no cost other than a couple of minutes of your time to register. And the shocking news may be how many in your firm are already members and indeed you may even find that your firm is already listed under "Companies." And, if you are already a member than this is even easier. Just search under "Groups" for Law Firm Leaders, click on the "Join Group" button and I'll look after the rest.



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 law practice management, Patrick McKenna serves as co-Chairman of the Managing Partner Leadership Advisory Board, a forum for new firm leaders to pose questions about their burning issues. Since 1983 he has worked with the top management of premier law firms around the globe 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 works include *Herding 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), both of which were Top 10 Management bestsellers.

One of the profession’s foremost experts on 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; has been 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 in 2006, his e-book *First 100 Days: Transitioning A New Managing Partner* (NXTBook) earned glowing reviews and

has been read by leaders in 63 countries. The book *Management Skills* (John Wiley, 2005) named McKenna among the “leading thinkers in the field” together with Peter Drucker and Warren Bennis; and in 2008, the book *In The Company of Leaders* included his work amongst other notable luminaries like Dr. Marshall Goldsmith and Brian Tracy.

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*.

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 both accounting and 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 at least 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 has 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 thought the program content was extremely worthwhile. In fact, I have already used many of the ideas shared at the MasterClass. The limited number of attendees was a big plus, as it enabled me to get answers specific to my situation. I would recommend this course to anybody assuming a leadership role at a law firm.

Deborah J. Manus, Managing Partner
NUTTER MCLENNAN & FISH

Thank you for allowing me to participate in your First 100 Days Seminar.....it has truly helped me hit the ground running.

ONE YEAR LATER: Your Seminar really did help me to prioritize my goals and objectives for the first 100 days. As I look back, I really didn't know what I didn't know leading up to taking on this new responsibility as the Managing Partner. The guidance and suggestions I took away from the seminar (and reading materials) were extremely helpful. I had a much better understanding of what to expect. I really do appreciate all of your help.

Richard D. Nix, Managing Partner
MCAFEE & TAFT

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
August 23, 2012
TIME: 8:30 am - 4:30 pm
WHERE: Glecher Center
University of Chicago

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”
- **50-PAGE WORKBOOK** INCLUDES CASE STUDIES, EXERCISES AND DISCUSSION MATERIALS
- **COPY OF 140+ SLIDE POWER-POINT PRESENTATION**
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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.