

The background of the entire image is a blue puzzle pattern. In the center, a hand in a dark suit sleeve is passing a golden torch to another hand. The torch is lit, and the hands are positioned as if in the middle of a handoff. The text is overlaid on this scene.

# THE ART OF LEADERSHIP SUCCESSION

How To Select Your  
Next Firm Leader

**Patrick J. McKenna**



**“More horses  
are better...**

**But you don't have to make it  
a horse race that becomes  
public.**

**It doesn't  
have to divide  
the organization**

**and it doesn't have to  
distract from the business.”**

*A.G. Lafley*

## **PREFACE**

The Disruption in Transitioning To a New Firm Leader.....	7
The “best before” date becomes apparent.....	8
The “lame duck” syndrome .....	9
Getting resettled .....	11

## **INTRODUCTION**

The Leadership Succession Process .....	13
1. The Heir Succession Approach.....	14
2. The Partner Selection Approach .....	18
3. The Contested Election Approach.....	21

### **APPENDIX A**

When A Firm Leader Suddenly Departs.....	33
--	----

### **APPENDIX B**

Self-Evident Truths About .....	36
Relinquishing Leadership .....	36

## **Making Ready**

### **CHAPTER 1**

Choosing A Nominating .....	40
Committee .....	40

### **CHAPTER 2**

Developing Your Time Line.....	48
--------------------------------	----

### **CHAPTER 3**

Identifying The Challenges Your Next Leader Will Face .....	54
Step One – What is our firm’s current situation? .....	56
Step Two – What do we expect our future to look like?.....	59
Step Three – What do we want from our next Firm Leader? .....	61

### **APPENDIX C**

When Term Limits Might Be Considered.....	70
---	----

## **Identifying criteria**

### **CHAPTER 4**

Develop/Refine The Job .....	81
Description.....	81
When a formal written job description exists.....	83
When a formal job description does NOT exist .....	84

## **CHAPTER 5**

Identify Your Selection Criteria .....97

## **CHAPTER 6**

Identifying Specific Performance Requirements .....108

## **CHAPTER 7**

Develop A Formal Written.....120

Application Form and Process.....120

### *APPENDIX D*

Understand What It Takes To Be A Firm Leader .....126

### *APPENDIX E*

Effective Leaders Are Not .....133

Necessarily Nice!.....133

    Nice versus effective leaders.....135

## **Calling for Nominations**

## **CHAPTER 8**

Invite Your Partners To .....140

Nominate Candidates .....140

    1. Candidates need to squarely confront the reality of what this position  
    requires.....141

    2. Candidates should discuss this possibility with their largest clients  
    before formally proceeding. ....142

    3. Candidates should discuss with the Board and be very clear on how  
    their compensation and any performance bonuses will be deter-  
    mined in this new position.....144

    Our collective response .....144

## **CHAPTER 9**

Host Candidate Town Hall Meet and Greets .....152

### *APPENDIX F*

The Myth of Visionary .....159

Leadership.....159

## **CHAPTER 10**

Invite Confidential Input .....163

## **CHAPTER 11**

Design And Structure A Formal Interviewing of Candidates.....167

## CHAPTER 12

Analyzing A Candidate's Strengths .....180

### APPENDIX G

When Firm Leaders Overuse Their Strengths.....189

### APPENDIX H

Selecting The Right Leadership Candidate .....200

## Making the Decision

## CHAPTER 13

Reporting on Results of .....204

Interviews and Confidential Commentary .....204

## CHAPTER 14

After Selecting Your New Firm Leader .....210

    Your firm has a new leader, people need to be informed. ....211

### APPENDIX I

When You Select Co-Managing Partners.....213

## Managing the role of the Outgoing Leader

## CHAPTER 15

Creating A Transition/ .....228

Integration Plan.....228

    Agreeing on performance expectations is essential .....229

    Managing the transition period .....229

    Final word: Learning from this exercise.....233

### APPENDIX J

When Firm Leaders Transition.....235

### APPENDIX K

When A Firm Leader Has To Let Go .....251

## ABOUT THE AUTHOR

Patrick J. McKenna .....257



## **Also by McKenna**

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Practice Development: Creating A Marketing MindSet  
*Butterworths, 1989 (co-author)*

## **PREFACE**

# The Disruption in Transitioning To a New Firm Leader

For some time now, I have been personally appalled at the incredibly short time period that some firms allow for any incoming firm leader to properly orientate themselves to the magnitude of their new role. In some firms, it is as though we met on Saturday to discuss the ongoing management of our firm (perhaps as part of an annual partner retreat), voted for a new leader, and then informed that fortunate individual that they should expect to start in their new role on Monday!

It is doubtful that any firm contemplates the replacement of its firm leader with enthusiasm, even when the departure is expected. Quite apart from the human drama involved, there may be significant direct financial costs to be contemplated.

When a firm leader's departure is predictable, as in the case of their term reaching an end, there remain numerous uncertainties (such as the identity of an appropriate successor) that, if handled poorly, can have a major negative impact on the firm's performance. It is important to understand that overall performance of



the firm can suffer, sometimes spectacularly so, during any transition from an outgoing leader to a new one – and I have witnessed examples of this diminished performance extending for as long as a year.

I believe that firms need to be aware of this phenomenon so that they can take appropriate steps to ensure a controlled and effective process that minimizes the inevitable “disruption time”. As a starting point, it should be understood that the transition process for any leadership change will involve at least three sequential phases.

### **The “best before” date becomes apparent**

The first phase occurs when a firm, for whatever reason, begins to speculate about the continuity of its leadership. This may happen when the leader is coming to the end of his or her acknowledged term in office, is reaching a logical retirement age, is simply perceived to be less enthusiastic and visibly committed to the position, or begins to suffer a lack of partner confidence.

The early warning signs are usually apparent to certain partners, while members of the executive committee or board may start to act in such a way as to indicate they are concerned. Meanwhile, top officials or board members may pose questions, apparently innocently at first, to the COO and key administrative professionals such as: “How are things going around here?”

In some instances, there may be other signs – perhaps frustration,

directly expressed amongst the partners, over financial results. Some may even become openly resentful of the firm's management team. Often, I have seen such difficulties occur in firms that have relatively long-serving managing partners.

Sometimes the issues that might lead to the unplanned replacement of a firm leader make legal news and for a time become the subjects of lateral headhunting efforts. In other instances, the situation is barely noticed outside the firm until it is announced that a firm leader is stepping down "to return to their practice".

To the extent that any firm leader is aware his or her position is under threat, diminishing performance under stress may mean the speculation becomes self-fulfilling. Similar circumstances arise when it becomes widely known that an existing leader is likely to retire at some time in the not-too-distant future.

Such speculation as is associated with such warning signs inevitably diverts the attention and time of individual partners to unproductive activities like ruminating over what actions the firm is likely to take and why it is taking so long. Key rainmakers can also become progressively distracted and unsettled. This all compounds the disruption at the firm.

### **The "lame duck" syndrome**

The second phase commences immediately upon any announcement that a firm leader is officially stepping down. This is the

“lame duck” period that lasts until (and sometimes after) the selection of the new incumbent.

During this period, the influence, authority, and motivation of the outgoing firm leader gradually, if not rapidly, wanes. Amongst both partners and administrative professionals, attention and interest is now directed to the activities of the nominating committee, as well as speculation about who the possible candidates might be, and when the new firm leader is likely to be selected.

The precise timing can often be uncertain, even for those directly involved with the nomination process. Certain of the partners may, not unnaturally, begin to focus more on the politics of the situation and on positioning themselves to best curry favor with any new incumbent. Or, alternatively, the announcement may set off an undesirable competitive dynamic amongst numerous partners through the firm as they vie for attention.

Also, in this second phase, firm leaders need to define the future challenges facing the firm and the qualities that any new firm leader will need in order to address those successfully. Depending on the culture of the firm, this can be very beneficial to improving morale, commitment, and partner relationships. (“Someone is listening to us.”)

If this phase is handled well, it can be a very positive experience for

the firm and immeasurably helpful to the new leader. Handled poorly, however, this period of hiatus may become an extended one, possibly allowing the firm to drift, if not become immobilized.

### **Getting resettled**

The third phase begins when the new firm leader takes up his or her position. Research suggests that, typically, this phase may last for 100 days to six months or more. This is the time it takes for firm partners and administrative professionals to settle into a productive routine after getting oriented to a new leader's different style and approach.

It is also the time when a new leader takes time to assess the firm, its strategic direction, and the competencies of the management team. If, as a result of this assessment, the new incumbent feels obliged to seek significant change in the direction of the firm or to introduce changes to the leadership team, this phase may extend even longer while these key changes are made. And, it can extend even later, while the new management team finds its feet.

### *Going forward*

While each of these three phases may not occur in every firm, this period of transition from one firm leader to the next might easily last for at least 12 months, and sometimes longer. In our increasingly competitive world, most firms simply cannot afford to risk substandard performance for this length of time. The damage can

be substantial and the recovery – even with an outstanding new firm leader – long and slow.

Part of the reason is that this transition does not just have an impact on your board, partners, and administrative professionals.

Other important stakeholders (e.g. bankers, key clients, and strategic alliances, etc.) can find the process similarly disruptive to their relationship with your firm. Even without assessing these, it is of the utmost importance that all possible steps be taken to minimize the length and negative impact of the transition period.

My experience – strongly supported by academic research into the organizational processes involved – has led me to see that the transition process can and should be managed with as much deliberation and care as the selection process itself to ensure less disruption and a smoother path for the firm going forward.



## INTRODUCTION

# The Leadership Succession Process

Every firm eventually finds itself in need of a new leader. The Executive Committee or Board must seek to replace the current incumbent as that individual comes to the end of their term of office, announces a return to their practice or perhaps is contemplating retirement. Every year we also see firm leaders step down because of a loss of partner confidence, an unexpected disability, a tempting career offer from a prestigious corporate client, or even, on occasion, being laterally recruited by a competing firm! And in many of these instances, a firm's knee-jerk reaction to rapidly find some replacement has them anointing some partner with little to no management experience to become the leader of a multi-million dollar business.

My colleague Brian Burke (Chair Emeritus from Baker & Daniels) reminded me recently of how some firms tend to react to some leader retiring by overcorrecting. For example, the firm may choose to replace a single long-serving and highly regarded managing partner with a committee of three, perhaps out of some concern that no one partner could possibly do what this last firm

leader was able to accomplish. So the firm heads in a completely different direction with their succession process – what Brian calls a “curb to curb orientation” often without really understanding why the course change is being made.

How should suitable candidates for firm leadership positions be identified, developed, selected or elected?

### **The Different Approaches**

There are fundamentally, three different approaches to choosing your next firm leader. Leadership transition in firms usually takes the form of heir succession, partner selection, or the contested election. Each of these three approaches has very distinctive advantages and disadvantages, and each may be used at different times in a firm’s evolution depending upon that ‘curb to curb orientation’ that a firm may succumb to.

#### **1. The Heir Succession Approach**

Heir succession is a planned succession in which some partner (an heir) is appointed as a successor months or years before the incumbent firm leader steps down. Following this approach you allow your Executive Committee / Board to defer to your current firm leader in the belief that he or she is best equipped to make the decision about who should replace them.

#### **ADVANTAGES:**

One firm well known for employing this approach is Jones Day, and as they describe it:

*'Frank Ginn developed the Managing Partner concept that still is used at Jones Day. It was Ginn's view that lawyers function best when able to focus on practicing law, rather than engaging in debates on such matters as Firm administration or allocation of income. He saw no benefit and significant costs in a system that tried to mechanically assign credit for client origination or other responsibilities of partners, so no such system ever developed at Jones Day. Universal recognition of Ginn's dedication to the welfare of the Firm as a whole, and to the welfare of each partner, allowed the institutionalization of the Managing Partner system, through which the Managing Partner has authority to make all management decisions, including designating a successor. Since then, this governance system has never been the subject of any disagreement within the Firm. It is one of the critical components of an institutional management approach that has been an important element of the Firm's success over the last century.'*

#### DISADVANTAGES:

There is some evidence to show that allowing a firm leader, even and perhaps especially a very successful one, to choose their successor can bias the selection dynamic.

When the incumbent has accomplished great things for a firm or been in the position for an extended period of time (over 10 years) Executive Committees / Boards can often be tempted to anoint a clone. The incumbent will not admit that the firm needs someone with different ideas and competencies, and the Board can't imagine



insulting their highly accomplished partner by not accepting his or her choice. In these instances, powerful incumbents may assume that they know best and may even exclude elected Board members from any succession discussions and decisions. I've witnessed this happen subtly, where over a period of a few years the incumbent nurtures one particular partner by continually giving that individual increasing responsibility such that everyone just normally assumes that this individual will eventually take over. The incumbent may have good intentions and truly believe that they have an insider's insight into who is the best candidate, but their judgment may also be clouded by a desire to preserve their legacy. There have also been those occasions where the incumbent may have selected someone who they knew they could manipulate. Meanwhile, many of these candidates naively assume that they are prepared because they have observed the Firm Leader in action; sometimes for a few years. From my years of working with new firm leaders and as these anointed candidates soon discover, observation is a poor substitute for doing.

Other times these firm leaders (perhaps unconsciously) are most attracted to that replacement that is a mirror image of themselves. Typically their choice of a successor is some partner whose leadership style, business philosophy and even personality are similar to the mentor. While in certain instances it may make sense to select a candidate who leads much as his or her predecessor did, many times it is a mistake. In our rapidly changing marketplace firms need new leaders who can evolve their firm's competitive strategies

and cultures, not replicate them. They need to identify the candidate with the specific skills, knowledge and ‘must-have’ criteria that the firm may need going forward. The delusional incumbent believes that if he can find a partner just like himself, this new leader will help the firm enjoy the same success that he helped it achieve.

I have also seen those instances where an existing leader would appear to have anointed a “below-average” candidate. As much as the incumbent wants to select a mirror-image replacement, he comes to the conclusion that there is no suitable clone and no one who can begin to accomplish what he has achieved and so he decides (perhaps unconsciously) to anoint a successor he instinctively knows, is not up to the job. Such a selection will eventually cause everyone to recognize what a great job he did as Firm Leader. It may also result in your Executive Committee / Board asking the incumbent to continue in some form as the new leader just seems to lack enough experience to go it alone. Meanwhile, our retiring leader can justify his actions to himself in all sorts of ways: after all, Jennifer will grow into the job, she’s still young and eager to learn. To hope that some politically anointed but moderately acceptable candidate will eventually grow into the job can be a perilous gamble.

Finally, there are those occasions wherein the argument is put forward by the current incumbent that some partner has now earned or deserves the position and that rewarding them by making them

the next firm leader would be the honorable thing to do.

In one sense the notion of earning it is an admirable tradition. If some partner works hard and selflessly contributes time to firm activities, rewarding her seems the proper thing to do. Unfortunately it is not always in the best interests of your firm. Many have come to realize that rewarding performance or seniority by appointing that individual into a senior leadership position can backfire. You are assuming that if someone can produce results in one position, she can produce equal or better results in another – when the reality is that the new responsibilities may require entirely different skills.

In the corporate world, a recent study of companies where the CEO handpicked their successors found that almost 80% underperformed the stock market during their tenure. Stanford University Professor David Larcker warns ‘CEOs are preoccupied with personal legacy and might pick someone just like themselves.’ Prof. Larcker writes: *“A retiring CEO might want to ensure continuity of the strategy that he or she has put in place, when instead the company requires change.”*

## **2. The Partner Selection Approach**

At some firms, a nominating committee will seek input from all partners regarding leadership needs and suggested candidates. The committee then talks in-depth with the prospective candidates regarding their interest, qualifications and willingness to serve. This partner selection approach is an effort to determine the one,

single “consensus” candidate that the vast majority of the firm’s partners feel would be the best person to take on the responsibility of leading the entire firm and by doing so, obviate any need for controversy or divisiveness within the firm.

Once a recommendation is made, the committee then puts the matter to the partners for approval. If the nominating process has resulted in only one candidate (as is usually the case), many firms require that in order to be elected, a candidate must receive a majority vote of the partners. This allows partners to either dispute the committee’s recommendation by withholding votes or assures the successful candidate the support of a large majority of the partners.

**ADVANTAGES:**

Morrison & Foerster described how this process unfolded during their last succession process:

*According to San Diego Partner Don Rushing, who led the Chair Selection Committee, "We had the privilege of speaking with every partner about who the next Chair should be. We are in an outstanding position for a transition to a new generation of leadership. Our practices are strong, with headline-grabbing matters across the globe, and financially we are having our best years ever. While a number of candidates could have served the Firm well as the Chair, we felt that Larren's many personal attributes, combined with his singular success in building a world-class*

*Bankruptcy and Restructuring practice from scratch in one of the world's most competitive legal markets, made him an especially attractive choice to continue MoFo's growth in today's hyper-competitive environment."*

**DISADVANTAGES:**

At one firm, two candidates emerged, each of which had the strong backing of different sections within the firm. Pressure was exerted by the members of the Executive Committee for only one name, a "consensus candidate," to be put forward as a contested election was deemed not to be in the firm's best interests. The pressure escalated and eventually resulted in one of the finalists withdrawing their name.

At another firm, a powerful rainmaker quietly made it clear to the Board that he would leave if not selected as the new managing partner. Although there was general agreement that he would not be a very good choice, the Board members felt obligated to vote in favor. A compromise was negotiated whereby the scope of the new firm leader's job would be reduced.

Finally, there are firms in which the Executive Committee / Board control the selection process and select a leader from among their own membership on the theory that the Board members were elected by the partners already. This procedure can lack independence and be subject to undue influence, since any new firm leader is neither ratified nor confirmed by the partners.

### **3. The Contested Election Approach**

The contested election is an explicit succession process that takes place over a predetermined time frame in which two or more partners are put through a series of assessments / activities in order to decide who will be chosen / elected as the firm's next leader. While this democratic approach has a philosophical appeal it can become slightly challenging as happened recently in one firm where the contested election resulted in the firm's new leader being elected by a single vote.

#### **ADVANTAGES:**

It could be argued that one of the benefits of a contested election is that it provides a development opportunity for those partners by battle-testing their thinking and giving each the gift of in-depth feedback (increasingly rare as you become more and more senior). The contested election becomes somewhat like a presidential campaign during which the candidates become accustomed to the glare of peer scrutiny, which will obviously prepare them for the real job of being the firm leader. The contested election process can be enormously effective in helping determine the best leader for the firm.

In one 150-lawyer firm, where they had 3 candidates for the position of Firm Chair, one admitted to me: *“Had I been the only candidate, it would have been a no-brainer and I would not have given preparing to assume office another thought. But because there*

*were 3 of us, I invested a lot of time thinking about the firm, the issues and what needed to be addressed going forward. The very notion of having to compete for the position energized me beyond belief.”*

Firms that are most successful with this approach promote a healthy culture in which partners embrace competition for the top job and the notion that the best firm leader will emerge from the process.

Alan George "A.G." Lafley, author of *The Game-Changer* and CEO of Procter & Gamble counselled in the *Harvard Business Review* the same sentiments that I've heard from a number of managing partners that I highly respect:

*“More horses are better. More candidates means you have more choices, more breadth and depth of leadership, more leaders performing at their peak and delivering better business results, and more leaders to take on more business opportunities. But you don't have to make it a horse race that becomes public. It doesn't have to divide the organization and it doesn't have to distract from the business.”*

#### DISADVANTAGES:

While that may sound good, the disadvantage is that a contested election (sometimes called: a horse race) creates an acknowledged winner – and losers. Here is some excerpted commentary, as re-

ported in the legal media, from one contested election. To most readers this would appear to be extracted from a political campaign of some sort, rather than from the activities within a respectable professional services firm.

Heavyweights prepare to do battle . . . One partner goes so far as to say it would be “almost impossible” for him to win the vote . . . His reputation as a strong public speaker and presenter should stand him in good stead as the three candidates tour the firm’s offices ahead of polling . . . Sources point to this candidate’s toughness as an “effective task master” and a hard worker, even if he may need to work on staying personable to be successful in the leadership campaign . . . “At the end of the day, real estate is not a very exciting background for a managing partner to come from” . . . It seems that no candidate can yet be called the favorite.

In these kinds of situations a highly valued partner who loses may ultimately take it very personally and decide to leave your firm. In a discussion with David Morley, the retired senior partner at Allen & Overy, he explained to me:

*“We have had our current election system since 1998 and never lost any unsuccessful candidate as a result of not being selected for the position they aspired to hold. I don’t say it would never happen. However, we go to great lengths to try to avoid that outcome. Three key steps we take include:*



1. *Our elections are conducted by secret ballot, one partner, one vote (these days all online), [and] by an independent body, the Electoral Reform Society, who specialize in conducting elections to high standards. They have standing instructions only to tell us who the winner is and, specifically, not to tell anyone the number of votes attributable to any candidate. That was designed to avoid any sense of humiliation, etc.*

2. *It is accepted that the first call any successful candidate makes – even before his spouse – is to the unsuccessful candidates to thank them and to emphasize they have a bright future in the firm.*

3. *We ‘show the love’ to unsuccessful candidates with many partners going to see them and tell them they want them to stay with us.*

*I think it is also a factor that our elections have never been acrimonious, polarized or conducted by way of personal attacks. That would be a fatal election strategy that partners would reject. So there is limited damage done to personal relationships between the candidates.”*

A contested election can also become quite distracting to everyone as it is politicized through continuous hallway speculation and various camps develop. As the competition intensifies, it is not uncommon for partners to take sides for or against particular candidates. This can result in overt behavior that deters teamwork and knowledge sharing.

In a number of surveys I have conducted over the years, when asking firms “how often are contested elections the process used to determine who the next firm leader will be” the typical results that I get back may seem surprising but they clearly show that:

12% respond “Always”

3% respond “Usually”

43% respond “Sometimes”

32% respond “Rarely”

10% respond “Never”

These results would lead me to conclude that the majority (58%) of firms find themselves at some point having to contend with effectively managing a contested election. At a recent First 100 Days masterclass for new firm leaders, all but one of the participants confirmed that there was at least one other contender for the position.

### **Some Of The Challenges Involved**

Whichever methodology you favor, you may expect that the election / selection of a new firm leader will always be disruptive and be an emotionally charged endeavor. It is rarely a polite ceremonial undertaking. Some of the more common shortcomings that I’ve observed (and had to work around) in the firm leadership selection process include the following:

- The selection/election process becomes such a complicated

endeavor that it causes your firm to lose valuable momentum as individual partners and practice leaders shift to a 'stand-by' mode, waiting to see what changes await their firm's future directions. As any effective leadership transition process can take about four to six months in determining the best choice and then another three months in the proper orientation of the new incumbent, your firm's momentum has the potential to be stalled for close to a year.

- The issues that most firms face have grown ever more complex over the past few years and as a result often need a new leader with competencies and experience very different from those evidenced in your last firm leader. A new firm leader often faces a number of unique and paradoxical challenges – to honor the past while creating the future; to orchestrate both an institutional and symbolic role as head of the firm; and to deal with the issues inherent in leading highly intelligent, autonomous professionals who would never, ever consider themselves as followers.

Unfortunately rather than doing their homework and pinning down the specific traits and skills necessary, Board members may look for celebrities amongst their ranks – those professionals who are leading luminaries or exalted rainmakers in some misguided belief that the attributes required to be an extraordinary rainmaker are the same as those required to be an effective firm leader. In other words, too many Executive Committees / Boards begin to discuss who might be the next firm leader without even knowing

what they should be looking for. In other words, in too many instances the default position is that someone who feeds the firm most likely also has the capabilities to be someone who leads the firm.

*“Too often leadership succession is viewed as an event rather than a process.”*

- There is the get-it-done-quick impetus of some firms that seek instant gratification in selecting some professional at the partner’s meeting on Saturday and expecting that they should begin in their new role on Monday morning. While that may seem like a gross exaggeration, Deloitte hyped the election of their first new female CEO – who was then given only one month to prepare to take charge of 65,000 employees and a \$15 Billion in revenue operation. And sincere kudos to her that she appears to have done very well. But with little time to prepare this was leaving a lot to chance. Another case that did not turn out so well became the subject of a book entitled *Breakdown: The Inside Story of the Rise and Fall of Heenan Blaikie*. The author, Norman Bacal, is the former long-term co-managing partner of the major Canadian-based firm, once home to about 600 lawyers, that blew up in early 2014, shortly after experiencing a transition in leadership. Bacal writes that one of his biggest mistakes was not ensur-

ing the new co-managing partners who succeeded him had any leadership preparation, orientation, or training – since they were taking on a job for which they had no experience.

- I have too often seen the delicate dynamic whereby a supposedly ‘retired’ firm leader, still wanting to “keep his finger on the pulse of the firm,” becomes Chair Emeritus and continues to serve on the Executive Committee / Board, eventually allowing his finger to slowly and subtly strangle any new initiatives, making it very difficult for the new incumbent to be effective. Some former leaders maintain a strong desire to hang on to some management position for dear life.
- Finally, there are those Executive Committees / Boards who really have no idea or defined methodology as to how they will approach the leadership selection process largely because it has been over a decade since they were last required to find a new firm leader. These Boards can sometimes be dominated by strong individuals that then prevent the Board from orchestrating an effective selection process.

### **What This Book Is About**

While each firm’s situation is unique, the necessity for determining a succession process that will work for your firm is critical. What I have attempted to do in this book is outline a comprehensive process involving a number of sequential steps. That said, leadership succession is much more than a simple process that can be

managed by the numbers. Almost by definition, the selection of a new firm leader is a highly charged, zero-sum game; there can be only one winner. Various groups and partners may have vested interests in the outcome, with some having a personal interest in whether they will have any ability to influence the new incumbent.

Most Executive Committees and Boards are often unprepared for the challenge and time consuming nature of planning and executing the managing partner selection process. Which is probably not at all surprising given that they only have to do it about once every decade. Nevertheless, there are huge consequences. Every partner is watching closely and the process is intensely personal, political and demanding.

So, how do you manage this selection process? Will certain approaches make the task easier and more efficient?

Selecting a new firm leader represents both a real and symbolic transition. Realistically, succession transfer a degree of power and authority from an old regime to the new. Symbolically, your selection choice communicates values both in terms of who is selected and how that selection is made. Your leadership selection advances your firm's symbolic identity: *"he's from one of our branch offices," "she will be our first female managing partner," "he has considerable international experience," "this partner is committed to employing leading edge technology."* Each of these statements sends a signal about your firm's priorities and directions.

There are numerous rational, political and emotional issues that you will need to anticipate and prepare for:

*The Rational*

- identifying, developing or refining a workable job description
- searching for the best candidate compatible to the firm's aspirations and strategy
- realistically assessing the candidate (s) using various methods
- determining the very best candidate regardless of personal loyalties

*The Political*

- coping with the egos and strongly expressed views of power partners
- dealing with different factions within your Executive Committee / Board
- avoiding destructive internal politicking

*The Emotional*

- helping anyone not selected to adjust and move forward.
- helping create support for the new firm leader
- helping the retiring incumbent to move on

Obviously every situation can be distinctive in so far as it must be executed consistent with your firm's governance and partnership agreements. Therefore your selection processes **will likely differ depending upon size of your firm**, whether the final choice is

made by the incumbent or determined by election of all shareholders, or selection by your Board / Executive Committee.

Andrew Kent, retired CEO from McMillan LLP (Canada), shared these comments, which I tend to agree with:

*“I am wondering whether it is a bit like compensation systems: a lot of different processes can work and the process used has to reflect the history and temperament of the particular firm in order to be accepted by the firm. But there are some key issues that the succession process has to address successfully in order to be effective.”*

If you are comfortable and have a tradition of following the Heir Succession approach than it is highly unlikely that you would be reading this material. But if you are, you should at least be examining the chapters on determining the firm challenges your next leader will face, developing / refining the job description, hosting town hall meet and greets, and formally interviewing your Heir Apparent.

Alternatively, if you are more likely to engage in an approach that is most interested in finding the one “consensus” candidate that will satisfy your selection requirements than more of the chapters should prove very helpful to you.



Finally, if you are one of the vast majority of firms who find themselves having to contend with effectively managing a contested election, then this book is your technical guide for effectively managing your succession challenges.

If this selection process is managed well, your new Managing Partner will benefit from strong support across multiple constituencies. If managed poorly, internal politics will leave your new Firm Leader struggling to align various conflicted factions within the firm.

To help you I will outline the components of an effective process. So, while every situation may be somewhat unique, best practices would suggest that there are five very distinct phases and each phase has a number of steps.



## APPENDIX A

# When A Firm Leader Suddenly Departs

I received a call from a partner and member of the Executive Committee from a mid-sized firm and the conversation went something like this: *“Our Managing Partner has just walked and we need to replace him . . . like tomorrow. What should we do?”*

The unexpected exit of a firm leader, whether due to unfortunate circumstances, internal conflict or some immediate career opportunity can be highly stressful and unsettling for your partners and staff. But it is also capable of unleashing a unique opportunity for change and growth. If such a sudden departure should occur, your concern should not be for where your firm has been, but rather, on where your firm is going – because that would sharpen your focus on just what kind of firm leader you now need to help get you there. Therefore the basic features of your action response should include:

- **The swift appointment of an Interim Firm Leader**

Taking this action conveys a message of “business as usual” to your partners and staff and helps avoid the dreaded “limbo period”

where no decisions are made.

- A thorough assessment of your current condition

Your Executive Committee / Board together with the Interim Leader should immediately conduct a thorough review of where the firm is at. Did this unexpected exit leave your firm with important matters that require urgent management attention? You need to take stock and ensure that immediate needs are identified and addressed.

- **Determining where you need to go.**

Your next step should involve assessing your external circumstances, your competitive environment and new developments to either chart a new strategic direction or reconfirm your previous aspirations with renewed vigor. This is your opportunity to explore identity and direction.

- **Developing a profile of the leader who will guide you there.**

When all are in agreement on your firm's future path, you need to begin to craft a skill and competency profile of the individual that you need to guide you along it. Any legacy issues that might hinder the success of your next firm leader should be identified and addressed.

- **Beginning the nomination and selection process.**

A nominations committee is formed and a selection process now commences with enthusiasm based on the knowledge that your

Executive Committee / Board now has a renewed and realistic view of their preferred direction and the type of leader they will need to help them realize that future

• **Selecting your new firm leader**

The new leader is engaged with clear performance priorities and an agreed monitoring, support and evaluation process is in place.

Your firm is in a great position to flourish – capacity issues have been addressed, a firm direction has been determined and a new leader with the appropriate skills, energy and desire has been engaged to guide it forward.



## APPENDIX B

# Self-Evident Truths About Relinquishing Leadership

We have all heard it said that “*the only thing constant is change itself*”. Yet many of us don’t eagerly embrace the message of this famous axiom when our firms go through the process of changing leadership. Instead, we often resist the transfer of power, clinging to the status quo and the leaders whose familiar ways of managing our firms made our lives so much more predictable.

Concurrently, I have often observed that there is nothing worse than witnessing some firm leader clinging to their position of power long after their “best-before” date, and when the time to make a graceful exit has long passed. It’s like watching an aging athlete stumble around the playing field, making clumsy missteps and sinking their team’s chances for victory.

I believe there comes a time when every leader needs to “write themselves out of the picture”. At Cleveland-based law firm Benesch Friedlander, my old friend and now sadly deceased Jim Hill

advocated just such an end to his own job. That is, when the firm began rewriting its partnership agreement, Jim, who had just become managing partner a few years earlier, was a chief proponent for adding term limits to the position.

He explained to me:

*“I’m a corporate lawyer, and I’ve observed a lot of companies that have had somebody in the position of CEO for some 15 years. Now, there may be advantages to that – namely, you have some consistencies – but I also believe it gets a little stale. Fresh blood in the leadership role, from a perspective of planned succession, is the healthiest thing for any organization.”*

When successions work smoothly, the long-serving leader honestly embraces reality. He or she understands some “self-evident truths”.

The first is that the leader who has announced his or her departure must realize that it simply won’t be possible to complete all the tasks sitting on the leader’s plate before his or her tenure ends. It just won’t happen. So you have to sit down and think it through. In the six months you have remaining, or however long it is, what are the highest priorities you’re going to tackle?

Another certainty may hurt, but successful departing leaders understand it. That is, some of your pet projects are just not going to get the same attention when you’re gone. You just have to accept

that. For example, you have to move past the fact that your firm may never open that branch office in Hawaii that you so dearly wanted.

And then there is the stark reality that, as an outgoing leader, you must move on and give the new incumbent clear authority to lead. Sometimes, that means actually leaving the firm, at least for a while. I've known smart departing firm leaders who have taken a long holiday or sabbatical, in order to give the successor some manoeuvring room. You want the new person to be front and center, without having to look over his or her shoulder.

Many observers have been witness to the “meddling syndrome”, an affliction that occurs when the former leader stays too close to the circle of power and interferes with the incoming leader's affairs, which consciously or subconsciously undermines all progress.

The last thing any new leader wants as he or she takes the helm is a predecessor whispering in colleagues' ears about “how I would have handled that issue”. Your last impression, as you're going out the door, sets the tone of your legacy. You better make sure that last impression is graceful, humble, and well-orchestrated.



**MAKING READY**



## CHAPTER 1

# Choosing A Nominating Committee

A few years back, I initiated a survey that asked firm leaders to reflect upon the various Managing Partners and Firm Chairs that they had met, observed and / or read about and report back their answer to this question:

*“Aside from your own firm, please tell me the name of that law firm Managing Partner / Chair / CEO you most admire for their management / leadership competence?”*

At that time, far and away the most admired firm leader was Robert M. Dell, Chair and Managing Partner at Latham & Watkins. An announcement shortly after that Bob would be stepping down after 20 years as Latham’s firm leader reflected a loss that proved not to be all that easy to fill. That said, the actions that Bob and his firm took should serve as a role model for any firm that takes leadership succession seriously.

Take a look at just a few of the things that Latham’s did:

- Dell gave the firm over 13 months advanced notice that he would be stepping down.
- To oversee the identification and election process, Latham appointed a “Succession Committee” that consisted of a diverse group of partners from a variety of the firm's offices and practice groups, but without Dell’s involvement.
- Once the new managing partner was elected, Dell agreed to work with the individual for about six months to help ensure a smooth transition.
- Following this transition period Dell left the firm in order to “get out of the way” of whoever succeeded him. *“When a new person is coming in, following a person who has been doing it for two decades, I think that new person deserves a lot of space,”* he said. *“So, my view is it's best for me to retire and to let that person create his or her own successes, or their own.”*

Contrast this example with the one reported at Reed Smith. The firm announced that their Global Managing Partner of 13 years, Gregory Jordan was leaving (immediately) to become executive VP and GC at PNC Financial Services. As a replacement, Sandy Thomas, the firm’s Litigation Department Chair, was anointed (with no opportunity to deal with his personal practice or be properly oriented into a job of this magnitude) to take over. According to the media spin . . . Besides being an “exciting opportunity” for

him to join PNC's leadership team, Mr. Jordan said the time was right to hand over the top job at the law firm to Mr. Thomas.

Asked how he feels transitioning from his role at the top of Reed Smith to be part of a team of executives at PNC, Jordan said, "I feel great about it."

Now think about your personal investment portfolio. Imagine that corporation in which you hold the largest number of shares suddenly announcing that their CEO is fleeing their post. As an owner, stakeholder and investor - would that be a "buy" signal for you or a "sell" signal?

In most cases, the succession process begins when the current firm leader is approaching the end of their term or quietly announces that they will be officially stepping down. Now I say, "quietly announces" as this can be a sensitive time in the trajectory of a firm wherein you have a leader who has been serving for some protracted period. In one instance, a Managing Partner with over fifteen years of service issued an unexpected public announcement in early January to all of his partners (without any Executive Committee / Board consultation) that he was thinking about stepping down at the end of December of that year. Within two weeks certain partners made their intentions clear that they wanted the support of their peers as they would be talking with the Board about being selected as the replacement. The internal lobbying grew to a frenzy and by February two of the firm's highly recognized rainmakers departed in disgust, to a competing firm.

When your Board determines that your current leader will be stepping down you need to concern yourself with two very specific actions:

**ACTION #1: CHOOSE A NOMINATING COMMITTEE**

**In most cases you will need to set up a Nominating Committee (sometimes called a Search Committee or a Succession Committee) to help facilitate the various steps in a well orchestrated transition process.**

Your Nominating Committee (NC) members may be chosen from the Board (by asking for volunteers) and/or may be selected from the partnership, depending on the specifics of your governance documents. Your NC Chair should be a member of the firm's elected board and an individual that your fellow partners would view as NOT having a vested interest in the outcome of the succession process. **The individuals who volunteer or are elected must understand, agree and declare publicly that they have no interest in nor can they accept a nomination for the position.**

Your NC should take primary responsibility in creating a flexible and transparent communication process, providing support for the search effort and creating a series of celebratory events for the outgoing and incoming firm leaders. Your Committee normally facilitates the administrative tasks associated to determining candidate specs, soliciting nominations, evaluating candidates, and either

proposing a slate of people to the firm's Board for their decision or to the partnership for election. The NC needs to outline what partners can expect to happen while the new firm leaders is being recruited. It is important to convey that business will continue as usual, important client work still needs to be completed and that the nominations process will be conducted with great sensitivity and care.

Chief Executives of major corporations are generally appointed by their boards, they are not elected directly by shareholders. So as larger law firms adopt a more corporate style, many have also adopted having the Board "appoint" their firm leader. Typically in the selection process, your Board Committee may also retain an outside consultant to help guide the process. The role of the external consultant should be to coordinate the activities of your Committee and (perhaps most importantly) legitimize the process by signalling to the partners that the final selection is being conducted objectively, fairly and with the firm's best interests in mind.

The Board owns the selection decision, while the NC manages the selection process. Irrespective of whether your final selection is made by your Board or made by the general partnership, your selection should be a carefully managed process, not a horse race. Selecting your new Firm Leader should not be about popularity — it should be about choosing the best candidate for the job. And therein is one area where many firms fall short in that they overlook this second critical step:

**ACTION #2: ESTABLISH WHAT YOU ARE LOOKING FOR**

**You (the members of your Executive Committee / Board) need to determine the strategic direction that your firm is likely going to take over the coming years, the corresponding challenges that the next firm leader will then face, and the specific skills and competencies that the best candidate for leadership will need to possess.**

You may remember me making the point earlier that “too many Executive Committees / Boards begin to discuss who might be the next firm leader without even knowing what they should be looking for.” We will address this topic in detail in Chapter 3. Meanwhile there are 5 fundamental questions that your Board needs to address with respect to forming your Nominating Committee:

1. How many people do you want on your Nominating Committee? Your NC should probably be an odd number with at least five and no more than 9 members.
2. Should these members represent any differences in the status / compensation levels among your partnership? Your NC members could include both equity and non-equity partners; should ideally be representative of your various offices, your firm’s diversity, different ages, and so forth. Some firms have gone so

far as to determine and state specific diversity requirements in the composition of their Committees.

3. Is there any established criteria for determining whether some partner is an acceptable member of your NC? In many firms there is a criteria wherein a specified number of NA members must have practiced and/or have been an equity partner within the firm for some minimum amount of time / number of years. In some instances, firms may also allow one non-equity, senior associate, or administrative professional for purposes of encouraging a more diverse view.
4. Should the member have certain characteristics, skills or experience?
5. Should the members of your NC be appointed by the Board, elected by the partnership or determined by some other process?

What follows (Exhibit 1) is a sample Terms of Reference to assist you in determining your own specifications and requirements.

### **EXHIBIT 1**

#### **Nominating Committee – Sample Terms of Reference**

Our Nominating Committee should have the following features:

- Five to nine members (excluding the current firm leader) with all members either appointed by our firm's Executive Committee/ Board or elected by our Firm's partners – with each partner having one vote.
- Of the five to nine appointed / elected members, 3 must be from offices outside of that considered our largest / head / founding office.
- Among this group all of the members must have been equity partners with our firm for at least three years.
- Members of our Nominating Committee will be elected for a two-year term, which will not be staggered.
- Members should be appointed / elected for their “firm-mindedness,” lack of personal agendas in participating in firm management, and their sound judgment, along with their reputation among their peers.
- If the Nominating Committee is to be chosen by election then prior to preparation of the ballot for electing Nominating Committee members, a notice will be distributed to all partners eligible to serve, asking for volunteers to run for election. The Executive Committee / Board will then distribute the resulting list of candidates to all partners for a vote.
- Voting will be by secret ballot, and all equity partners will be eligible to vote for all the seats to be filled. Those nominees with the highest vote total will be selected for our Nominating Committee.



## CHAPTER 2

# Developing Your Time Line

Your Nominating Committee's most immediate task is to determine some realistic timelines and the required activities, together with how to effectively communicate ongoing developments and progress to the general partnership. Determining whether and how long the outgoing firm leader will remain in the position will obviously determine the urgency required of your NC in moving things forward.

Therefore, several timing aspects must be determined:

- the expected departure date of the current firm leader;
- the time it will realistically take to attend to a sensible election/selection process; and
- the ideal time (minimum of three to maximum of six months) desired to transition from the incumbent to the new leader

Investing the time in leadership succession is often a sensitive issue in that there are no shortcuts. It is inevitable that some of your most valuable talent will need to devote non-billable time to this critical issue and the only guarantee from trying to rush or take shortcuts with this process is the likelihood of picking the wrong candidate.

Typically, your selection and succession timeline is likely to require anywhere from four to seven months. That time is necessary for determining what challenges your new leader is likely going to face, what competencies you then require of the next incumbent, determining prospective candidates, conducting your due-diligence and interviews, and narrowing down your choices through careful discussion and formal analysis.

Meanwhile, you may expect your current Firm Leader to experience some anxiety as he or she realizes that the end of their tenure is drawing near. (*See Appendix J: When A Firm Leader Has To Let Go*).

It is not unusual for the individual to start worrying about what they are going to do after they take leave or who is worthy of carrying on their legacy. Leaving office is difficult and requires planning of the transition if it is to proceed smoothly. Your incumbent needs to identify a firm date by which they will formally step down or retire, how long they will make themselves available to assist their successor in the transition, and when they will make a clean break.

Attached here, as Exhibit 2, is an example of a Firm Leader Selection Timetable.

As I stated earlier, you should assume from this example that in most cases your selection process will take anywhere from four to seven months. Consequently it would be a mistake for your Nominating Committee Members to think that it is possible to do this without investing 30 to 60 non-billable hours of their time.

There is a lot at stake here. Some would argue that effectively managing the selection process is one of the most important functions of your firm's Board. It is important that your Board choose people to serve on the NC that are prepared to spend the required time.

## **EXHIBIT 2:**

### **The Firm Leader Selection Timetable**

MONTH ONE AND TWO	<p>The Board creates a Nominating Committee (NC) and selects members of that committee. It is anticipated that five to nine professionals will serve on this Committee. The Board may choose to formally vote for the members of the NC, may identify the members by consensus, or may select the members through some other method. Members of the NC may be current members of the Board but must not be candidates for the Firm Leader position.</p> <p>The NC members <b>will facilitate an exercise</b> whereby the Board conducts an assessment of what the firm's future might look like and what specifically will be needed to move the firm successfully into the future.</p>
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<p><b>MONTH THREE</b> and <b>ACTION</b> <b>PLAN</b> after Board selects NC</p>	<p>The Board Chair announces members of the Nominating Committee to the partnership.</p> <p>The NC develops / refines (perhaps together with the Board) a job description for the Firm Leader, determining any additions, changes or modifications and clearly outlining responsibilities and functions.</p> <p>The NC codifies the list of talents and skills (“qualification”) the firm needs in their next Firm Leader to move successfully into the future.</p> <p>The NC drafts “selection criteria” to help members think more objectively about each individual’s potential.</p>
<p><b>MONTH FOUR</b></p>	<p>The NC will commence an electronic survey of the partners to solicit their input into the desired qualifications of the new Firm Leader.</p> <p>The NC develops a formal written “Application Form” that can be submitted for completion by each nominee.</p> <p>The Board will provide (electronically) a booklet of materials to all shareholders with an explanatory memo containing:</p> <ul style="list-style-type: none"> <li>• a copy of the Firm Leader’s job description;</li> <li>• a copy of the desired qualifications;</li> <li>• an application form to be completed and submitted to the board; and</li> <li>• a process for having NC members answer any shareholder’s questions</li> </ul>
<p><b>MONTH FIVE</b></p>	<p>The NC engages in a process of confidentially interviewing partners to determine which candidates they might identify given the qualifications required,</p>

ACTION PLAN	<p>The NC informs the partnership that they are now accepting nominations and provides the deadline for the submission of nominations.</p> <p>The NC obtains input from partners regarding all possible candidate(s). The NC may self identify candidates.</p> <p>The NC determines dates and locations for town hall meet and greets.</p> <p>The NC prepares a set of interview questions consistent with the pre-established evaluation criteria.</p> <p>The NC determines dates and locations for candidate interviews.</p>
MONTH SIX	<p>The NC will meet to review, assess and possibly supplement the list of candidates – refine if too many or announce extension of nomination deadline if too few.</p> <p>The NC announces to all partners the list of candidates who are “finalists” for the position of Firm Leader. Before announcing finalists, the NC will have evaluated candidates and obtained permission to have their names released to the firm. (There may only be one finalist at this point.) The NC will have only screened the candidates for qualifications rather than have ranked them for a recommendation regarding selection.</p> <p>The NC will announce the dates of two separate town hall meetings or live webinars wherein partners may pose questions of the finalist(s) and the NC will also solicit any questions in advance so that they may be presented to each candidate.</p>
MONTH SEVEN	<p>The NC distributes an announcement inviting confidential input on the candidate(s).</p>

	<p>The NC posts copies of each candidates completed application on an internal website such that any partner may access and review the materials.</p> <p>The NC obtains confidential input from partners regarding the finalist candidate(s). The NC gathers final comments and materials to submit to the Board but the NC does not make a final selection, nor does it rank the candidates.</p> <p>The board conducts a 1 to 1.5 hour in-person interview with each candidate</p>
MONTH EIGHT	<p>The NC determines “finalist” candidate(s) and gathers final comments and materials to submit for the Board’s review.</p> <p>The Board determines whether it wishes to pursue a selection process based on conducting a secret ballot or develop total scores based on a weighted system.</p> <p>The Board either: selects a new Firm Leader or submits the finalist(s) to the partners for a partnership vote</p>
ACTION PLAN	<p>Plan important communication both to internal partners and staff and external stakeholders.</p>
MONTH NINE TO ELEVEN	<p>The Board is to discuss and determine action plan for “transition period”</p> <p>The new Firm Leader assumes full responsibilities</p>



## CHAPTER 3

# Identifying The Challenges Your Next Leader Will Face

Being the firm leader today is a pressure-packed, nerve-wracking and sometimes near impossible job. The critical and strategic issues that your firm is likely facing now have grown ever more complex over the years. Here are a couple of the kinds of comments that I've heard from firms that suggest how difficult and how essential it is to find the right candidate for the job:

*Our firm has always prided itself upon its cordial culture. I think that it is even fair to say that we have allowed our partners a great deal of autonomy and studiously avoided trying to inject any standards for how we would serve our clients. Unfortunately, we no longer occupy the market leadership positions with any of our practices we once enjoyed, so now need to get rid of deadwood and raise performance levels across the board. Our next Firm Leader is going to have to facilitate some tough action that many of our older partners are going to view in a harsh light.*

*We're not really sure what kind of Managing Partner we now require. On the one hand we would like someone who can display the same qualities as the previous leader who held the position for some fourteen years. On the other hand we realize that our marketing approaches and technology are no longer quite as effective given the degree of competition we are now facing and so we're hoping that our next Managing Partner will have both the competencies and fresh ideas to move us forward in those areas.*

When a Firm Leader retires it can present a sense of uncertainty, but it can also serve as a valuable reflective time for your Board members to pause, actively listen and ponder the answers to such fundamental questions as:

- What new developments, trends and changes do we see beginning to affect both our profession and our firm at the moment?
- Where does our firm really stand with respect to these changing trends?
- Where is our firm heading and is our strategic plan and desired direction still realistic?
- What skills and traits will the new Firm Leader need to have to effectively guide us into the future?



Your entire Board, with the help of your NC and any external consultant, needs to carefully reflect upon the situation that you are currently facing. In other words – where you need this firm leader to take you may obviously be very different from the last. The world has changed and so the skills you need from your new leader may be very different. Therefore the members of your Board / Executive Committee must come together to determine three critical ingredients to begin your succession process:

1. what is our firm's current situation (if we were to conduct an honest assessment of reality) from amongst five different typologies that every professional firm finds itself in? (See Step One below);
2. what is the future strategic direction of our firm? Even if a fairly current strategic plan exists in writing, should it be reviewed in light of new trends and developments impacting the profession? (something I have come to call “interrogating reality”).
3. what are the matching characteristics that will likely be required to effectively implement our firm's future direction; (which may be very different from the capabilities of the current firm leader)?

### **Step One – What is our firm's current situation?**

In any leadership succession there is a need to wisely select that partner ideally suited to take our firm to new heights. Therefore an

important step should be to honestly assess your firm's current situation. From this assessment, the related leadership competencies can be identified and consideration given to which candidates possess the desired competencies. From my years of strategic planning work with firms, I find that you can usually assess any firm's current situation to be in one of five different typographies, each of which calls for a different approach and set of corresponding skills:

#### 1. THE SUCCESSFUL FIRM

Your firm has been performing very well and is perceived to be a dominant player in many areas.

##### *YOUR NEED A FIRM LEADER WHO WILL*

- Preserve and build upon the many strengths of the firm and take it to the next level.
- Identify and assess opportunities and displays intellectual and strategic strength.

#### 2. THE COMPLACENT FIRM

Your firm is doing okay financially, comfortable with where it is at and your partner's thinking is trapped by the prevailing success the firm has enjoyed in years gone by; but times are changing.

##### *YOUR NEED A FIRM LEADER WHO WILL*

- Get the partners attention, educate them on the current situation and have them take responsibility for their predicament.

- Build a direction for the future, be an excellent communicator and get partners aligned around a new agenda.

### 3. THE STAGNATING FIRM

Your firm is noticeably losing ground to the competition, drifting aimlessly without much defined direction and housing partners with deeply ingrained behaviors.

#### *YOUR NEED A FIRM LEADER WHO WILL*

- Revitalize and reposition the firm.
- Encourage new ideas, conduct limited-risk experiments and possessing a track-record at overcoming resistance to change

### 4. THE DISTRESSED FIRM

Your firm is facing a crisis-driven situation.

#### *YOUR NEED A FIRM LEADER WHO WILL*

- Mobilize a 'Trauma Team' to rectify the crisis and take some painful measures that may incur the wrath of some partners.
- Be action orientated, make the tough decisions and achieve short-term results

### 5. THE UNSETTLED FIRM

Your firm is change-fatigued; it has been through a series of mergers or other chaotic change such that there is a great sense of internal frustration associated with a perceived mess.

*YOUR NEED A FIRM LEADER WHO WILL*

- Align and drive the firm to achieve stability, strategic synergies, focus on integration, and regroup.
- Handle ambiguity and complexity, and recognize the importance of culture and cultural dynamics – with participative, tactful style, and conflict resolution.

**Step Two – What do we expect our future to look like?**

There are often overlooked pitfalls to avoid in any Firm Leadership succession process. The most common is starting the process based on untested assumptions about the requirements of the role. The key criterion for a successful leadership succession is that it must be a strategy-led process. Your Board must conduct a careful analysis of your firm's current situation and then set about to identifying those trends and developments with the potential to affect your firm's immediate future.

Exhibit 3 represents an exercise that your Board members should find very enlightening and highly useful. There are six “external” areas for examination identified here that are intended to focus your people's attention and help them identify the trends and developments most likely to impact your firm in the coming years. You may choose to explore all six or only those you feel most critical.

The way in which I have usually approached this exercise is to have each Board member voluntarily select that subject area that they are most interested in exploring. The Board may also wish to draft the assistance of other partners and other professional staff to certain teams to help with the homework. For example, your CIO might be part of the “technology” task force, while your CMO might join the “differentiation” discussions. Ideally you will want to have 3 to 4 participants on each of the 6 task forces.

The members of each of these 6 groups will invest a few hours individually and then meet together to document those trends that they have identified. The 6 groups will then come together for a half-day session to share their research and their various trends. The Board should then determine from the information presented, which of these trends have “**the highest probability of occurring**” together with which trends have “**the highest potential for impacting**” the firm – positively or negatively in the coming years.

Usually, with six different task forces working on this exercise, you will identify 80 to 100 various trends (there will obviously be some that overlap between the groups) and winnow your list down to about 8 to 12 “Mission Critical” items. These are those trends with a high probability of occurring and a high impact on the firm – and that the leadership of your firm is going to need to address, either proactively or reactively in the coming years.

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The Number 1 job of any effective firm leader is not to check out what every other competitive firm is doing and then decide whether you should follow suit. Rather, it is to look out a few years, determine what the profession is going to look like in the future, and then . . . get to the future first!

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Once you determine and clarify your strategic direction, based on a review of your existing formal plan and an examination of the external trends, your subsequent discussion of various potential candidates becomes much more meaningful and allows you to determine the criteria required of the next firm leader.

**Step Three – What do we want from our next Firm Leader?**

In one discussion I had with the Executive Committee members in a mid-sized firm, it became clear that they were all relying more on instinct than any hard data for what they thought they needed in their next Firm Leader. In our discussion, many of them talked in vague terms about how their next Firm Leader needed to possess “the right strategic stuff” and “be firm minded.”

Following from having honestly assessed your firm’s market typology and then identified some of the “Mission Critical” trends and developments likely to both positively and negatively impact your

firm over the next few years, Exhibit 4 is intended as a forced-choice catalyst for your Board members to think about, discuss, and correlate some of the leadership characteristics that are likely matches to the typology and future trends that your firm will need to address.

There are no right or wrong answers with this exercise and amongst the 14 different choices, most Boards will focus in on the four or five they feel most important. As an example:

Our next Firm Leader should ideally be someone who . . .

- has prior management experience in a compatible business setting;
- obsesses over getting things done (sense of urgency);
- is unwilling to allow sustained underperformance
- focuses on long-term profit creation; and
- instills discipline in providing clients with consistently excellent services.

In summary, your Board must conduct a careful analysis of your firm's current situation, identifying those trends and developments with the potential to affect your firm's immediate (one to three year) future and thereafter determine the type of leadership skills required to execute your strategy successfully.

Andrew Kent, retired CEO from McMillan LLP (Canada) shared these comments: *“As an outgone CEO I have a couple of thoughts*

*for you to consider based upon my experiences with my own succession process (which I called ‘Project Parole’).*

- 1. Leaders have things that come naturally / they like to do / are good at doing. Those things tend to get done and done well on their watch;*
- 2. Leaders have things that do not come naturally / they don’t like doing / are not good at doing. Even if the leader has a reasonable level of self-awareness and tries to manage around their limitations, those things tend to get less well done on their watch;*
- 3. The longer you are in the leadership role, the more problematic point 2 becomes; and so*
- 4. Even if the world wasn’t changing, it would be important to focus on the next leader having different skills and interests than the existing one. The changing world is yet another good reason.”*

### **EXHIBIT 3;**

#### **What Do We Expect Our Future To Look Like?**

**THEME** “What will our profession look like a few years into the future and what does that mean for our firm with respect to the specific skills and competencies we need from our next firm leader?”

**ISSUES FOR IN-DEPTH RESEARCH, REVIEW AND BOARD DISCUSSION:**

- 1. How Technology Could Reshape the Practice of Law*



As the natural evolution in services pushes more of what professionals do from being highly specialized to being highly commoditized, it opens the door for innovators to creatively package and offer clients internet-based legal services that allow the client to do for themselves that which previously they had to hire a lawyer to do for them. The implications are profound. Many of the tasks currently undertaken by lawyers, often in costly buildings, in downtown financial centers, may soon be more cost efficiently done elsewhere or differently. Concurrently, we see firms beginning to explore how artificial intelligence systems might be utilized in litigation matters.

What does this all mean for how we should embrace or utilize technology going into the future?

## *2. Evolving Alternative Practice and Business Models*

Today we see multiple examples of distinguished lawyers leaving their name-brand firms to see up their own small operation so that they are no longer burdened by their former firm's high billable rate requirements – and major clients report that they are following these lawyers. At the same time, firms of all sizes are embracing fixed fee arrangements, outsourcing major portions of a legal transaction, learning about project management and hiring Six Sigma (traditional reserved for manufacturers) and pricing experts to help them add value and make their client en-

gements more productive. While some firms have chosen to pursue a high value / less leveraged position, others prefer the highly leveraged, more volume, routine work. Meanwhile, demand for legal services remains flat and billable rates are continually under pressure.

What do all of these and other evolving models suggest for how successful firms like will have to operate differently in the future?

### *3. Changes In The Economic Structure of the Nation*

We all know that this year's deficit is expected to set a new record and that the government is predicting that our deficits will continue to grow significantly. Might all of this eventually translate into slower growth, massive inflation, and/or increased taxes; serve to erode capital investment into private ventures, and ultimately push more decision-making power into the hands of government?

How do we expect to operate in an economic environment that may be very different from the growth economy that we all wish would continue?

### *4. New and Emerging Areas of Practice*

Entire industries from automotives and financial services to the newspaper business are being swept by 'digital transformational' change. Meanwhile new advances in the sci-

ence behind energy, infrastructure, connectivity and health care drive fascinating new areas of growth. Success going into the future may very well depend upon identifying where the best micro-niche opportunities are to gain a “first mover advantage” and develop knowledge in specialized areas of the law in advance of our competition. Where are the best opportunities going to be in the coming years and what opportunities should we be proactively investing in?

#### *5. Exploring the Basics of Differentiation*

The essence of all strategic planning comes down to being able to answer this one fundamental question: “As a prospective client, tell me please, why should I choose your firm – what makes you distinctive and what added value do you bring to my business matters . . . that I cannot get anywhere else? The acid test for whether any firm truly has an effective strategic plan is whether that plan: shows you doing anything meaningfully different from your two or three key competitors; provides for specific ways to improve your firm’s profitability; and causes other competitive firms to see you as a ‘leader’ in some particular market areas. On what basis will we be able to meaningfully differentiate ourselves and win in the future?

#### *6. Competitive Threats and Our Evolving Marketplace*

Firms are continuing to expand across a broader geography than ever before and many have aggressive geographic

growth aspirations. Many of these same firms are leveraging their strengths in specific practices or industries as the catalyst for either setting up offices in new locations; engaging in mergers or acquiring selected firms.

How will our marketplaces likely evolve over the coming years and what do we need to do to capture a greater share of the desired client companies in our market?

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“ It's no use trying to identify the best candidate to become the next firm leader to lead your firm into the future . . . if the future is not clear.”

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#### **EXHIBIT 4:**

#### **What Do We Want From Our Next Firm Leader?**

Do you want our next Firm Leader to be someone who:

- Preserves our firm's traditions and culture **versus** modifying our culture to adapt to new challenges in the marketplace.
- Focuses on working inside our firm **versus** focusing externally, building a high profile with our clients and marketplaces.

- Has a wide experience working in different domestic markets **versus** experience working across an international footprint.
- Is comfortable making strategic moves that involve risk to lead the market **versus** making smaller, incremental changes that follow competitors.
- Offers a personal strategic vision for the future of our firm **versus** facilitating and letting others make strategic choices.
- Focuses on capitalizing on short-term opportunities **versus** focusing on longer-term profit creation.
- Has fresh ideas and leads by encouraging innovative initiatives versus being cautiously practical and following best practices.
- Has prior management experience in a compatible business setting **versus** recognized as a go-to expert with excellent professional qualifications.
- Has an enviable track record of originating business **versus** a track record of being accomplished at leading people.
- Obsesses over getting things done (sense of urgency) **versus** focusing on getting things right (attention to detail).
- Is very hands-on and involved in managing the detail **versus** hands-off and good at delegating and holding people accountable.

- Is empathetic to people's performance problems **versus** unwilling to allow sustained underperformance.
- Instills discipline in providing clients with consistently excellent services **versus** allowing professionals personal autonomy to each do it their own way.
- Serves as the public face of the firm with media **versus** facilitating opportunities for others to realize a higher profile.



## APPENDIX C

# When Term Limits Might Be Considered

For many years there has been a quiet and uneasy controversy within firms on whether to limit the tenure of the firm leader. In fact, a decision to restrict the firm chairman's length of service to no more than two three-year terms is regarded as one of the reasons for the Heller Ehrman collapse.

For me this has been a rather amusing question given the lack of internal adulation accorded most managing partners. I mean, let's face facts. I often joke with new firm leaders about what the heck they were thinking when they accepted the obligation. After all, being in any management position is what smart lawyers are seen to disparage, not lust after. In fact, most professionals would tell you that anyone who appears too eager to take on a management position is suspect and these positions are largely seen as non-contributing drudgery. Meanwhile, partners are often quick to challenge anything that suggests that they are being led. Quick show of hands: *"How many of you regard yourselves as followers?"*

So here we have an important leadership role that people aren't exactly chasing after and one that isn't always internally accorded the respect that it perhaps rightfully deserves; and then we impose artificial limits on the tenure of the incumbent. Does this make any sense?

What I've discovered is that there are good arguments both for and against term limits, but after examining both ideologies, the more compelling question then quickly becomes, how as a firm leader, after some years of service, do you continue to remain enthusiastic about your job and maintain a fresh perspective toward new ideas about how to lead the firm?

Let's start with examining the compelling arguments both for and against term limits.

### **The Argument AGAINST Term Limits**

In my experience, veteran managing partners, whether serving part or full-time, will often admit that for a good part of their first year in office, they were flying blind. Why? I would speculate that their discomfort was largely due to the lack of guidance and training most new firm leaders receive. Theirs is largely a sink-or-swim challenge. Those same veterans will also report that by year two they were beginning to feel some confidence and that only by year three were they really beginning to make some meaningful progress. And in many firms, after three or four years, the firm is looking for some other partner to take his or her turn at serving in



office. So if this is the common experience of firm leaders, why would you ever want the person in charge of your firm's strategy and direction to be limited in their effectiveness to some arbitrary and bureaucratically mandated time limit?

Those that argue against term limits would say that the issue should not be about how long the individual serves. Rather the issue should be: does the individual deserve to remain as the firm leader based upon their performance. They would argue that good firm leaders possess the ability to refine their thinking to reflect the evolving needs of the firm and its changing business climate.

Leaders that cannot adapt to a changing environment won't be effective whether they hold the job for 12 months or 12 years.

Chronological tenure is not the issue...business savvy, leadership prowess and the ability to execute on the firm's strategy should constitute the metrics surrounding any leader's performance evaluation.

And of course, if you are concerned about the firm leader's performance, you should start by selecting the right partner for the job and then ensure that they have a proper position or job description outlining their responsibilities and authorities (and unfortunately, according to my research only about 26% actually do). You then follow-up your thoughtful selection decision by providing the individual with the tools and resources necessary to get the job done. Finally, you compensate your firm leader for performance or hold him or her accountable for a lack thereof. The last time I checked, any leader can

always be removed for lack of performance, or moral and ethical indiscretions, so what purpose do term limits serve?

It should also be recognized that the time needed to attain performance goals may vary depending on whether the managing partner is leading a highly successful firm or having to contend with a troubled firm – losing ground to the competition, drifting aimlessly without much defined direction, and likely facing partners with deeply ingrained behaviors. In other words, stating that the firm leader of a highly successful firm should operate with the same term limit constraints as a leader of a troubled firm is both unrealistic and dangerous thinking.

So, if you have the wrong firm leader, replace him or her . . . and if your elected board is asleep at the switch and does not hold the individual accountable, shame on them, but term limits . . . why?

This argument against term limits suggests that you should not hand-cuff or bridle your firm leader but rather give him or her the room to lead, manoeuvre, innovate and succeed.

### **The Argument FOR Term Limits**

Over 40 years ago, two sports researchers, Eitzen and Yetman, in an obscure article entitled *Managerial Change, Longevity and Organizational Effectiveness* reported on a research finding that has significance to any debate on leadership tenure. These two academics found, from a large sampling of college basketball coaches, that a relationship actually exists between coaching tenure and team performance. The duo discovered that the longer the coaching tenure, the greater the team success. However, after a certain

period – 13 years on average, the team’s performance consistently began to decline . . . steadily.

Fast forward 20 years and we find two Columbia University professors, Hambrick and Fukutomi building upon this initial research, proposed a model outlining five discernible phases in the evolution of a CEO’s tenure in office. Their research demonstrated that in the first phase the leader is working to develop an early track record, legitimacy and a political foothold. This is followed by a period where the incumbent has achieved small successes and established credibility sufficient to be willing to consider exploring new directions. In the third phase the leader tends to select a theme for how the firm should be configured and run from that point on – in other words, the leader selects those elements that seem to work the best and that are the most comfortable. By the fourth phase a period of refinement occurs wherein only a few new changes are made and those changes are largely designed to fine-tune earlier directions. At some point, job mastery gives way to boredom; exhilaration to fatigue; strategizing to habituation. Inwardly the leader’s spark becomes dim and responsiveness to new ideas diminishes.

Interestingly as this happens and even though the leader may be disengaged psychologically, his or her power is at an all time high. In a professional service firm context this firm leader may have appointed many of the current practice group leaders and office heads, had a hand in selecting board members, retains loyal sup-

porters throughout the firm, and may even perhaps have developed an aura as the senior stateswoman. And none of these constituents are likely to have much of an appetite for disrupting a good thing.

For such firm leaders, even though the excitement of managing the firm may be long gone, giving up the title is generally an unappealing option. As a result, the duration of this dysfunctional stage in the leader's tenure can be protracted. Thus the primary risk to any firm from having an overly long-serving leader can be malaise and lethargy.

If we think about it — other than forced retirement for performance transgressions, why do firm leaders depart? Many depart at mandatory retirement age or at a time when they just want to do it. Because the managing partner accumulates power as a function of time in office and because partners become comfortable over some years of prolonged firm success, mandatory term limits may be the only realistic way to ensure that the professional leaves office before his or her performance deteriorates.

Those that argue for term limits would say that while age is irrelevant, according to this empirical research, tenure may be very relevant. The central argument that this research proffers is that there are discernible phases within a leader's tenure and that these phases give rise to distinct patterns of attention, behavior, and ultimately firm performance. They suggest that organizations need to

be alert to the dangers of their firm leaders staying too long in office. Aside from performance aberrations that need addressing, there is an optimum time to serve. Hence, the concept of term limits.

### **Retaining A Capacity For Renewal**

So where does all this leave us? We may well conclude that a firm leader's term in office can be both, too short or too long.

It can be argued from the research, that because of the learning process, a managing partner who leaves prior to three or four years in office has not had ample opportunity to achieve peak performance. Thus it may be harmful for firms to have some partner serve a three-year term, only to be followed by their successor launching the firm in some new direction before achieving any return from the complete implementation of the previous administration's initiatives.

One of the curious questions that this raises is whether the deterioration that purportedly comes with an extended tenure can be forestalled. After all, there are plenty of very successful firms with long-tenured firm leaders. I therefore, asked several firm chairs and managing partners what they do to recharge their batteries. As one might imagine, these leaders cited a number of different tools and techniques.

At the most personal level, some identified keeping a personal

journal into which they listed ideas that they remained excited about implementing; the discipline to delegate certain managerial tasks both to develop other possible leaders as well as stave off the boredom of what had become routine; to reserving specific day-timer blocks dedicated to “think time.”

Brian Burke having served as Baker & Daniels CEO for 16 years suggested that you need to have a coach (“*someone in whom the leader can confide and on whom she/he can rely as a sounding board*”) and that you need to keep reading and learning (“*learning can be among the most refreshing activities, especially if the subject is new and different*”).

From 13-year management veteran John Sapp at Michael Best, I heard about how active participation in management forums sponsored by organizations like Lex Mundi kept him in touch with new ideas and how he attended the Harvard program on managing professional firms . . . twice.

Still others talked about the need to get away from the ‘group-think’ inflicting the profession by continually hosting monthly partner luncheons where client CEO’s came in to talk about innovations that they were cheerleading in their companies; networking with firm leaders from other kind of professional service firms; and by instituting a process whereby the office heads organized

themselves into a trends monitoring committee that reported quarterly on new developments capable of affecting the firm.

Marc Bloom, a long-serving chairman of the Dutch firm NautaDutilh, created an external advisory committee populated by economists and business executives. Bloom said the panel kept him on his toes by challenging the firm's strategy and general business operations.

Finally from Harry Trueheart, now retired Chairman of Nixon Peabody I heard;

*“the question of forestalling deterioration is an interesting one but has a bias. It assumes a skilled leader can and should go on indefinitely despite the trajectory of the organization - not a sound premise. Law firms in particular need to renew and refresh themselves, develop talent for the future, assure a continuity of leadership talent and a broader pool from which to pick. So the process naturally requires renewal and there is a cycle. The length of the cycle may vary and we could have an interesting discussion about optimum lengths. I would say any firm leader who cannot sustain for 6 years is not a good pick. If the firm can get more, then they have found a good one - say nine. Depending on when a person starts the job, the next question is what does the firm do with them- after 6 or 9 more years. It is a probability of law firm life that leaders who have been in the job long enough to see their practice waste away and find themselves in middle age*

*or in a harsh political environment, must leave the firm to survive. So firms may want to take that into account. More than a decade of service is an accident of circumstance, luck and skill coming together.”*

I believe it is really the firm leader’s state of mind that is the critical part — knowing that his or her identity is not all wrapped up in the position forever and that there are new challenges out there. Part of this state of mind is understanding that someone else could be even better at managing the next stage in the firm’s growth—and being content with that knowledge.





# IDENTIFYING CRITERIA

## CHAPTER 4

# Develop/Refine The Job Description

You will note that the primary task of your Nominating Committee is not usually to make a selection. Their task is to solicit a pool of good candidates or identify one consensus candidate. That gives rise to a number of possible concerns that members of your NC may express.

In some firms, there will be those of your Committee members who will want to discuss how the Committee should react if certain candidates are nominated. They may lament the fact that certain individuals do not possess the ideal characteristics for becoming the firm's next Leader. Some of your Committee members may even be justifiably suspicious that this selection process is likely to attract a few partners who view this management job as their ticket to semi-retirement.

At the same time, one would hope that a serious candidate, and someone who viewed this position as the important job that it is, would just naturally ask for some specific detail on what the job entailed. Any individual considering a nomination should want to get clarity around what authority and responsibilities they might

have, how they would relate to the Executive Committee / Board, and even whether they might be able to maintain a relationship with a few of their key clients or whether this was the type of commitment that would require their passing off all their clients to the care and attention of some fellow partner.

That said, in three separate surveys (always with over 100 law firms responding), that I conducted between 2004 and 2018 – I found that on average, about 72% of law firm leaders reported operating WITHOUT any formal written job description – and that was consistent across firms of all sizes (even those with over 500 lawyers). The vast majority classified their job description as something that was . . . “informal and understood” consistently followed by numerous respondents bemoaning to me both in written form and later in supplementary interview comments that their partners “really don’t understand what I do!” Indeed, after stepping down from being the Managing Partner of Lathams for some twenty years, even Bob Dell commented that one of his greatest surprises was that partners did not really understand what he did.

Not to belabor this particular issue but when I inquired of a colleague, Dr. David Dotlich (named one of the top 50 CEO coaches and author of nine business bestsellers) whether CEOs of Fortune 1000 companies have a written job description, David confirmed:

*“Most CEOs of large public companies certainly do have a formal job description. In fact, now SEC regulations demand that a for-*

*mal succession plan is required of the Board. This has led to much more discipline in the creation of formal job descriptions. The trend is definitely in the direction of rigor and formal descriptions because Boards are afraid of shareholder litigation for lack of oversight.”*

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

### **When a formal written job description exists**

Your current firm leader has perhaps the richest understanding of the context, requirements and demands of the position together with an in-depth knowledge of the day-to-day responsibilities and activities. When a formal job description exists the normal course of action would be for the Executive Committee or NC to request of the incumbent that he or she review the Description and offer any amendments, modifications or additions that make sense going forward.

Now what can make this task particularly challenging is when some of the tasks and /or responsibilities may have been handled in the past by someone other than the firm leader. So for example, perhaps some partner has been dedicating a part-time effort to visiting certain of the offices, or your firm's COO has been taking full responsibility for the financial affairs of the firm, all because this particular incumbent have neither the available time, specific skills or disposition to handle certain obligations. Going forward then, you need to ensure that certain important elements of the leader's job description don't get omitted or fall-between-the-cracks.

### **When a formal job description does NOT exist**

In order to help various of your partners to realistically evaluate whether this is a position they would find interesting, while also serving as a disincentive to those who may actually think that this is some form of semi-retirement, it is important to detail the enormity of the job. Therefore, an important task of either your complete Board or your NC members is to develop a written position description detailing the tasks and responsibilities of the Managing Partner.

In my work with helping firms develop a more formal understanding of what this position requires from a Managing Partner, I have identified 50 discrete tasks that comprise what a comprehensive job description might contain. (See Exhibit 5)

I am not claiming that this is a comprehensive listing but a template from which you may amend or make additions.

What you need to do is to look at the various responsibilities that comprise the job and then determine which are of primary importance to the duties you want your firm leader to perform. This list might also be used to delineate which responsibilities are best suited to the firm leader and which might be delegated to someone else – an Administrative Partner, a Deputy Managing Partner, or the COO. To that end, in Exhibit 6, I have provided an example of how you might weight the various responsibilities should you choose to proceed in that direction.

This listing of responsibilities can also be helpful in the event that you firm decides to adopt a structure of co-leadership and then faces the need to divide the various responsibilities between two co-managing partners (See: **Appendix 1 in Chapter 14: When You Select Co-Managing Partners**).

Once you have discussed and “ticked off” those responsibilities and essential functions that comprise a realistic inventory of responsibilities, you are then in a good position to begin to draft a narrative of the formal, written Job Description, incorporating the various elements.

Another way to think about your final, written job description is to categorize these various responsibilities under important sub-headings:

1. Provide Leadership (including communications at all levels)

2. Develop Strategic Plan and Direction (includes thinking about the future, tracking trends)
3. Be A Catalyst For Growth and Expansion (continually push to develop new areas of practice, improve marketing)
4. Client Service (visit with key clients of the firm)
5. Active Role in People Development (personnel policies, integration of new hires, maintain team environment, involved in lateral recruitment, mentoring)
6. Build Effective Management Team (COO, Marketing, IT, HR)
7. Keep Fingers on Finance (from banking relationships to monitoring key performance indicators)
8. Deal with Partner Issues (practice group and office structure, partnership agreements, governance and succession of baby boomers)
9. Effective Risk Management (acceptance and continuance of clients, quality control, billings & collections)

10. Public and External Representation (serving as the face of the firm and media spokesperson)

### **EXHIBIT 5:**

#### **The Firm Leader's Job Analysis**

#### **Firm Leader – Responsibilities and Essential Functions**

1. Acts as the chief executive officer, the official spokesperson for the Firm and as its ceremonial head, represents the Firm within the communities it serves and maintains relationships with key community leaders.
2. Serves as a member of the executive committee, maintains communications between the executive committee and the partners, and carries out the decisions of the executive committee.
3. Serves as the keeper of the firm's culture by promoting and preserving those standards and qualities that the partnership has designated as mission critical, especially with new lateral talent that may join the firm from time to time.
4. Prepares agenda, does research, gathers facts and ideas, proposes solutions to Firm problems, drafts proposed policies and



procedures for consideration of the Board, is responsible for implementation and enforcement of policies and procedures after approval, and in general, assists the Board in gathering facts and data necessary to decide matters of policy and procedure.

5. Plans and arranges the meetings and manages the affairs of the Board including recommending the formation and abolition of committees and committee chairs.
6. Performs such other duties as may be delegated by the executive committee, necessary to ensure effective operations of the firm.
7. Responsible for the day-to-day operations of the Firm and as such, coordinates the activities of offices, departments, and practice groups.
8. Proposes and recommends partners for election to the Board.
9. Consults with executive committee members on matters that might affect their performance and deals with problems among partners, when other persons are unable to resolve such problems.
10. Evaluates recommendations for partnership candidates to the partners.

11. Determines long-range needs and goals for the Firm and presents them along with plans and recommended actions to the executive committee.
12. Ensures the establishment of a strategic direction for the firm and that plans, as approved by the Board, are successfully implemented.
13. Assist each office and practice group leader in the preparation of a business plan and ensure that all business plans are properly prepared, agreed, maintained, monitored, and aligned with that of the Firm.
14. Recommends appointment of and conducts annual evaluation of the chief operating officer and office managing partners for approval by the Board.
15. Anticipates significant changes in the profession and in industries served, as well as develops contingency plans for the future in light of these anticipated changes.
16. Ensures that the structure and the systems of the Firm are kept properly aligned with the changing external environment and manages any change initiatives which are necessary to ensure that the Firm continues to make progress in a fast changing world.

17. Considers changes in the environment that might indicate needs to recommend the restriction of some services or the addition of new practice areas.
18. Assumes overall responsibility for the maintenance of the partnership or shareholders' agreement.
19. Keep partners informed by scheduling, calling, arranging, and conducting annual and other partnership meetings. Before each meeting, shall circulate an agenda requesting suggestions for additional items. Between meetings, shall keep all partners apprised of current situations of concern.
20. Coordinates the development, implementation and maintenance of the Firm's philosophy, strategic plans, and organizational structure.
21. Manages and remains in overall control of the management of the Firm and each office within it, on an operational basis; and
22. initiates regular visits to each of the Firm's offices to meet with and assist the partner in charge.
23. Leads the firm's efforts to achieve the profit objectives for the Firm.

24. Provides a climate for mutual respect among partners by maximizing communications.
25. Prepare as and when necessary reports on the Firm and its progress and deliver the same to the Partners
26. Prepares and administers the operating budget, including control of expenses and operating costs.
27. Oversees the financial affairs of the Firm has the authority to legally execute contracts, make purchases and incur debt obligations in amounts not exceeding \$50,000 without a resolution of the Board.
28. Assures that a financial report is presented to the shareholders monthly and that inquiries by members of the Board always receive a prompt and accurate response.
29. Plans capital structure and debt policies appropriate for operations. Monitors firm's capital requirements and arranges financing as required.
30. Oversees the determination of proper administrative management staffing levels to enable the firm to achieve its goals. This will include:
  - a. Forecasting requirements
  - b. Recruiting
  - c. Assigning and implementing compensation levels

- d. Developing specialist skills
  - e. Evaluating and motivating performance
- 
- 31. Sets the compensation for the chief operating officer and, through that position, approves the compensation for all administrative and staff employees.
  - 32. Removes and replaces any administrative director who is not performing effectively.
  - 33. Administers the day-to-day operations of the business and its various offices; and ensures adequate working conditions.
  - 34. Undertakes those projects and activities necessary to maintain the practice in a sound business condition.
  - 35. Oversees partner and staff training in technical as well as managerial and client relations skills, controls continuing professional education schedules for the Firm in a way that will assist all personnel in achieving their goals.
  - 36. Coordinates contracts between the Firm and any outside agencies and suppliers.
  - 37. Serve as the spokesperson for the Firm in discussions and negotiations regarding lateral recruitment of new professionals;

and enters into agreements (subject to the authority granted by the Board).

38. Recommends criteria and coordinates negotiations for the merger or acquisition of practices and development of new offices.
39. Ensures that adequate insurance coverage is provided and maintained, including:
  - a. Professional liability
  - b. Health care
  - c. Other appropriate policies
40. Exercises financial controls to achieve the firm's goals, including:
  - a. Financial reporting
  - b. Budget management
  - c. Control of work-in-process (WIP) and receivables
  - d. Determination of reserves required for WIP and receivables on a quarterly basis
41. Supervises the preparation of consolidated financial statements and other financial information to help each office control costs and perform profitably.

42. Establishes and monitors firm standards of performance, including write-offs, write-downs, chargeable hours, receivables collection, net realization, and other standards and statistics as may be defined.
43. Ensures adequate working capital, maintains borrowing lines, coordinates purchasing, and monitors fiscal management systems.
44. Develops and strives to achieve individual office goals in the areas of new business, productivity, and profitability.
45. Sets a proper example for the professional staff by participating in professional, civic, and community activities.
46. Determines service requirements and ensures regular personal visits to key client contacts and engagement control consistent with the Firm's policies and procedures.
46. Takes immediate action in attending to problems and situations of concern in a particular office as brought to the attention of the firm leader by the partners-in-charge.
47. Ensures that each partner receives an annual review and evaluation.

48. Seeks annual feedback from partners and subordinates about the personal performance of the firm leader and what remedial actions may be required.
49. Selects outside consultants and proposes their engagements to the board for approval.
50. Prepares, reviews job descriptions, and conducts annual performance reviews for those who report to the firm leader. Also, analyzes functions and recommends changes of emphasis considered appropriate.

The incumbent should review the various elements of any existing job description to determine which are still relevant, need modifications, and if there is any important activity / responsibility that is missing.



**EXHIBIT 6:**

**Rating The Firm Leader’s Job Description Elements**

Criteria

CF Regarded as a core function of the Firm Leader

SF Regarded as important, but of secondary importance

NA Not applicable to Firm Leader’s responsibilities

RESPONSIBILITIES & ESSENTIAL FUNCTIONS	CF	SF	NA
Acts as the chief executive officer, the official spokesperson for the Firm and as its ceremonial head, represents the Firm within the communities it serves and maintains relationships with key community leaders.			
Serves as a member of the executive committee, maintains communications between the executive committee and the partners, and carries out the decisions of the executive committee.			
Prepares agenda, does research, gathers facts and ideas, proposes solutions to Firm problems, drafts proposed policies and procedures for consideration of the Board, is responsible for implementation and enforcement of policies and procedures after approval, and in general, assists the Board in gathering facts and data necessary to decide matters of policy and procedure.			

## CHAPTER 5

# Identify Your Selection Criteria

Once you have developed or refined a formal written job description, you should then direct your attention toward having the Board discuss whether there are any specific selection criteria that a candidate requires in order to be considered to have the basic qualifications for the position. These might be viewed as the “minimum standards” that any candidate needs to possess in order to be a finalist.

Your Board needs to identify and carefully define these minimum standards in writing and make them visible to the partnership early in the nomination process. The three selection criteria that are most often articulated include:

### **1. Past experience**

What kind of prior experience and track record should the new firm leader have? Should this individual have some prior experience serving as an office head, as a practice group leader, as an elected representative on the Executive Committee / Board or is that not necessary?

In my research, I have asked firm leaders about the guidance they were provided when they first took office. Only about 38% claimed that having served on the firm's executive committee/board "was helpful" in preparing them and only 15% professed to have been "pretty much prepared for everything I encountered." The only correlation for the typical firm leader to feel totally prepared for what they encountered was "having served as a firm leader previously" or "having external management / leadership experience." Ironically, having served as deputy managing partner, an office head, or as a practice or industry group leader seemed to have minimal value in preparing one for taking on the responsibility leading the entire firm.

Nevertheless, you should consider whether a candidate having had some kind of prior management experience or management training is a required condition of being considered.

Ben Johnson, the former Chairman of Alston & Bird in Atlanta made a convincing argument to the attendees of one of our First 100 Days masterclasses about how holding leadership roles within non-profit organizations, wherein you are required to manage and lead a group of essentially "volunteers" is the best training ground for leading within a professional service firm. So, what other kinds of leadership experiences does the candidate bring to the table?

## **2. Length of time with the firm**

Is there a minimum length of time that a qualified candidate

should have in terms of their service with the firm in order to fully understand the firm's values and culture? Can some lateral partner who has only been with your firm for three years be qualified to be a candidate for the firm's leadership position?

### **3. Willingness to devote time to management**

The board should make it clear to potential candidates what their expectations are with respect to how much time they require their next firm leader to devote to the job. Is this to be a strictly full-time undertaking or will the individual be allowed to maintain some client involvement – and specifically, how much of a client load is acceptable.

What I often see is individuals taking on the job expecting that they can manage a 50/50 time split between their personal practice and management responsibilities. It may start out that way but over time the shift toward spending increasing amounts of time on the management side of the equation usually always grows.

As one Firm Chair expressed it:

*“Leadership is a contact sport. Leaders of large firms have always been on the road; this is not a new development. But now the stakes are higher. With so many offices, practice groups and markets demanding attention, it becomes more challenging to check the pulse of the partners, to gauge the effectiveness of local office leaders, and to know when to intervene.”*

Unfortunately in one case where the Board did not set out specific standards and expectations, I met with the new managing partner of a 250-lawyer firm whose personal book of business was significantly large and following his election he declared that he would be spending less than 25% of his time with management responsibilities. That came as a bit of a shock to the members of the firm's Board . . . but he had already been elected so they now had quite the dilemma to try to resolve.

Beyond these three questions, some Boards may choose to address additional questions such as:

- How much authority will the firm leader be given and how should the roles of the firm leader and the Board complement each other?
- What are the Board's top priorities for their new firm leader?
- Where specifically should the Firm Leader place his / her emphasis on, over the first 18 months?

Exhibit 7 provides an example of one firm's published Evaluation Criteria. This was developed to become an integral part of the final Application form materials provided to the partnership to help partners understand what is required of the ideal candidate and help them make thoughtful nominations.

**EXHIBIT 7:**

**Example of Firm Leader's Evaluation Criteria**

**New Firm Leader's - Evaluation Criteria**

The Board has determined that the following talent and skills are needed by a Firm Leader to move the firm successfully into the future, and therefore will use this as a basis for assessing the qualifications of any and all available nominees:

*Prior Management Experience:*

The ideal candidate should evidence having some prior management experience within our firm (or at a former firm), such as Board, Management Committee, Office Managing Shareholder, Compensation Committee, Collections Committee or the like; or alternatively, evidence having served with executive or leadership responsibilities in a corporate or non-profit organization beyond just a brief role. That experience should be enough so that the Board can be reasonably assured that the new Firm Leader has demonstrated leadership skills necessary to motivate professionals and staff across the firm to work together to achieve clearly identified collective goals.

*Length of Time With Our Firm:*

A minimum of three years with our firm should be sufficient to acquire knowledge of the operation of the firm and its "culture and aspiration." Today, a majority of our partners are laterals and represent a blend of backgrounds and experience. Together we have

created a culture of cooperation, mutual respect, hard work, and inter-dependence across offices and practice areas. We aspire to consistently provide the highest quality representation and solutions for our valued clients.

*Willingness To Devote Full-Time To Management:*

The demands of the Firm Leader's position clearly compel a full-time commitment including extensive national and international travel. While the position needs the credibility of having been a successful practitioner, day-to-day focus needs to be on the successful operation of the firm. This must be done while still maintaining critical client relationships. This requires a difficult but essential balance between being a trusted client advisor while gaining the clients' confidence that their day-to-day needs will be expertly met through a network of qualified professionals. The successful candidate will also have established a plan regarding how to return to full-time practice at the end of their expected term or transition into a different role and/or retirement.

*Values and Critical Skills:*

A core value of the Firm Leader should be putting the collective well-being of the firm, its professionals and staff, above his/her own personal success or rewards while displaying team-building and consensus building capabilities. This core value should not only exist but be widely perceived by partners and our entire professional community. The candidate should also possess exceptional skills in communications, both with individuals and groups,

internally and externally. The Firm Leader should demonstrate the ability to see beyond day-to-day operations and maintain focus on achieving the policy goals established by the Board and internalized by the partnership. In accomplishing these goals, the candidate should be a good listener, capable of accepting constructive criticism and have a reputation of possessing both of these important skills.

*Authority and Accountability:*

The Firm Leader must establish a cooperative working relationship with the Board as set forth in the firm governance documents. The Firm Leader should make day-to-day operating decisions through empowering members of management while holding them accountable for the results. The successful candidate should be the strategic implementer of Board Policy. This includes making sure adequate information is presented to the Board regarding policy formation and amendments as well as offering policy recommendations where appropriate. In turn, the Board should fully empower the Firm Leader with the operation of the firm and the implementation of Board-approved policy. The Firm Leader should expect to be accountable to the Board for the implementation of policy as opposed to the Board's direct involvement in the management and operation of the firm.

*Immediate Priorities:*

The specific priorities of the Firm Leader in the near term will include:



- Moving forward with the implementation of . . .
- Maintaining and developing the . . .
- Expanding the . . .
- Continuing the . . .
- Evaluating and planning for the . . .

While addressing the above immediate priorities, the Firm Leader's central mission remains building unity among the offices, the partners, and the staff.

### **EXHIBIT 8:**

#### **What The Successful Firm Leader Is Not**

Dom Esposito, a CPA voted as one of the most influential people in the accountancy profession for two consecutive years by Accounting Today, offered some sage advice to highlight what a successful managing partner is not.

#### **A successful MP is not:**

##### *1. The number one biller in the partner group*

It's someone who also isn't the partner with the highest billable charge hours. Depending on the size of the firm, some day-to-day client responsibilities for a managing partner are essential. And while a successful MP usually carries a small client load to stay grounded in client service and to remain credible with the partner group, billings and chargeable hours are truly a small part of the job. A managing partner's clients are the partners, giving them the

opportunity to maximize their strengths while minimizing their weaknesses. A managing partner has to be readily available for big opportunities or problems and is someone who creates an environment of trust among the partners.

*2. Someone who comes from outside the existing partner ranks*

That's too risky, particularly if someone comes from outside the professional service firm environment. We don't know of one situation where such a tactic has been successful at one of the Top 100 firms. The "outsider" obviously doesn't know the firm's history or culture or the partners' individual strengths and weaknesses. The "outsider" also isn't attached to the firm's vision and strategic plan. Please stay away.

*3. Two partners functioning as co-managing partners*

In the spirit of political correctness, it is not unusual for firms to select co-managing partners. It's a safe decision that doesn't offend quality partners who are competing for the position. From time to time, this kind of arrangement works, but oftentimes it doesn't and should be taken with lots of caution. Too often firms with co-managing partners are plagued by inaction or conflicting directions, with little if any consistency on strategy. If co-managing partners can be avoided, firms should take the bold step and tough decision of selecting the right person for the job, and make sure they do their best to retain the other contenders for the position. Admittedly, retention may not be easy to accomplish. So,

the best advice is to avoid a scenario like this completely by being clear as to the characteristics a firm is looking for in a managing partner – then go for it.

#### *4. A part-time committee*

Firms should NOT be run by part-time committees. A firm needs to make decisions and move on. Sure, a firm needs oversight committees, such as a management committee or an operations committee, to provide oversight and direction to the day-to-day operations. A firm also needs an executive committee for corporate governance, partner matters, and strategy. But a firm can't possibly prosper if the key leadership role is delegated to a part-time committee who reacts to situations when time permits. That's a recipe for disaster. No one is steering the ship, thinking about strategy and the future while at the same time making sure the necessary blocking and tackling is being tended to. It's important to make sure the firm is delivering on its metrics and performing high-quality services.

An effective leader has to set the tone at the top and has a very big impact on the firm's culture, behavior, and compensation of the partner group. Being a firm leader requires a person to walk the talk, to lead by example, "to do as I do, not as I say". It's a challenging and daunting responsibility. As a leader, every word a managing partner says and every action taken has a tremendous impact, not only among the partner ranks but also throughout the firm.

Firms need to be careful in selecting their firm leader. The goal should be to ensure a high probability of success. That's not only good for the managing partner, but for the firm and future managing partners. Firms should consider "protecting" the managing partner with an agreement, with compensation and severance provisions, that ensures employment for two or three years after the person steps down as managing partner.

While this is rarely done in today's world, the lack of such an agreement could very well be one reason many firms have difficulty attracting effective managing partners and, as a result, are unable to achieve the next level of success.



## CHAPTER 6

# Identifying Specific Performance Requirements

In my various research surveys I have often asked of firm leaders whether there were any specific qualifications required to be the next chair or managing partner. An astonishing 78% of responding firms usually declare that there was “nothing specifically defined.” Others will made reference to various factors like unselfishness, compassion, temperament, vision, trust, visibility within the firm and so forth.

I believe that your leadership selection process provides an opportunity to involve every partner in having a say about what kind of firm leader they think should be considered. With today’s online survey technology or by utilizing your firm’s intranet you can easily poll your partners, make them feel involved in the final decision and solicit some valuable feedback on their collective opinion. As with most invitations of this nature, you cannot expect that all of your partners will participate, but my experience is that you will normally receive over 85% involvement with everyone feeling positive about the experience.

Exhibit 9 provides you with a list of 51 Performance Traits. In one recent example, 450 partners, by way of a firm-wide survey, identified from this list, their top 12 – those traits that they collectively felt would be MOST important for any candidate to demonstrate as the new firm leader (see Exhibit 10). And if you are not inclined to involve all of your partners this is still a worthwhile exercise for your Board members to engage in.

### **EXHIBIT 9:**

#### **Firm Leader Performance Dimensions**

##### Firm Leader Performance Dimensions

[Below is a list of 51 performance traits. Please choose only those 12 that you feel would be most important to being an effective Firm Leader]

#### **Management**

- Prioritizing and Planning - Effectively establishes short-term goals, roles and responsibilities, milestones, and priorities.
- Strategic Focus - Thinks strategically, creates an ongoing, dynamic strategic planning process; communicates the firm's direction and ensures implementation of action plans.
- Manages Performance – Identifies inefficiencies and recurring problems and restructures the firm to maximize effectiveness.

- Holds People Accountable - Gets results by clarifying expectations, establishing systems and controls to monitor performance, and addresses underperformance in a timely manner.
- Lateral Recruitment and Selection - Commits time and energy to the selection of first-rate laterals, conducts thorough interviews, makes good hiring decisions, and builds a team with diverse skills and strengths.
- Big Picture Perspective - Keeps an eye on the big picture, effectively prioritizes, and avoids being consumed by detail or low priority work.
- External Focus - Keeps current with developments that may impact the firm, continually observing, identifying and communicating trends, opportunities, and threats that could affect the firm's future.
- Manages Diversity - Effectively manages in a diverse firm by understanding and adapting to individual differences (gender, ethnicity, culture, beliefs, values, etc.).
- Coaches and Develops Others - Helps professionals change behavior, improve performance, and sustain commitment through support, encouragement, collaborative problem solving, goal setting, and gathering and giving feedback.

- Praise and Recognition - Recognizes, praises, and rewards others for good performance.
- Client Focus – Visits with key clients and addresses needs and concerns, keeps the responsible professional informed, solicits opinions and ideas, and shows commitment to providing for exceptional client satisfaction.
- Facilitates Conflict Resolution - Facilitates conflict resolution between and among partners and staff, by surfacing and clarifying areas of disagreement and creating an environment where resolution is possible.
- Works Across Offices – Provides frequent visits, cultivates relationships, shares information across the firm, and considers the impact of decisions on other offices and groups.

## **Leadership**

- Synthesizes and Articulates Vision - Articulates a clear, coherent, compelling vision of the desired future that inspires, motivates, and focuses partners and staff.
- Takes Initiative - Assumes responsibility and leadership when necessary and shows initiative and a bias for action.



- Inspirational - Gives the firm hope and inspiration through optimism, energy, determination, and commitment, especially in tough times.
- Motivates Others - Communicates excitement, enthusiasm, and passion for the firm and its goals.
- Emphasizes Excellence - Sets challenging and high standards of excellence, while refusing to accept mediocre or substandard performance.
- Empowerment - When possible, moves decision-making to the level where work is done, giving individuals a sense of control, freedom, influence, and the opportunity to be creative; creates an environment that promotes taking initiative.
- Creates Consensus and Buy-in - Builds support and commitment amongst partners for initiatives, through communication and involvement.
- Builds Teamwork - Encourages teamwork by fostering cooperation, communication, trust, shared goals, interdependency, and mutual accountability and support.

## **Decision-Making and Problem Solving**

- Sound Reasoning – Effectively diagnoses problems, identifies core issues, exercises common sense, sees critical connections and ramifications; and analyzes alternatives.
- Risk-Taking - Challenges the status quo, supports fresh perspectives, tries out new approaches, champions change, and acts in the face of uncertainty.
- Creativity and Innovation - Personally generates new ideas, approaches, and solutions, and creates an atmosphere that encourages innovation and creative thinking.
- Decisiveness - Makes clear-cut decisions with a sense of priority, avoiding delays and procrastination.
- Uses Available Resources - Uses all relevant and available resources; looks for opportunities to leverage the competencies of others and the capabilities of technology, systems, etc.
- Thoroughness - Attends to detail and develops comprehensive approaches to problems.
- Objectivity - Maintains a realistic perspective and keeps personal biases to a minimum.

## **Interpersonal Skills**

- Encourages Dialogue - Is open to differing ideas and views, avoids intimidation or domination, and welcomes suggestions and critical feedback without a defensive response.
  
- Actively Listens - Is approachable and listens attentively, doesn't interrupt, accurately hears what is said, asks questions to clarify meaning, communicates understanding, and shows interest.
  
- Verbal Communication - Communicates ideas clearly and is able to organize and explain complex topics in easy-to-understand terms, tailoring ideas to the audience.
  
- Social Astuteness - Accurately reads, and responds astutely and diplomatically in dealing with others; understands the dynamics of the firm and the differences within various offices.
  
- Formal Presentation - Delivers poised, interesting, high-impact, informative, and organized presentations that meet the expectations and needs of the audience.
  
- First Impression - Creates a positive impact through social confidence, sincerity, dress, and fluency with verbal concepts.

- Information Sharing - Openly shares information with colleagues, keeping them in the loop about plans, activities, objectives, recent developments, and progress toward goals.
- Negotiation Abilities - Negotiates win-win outcomes by being well prepared, gaining trust, searching for mutually beneficial solutions, and being willing to compromise when appropriate.
- Forthrightness - Operates with integrity. Is sincere genuine, open and direct with others. Has no hidden agenda.
- Resolves Differences (Self & Others) - Avoids unproductive confrontation between self and others and resolves disagreements in an open and productive manner.
- Sensitivity and Consideration - Shows respect for others and is sensitive to their needs, concerns, and perspectives.
- Relationship Building - Effectively uses interpersonal networks to facilitate the achievement of desired results.

## **Personal Attributes**

- Achievement Oriented - Displays energy and motivation to work hard, strive to be successful, attain goals, and master complexities.

- Pursues Personal Growth - Consistently pursues opportunities to improve professional and personal effectiveness.
- Accountable - Accepts responsibility, holds self and group accountable for key goals, and doesn't blame others when the going gets tough.
- Dependable - Can always be counted upon to meet deadlines and deliver on any commitments.
- Self Confident - Demonstrates strong, realistic confidence in his / her ability, value and judgment without arrogance or any display of self-importance.
- Self Disciplined - Shows persistence and focus despite any unexpected difficulties or distractions.
- Resilient – Copes well with the stress and the demands of the job; maintains energy, strength, and endurance; rebounds quickly from setbacks; and perseveres in the face of adversity.
- Assertive - Makes requests and expresses beliefs, feelings, and needs in a direct, honest, and appropriate way that respects the rights and feelings of others.
- Integrity - Engenders respect from others through moral and ethical behavior, standards of personal conduct, and modeling

the principles and values that are central to the success of the firm.

- Adaptable - Adapts to rapidly changing situations and priorities, tolerates ambiguity, and develops new ways of behaving in order to achieve objectives and get around obstacles.
- Emotional Composure - Maintains control during times of pressure or disagreement, and a positive outlook in the face of adversity.

## **EXHIBIT 10**

### **Example of Survey Results**

The Partners have collectively, by way of a firm-wide survey, identified the following performance attributes as the ones that they feel would be MOST important for any candidate to demonstrate as the Firm Leader:

#### *1. Strategic Focus*

Thinks strategically, creates an ongoing, dynamic strategic planning process; communicates the firm's direction and ensures implementation of action plans.

#### *2. Integrity*

Engenders respect from others through moral and ethical

behavior, standards of personal conduct, and modeling the principles and values that are central to the success of the firm.

*3. Sound Reasoning*

Effectively diagnoses problems, identifies core issues, exercises common sense, sees critical connections and ramifications; and analyzes alternatives.

*4. Creates Consensus and Buy-in*

Builds support and commitment amongst partners for initiatives, through communication and involvement. Encourages teamwork by fostering cooperation, communication, trust, shared goals, interdependency, and mutual accountability and support.

*5. Big Picture Perspective*

Keeps an eye on the big picture, effectively prioritizes, and avoids being consumed by detail or low priority work.

*6. Synthesizes and Articulates Vision*

Articulates a clear, coherent, compelling vision of the desired future that inspires, motivates, and focuses partners and staff.

*7. Encourages Dialogue*

Is open to differing ideas and views, avoids intimidation or domination, and welcomes suggestions and critical feedback without a defensive response.

*8. Motivates Others*

Communicates excitement, enthusiasm, and passion for the firm and its goals. Gives the firm hope and inspiration through optimism, energy, determination, and commitment, especially in tough times.

*9. Exercises Ethical Leadership*

When facing a tough decision, makes the correct call regardless of the consequences.

*10. Objectivity*

Maintains a realistic perspective and keeps personal biases to a minimum.

*11. Decisiveness*

Makes clear-cut decisions with a sense of priority, avoiding delays and procrastination.

*12. Forthrightness*

Operates with integrity. Is sincere genuine, open and direct with others. Has no hidden agenda.





## CHAPTER 7

# Develop A Formal Written Application Form and Process

The final step in identifying the criteria for selecting your next firm leader is to formulate a written application form that each candidate will be required to fill out and submit to the Board – **even if there is only one candidate.** The rationale for having an application form is that this is an important job that your firm is looking to fill for a designated period of time and the application form should clearly set out some expectations that the firm needs to make clear and the candidates need to fully understand.

Further, one of your Committee’s screening criteria might be to assess just how much thought and effort each candidate puts into answering the various questions on the Application form.

In one instance I was involved with, one of the candidates went above and beyond in addressing the questions and identified, in a five-page document, precisely what he would do in the three months between being selected and taking office, and his plan of

action during his First 100 Days – which covered things like attention to internal communication improvement (8 specific action items) and a focus on growth (with 4 specific action items). He reported to the Board afterwards, that the application questions provoked him to really think through how he was going to approach the job.

In another example I'm familiar with, there were three strong candidates; but unfortunately the application form was rather weak. It contained 5 questions like: *“Why do you want to accept the position of Firm Chair?”*

Rather than simply examining a candidate's past performance, the formal application process should provoke the candidate to really think about this job they are considering. It should encourage a candidate to advance some fresh thinking while also allowing them to provide you with their personal views on issues like how they will transition their personal practice; what they believe they could contribute to the firm; and how they might go about strengthening the bond between the firm's professionals, especially in instances where they are spread across various geographic offices and countries.

In other words, an important part of the application process lies in the questions you eventually choose in that they should be intended to send some clear messages to the candidates as well as provoke specific thought.

For example, some of your questions should make it quite clear that . . .

- Yes, you are going to be required to do quite a bit of traveling and visit all of the offices on a regular basis; now how are you going to handle that?
- Before you complete and submit your formal application, have you discussed this matter with your key clients and especially how you intend to manage those relationships going forward?
- Have you determined how you will handle things if you publicly declare your interest, allow your name to stand and ultimately are not selected?
- This last question is a hugely important one – because these are not people you want to lose. But in my 20 years of advising on firm leadership succession processes, I’ve only come across one firm that actually thought through the impact on unsuccessful candidates to the extent that it was included in the leadership application form.
- It is not unusual for the application form to consist of 8 to 12 lengthy questions and Exhibit 11 is an example of one particular Application Form used recently within an AmLaw 100 firm.
- Once you have finalized your Application Form, you should

post it together with the written Job Description, Selection Criteria, Performance Requirements and any other relevant documents on an intranet site that your partners may access at their leisure.

## **EXHIBIT 11**

### **Sample Application Questions For Each Candidate**

#### **Firm Leader Application**

The Board will evaluate all candidates based in part on your responses to the following questions. Please answer them as completely as possible.

NAME:

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1. Identify any professional, civic, non-profit, political, corporate, or other management / leadership position you have held that you believe provides experience that would be useful in performing the duties of Firm Leader.
2. Please identify a specific challenge you faced in a prior management / leadership position and what specifically you did to overcome the challenge.
3. Please identify what (leadership, administrative and interpersonal) qualifications or attributes you believe you

possess, that would allow you to effectively serve as the firm's new Leader. (While some attention to the "Ideal Characteristics" form provided with this application would be helpful, your response is not limited to the attributes identified in that document).

4. Accepting that being the Firm Leader is major time-consuming responsibility, how will you transition a portion of your existing clients and how do you plan to build back your practice at the conclusion of your term?

5. Have you consulted with each of your key clients on the possibility of you taking on this responsibility and what reactions did you elicit?

6. In what specific (leadership, administrative and interpersonal) areas do you believe that you would benefit from further skill development and what would you propose as a course of action to help you enhance those skills?

7. What do you believe you could specifically contribute to our firm as the new Leader?

8. Identify an issue(s) that you feel is critical to the future of our firm and what specific course(s) of action you would propose to undertake to address this issue.

9. Explain your views on the Firm's growth and expansion in the near term and over the coming years.
  
10. Explain how you would strengthen the bond between the firm's offices and professionals. What prior experience do you have that would qualify you for this task?
  
11. Explain what business and/or financial experience you have had that will enable you to adequately understand the financial operations of the Firm. Identify the nature of your financial acumen and how you have evidenced it during your professional life (whether at our firm or in another capacity).
  
12. Share your philosophy on diversity and inclusion and how you have evidenced that philosophy during your career.
  
13. In the interest of collegiality and maintaining our Firm's culture, what are your thoughts about your willingness to support and assist the new Firm Leader if someone other than yourself is selected, and to continue your participation and role in the Firm?

If you are confirmed as a finalist, please reserve [date] for a formal Board interview.

## **APPENDIX D**

# Understand What It Takes To Be A Firm Leader

Some years back I developed and began co-facilitating a rather unique one-day workshop for brand new firm leaders to help them prepare for taking on their role. This opportunity came about as a result of my having been engaged back in 2004 by a long-time client, an AmLaw 100 firm, to assist the Board in its selection of the next full-time managing partner and to then help that individual get comfortable in that new role.

What I quickly discovered was that most professionals have a naiveté about the skills and knowledge that are really required to manage a professional services firm. I found that they don't squarely confront the reality of their new position; and that (in their defence) they are the unfortunate victims of a system that does a pathetically poor job of preparing anyone to be the next firm leader.

To make my point, the following list of challenges is based on the input of over 50 new firm leaders. Compiled after an extensive series of interviews, the list underscores many of the unexpected de-

mands inherent in being a new firm leader, which these professionals hadn't fully anticipated when they first accepted the responsibility.

It is hoped that this list will assist any potential new incumbent in properly fine-tuning his or her thinking before confronting the magnitude of the firm leadership job.

*Because, your challenge will be...*

Resisting the belief that, having served as a practice group head, office head, or on the firm's elected executive committee / board, you are now provided adequate preparation for taking on the role of leading the entire firm. In other words, the first challenge is to understand that you still have so much to learn, whatever your background.

Determining how to transition some or all of your client obligations to one or more other partners in a manner that is comfortable for the clients involved.

Attending to the needs of your family as your change in responsibilities demands even more time at the office and likely more time spent traveling. The transition will affect them whether you wish to acknowledge it now or not.

Understanding that you cannot be an advocate (no matter how much your best friends and close colleagues lobby you to play that



role) for your old practice area, department, or office. Your job is to build consensus, and that requires you to balance competing interests; to recognize that you are now working from a larger landscape; and to always appear resolutely interested in serving the best interests of the entire firm.

Suppressing the misleading “lessons” of all prior leadership positions. You will need to be extra cautious rather than assume that some particular issue you may now face is the same as one you saw and addressed during an earlier leadership experience.

Recognizing that you don’t have or know all of the answers when you assume this position. You will soon discover that some of the answers you thought you knew are not ultimately all that workable in the real world.

Avoiding undue bias derived from your predecessor’s experience, programs, or influence (the vestiges of the fabled “good old days”). You will need to set your own path for the firm based on a thoughtful read of evolving trends, the directions of your Board and the aspirations of your partners.

Finding effective ways to build the new relationships that you need to have with your peers and to navigate around the politics of the firm. As firm leader, you may learn a few unexpected lessons about who the power partners with influence within the firm really are.

Overcoming the confusion and uncertainty about what is really expected of you. It's a particularly daunting prospect when 91 percent of new firm leaders report that it takes more than 100 days, and 72 percent say it takes well over six months, to become productive in this new role.

Dealing with the sudden isolation of the job. It's lonely at the top, as they say.

Being adequately self-aware of your personal strengths and shortcomings such that you can take the proper steps to counteract any perceived weaknesses.

Having sufficient time to prepare and get up to speed before Day One and to ensure that you are properly oriented to take on the new responsibilities when that day arrives.

Understanding, and being able to live with the fact that everyone in the firm is scrutinizing your every move and that the impact of your actions (and any missteps) will inevitably be magnified.

Preparing yourself so that you are not immediately overwhelmed by the conflicting demands (telephone calls, email, personal requests for meetings, etc.) that will only increase, exponentially, and continue to compete for your time and attention.

Facing and mastering a steep learning curve as you meet with colleagues and confront issues that require your intensive

analysis and thought.

Devising a personal work strategy so that you don't fall into the trap of taking on far too much, too quickly, during your initial first months in office.

Believing that your appointment represents a mandate for change (and being ready to pursue it). You must define and develop the skills and techniques to effectively obtain your partners' buy-in if you are to overcome resistance to the change agenda.

Managing your daily agenda carefully and making sure your initial schedule has ample "walking around" time to communicate directly with each of your partners.

Listening attentively to everything you are told while not reading too much into what others say or jumping to conclusions about what someone means. You need to develop the patience to fully understand the situation before making incomplete assumptions.

Finding the right pace for making changes, as moving too quickly can cause as many problems as moving too slowly.

Brushing up on your meeting management skills because, whether you like it or not, the principal forum from which you will lead is a series of meetings. That's where your real work gets done.

Applying tools and skills to manage and lead groups, teams, and offices that are separated by geography and work cultures.

Recognizing that, rather than promoting big bold initiatives prematurely, you may likely need to achieve some quick, small successes in order to help inspire initial confidence in your leadership.

Understanding the role of symbolic actions, behaviors, and rituals.

Critically assessing each of the administrative professionals that you have inherited to determine if and how they will compliment your goals and aspirations. You must develop systems for how you can manage most effectively through your administrative group.

Investing sufficient time to make an in-depth assessment as to how the firm is performing against its strategic plan. Understand what the existing mission-critical issues are as well as the emerging ones.

Dealing with higher (possibly unrealistic) expectations on the part of the firm's partnership and executive committee for you to find ways to enhance the firm's growth and profitability in a time of flat demand for services and ever increasing competition.

Resisting the comfortable belief that your first 100 days represents a period of tolerance and innocence when, in fact – beginning Day One – judgments are being formed, biases hardened, and

allegiances solidified. What happens at the immediate outset will affect your ability to accomplish your goals for the duration of your leadership.

Finding ways to get some distance from the job and recharge your energy levels.

Yes, it's a formidable list. And, why not – it's a tough job!



## APPENDIX E

# Effective Leaders Are Not Necessarily Nice!

Having spent a good number of years studying and working with leaders that I have come to admire, I have concluded that the greatest challenge for any of us in leading others is the way in which we are hard-wired; our natural instincts to preserve our sense of pride and our need to be (and appear to be) “nice”. Let me give you some basic examples:

- **As individuals we desperately need to be ADMIRERD by our colleagues**

For many, the degree of admiration we receive is congruent with our personal sense of self-worth. The reality is that few of us would be willing to confront just how much we need to feel admired. And what, unfortunately, flows from that need is a readiness to waver on being straightforward and completely honest in any situation where doing so might threaten us with a loss of esteem. In other words, we mere mortals will do almost anything to avoid the loss of our colleagues’ approval and admiration. We will

stretch the truth; we will manipulate the facts; we will hide what might be embarrassing or unpleasant; and we will, where or when required, engage in overt deception. As leaders, then, this intense need to be admired also manifests itself in our propensity to reward those who display admiration for us, and contribute to our ego, over those who produce results.

• **As individuals we want to be viewed by our colleagues as being staunchly LOYAL**

Many of us will vigorously attest to how critical loyalty is as a virtue. We want our colleagues to always perceive us as being loyal, even in those situations where the truth is that we may be acting loyally, but not in the best interests of the individual involved. And in such situations, we are often ready to sacrifice our personal authenticity and act only in our own best interests, to maintain the pretence of being loyal – again, largely to avoid any loss of our colleagues’ approval. As leaders, our need to be loyal often leads to our being unable to take action with close friends who are clearly underperforming, or to let people go who are not pulling their weight.

• **As individuals we have a strong need to do everything PERFECTLY**

Many of us have never learned to recognize when we have crossed over into the dangerous zone of “perfection obsession”. And our constant quest for perfection can cause us to procrastinate. We become fixated on the perfect end result such that we don’t move

forward until we are 100 percent sure that everything is going to work according to plan. We lose sight of the fact that life is messy and unpredictable, and that very little ever goes exactly as we would have hoped. As leaders, our tendency to try to be perfect can paralyze us; we never seem to have all of the pertinent information available, and consequently we are indecisive for fear of making the wrong choices.

• **As individuals, we harbor a pathetic need to always LOOK GOOD**

Finally, few of us would be willing to confront just how much we really do care about looking good. Our desire to appear knowledgeable, to have all of the answers, to avoid conflict, and achieve consensus often has us sacrificing results for the sake of appearances. As leaders, this can manifest itself in our pretending to have followed or understood something when we clearly haven't the foggiest notion of what is really going on.

**Nice versus effective leaders**

Many of us have been stunned to learn that people like Apple's genius Steve Jobs are not as "nice" as we might have assumed. According to reports, Jobs ruled with an iron fist, was actually egotistical and moody, demanded loyalty while lacking patience in dealing with others, and even reneged on promises he made to his colleagues. We just naturally assume that these kinds of high performers are "nice" people, but we all too often seek leaders with



qualities and behaviors quite different from what we claim we want.

As Todd Ordal, a former CEO in multiple industries explained it, the most successful leaders are not nice, while they may be kind:

*“There is a substantial difference between being nice and being kind. Nice is born out of fear and kind is born out of love. The fear of not being liked or fear of conflict prevents us from speaking the truth. But, most of the time you are willing to tell someone you love that they are making a big mistake, even at the risk of offending them or hurting their feelings.”*

Vivek Wadhwa, director of research at Duke University’s Center for Entrepreneurship, claims that the best companies are run by what he calls “enlightened dictators”. His view is that we all typically follow strong leaders who are effective in attaining their goals, and who offer us a meaningful direction to pursue, conviction that we can all work together to attain our goals, supported by good values. Wadhwa says, *“I know that dictatorship doesn’t sound nice, but it is what business leadership entails.”*

Professor Steve Kaplan, with academics from the business schools at the University of Chicago and Columbia, analyzed the detailed personal assessments of 313 CEOs and found that those whose

primary strengths were being decisive and driving performance significantly outperformed CEOs known for consensus-building and listening skills. They claimed that they were profoundly surprised to find that the “soft” skills centring on teamwork weren’t as paramount as the “hard” skills that were all about getting things done. Professor Kaplan cautions against “dismissing entirely” the soft skills, but he and his colleagues clearly found that leaders displaying tough-minded traits like following through on commitments, displaying persistence, attention to detail, and setting high standards matched most closely with success on the job.

The truth is, most of us would rather have the rock-star surgeon available if we needed a coronary bypass operation, irrespective of the individual’s bedside manner. Having a great bedside manner would be a definite plus, but our critical requirement would be to work with a medical technician with the best possible expertise and track-record for delivering results.

I believe that nice leaders don’t want anybody to feel badly and so will always find something to compliment, even when there is nothing to praise. Effective leaders will tell you what you need to know to be a high performer, even when the message is that your current activities or behavior are screwing things up.

Nice leaders will often stretch their teams across multiple priorities, attempting to do all things to satisfy their constituents. Effective leaders have learned the importance of saying “No!”

Nice leaders don't enforce the rules if there is any danger of someone getting upset. Effective leaders know that leaving weak people on a team means that the results will be detrimental to the entire group.

Nice leaders don't engage in difficult conversations intended to change unacceptable behavior. Effective leaders know that pushing people to be their best, honestly pointing out their strengths and weaknesses, and confronting issues as soon as they surface makes for colleagues that are far happier in the long run.

To be the best you can be as a leader, you need to always act and behave in a manner that is not centred around a desire to be admired or to look good, but is in the best interests of helping your people succeed – even when it is not easy, and especially when it is not “nice”.



# CALLING FOR NOMINATIONS

## CHAPTER 8

# Invite Your Partners To Nominate Candidates

There are two different (and sometimes overlapping) steps that can be taken in determine who might be ideal candidates.

One is to have your NC members go around, interview and speak individually with each of the partners to get their candid and confidential feedback on who they think, given the criteria shared, might be a logical choice. They might then approach particular individuals to see if they would be interested in having their name stand as a candidate and completing the application particulars.

This is the path that is usually followed by a great number of firms. In smaller firms the common joke is: *“I guess it’s your turn”* while in larger firms, there might be a couple of candidates.

When I last surveyed firm leaders and asked whether there was any specific process in place for selecting their next firm leader, I elicited responses that were all over the map. However, the most common answer (43%) was some variation on “simply accept nomina-

tions from the partnership” – perhaps through an executive or nominating process, whereby a succession committee interviews partners to develop a slate of candidates. I also heard from a couple of firms who told me about how they conducted a series of internal meetings in search of a consensus candidate to one particular firm who informed me that their preferred process is to have every partner’s name appear on a ballot.

The related approach and one that might be included following your Committee members interviews, is to quietly call for nominations and, in a few instances, self-nominations from the entire partnership. My colleague Brian Burke feels strongly that firms should discourage self-nomination since he feels that the people who most fervently seek the position often are the people that your firm should least want in the leadership role. I believe he is right.

Now, with either of these approaches, there are a couple of essential elements that should be included:

- 1. Candidates need to squarely confront the reality of what this position requires.**

I have met candidates who have accepted a nomination from some of their peers without ever coming to terms with whether they have the proper mind set or fully comprehend the magnitude of the effort required. As a result, I drafted the piece entitled “*Understand What It Takes To Be A Firm Leader?*” (Appendix D) and in my work with Nominating Committees have had it included as one of

the materials in the formal application package. Ideally I would like to ensure that every potential candidate reads and understand its contents before accepting a nomination.

**2. Candidates should discuss this possibility with their largest clients before formally proceeding.**

It continues to amaze me how either due to naiveté or the ego gratification of being nominated by one of their fellow partners, some potential candidates overlook conferring with their key clients before accepting the honor. And of course, the importance of conferring with your clients increases depending on whether you believe this to be a near full-time commitment.

In one instance which I will never forget, the obvious choice within the partnership was one outstanding individual who had literally built the firm's prestigious and highly profitable Intellectual Properties group and was reverted amongst his peers. Before accepting any nomination this partner had the good sense to meet with a few of his largest and key clients. Now in these kinds of meetings you want to frame the message as a possibility and something that you are giving thought to but needing to confer with good friends and family – so as never to look like you were unsuccessful should the selection decision not proceed in your favor. So, this partner went to his largest client and explained:

*“If I may, I would really value your feedback on a matter of some personal importance. Now I should tell you that I have not yet*

*even conferred with my spouse and I'm really not sure whether I want to proceed with this opportunity but would welcome your thoughts.*

*A number of my partners have approached me about wanting to put my name forward as a candidate to be our firm's next Managing Partner and that would obviously require me to balance my professional practice with time spent in the management of the firm. What would you think if I were to let me name be put forward as a candidate?"*

In this one particular instance I'm referring to, our obvious consensus candidate came back to the Nominating Committee to report that his client's response was . . . *"Think again!"* and that he would not be proceeding with being considered. In other words, this client was making it very clear to the partner that if he wanted to proceed with becoming the firm's next leader that it was not the only transition he would experience. This General Counsel would be moving his legal work to some other firm.

Now this is NOT an isolated example! In our First 100 Days masterclass I've come to ask participants whether any of them touched base with their key clients BEFORE they accepted their new position. The response I usually always elicit is negative.

I believe that many professionals work very hard to become a client's "trusted advisor" and that that same client may not put up



with having his or her trusted advisor's attention diverted when most needed. But that assumes that the candidate bothers to ask.

**3. Candidates should discuss with the Board and be very clear on how their compensation and any performance bonuses will be determined in this new position.**

My colleague Brian Burke and I received this note from a near full-time managing partner, one month into accepting the new term and after having attended our First 100 Days masterclass:

We are currently in the process of determining how I will be compensated. While one of our more entrepreneurial Executive Committee members is trying to establish a base with performance bonuses tied to the financial performance of the firm, a couple of others he consulted rejected the idea and said I should simply be compensated based on an assessment of how I performed in the past year on billable hours, responsible attorney credit and origination (as all other partners are assessed). I believe we need to (1) develop a compensation approach that is tied to my performance as MP, not to my previous performance in a non-management role; and (2) have some incentives built into it to encourage me to focus on external factors and growing the firm. Can you provide anything that gives us an idea of what other firms are doing in relation to MP compensation?

**Our collective response**

For what it's worth, we are told that in the accounting profession,

among the top 100 firms in size, the MP is the highest paid of all partners. We all know that that is not the case in the legal profession, but as a general rule of thumb, in firms your size and larger, the MP typically is among the top quartile in compensation. And, it is generally accepted that no partner would take on the responsibilities of leading the firm if he / she were going to be earning less than they did as a practicing attorney. To that point, it is interesting to note that your firm is only now determining how you will be compensated. That is something that should have been determined by your EC before any new managing partner was selected.

In our experience, a worthy approach to compensating the firm leader would be to start with clearly defining the MP's objectives for the short and longer term, as well as the MP's position description. The objectives, together with the elements of the MP's position description, would be the criteria for the MP's performance evaluation. The objectives could address a variety of performance dimensions – including the firm's financial performance, the firm's progress on important initiatives, the firm's progress toward effecting changes that the Executive Committee and MP have agreed to make, the MP's contributions as a practicing attorney (to the extent relevant), and any other matters that the Executive Committee and the MP regard to be important parts of the MP's job. After all, it would not be fair to measure someone's performance on criteria that are not clearly defined in advance. The Executive Committee would evaluate the MP's performance against the objectives set by mutual agreement, as well as against the position

description for the MP, and then assign compensation / bonus based on that evaluation. In our experience, this kind of subjective and somewhat holistic assessment of performance and assignment of compensation serves the firm's and the MP's interests.

Tying compensation too closely to the firm's financial performance, with little regard for other elements of performance, could prove counterproductive. We're mindful in this connection, that "you get what you pay for."

While there is no standard for MP compensation, the process we have outlined here is what most firms that we have encountered would use.

Now this situation becomes even more acute when your firm, attracted by some rainmaker's client achievements, decides that he or she would be an ideal candidate for firm leadership. We often operate as though we believe that success in the marketplace – that is bringing in new client work – is the most important requirement for gaining and retaining the legitimacy to lead. Or, put slightly differently, those who prove they can feed their partners are also deemed to be qualified to lead their partners!

Now you have a situation where potentially a partner with a huge book of business is asked to take on the role of firm leader and transition some portion of his / her clients to other partners. You, in effect, are asking that partner to risk exchanging their most valuable assets (their client relationships and professional exper-

tise) for a title which brings with it very little formal authority but a great deal of responsibility. Now how do you maintain this individual's compensation when their origination and billable contributions are reduced?

To help you with the task of inviting your partners to nominate candidates, Exhibit 12 is an example of the kind of internal notice that should be circulated to the partnership letting them know about the NC's work and inviting nominations – assuming your firm wishes to proceed in this manner.

Keep in mind that the invitation to nominate a partner allows for all of your partners to feel that they have had input into the leadership succession process, should they decide to participate. Any nominated partner's name submitted to the NC are not made public yet and do allow the Committee to review someone's interest who may not have seemed initially inclined to even consider the position. Handled quietly and with sensitivity, this 'all partner invitation' need not signal the beginnings of a horse-race of any kind.

Should the firm invite all partners to nominate candidates the NC needs to post the Application form, job description, selection criteria, and other support documents – so that partners know precisely what the firm is looking for. You should also allow 20 to 30 days for nominations to come in.

Whether you end up with multiple candidates or only one, it is still advisable to arrange a Town Hall meeting with the firm's partners (and staff), invite confidential feedback and conduct a Board interview.

## **EXHIBIT 12**

### **Internal Partner Memorandum Calling For Nominations**

*June 1st*

As you are aware, George's term as Managing Partner will expire on December 31 and he has decided to return to his practice. One of the important roles of your elected Board is to determine who will hold this important position after the expiration of this term. In making this decision, the selection process will be transparent and you are invited on multiple occasions to provide your valuable input – as you did recently with giving us your feedback on the top 12 performance requirements.

As you also know, in order to facilitate our selection process your Board created a separate Nominating Committee (NC). This Committee has, as its task, the responsibility of calling for applications and then screening possible candidates for the position of Managing Partner.

You are invited, at this time and up until the close of business on Thursday, June 30 to nominate any partner for consideration.

The initial Managing Partner's term (renewable for a maximum of two further terms) is four-years, and as you might well appreciate, with the magnitude, complexities and growth aspirations of our firm, this is deemed to be a full-time undertaking, in that if one wishes to maintain a personal practice, there needs to be a contractual undertaking that that practice will not consume more than 300 hours a year.

Some partners may well ask what the job of being the firm's full-time Managing Partner entails, and on what basis and according to what criteria will the NC screen candidates?

To help answer those questions, attached is:

- a formal written Application Form which will be used to evaluate all candidates based in part on their individual responses to the 12 questions;
- a copy of the Position Description for the Managing Partner which identifies the responsibilities and essential functions, together with two Organizational Charts which identify the various reporting relationships;
- a written Evaluation Criteria which outlines the basis upon which your Board will assess and screen any nomi-

nee's qualifications, together with the top 12 Performance Dimensions recently identified by the partnership; and

- a guideline to manage the expectations of interested candidates entitled: Critical Challenges in Becoming The New Firm Leader, a composite of comments from over 50 new leaders covering important issues that you need to be mindful of in becoming the next Managing Partner.

Copies of these materials will be posted to a special internet site consistent with our goal for transparency.

Your NC would ask that any interested partner, signify their serious interest by completing and submitting the Application Form on or before June 30. The names of all nominees will be kept confidential by the NC until after the screening process and the finalist candidates are announced officially. On or about July 15 the NC will identify for all partners those candidates who are "finalists" for the position of Managing Partner – and there may only be one finalist candidate.

In any event, all finalist nominees should reserve the dates of August 2 and 3 to participate in a couple of Town Hall meetings. Irrespective of the number of finalists you will have the opportunity to meet the candidates and pose questions for them to answer.

Following the Town Hall meetings you will also be provided with the opportunity to offer confidential comments (e-mail and/or

phone) on any or all of the candidates, as well as on the selection process. These communications will be only known to the consultant and anonymously reported back to the Board.

All finalist nominees should also reserve August 15 to be available to appear at a formal, closed-door interview session before the members of your Board.

Any partner having any questions about this selection process may speak with any of the members of the Board. Of course, all Board members are also available for any discussions you believe would be of assistance as we continue to carry out this critical mission.

Final selection of our new Managing Partner will be made on August 16.

Respectfully submitted,  
Executive Committee Chair





## CHAPTER 9

# Host Candidate Town Hall Meet and Greets

Assuming that your NC has now reached a point where they have one consensus candidate or a couple of acceptable finalists, your next step is to inform your partners about who the finalists are (which is especially important in larger firms where not all partners may know one other that well or have had the opportunity to work together on some client matter) and invite them to meet the candidate(s) at a town hall meeting.

In most traditional town hall meetings you want to encourage a conversation, a meaningful discourse that allows participants to ask plenty of questions, including ones that are obviously challenging, of those candidates at the podium. But, that is NOT what we are seeking to do in this setting.

Remember that you do not want to create a divisive horse race atmosphere here, so this is not intended to be a presidential debate. Rather, this is an opportunity for those partners who may be less familiar with one or more of your candidates to hear their thoughts

on certain issues and how they respond to and address selected questions.

To assure that outcome, it is important to maintain some strict guidelines for these Town Hall meetings. Here is what I have found to work best:

1. It is agreed that no candidate will be embarrassed by someone posing an inappropriate or surprising question during the course of the Town Hall session.
2. The partnership will be solicited for their question submissions in advance of the Town Hall dates.

You need to inform the partners that any question chosen will be the same question asked of all candidates. In other words, you cannot allow some partner to bait one of your candidates with a question that they know will, for whatever reason, be awkward or difficult to handle.

3. All candidates will be provided the questions in advance and asked / allowed to respond to the same questions.

Candidates should know what the questions are ahead of time and allowed to prepare their answers.

4. All candidates must agree to conduct themselves in such

a manner as to not publicly debate some other candidate's answer to any particular question.

Finally, you want to provide an opportunity for your partners to listen to each of the candidates. I have found that it often makes the most sense to schedule two sessions, on different dates, to accommodate those who may not be unavailable or are travelling during the date that one of the sessions is scheduled.

I have provided Exhibit 13 as an example of an invitation, circulated throughout the firm, to ensure that everyone is invited to attend or view (audio and video-conference) one of the Town Hall meetings.

Then Exhibit 14 is intended as an example of some of the kinds of questions that may be posed to all of the candidates.

Once again, you will notice that these questions are not intended to provoke debate, favor the position of one candidate over another, or stimulate a political atmosphere in any way. They are intended only to allow people to acquaint themselves and become more familiar with the various candidates.

My experience has been that you are only likely to get through about a half-dozen questions if you had three candidates and perhaps about 8 questions with only two candidates in the time (one hour) you have available. Therefore you should begin your second

Town Hall meeting with the questions that you were not able to get to during the first session.

You should also post all of the questions on the internet site so that people can see which questions were ask of the candidates at which meeting. That should serve to encourage many of your partners to review the video recording of either or both Town Hall sessions.

### **EXHIBIT 13**

#### **Invitation to Town Hall Meetings**

All candidates will appear in person in our Chicago office on August 2 and 3 for our two scheduled Town Hall sessions. Our succession consultant has agreed to moderate both meetings. He will be present in Chicago together with our IT Director who will facilitate the technology (our Town Hall meetings will be broadcast to the partners in all offices and will be recorded for future viewing).

Our Town Halls will occur at 12:30 PT/1:30 MT/2:30 CT/3:30 ET on both occasions. Our Chicago partners will not watch in the same room as the candidates, in order to not be distracting, but we will be setting up a separate room for their viewing pleasure.

Each Town Hall will be approximately 60 minutes (may run a few minutes over). Questions may be submitted from our partners and will be compiled by our succession consultant. He will determine and have the final questions ready to pass on to the candidates by

July 28. Additionally, he will make a recommendation on each question as to how many minutes should be allowed for each response, per candidate.

After a brief introduction by the moderator, the candidates will have up to 5 minutes to provide an introduction to the partners at the beginning of each Town Hall. We will arrange for a Chicago partner to be present with the moderator at each of our two sessions, to assist with keeping time limits in place and advising candidates of how much time they have remaining to respond to each question. The moderator will ensure that each candidate gets to respond first to at least one question and will maintain the order of how the candidates respond. The questions to the candidates will last approximately 45 minutes. At the end of the 60-minute period, the moderator will make concluding remarks and the Town Hall will end.

## **EXHIBIT 14**

### **Sample Town Hall Interview Questions**

1. Briefly review for us the leadership experience you have had; describing and giving us examples that would show what your particular leadership style is like?
2. What is it that appeals to you about taking on this enormous responsibility?

3. How do you think you can make a difference?
4. Can you identify a decision you made or situation you were involved in that was a failure – describe the point when you knew it was failing, what you did about it, how it made you feel, and what you personally learned from the experience?
5. How do you see the Firm balancing the practice group and industry groups vs. geographic (office) models going forward, in terms of leadership, budgeting, marketing, and financial responsibility?
6. How should we approach continuing to build out our firm's geographic footprint?
7. What 3 things does the firm need to improve upon in the coming years and how would you suggest that we go about accomplishing those improvements?
8. How should we approach ensuring a standard of quality across the range of different clients we serve?
9. As you think about the skills and competencies you bring to the table, what do you believe is your greatest weakness and how will you compensate for that weakness while serving as Firm Leader?

10. As the Firm Leader what steps would you take to reach out to our staff and ensure their questions and concerns are addressed?
  
11. If you are selected as our next Leader, what are you planning to do between the date you are elected and the end of the year to prepare yourself for taking charge?
  
12. If you were able to spend one day being mentored to take on the responsibilities attached to being the next Firm Leader, by any one individual, living or deceased – who would you choose to spend that day with and why?



## APPENDIX F

# The Myth of Visionary Leadership

The other day, I came across yet another article by yet another leadership expert, that prescribes that to be a truly great firm leader you need to develop and communicate a “vision”. And, in many firms, I have observed a selection process that calls upon candidates to articulate to their fellow colleagues what their personal leadership vision is for the future of their firm.

While almost every book on leadership suggests that a true leader needs to have a vision (with more than 400 books listed under “visionary leadership” on Amazon), I think it is nice in theory, sounds profoundly intelligent as a concept, but is absolute nonsense in its application with highly talented professionals.

In fact, in his book *Great by Choice*, Jim Collins tells us that his findings dismiss several closely held business world beliefs – including the notion that successful leaders are “bold, risk-seeking visionaries [emphasis mine]”. Rather, Collins concludes that the most successful leaders are “disciplined”, “empirical”, and “para-



noid”, building on verifiable results and constantly anticipating what could go wrong.

I believe one reason why having a “vision” is nice in theory, but unhelpful in practice, was confirmed by the interviews conducted of 150 managing partners by my UK friend and colleague Rob Lees, co-author of *When Professionals Have to Lead*. Rob related to me this one example from his findings, which I think is illuminating: *“The managing partner of one of the firms we talked to explained how he had come back from Harvard Business School’s Leading Professional Service Firms program with renewed energy and a determination to drive the firm forward. So, he outlined his vision of moving the firm from its regional base to becoming a leading national firm to his partners, and talked about what they needed to do to get there. But, to his abject disappointment, nothing happened. To the partners, the vision was just too aspirational; achievable only through a merger, which they felt they would be on the wrong side of. Concerned about the lack of action, the managing partner visited all of the offices to talk through the plans and, during these visits, the partners’ concerns surfaced.”*

### ***Whither the mission statement?***

Remember mission statements? Mission statements first came into vogue in the 1990s. A single-page document filled with platitudes, spelling out your firm’s business mission. No one remembered the darn things; it was business as usual, and the document

didn't have the profound impact on the fortunes of firms that their creators had hoped for. The mission statement exercise was quickly forgotten – except at those few firms who chose to have them laminated as cards for everyone to keep in their wallet.

Then we were informed that every firm needs a “vision” to succeed. It was a new name, but quickly became the same old exercise. All your skeptical partners exchange winks and knowing glances. The executive committee will have to be indulged one more time. In all cases, the result was to be the same – having a vision changed nothing! I am not aware of one single firm (and certainly not among those achieving above-average market performance) that has invested partner time in articulating a mission or vision statement that has actually been implemented.

And I have, for years, had the audacity to challenge professionals at multiple conferences to please give me just one example of a professional firm, anywhere, wherein the firm leader proclaimed a vision and had all of his or her partners get excited, eager to move forward, and behave in concert with that articulated vision. “Yeah, take me to the promised land!”

It may be theoretically possible, but I have yet to find one real life example.

### ***Creating a shared vision***

What most concerns me is seeing brand new firm leaders who naturally struggle with trying to get a handle on the magnitude and scope of having to lead an entire firm being repeatedly told (or reading) that they are ineffective unless they have articulated their vision. Partners definitely need to have some sense of a shared direction – and please do notice that word “shared”.

It takes me back to a very important principle that I learned early in my consulting career when a very senior statesman, a founder of a major law firm, told me the one thing I needed to know about working with lawyers. He told me to burn this into my brain . . .

*“No professional ever gets excited about, enthusiastically supports, personally endorses or willingly works to promote . . . any change, any idea, any new direction or any strategy – that they themselves have not been part in formulating.”*

That’s why a shared direction needs to be facilitated by an effective leader; and why I think that telling leaders they need to articulate their personal vision in order to be successful, is just not a good idea.



## CHAPTER 10

# Invite Confidential Input

There is a need to get under the skin of a partnership by taking soundings throughout the firm to gauge partners' views, fears and prejudices on the question of who should lead the firm. Ask partners what they want most from their firms and many will say that they want to be in a firm that knows where it is going and is determined to get there. In short, they want a good leader. All of the partners, therefore, need to be provided with the opportunity to speak to someone objective about their feelings.

Irrespective of whether any candidate meets the evaluation criteria and is properly qualified some questions that will occur to your Committee are:

- What is this person's motivation for wanting to be considered?
- Is the personal agenda of this candidate aligned with the best interests of our firm?
- How well do we really know this particular partner?

In those leadership succession processes that I've been involved with it, is usually a common practice to invite the partnership to express their support or concern for any and all of the candidates –

in the most confidential manner. This is especially important in larger firms with multiple offices where a particular candidate may not be well known among the partnership.

The two most common ways to solicit input include:

**1. An on-line confidential assessment**

You could use as the basis of your assessment a 7-point scale ranking of those same top 12 MOST important leadership attributes that your partners identified earlier (See Exhibit 10 in Chapter 6); and/or

**2. A confidential e-mail or telephone discussion**

Allowing your partners the opportunity to interact with a neutral or third-party to express their personal views on each particular candidate provides for everyone feeling like they have had some input into the succession decision.

The concept of providing partners with the opportunity to provide their input is not just about optics. In one instance the feedback from a small group of partners about one candidate who served as an office head identified a behavioral pattern, that while in a grey area, could have been interpreted to be unethical and the very fact that it surfaced caused the Executive Committee to reconsider their support.

In another instance, one particular candidate elicited allegations about his behavior that were troublesome. A number of female professionals provided emails that suggested sexist commentary that was not fitting in a future firm leader.

In inviting partner input, your Committee's primary task is to vet the possible candidates by soliciting informal, confidential and important feedback from the partnership so as to ensure that the Board is considering the best possible candidate for the position.

I have provided Exhibit 15 as yet another example of an internal email that can be used to inform partners that their feedback is welcomed and important to the succession process.

## **EXHIBIT 15**

### **Solicitation of Candidate Feedback from Partners**

Your Executive Committee / Board will be endeavouring to collect information from partners. We will expect to extract that information from three sources:

1. comments that come to our succession consultant directly from shareholders (via phone and email)

2. comments that come from a confidential on-line feedback program which will allow partners to provide ratings and comments on each candidate; and
3. the score cards from Board members following the candidate interviews (summaries and comments).

When partners provide comments to our succession consultant, they will have the opportunity to self-identify if they so choose. Otherwise, their identities are to remain absolutely confidential. Our consultant will be collecting this information from August 5 through to August 20.

Our consultant will provide an executive summary as well as the actual comments for review. The information will be provided to the Board members on or about August 30.

The Board is reminded of its fiduciary duty to keep the information provided by our consultant confidential and under no circumstances to share it (either in written or oral form) with candidates (or anyone outside the Board).



## **CHAPTER 11**

# **Design And Structure A Formal Interviewing of Candidates**

In order to ensure that every candidate is and is “perceived to be” receiving fair and impartial consideration, you need to schedule a specific Board session designed to interview each partner, discuss their qualifications, get a sense of their motivation, and their views on what specifically they would like to accomplish in their term as the Firm’s Leader (see Exhibit 16: The Candidate Interview Process). You can then assess how each candidate performed in their private, formal interviews with your Board.

In some instances, prior to conducting a full board interview, some firms have told me the NC or a couple of members of the committee have conducted an informal sit down with each candidate to ascertain “how they view themselves” with respect to taking on this leadership responsibility. These firms have reported that it can be a very fruitful discussion when it addresses deeply personal questions such as:



- What are you thinking will make this leadership role exciting for you? What energizes you now – and what drains your personal energy?
- What enhances your self-esteem – and what undermines it? When do you find yourself feeling like you have taken on more than you can handle?
- When do you feel appreciated or nurtured? What would your personal “balance sheet” currently look like?
- What regrets do you have? What should you have been doing differently?
- What is there in your current leadership role that you dislike, but put up with? Will that also feature as part of the responsibility required in leading the entire firm?
- What personal motivations have brought you to wanting to be a candidate? What drives your aspiration toward wanting this enormous responsibility?

Answering these questions can be a psychologically challenging process. It takes courage for an individual to step out, to make themselves the focus of discussion, and to lower their guard in order to really understand if they want to move up to this level of responsibility.

Meanwhile, formal board interviews should involve a rigorous questioning wherein each candidate (even if there is only ONE candidate) is asked to respond to a dozen or so questions, and are graded by the board members based on their answer to each question. (See Exhibit 17: Interview Instructions Provided Board Members). Those questions should not be namby-pamby, *“Please tell us what your strengths are?”* Rather, they should be tough questions.

And I’m a big believer in behavioral interviewing. In other words, *“I’ll give you a realistic scenario of the kind of tough situation that you could very well face at some point in your tenure – now you tell us please, as the firm’s leader, what would you do or say?”*

A rigorous interview process helps you to think more objectively about each candidate’s potential. An interview that creates a level of stress in a professional environment where the candidate provides answers to tough questions will give Board members some insight on how the candidate handles such situations (see Exhibit 18 for a few examples).

It is best to use the same format and utilize the same questions / scenarios with every candidate to get the best comparative indication of each candidates strengths. This formalized interviewing approach (irrespective of whether you have multiple candidates or not) is important because there is already a great deal of subjectivity

to selecting your next Leader and codifying the questions lends a necessary objectivity to the process. I am always fascinated by the reactions of various Board members following the interview when you can just tell that when their particular favorite went head-to-head with the others, their choice fell short.

What I have normally done is formulated a list of questions to ask each candidate – same questions for each. These questions are NOT made available to any of the Board members ahead of the interview. The Board member are provided with an evaluation form (see Exhibit 19) to both grade the candidate's response to each question as well as provide their candid observations and comments – all of which will be kept anonymous.

Each candidates results (scores and feedback commentary) are compiled and presented to the entire Board at a later date with the other feedback received. This gives you a way to objectify the process and generate meaningful discussion when reviewing candidates. The interview process should also allow some time for any Board member who wishes, to pose any question to any of the candidates.

At the conclusion of the formal interview, some board member should be selected to sincerely thank the candidate for their interest, for making the time to attend the interview; and provide information on any follow-up procedures.

## **EXHIBIT 16**

### **The Candidate Interview Process**

#### **Note to Board Members**

The in-person interviews will be conducted from 8 a.m. to 12 p.m., with one hour allowed for each candidate. The interviews will be scheduled back-to-back over a four-hour period, with no breaks. The Board members will be asked to submit any questions they would like to have considered in the interview process to our succession consultant. He may also use questions from shareholders submitted for the town halls which he believes appropriate for the candidate interviews. The interview questions will be the same for each candidate so as to ensure fairness and comparability of answers. Our succession consultant will select the final questions to be posed to the candidates. The interview questions will NOT be distributed to the candidates or the Board in advance of the interviews.

For purposes of the appearance of total neutrality, our succession consultant will serve as the moderator to conduct the actual interviews. The board members will listen carefully to the candidate's answer, ask questions only for clarification, and score each candidate (on a written scorecard to be provided) on their specific answer to each question together with any comments. The scorecards will be gathered up at the conclusion of each interview and a

summary report (and the comments from the scorecards) will be provided to the Board at a later date.

Lunch will be served from 12-1 p.m. and following lunch, from 1-3 p.m., two hours will be reserved for additional questions from Board members. Each candidate will have up to 30 minutes during that time to field additional questions from the Board.

## **EXHIBIT 17**

### **Interview Instructions Provided Board Members**

#### ***Outline for conducting interviews with candidates***

The goal of each interview is to amass facts and impressions from which you will discover patterns of thought and action that lead to an evaluation of the particular candidate's ability. Behavior tendencies, management philosophies, and character traits will emerge from this process. Your task is to concentrate on listening carefully to the candidate's answers to well-phrased questions so that maximum information can be gathered, analyzed and assessed following the interview.

#### ***Preparing For The Interview***

To enhance interview quality, we should:

- Compare information in the candidate's written application response with the Firm Leader position requirements. Where the

candidate's answers are unclear, you are invited to ask for clarification. Our objective should be to listen during 90% of each interview. Remember, when you are talking, you are learning relatively little about the candidate's vision for the firm or what inspired them to apply for the Firm Leader's position!

- In addition mental preparation is required. In each interview we should hold our own biases in check. The goal is to accumulate data without focusing on whether something was "good" or "bad". We should be particularly careful not to form a dramatic first impression of any candidate or we may spend our time subtly, reinforcing our (possibly erroneous) initial reaction. We can make critical judgments at the conclusion of the interview when a balanced overview is possible.

### ***Setting The Tone***

To get the most from our interview, it is important to empathize with the candidate's perspective. The interview should elicit natural behavior on the part of the candidate and relevant information about the candidate's abilities, feelings and opinions. With this information we can better evaluate his or her ability to function effectively.

Once the candidate is talking freely, we can control the direction of the discussions by using probes (follow-up questions) to focus the candidate's response on a specific subject. When the candidate begins to speak about something you think is important, you might

probe by saying "Tell me more about that" or "Give me an example of what you mean" or "I'm not sure I understand."

### ***Challenging Questions and Scenarios***

Posing a real or hypothetical problem situation will help us to learn how the candidate analyzes a unique set of circumstances. In addition to gaining insights into this candidate's thought processes and ability to respond to difficult situations, we also can evaluate their risk-taking behavior.

## **EXHIBIT 18**

### **Sample Interview Questions**

1. It is important for any firm leader today, to have a good solid grasp of the competitive marketplace and developing trends. **As you look out across the landscape what would you consider the top three external issues that we need to focus on as a firm, going into the future, in order to win?**
2. It's hard sometimes to get a new idea accepted by others. You hear about how a couple of firms have instituted written, non-negotiable client service standards. In one case, the firm is offering its largest clients a system whereby the client gets complete transparency such that they can access a portal on the website at any time, 24/7, to see who from within the firm is working on what matter, the status of their matters and even the fees that have accumulated. In another case a firm pro-

vides clients a number of very specific added-value offerings, like a no-cost post-mortem at the end of every major matter exceeding \$100K in fees. You see the competitive advantage to adopting some consistent quality and service standards with the firm's clients and decide that you would like to get your partners to be proactive and take action. **Where do you start – and – what do you do?**

3. The best leaders talk about how they try to get out of their comfort zone, how they say yes to things they really don't want to do, how they get involved in things that are difficult – in order to grow. **Tell us about how you have tried to get out of your comfort zone?**
  
4. One of your beloved partners has very unexpectedly passed away. She was one of two big rainmakers in one of our key offices and also served as the Office Head. It is widely known throughout the firm that she was one of the better leaders; generously invested non-billable time in coaching and nurturing her people and seen as the inspiration behind much of the office's growth. Before you have had much time to think about her replacement, the other big rainmaker in that same office requests of you that he immediately be appointed as the new Office Head. You know Hector to be highly competitive, secretly jealous of his former colleague's leadership legacy, a born-rainmaker who just oozes charisma – but when it comes to really managing or leading, has never evidenced either the skills,



aptitude, patience with people or important attention to detail. It would be a slow-motion train wreck to allow Hector to manage this office, but you just know that if he is not accommodated, he may very well walk. **What do you tell him and what do you do?**

5. In an article entitled, *Leading in the 21st Century*, the authors state: *“when we meet with the men and women who run the world’s largest organizations what we hear with increasing frequency is how different everything feels from just a decade ago. Leaders tell us that they are operating in a bewildering new environment in which little is certain, the tempo is quicker and the dynamics are more complex.”* They worry that it is impossible for CEOs to stay on top of all the things they need to know, to do their job. **What ONE ASPECT of taking on the enormous responsibility of being our next Firm Leader do you have personal doubts about your ability to handle?**
  
6. Our firm attracted a recognized lateral with a \$6 million book of business. Seven months after the lateral has been with us, you discover that the lateral has a new client conflict with one of the clients managed by an existing partner. Your existing partner is well-educated, with excellent work habits, joined the firm as a young associate and is a good solid citizen. She manages a \$1.8 million book of business and the conflict is with her largest client which accounts for nearly \$1 million annually in billings – a client who pays promptly without discount (96%

realization). Upon examination it would appear that both clients are equally profitable, while your lateral claims that this new potential client is integral to his building a dominant position in his chosen niche area. Your home-grown shareholder knows that if she loses her existing client, her status, compensation and career progress with the firm is at stake. **So, as the new firm leader, what do you do?**

7. According to one professor at the Harvard Business School, firms like ours are multi-million dollar operations, spanning several time zones, often global; with multiple product lines; typically with divergent profit margins, geographic foci, and client bases. And managing these huge enterprises we have? CEOs who come to the job as amateurs – not meant unkindly or uncharitably in the least – but as a simple statement of fact. In other words, leaders of corporations with comparative revenues spend years training and preparing to take on the CEO role. ***Tell us about the last management / leadership book that you read OR the last management / leadership training session you attended and what one lesson you took away from it?***
8. Following your election as our new firm leader you are approached and agree to conduct an interview with Fortune magazine. The reporter comes out to meet with you, asks you numerous questions about the firm, its historical achievements and your personal aspirations. When the article appears a month later, the publication presents a flattering profile of you

but takes a swipe at your predecessor giving readers the impression that he didn't accomplish much during his tenure as firm leader. You recognize that anyone reading this article is going to attribute the swipe to something you must have disclosed to the reporter. Some of your fellow partners are understandably upset. ***What do you do (internally and externally)?***

9. If you had to name something, what would you say is the biggest misperception that people have about you? ***And why do you think they've developed that misperception?***
  
10. In your first week in office, six of the firm's leading rainmakers from across the country request a brief conference call. They tell you that they've determined that there are a number of partners, of all ages and seniority, who are not carrying their weight; some billing less than 1300 hours a year. They tell you that this underperformance situation is tremendously demoralizing to those striving for excellence and striving to be consistent 1900 hour producers. They tell you that they believe this was a situation that your predecessor seemed to tolerate, but now must be dealt with, before it erodes the firm's RPL and profitability any further; and drives key rainmakers into the arms of competing firms. In essence, starting this year, they want a solid, blanket minimum for all equity partners with a reduction to non-equity ranks or dismissal for those who don't meet that standard. ***What do you tell them and what do you do?***

**EXHIBIT 19**

**Interview Assessment Worksheet**

**INTERVIEW ASSESSMENT WORKSHEET**

Leadership Candidate:  _____	1-3 Low	4-6 Med	7-9 High
<b>QUESTION #1:</b> What are the top three external issues that we need to focus on as a firm, to win?  <b>COMMENTS:</b>			
<b>QUESTION #2:</b> <b>SCENARTIO:</b> How would you instigate change?  <b>COMMENTS:</b>			
<b>QUESTION #3:</b> Tell us how you have tried to get out of your comfort zone?  <b>COMMENTS:</b>			

Assessment Completed By:

\_\_\_\_\_

## CHAPTER 12

# Analyzing A Candidate's Strengths

It is well understood that self-awareness is one of the most important attributes of leadership – the need for honest self knowledge about one's motives, personality, capacities and values. Going in the opposite direction, it should be recognized that the higher you go in any organization the less candid feedback you will receive and the less likely other people are to tell you about those personal characteristics and behaviors that you exhibit (that you may not even recognize), that can seriously get in your way.

In that same vein, I remember noting some sage advice from Ram Charan, bestselling author and global advisor to CEOs, who says that your NC could segregate their selection criteria into five buckets.

### **Bucket 1: The Givens**

Intelligence, character, a record of getting things done, a methodology for excellent execution, high energy. Two more are equally important: decisiveness, a bias toward saying “yes” or “no” rather

than “*maybe*”, and courage. A dire lack of even one of these should take a candidate out of the running.

### **Bucket 2: Skills**

These will vary from firm to firm and from era to era.

### **Bucket 3: Relationships**

In most companies much is achieved through a sustained network of external and internal relationships ... What is the candidate’s track record of building enduring relationships at several levels and converting them into strategic advantages?

### **Bucket 4: Judgment**

Almost all decisions at the CEO or firm leadership level require tradeoffs, and many factors are qualitative and subjective. How effective is the candidate’s judgment on key questions such as which information sources to access and listen to? In addition, how sage has the candidate’s judgment been on people, strategic bets, and resource allocation?

### **Bucket 5: Perception and cognition**

Does the candidate see what waits around the corner before others do? Powers of perception and the ability to connect diverse external forces are worth a lot of points. What experiences signal that a candidate has this critical ability? And what is his or her resilience in the face of shocks?

I suspect that it is a rare candidate that will possess all of the above, but I have always been struck by the perceptiveness of Ram's observations with these five buckets.

Feedback and introspection alone may not meaningfully enhance a leader's self-awareness; rather such awareness requires performance-based feedback derived from structured assessment. It is not unreasonable then to suggest that leadership candidates could benefit from psychometric testing, simply to better gage their strengths and vulnerabilities. There are psychometric tests that test for personality traits, competencies, values and intelligence. Armed with this information, leaders can devise plans to expand their capabilities (add new skills), expand their capacity (improve existing skills), or compensate for shortcomings.

Interestingly, it wasn't until the 1950s that psychometric tests began to be used in the workplace – which was when companies outside of the armed services began to use them. Today, in the corporate world, psychometric tests are widely used when companies engage in selecting leaders. Headhunters such as Heidrick & Struggles, Egon Zehnder and Korn/Ferry all provide talent-measurement as well as consultancies such as Deloitte and Bain. Companies like to use psychometric testing because it is relatively inexpensive and allows you to assess your shortlist of candidates with minimal effort.

Personality and behavioral style psychometric tests require

minimal preparation on the candidate's part. Rather, these tests tend to measure an individual's relatively stable behavioral tendencies and preferences within an occupational context. The behavioral basis of personality tests are primarily due to indirect and complex nature of personality.

Let's consider the situation where a psychometric profile of an excellent candidate indicates insufficient 'forceful' leadership. This partner has difficulty being appropriately assertive, setting clear expectations and holding professional staff accountable for their performance. The NC fears that this highly talented partner may derail if he cannot find a balance between enabling and forceful leadership. In this instance a professional coach may be prescribed to help design a program of role-playing, behavioral rehearsal and guidance to help this partner become more appropriately assertive. The use of a psychometric profile has become a tool to help assess this candidate's strengths and better prepare them for taking on the leadership role.

That all said, those psychologists and consultants that dispense the tests would tell us that while psychometric testing play a role in giving an organization valuable data you should also use caution in recognizing that it does not replace intuition. The general feeling among psychologists is that good practice for selecting leadership candidates means you don't just use psychometric tests, but in addition you should involve candidates in a series of intensive interviews. They proffer that the best interviews consist of a case study



or real-life work scenario such as a difficult task or problem that the leaders will face in the job and that would test the leadership candidates ability to be strategic in his or her thinking.

While the most common psychometric tests, when it comes to assessing potential leadership candidates, usually measuring aptitude, when you examine how any firm leader might fail, it is rarely the result of aptitude or insufficient intelligence. Generally, the failure occurs when some firm leader acts in an illogical, idiosyncratic or irrational way.

Indeed, an analysis of some of the largest failures in the profession will reveal that some firm leader made decisions regarding partner compensation guarantees, risky lateral recruitment, ill-fitting mergers, firm overspending, and so forth. Many of these leaders sabotaged themselves, albeit unconsciously. They had the intellect, skills and often years of firm leadership experience to navigate their firms through whatever challenges they encountered – yet for some reason they failed to do so. Something disrupted their plans, their trajectory and their leadership careers. Something that was integral to who they were and how they operated and something that existed below their conscious awareness.

For that reason the one psychometric test that I have long favored is the one developed by Robert Hogan, an industrial psychologist and professor who has done some groundbreaking research on how leaders' "dark sides" can cause negative consequences to their

firms. (See Appendix G: When Firm Leaders Over-Use Their Strengths)

Hogan's assessment provides a lens through which leaders are able to see and understand how certain strengths they possess can become weaknesses when they are under tremendous pressure or stress – the natural state of most firm leader's jobs. Partnering with Hogan Assessments I have put his model into practice in testing and counseling well over 150 firm and practice group leaders in an effort to help them prevent any potential self-destruction.

So should your one consensus leadership candidate or all of them undergo psychometric testing?

The vetting process in some firms has become more intense and my investigations have determined that more firms are beginning to believe that it is useful. For example, in the recent selection of one new Firm Chair for an AmLaw 100 firm, five finalists were shortlisted from an original 11. They were then all then subjected to six hours of psychometric testing, including a battery of online questions and an interview with a consultant.

Mark Rigotti, Chief Executive Officer at Herbert Smith Freehills reported to me:

*“We have used testing as part of the selection of the most senior leaders, via an external provider. This included two psychometric tests and in depth interviews intended to identify capabilities,*

*preferences and potential for the role ahead. As someone who went through these I found them very helpful in thinking about first how I would go about my role and secondly about the people needed on the Executive team to have a diverse balanced set of skills. We also use some tests to assist with leadership development, rather than selection of leaders. The experience with these has been reasonably good with a number of people finding them helpful in working out what to leverage and what to work to improve their individual effectiveness. Of course all these tests and tools don't make decisions or guarantee perfect leaders - they can enable improvement.”*

And from Fredrick Lautz the former Managing Partner at 450-lawyer Quarles & Brady, I was told:

*“During my term as managing partner, we have had two instances of which I am aware where we used psychometric testing. Several years back we put a cohort of younger partners who we thought had leadership potential (roughly 30 attorneys) through a multi-day leadership training program with coaching follow-up. And then two years ago, in the course of considering more regular leadership training for our current and pipeline leaders, we engaged a psychologist to conduct psychometric testing on a pilot group of current firm leaders, including attorney leaders and staff leaders. In evaluating the attributes and qualities of our pipeline leaders and looking at the current stages of their careers (most of them have fairly long careers ahead of them and are not in a position to give up their current practices to run*

*the firm), we decided we needed to reshape our leadership structure to design roles with responsibilities, expectations and levels of commitment which better fit those who we would expect to succeed to the leadership roles.”*

Finally, from William Henderson, Professor of Law at Indiana University I received an incredulous query –

*WHY is a law firm waiting until election to leadership to use psychometric assessment?*

I have a lot of experience using these types of tools, both as an educator and doing projects for law firms. Their primary value is in lawyer / leadership development. Firms ought to be developing their leadership (and their lawyers generally) through psychometric tools that map onto an overall talent model. That said, when it comes time to make a selection decision, there is nothing better than past performance data based on clearly delineated standards. Apply those standards to past performance data and the promotion decision becomes both obvious and accurate. Cravath understood this in the 1920s. McKinsey then copied the model in the 1930s from first-tier law firms. The short-term focus on revenue generation has obscured this logic. Yet the logic pays enormous long-term dividends.

I firmly believe that if the role of your Nominating Committee and Board is to assist these candidates in building their self-awareness

to be the best firm leader they can be, it is a very valuable exercise. Your next firm leader's self-awareness builds from honest self-appraisal about emotional strengths and vulnerabilities; values and attitudes, personality traits and unresolved conflicts. Your best candidate is a total person, not just a set of skills performing a role.



## APPENDIX G

# When Firm Leaders Overuse Their Strengths

In an article I wrote for *American Lawyer* entitled *Malignant Leadership*, I talked about the merits of psychological evaluations and about how “increasing stress, work overload, fatigue, high emotion, and lack of social vigilance can increase the probability of malignant leadership.” I referenced a useful psychometric instrument, developed by Hogan Assessments, which can help “detect leaders who are likely to derail.” What is most intriguing, I said, was how leaders can exhibit a “Dark Side that is simply the result of them using their strengths to an extreme.”

For some time now, we have all been strongly encouraged to focus on developing our strengths rather than gravitating to working on weaknesses. Conventional wisdom in leadership and the late Peter Drucker constantly advised executives to build on their strengths. This seemingly straightforward advice is complicated by Drucker’s own observation that, “Most people think they know what they are good at . . . and they are usually wrong.”

Ironically, the line between a strength and weakness isn't always clear. Consider: if, as a leader, I am a really good speaker, when I want to influence my partners, what am I most likely to do? Attempt to speak passionately, go on at length, perhaps even turn up the volume. What might I forget to do? Listen. Since, in the moment, I cannot do both. When I lean on my speaking capability too much, especially in an unfamiliar situation, at the wrong times, or when I am particularly anxious, it may actually transform that strength into a crippling weakness.

There is now significant evidence to show all leaders, whether at a firm or practice group level, are susceptible to overusing their strengths. Your natural desire to be forceful and forthright can, under pressure, become perceived to be abusive and authoritative. Your operating preference to always seek consensus can drift into periods of protracted indecision. The desire to dramatically improve performance and the firm's profitability can incite a preoccupation for short-term expediency.

No matter how magnetic, impactful, or authentic your leadership style, you have a dark side – a kind of shadow that follows you around, lurking in the peripheral, with the potential to emerge in times of stress, difficulty, novelty, or boredom. Self-awareness is the best preventative medicine for maintaining strengths while avoiding the over-reliance or over-use that can turn them into a liability.

One of the most scientifically validated and reliable tools to assist firm leaders and leadership candidates to become more self-aware, was developed by noted psychologist, Dr. Robert Hogan. The Hogan Development Survey (HDS) is a measure of 11 personality characteristics known as the “Dark Side” and is the only instrument available that assesses a leader’s preference toward derailing behaviors in times of stress and uncertainty.

These 11 different characteristics, would under normal circumstances be considered strengths, but Dark Side temperament describes people when they are facing adversity, boredom or simply not paying sufficient attention to their leadership comportment. As an integral part of your firm leadership selection process you can, as many firms like Perkins Coie and others have begun doing, introduce your candidates to a valuable tool for helping them assess their leadership strengths.

In our First 100 Days program for new firm leaders, we acquired firsthand exposure to the performance anxieties of over 50 new firm leaders, conducted in-depth assessments of their personalities and working styles, and helped each look into the mirror and examine how their individual strengths could potentially work against them. At the very least, data from this survey affords both candidates and new firm leaders the opportunity for deep personal insight, which provides for taking action on how to avoid self-defeating behaviors.



## **Self-Defeating Behaviors**

Here is a brief peek at Hogan's definition of the 11 most common strengths that can become weaknesses under pressure:

### *Strength: Excitable*

- Great capacity for empathy; tends to exhibit enthusiasm about ideas and people and works hard on new projects.
- When under stress: Leader can lack persistence, requires constant reassurance as easily becomes disappointed with initiatives, displays moodiness, is hard to please, sensitive to any criticism and prone to exhibiting volatile emotional displays.

### *Strength: Skeptical*

- Bright, thoughtful, perceptive, tends to be socially insightful, and a great navigator of firm politics.
- When under stress: Leader seems to lack trust, acts with suspicion, is cynical, distrustful and quick to doubt others' intentions; alert to signs of mistreatment and will retaliate when finding it.

### *Strength: Cautious*

- Meticulous at evaluating risks; tends to be prudent, careful and conscientious.
- When under stress: Leader avoids innovation, is unwilling to take risks or offer opinions, becomes reactive rather than proactive; seems resistant to change, sometimes paralyzed by a fear of failure.

*Strength: Reserved*

- Tough in the face of adversity; can take criticism and tends to stay focused; independent and comfortable working alone on projects
- When under stress: Leader can seem aloof, rude, uncommunicative, detached and insensitive to the needs and feelings of others.

*Strength: Leisurely*

- Good social skills, clever at hiding their feelings; tends to be very agreeable and pleasant to work with, confident about their own skills and abilities.
- When under stress: Leader becomes cynical of others' skills and abilities, is passive-aggressive, tends toward procrastination, becoming resistant to feedback, stubborn, and resentful of interruptions.

*Strength: Bold*

- Liked, admired, charismatic; tends to be highly ambitious, energetically taking initiative and expecting success.
- When under stress: Leader shows arrogance, acts as though he is entitled with inflated views of self-worth, is self-absorbed, and unwilling to admit any mistakes or share credit.

*Strength: Mischievous*

- Is exceedingly charming and friendly; tends to handle heavy workloads well

- When under stress: Leader becomes manipulative, impulsive, reckless, seeks excitement, and thereby prone to taking ill-advised risks; has problems maintaining commitment and learning from experience.

*Strength: Colorful*

- Has flair, presence; tends to be expressive, engaging, lively and fun; naturally good at sales.
- When under stress: Leader is overly dramatic, attention-seeking and highly disorganized; prone to making dramatic entrances, seems preoccupied with being noticed and may lack the ability to listen and maintain a consistent focus.

*Strength: Imaginative*

- Constantly alert to new ways of seeing things and enjoys entertaining others with new ideas; tends to be creative; an innovative thinker, and insightful about others' motives.
- When under stress: Leader act and communicate in unusual or eccentric ways, often lacking sound judgment and indifferent to the consequences; can be impractical and idiosyncratic, confusing others by constantly changing their minds.

*Strength: Diligent*

- Hard working, concerned with doing a good job; tends to set high standards for self and others and is careful and meticulous, reliably detail oriented.

- When under stress: Leader becomes a perfectionist, irritated when rules are not followed, disempowers others by micro-managing everything and is hypercritical; poor at delegating and they becomes a bottleneck to productivity because everything must pas through them.

*Strength: Dutiful*

- Loyal, cordial and polite; tends to conform, make few enemies, and is eager to please.
- When under stress: Leader is deeply concerned with being accepted, alert for signs of disapproval; becoming indecisive, reliant on others for guidance and reluctant to act independently or go against popular opinion, thus staff may feel unsupported.

As we understand more about ourselves, we gain perspective about why some environments, situations and organizational cultures are opportunities for us to thrive, feel stifled or encounter significant stress. Moreover, we can begin to understand why.

**Leading With A Blind Spot**

It is important to understand that Dark Side personality characteristics should not be assumed to be problematic. Most people have some combination of vulnerabilities, and some are remarkably self-aware and able to moderate their behavior under stress; which is key. In a 2006 study of successful Australian CEOs, Hogan found that every CEO had a dark side factor that needed to be managed. Thus the Dark Side is a double-edged sword, motivating

exceptional levels of capability but also potentially leading to counterproductive behavior in the unprepared leader.

What becomes interesting from my research is that we have thus far had over 50 new firm leaders complete a Hogan HDS Survey – 42% hailing from AmLaw 100 and 200 firms and the remainder from firms of, almost always, over 100 attorneys in size. Our subsequent analysis of these completed surveys shows that 77.5% of all new firm leaders tested, rated “High Risk” on at least one of these 11 different scales; and 22.5% (or nearly one in four) rated “High Risk” on three or more of these 11 scales.

Digging deeper, we found that one particular Dark Side dimension was more pronounced than any other, by twice the scores amongst this group of firm leaders. That dimension is known as Excitability – which accounted for 25% of the firm leaders testing “High Risk” (90 Percentile) and another 37.5% testing “Moderate Risk” (70 to 90 Percentile) for a total of 62.5% or nearly two out of three leaders displaying this attribute as a strength, that is prone to overuse.

Now, an argument can be proffered that Excitability is one of the qualifications for being a capable firm leader. Most of the time these leaders use this strength to purposefully direct enthusiasm and draw attention to issues of importance and also to demonstrate their support for a particular undertaking. Excitable firm leaders vibrate with energy, command attention and respect, moti-

vating and inspiring those around them in ways that can be contagious throughout the firm. We tend to discount their occasional bad-tempered outbursts as a natural reaction to a high-stress job filled with complex challenges.

Excitable leaders aren't at risk because they may fly off the handle now and then. The problem begins where one week you are incredibly optimistic about an undertaking and speak eloquently and convincingly about how all of your partners should be supportive, only the next week to find you gloomy and disheartened that the project still isn't off the ground or progressing as quickly as hoped – very often because as the leader you have “launched” a new initiative and then delegated it to others to follow through on, causing many of your partners to wonder whether it was really important or simply the latest fad. Excitable leaders are prone to becoming easily disappointed and when disappointed their first instinct is to withdraw and to leave.

This scale concerns the tendency to develop strong enthusiasms about new projects or relationships, perhaps even to idealize them, then to discover flaws or shortcomings in the idealized object and to become disillusioned, discouraged, and upset. Leaders with high-risk scores tend to let little things bother them, become annoyed easily, and change their focus and their priorities more frequently. Highly Excitable leaders don't always see how their volatility can seriously impact their effectiveness; thus it becomes a

destructive blind spot for them. Imagine working with a leader who:

- moves back and forth between optimistic and pessimistic stances, between encouraging a project and then acting agitated that it's not progressing quickly enough;
- through his messages and actions generates enthusiasm one day and intimidation the next, such that people start holding back news about missed commitments or unexpected events;
- explodes over minor missteps or for reasons he can't fully articulate, resulting in people avoiding certain topics, cutting off his information flow and returning phone calls with well-rehearsed answers; and
- has colleagues whispering about how they are never quite sure who precisely is going to show up in his office from one day to the next, and consulting with the secretary for a weather report before entering his office.

Although the most obvious symptom to others of Excitability overused is the leader's frequent mood swings, it probably isn't the most obvious to those inflicted. What may look like a dramatic change of mind or mood swing to others, feels to you like simply a normal reaction to the stress of leadership. This is what Hogan

refers to as leadership derailment, wherein our personality characteristics betray us, degrade our success, and generally send us on a fast train to nowhere. Our shadow is particularly dangerous because it tends to lie beyond the reach of our awareness, but is highly apparent to those around us.

Are you aware of your strengths and how to use them to your advantage . . . without overusing them?





## APPENDIX H

# Selecting The Right Leadership Candidate

I see this happening all too often. There is a job available for a new department head or group leader. So, our firm leader looks to the group itself for someone to take on the responsibility. George, the most senior professional and leading luminary, gets tapped to manage his former colleagues. Unfortunately, George is extraordinarily busy with his own work and quickly proves to be a pathetic group leader – largely because managing a busy personal practice and managing a group of other professionals, are two vastly different skill sets.

Now, unfortunately, few firms have any history of purging, disciplining, or counseling those who are not performing as adequate leaders. Things have to get pretty unbearable before anyone makes a move. Gentle hints won't change the situation and neither will stern lectures. And, you cannot incentivize people to do things they are not comfortable or effectively skilled in doing. I even find that all too often, deep down, this individual didn't really want to

take on the position in the first place, but didn't know how to say "no".

So, what do firm leaders do with those who are not performing as expected? They work around them. Or, they try to make them some else's problem. Or, worse yet, they rationalize the person's lack of performance by making excuses:

- "There is no guarantee that we will be able to find a replacement that will be any better or devote the necessary time to managing this group";
- "We shouldn't be too hasty in attempting a change as it could embarrass the incumbent and risk his leaving the firm"; or
- "Our current group leader may not be fulfilling expectations or spending sufficient time on actively managing group members, but she's really not doing that much harm."

To solve this problem, firm leaders obviously need to do a better job of ensuring that the right professionals end up in positions for which they are best suited. And, going back to square one, firm boards/executive committees need to do a much better job of selecting the right firm leader in the first place. You may all remember the old adage that the "fish rots from the head".

Is there an ideal leader? 2,500 years ago, the Chinese philosopher Lao Tzu wrote a description that is as close to an ideal leader as I've ever seen:

*“The best of all leaders is the one who helps people so eventually they don’t need him. Then comes the one they love and admire. People don’t trust a leader who doesn’t trust them. The best leader says little, but when he speaks people listen and when he is finished with his work, the people say we did it ourselves.”*

But, you already knew this – one of the important parts of selecting your firm leader is picking the “right person” to serve. To place the right leader where he or she will do the most good, we need to be clear about what we want them to do and to understand who they are and what we can expect from them. That is why we invest the considerable time and effort to identify high-potential future leaders, put them through extensive leadership training sessions, provide consistent, hands-on counseling, and subject potential leadership candidates to lengthy interview processes and personality tests... or, do we?

***Ahhhhh, maybe that’s the problem!!!***



# MAKING THE DECISION

## **CHAPTER 13**

# Reporting on Results of Interviews and Confidential Commentary

Arising from the confidential commentary and input from the partnership and the subsequent scoring of the candidate's interviews with the Board, the Board should receive a detailed assessment report on each of the candidates.

As Exhibit 20, I have included a Sample Executive Summary covering three finalist candidates. This summary includes a report on each candidate as a result of the feedback from the online survey, from the supportive and negative commentary provided to the succession consultant, and includes the Board Members scoring from the candidates performance during the formal interviews.

This candidate assessment could also include, as we have now recently seen occur in a few firms (see Chapter 12), the results from the psychometric testing activities that each of the candidates experienced.

This formal report should provide a picture of each candidates relative strengths and shortcomings. Board members need to be realistic when analyzing their firm's needs and understand what individual candidates will and will not bring to this important job.

## **EXHIBIT 20**

### **Sample Executive Summary of Candidates**

#### **Executive Summary**

Enclosed in this Binder are statistical reports for your review – the electronic survey which represents the feedback of individual partners from throughout the firm; the comments of those partners who chose to either forward e-mails or speak directly with our succession consultant with respect to their views on the three candidates; and the rankings and comments of individual Board members who observed and graded each candidate based on their responses to individual questions at the candidate interviews.

#### *1. Online Survey*

- The survey was comprised of 15 specific questions, corresponding to the attributes identified in an earlier survey of the shareholders as to which they deemed most important, and graded on a 7-point scale. The composite scores, out of a possible of seven, received by each candidate is as follows:

Adams    Average 5.7  
Baker    Average 5.1  
Clark    Average 4.5

- Each partner was allowed to provide input on as many of the three candidates as they wished and the input was confidential; with the system guarding against anyone responding more than once. The number of partners who commented on each candidate is as follows:

Adams    203 responding  
Baker    190 responding  
Clark    193 responding

In discussions with various partners one of the common points that was repeatedly made was that some did not feel comfortable participating in this survey (or in providing any feedback) because they simply did not know the candidates and did not feel that simply responding to the Town Hall comments was a fair representation.

- Those shareholders that did participate were also asked: “*Would you recommend selecting this candidate?*” Those answering that question responded:

Adams    75% affirmative  
Baker    60% affirmative  
Clark    73% affirmative

## *2. Shareholder Feedback Provided to Consultant*

Having heard from a good representation (over 85%) of all the partners, the comments received were primarily given by telephone (90%) as compared to e-mail; were transcribed verbatim and ranged from a couple of sentences to a number of lengthy paragraphs. The comments were segregated into three categories: supportive of a candidate, neutral in that it provided both positive and negative views; and negative of a candidate. The overall comments received were as follows:

Adams	22 Supportive   0 Neutral   8 Negative
Baker	11 Supportive   0 Neutral   5 Negative
Clark	13 Supportive   2 Neutral   2 Negative

Finally, an additional 11 partners offered general comments about the process.

## *3. Board Member Scoring of Candidate Interviews*

Onur one-hour interviews were held with each candidate wherein they answered 12 different questions comprised of open-ended and scenario-type situations. The Board members in attendance were asked to grade each candidate on each question and provide some general feedback on their overall impressions of how the candidate handled their interview. In total, sixteen (16) submissions were submitted and the average grade for all twelve (12) questions is as follows:



Adams	6.7
Baker	6.9
Clark	7.1

#### *4. Summary of Positive and Negative Themes for Each Candidate*

Looking through the myriad of comments that emerged from the online survey, from shareholder feedback and from Board comments, the following themes seem to represent those most frequently stated.

### **POSITIVES**

#### *Adams:*

- I. A big-picture thinker with most practical experience in international arena
- II. Smart, charming, near photographic memory, articulate and persuasive
- III. Has worked on a lot of firm initiatives and done them well

#### *Baker:*

- I. Fearless in bringing up tough issues
- II. Highly analytical with a good business sense and strong delegation skills
- III. Competitive, self-confident, personable, an excellent problem-solver

#### *Clark:*

- I. Always focused on the positive side of situations, a real optimist

- II. Keen ability to connect with people of all backgrounds
- III. Recognized as good listener, facilitator, and always open to suggestions

## **NEGATIVES**

### *Adams:*

- I. Lacks maturity, too ambitious, wants the job too much
- II. Comes across as condescending, obsequious, arrogant, aloof and political
- III. Can be perceived as preoccupied with himself and not a good listener

### *Baker:*

- I. Reputation for being opinionated, adversarial, contrarian, polarizing
- II. Too narrowly focused on profit, making some people uncomfortable
- III. Can be perceived as too blunt, entrenched in his views and not a consensus builder

### *Clark:*

- I. Weak on substance, too casual, doesn't answer questions (Town Halls / Interviews)
- II. Too jovial and doesn't come across as serious enough to instill confidence
- III. Can be perceived as unable to make the tough decisions and confront people

## CHAPTER 14

# After Selecting Your New Firm Leader

Following the Board's selection of a new Firm Leader or a vote by the general partnership or whatever specific process your partnership agreement dictates (see as an example – Exhibit 21: The Voting Process), a succession decision is determined, but the process is not yet complete as there are a couple of important tasks that also need to be attended to.

First, is empathetic communication.

For those of your partners who were candidates that were not chosen, the selection process can be bruising and divisive. Given that, for many partners, professional service firms are insecure places anyway, partners who may well have had the requisite leadership qualities don't need to now feel humiliated at losing. Therefore it is critically important that every candidates be contacted by the Board and be properly thanked for their interest in the job and for their continuing willingness to be of service to your firm.

**Your firm has a new leader, people need to be informed.**

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

**EXHIBIT 21**

**The Voting Process**

(When The Board is Making The Determination)

At the meeting to determine our new Firm Leader the following voting process will be observed:

- All candidates remain outside the room.
- An initial vote is taken as between all candidates and the first to receive a majority votes wins.
- If no candidate initially received a majority of votes, that candidate with the lowest number of votes will be excluded and another vote will occur.
- The Board votes again as between the remaining candidates. If a candidate receives a majority of the votes, that candidate wins

and if not then the next candidate receiving the lowest votes is excluded and another vote will occur.

- This process will be repeated until a majority candidate is determined.
- Once a candidate receives a majority vote a final vote is taken to hopefully achieve a unanimous vote from the Board.



## APPENDIX I

# When You Select Co-Managing Partners

Here is a provocative scenario: You are in your early fifties, a successful practitioner and in the midst of your best revenue-generating years, when your partners ask you to take on being the firm's next leader. Your initial term is four-years, with an option to renew for additional terms; but you are going to have to give up a substantial portion of your practice to manage and lead your firm. What do you do?

My research over the years shows that firm leaders who relinquish their practices to assume management responsibility may be in a tough spot when their leadership role comes to its conclusion. Only 23 percent of firms have some form of 'parachute provision' or other compensation formula to help professionals ease-out of their management roles and back into full-time practice. Thus, following your retirement from a management role, you may find yourself having to work under a new compensation arrangement, contingent on your performance as a practitioner. And if there

were any unhappy events (like your firm dissolved) that occurred during your leadership tenure, your career may be in real difficulty. Meanwhile, having passed your client load off to other partners in the firm, you now lack the traditional hefty book of business that makes you attractive to your, or any other firm.

What this scenario seems to be stimulating is a growing trend towards a model of shared leadership – either by having co-managing partners or an Associate Managing Partner role, (and also having a strong Chief Operating Officer) who all continue to maintain some small practice, even while having firm leadership responsibilities. This allows each individual to keep his or her hand in the practice and maintain client relationships against that day when they may return to practice full time. Perhaps of equal importance in some firms, it provides a measure of credibility that may be needed in dealing with your fellow partners.

**Now we face a different challenge!**

The job of leading a law firm may certainly be demanding enough for two professionals; but the test is selecting the right two people to share the role. Attempts to split the firm leadership job can lead to clashing egos and crippling power struggles, especially if one of these two partners conceals any ambition for holding the position alone.

The most successful pairs often consist of firm co-founders or partners who started at the firm at the same time when it was

smaller. And it is easier in those firms that truly have a ‘team-oriented’ culture. Despite some problems with sharing responsibilities numerous professional service firms have made it work. Here are the key components to focus on:

- **Cultivate Self-Awareness**

(What are they each good at?)

One of the initial hurdles to sharing leadership responsibilities is that neither of your two co-leaders do not usually get a say in choosing their counterpart and this can obviously cause some frustration.

There are a few exceptions. One co-managing partner reported to me:

*“Our managing partners serve 3 year terms and are subject to review by a nominating committee at the end of each term. When we have decided to make a change, the nominating committee has spent a great deal of time looking for individuals with complementary skill sets who will function well as a team. We have never changed both managing directors at the same time so a significant part of the nominating committee’s charge has been to identify the strengths of the individual who is likely to continue in the role and to attempt to select another individual with a complementary skill set. In that process, we think a great deal about practice area diversity, age diversity, external vs. internal focus, etc.”*

In the ideal situation, you should be selecting co-managing partners that have complimentary capabilities and different sets of ex-



periences. Perhaps one is perceived as the more senior statesman while the other is recognized for their youthful entrepreneurial spirit. In other words, the best situation is where the two partners bring different skill sets and different talents to the table such that either would freely admit that they could not do the things that the other does. This allows different leadership styles and different competencies to be available to the benefit of your firm.

In beginning to understand each other, each has to be brutally honest— in understanding their respective strengths and weaknesses. It is advisable, early in any working relationship, to engage them both in some form of self-assessment to obtain a measure of leadership strengths, personal work style and emotional disposition in order to have some hard data to examine and compare. It is valuable when two professionals who are set to co-lead and work closely together can examine their respective backgrounds, personalities, management styles and begin to appreciate where they are similar and where they are quite different.

One self-assessment tool that I have invested 15-minutes into doing on myself, is available at no charge and can be accessed at: <http://personal.psu.edu/j5j/IPIP/ipipneo120.htm>

This assessment measures five domains of personality: extraversion, agreeableness, conscientiousness, emotional stability, and intellect. It provides you with an instantaneous written report of about 9 to 10 pages presenting a detailed description of your per-

sonality according to the six sub-facets that comprise each of the five main domains.

You might also consider asking both of these co-leaders to engage in obtaining some formal (or informal) 360-degree feedback to get an accurate sense of how others in your firm are viewing each, with respect to their attributes and shortcomings.

- **Ensure There Is A Shared Commitment to the Firm**

(Can they both agree to put the firm first?)

In order for two professionals to successfully lead one firm, they need to come together in developing a shared ambition for where they wish to see your firm go and what they would like to see the firm achieve during their joint tenure.

Having examined a number of shared leadership arrangements, one factor is paramount – those partners involved have to be prepared to work together as a team for the good of the entire firm. This factor, more than any other, allows the professionals involved to work through any differences and collaborate effectively. Each must be prepared to learn how to take a step back in the areas where the other is better equipped to take the lead. There can be no competition for power or accolades. A very specific problem arises when motives are suspect. If either is perceived to be pursuing a personal agenda – that is a clear red flag.

- *Develop A Working Relationship*

(How do they both manage their respective egos?)

Being a co-managing partner is demanding in that it runs counter to the natural tendency of professionals to strive for individual achievement. A professional's identity and self-worth is focused around what he or she accomplished as a practitioner and upon developing competencies that serve to distinguish them in meaningful ways.

There may be fewer opportunities for individual achievements when you share leadership. Indeed these two co-leaders must agree to share the responsibility – both the glory and the agony – as a team, not as individuals. Many achievements will be joint achievements. When some outcome is achieved primarily by one of the two co-leaders, your partners may assume that the two worked together or feel that it is appropriate to recognize both leaders equally. The greatest challenge for both to overcome will be to subordinate respective egos. Is each co-leader comfortable with walking on stage and taking their bows together, even though one may feel that he or she did the lion's share of the work on the project that partners thought deserved such kudos? Co-leadership can only work if each partner is prepared to share credit and . . . share blame, equally.

The co-managing partner of one accounting firm I know reported that their views of “working together seamlessly” are so strong that following his giving a professional journal an interview, he refused to have his picture taken for the article about his firm unless his counterpart was also included in the photo.

Each needs to sincerely want to see their co-leader be successful. Where that exists, conflict and criticism are easier to deal with professionally. It starts with having two managing partners who have the right attitude, in that they are always prepared to give the other the benefit of the doubt and trust that the other person is doing what is right for the benefit of the firm. They must each also have a willingness to accept that the other may occasionally disagree with their approach and actually have a better way of handling some situation.

Find out how your co-leader deals with conflict and stress and share how you tend to deal with difficult and stressful situations. Agree on how you will best work with one another if one or both of you find yourselves tired, stressed or finding that things are not going so smoothly.

In selecting two good co-leaders, there is a need to be honest about those areas where either one is weak and agree to help fill any gaps by teaching each other. One will have strengths and competencies that the other partner lacks, but both should compensate without undermining the other colleagues' weaknesses.

- **Clearly Define Roles**

(Who is the better choice to provide leadership in specific areas?) Agreeing to work together as co-managing partners always involves some upfront discussion about roles – and those roles must be

carefully designed. One of the more common distinctions when dividing the workload is to have one individual dedicated to the external environment (strategic direction, client service and new business development) while the other takes responsibility for the internal environment (budgets, personnel and operations).

That said, during the selection process your Board can work with the co-leaders to divide the leadership duties in any number of ways. One might be responsible for the international offices, while the other focuses on the domestic operations. One might be in charge of technology and finance; while the other oversees marketing and partnership issues. One can have a task-orientation while the other is better with handling the intricacies of working with the people – partners and staff. Responsibilities can be divided by interests (strategy vs. operations), skills (innovation vs. implementation), or personality bent (being task-oriented vs. people oriented).

If a natural division of labor is not apparent, you may wish to start by conducting an inventory of the tasks, activities and responsibilities of the firm leader's role. (See Chapter 5). Now choose which of these activities would best be performed by which partner, and which activities should be done together. At the conclusion of this exercise, you need to be absolutely clear amongst the two as to what activity should be performed by who (that individual who has the better knowledge, experience, or contacts) and you need to be absolutely transparent with the partners on who has responsibility for what. Having distinct responsibilities helps mitigate one of the

potential pitfalls of the co-managing partner arrangement: confusion among partners and staff as to who is responsible for what aspect of the firm's business and thereby helps to resolve communications and reporting problems.

You also need to be very clear concerning the degree of freedom each has around taking individual action. For example, will it become an eventual cause for conflict if one of the co-leaders is constantly the source of media commentary and has their name in the papers representing the views of the firm? Or, while it may be unrealistic for both co-leaders to be present in all meetings and interactions with other partners, on which subjects does one co-leader have complete discretion to represent the other?

Finally, there needs to be a purposeful effort to ensure that no administrative professional (CFO, CMO, HR, etc.) ever reports to both co-leaders. It is conceivable to have the marketing and IT professionals reporting to Mr. External and the financial and personnel professionals reporting to Ms. Internal. It is important to avoid any potential for confusion. Fellow partners should not be seen "shopping" their pet projects around, and subordinates should not be allowed to play one co-leader off against the other by asking one for something after their co-leader has already said no.

- **Establish Working Protocols**

(How are they going to coordinate so they don't step on each other's toes?)

In discussions with co-managing partners about the nature of their working arrangements, the first thoughts offered on what makes for an effective relationship are terms like “good chemistry, trust, mutual respect, and confidence.” These broad descriptions convey a general feel of the relationship, but what are the specifics that make these relationships work? What are the elements that make up this “good chemistry”— and can they be replicated? When you probe deeper, there are two essential ingredients that must be in place:

### *DECISION MAKING*

There is a fundamental dilemma involved in having two people sharing leadership responsibilities: If one strongly disagrees with their co-leader on some course of action, now what do they do?

Co-managing partners report that having some pre-agreed process, protocol or ground rules (you choose the term you favor) in place that allows for open debate and true decision-making is important. The process is required to help co-leaders determine how, specifically, they will deal with any disagreements that may arise between them.

In effect, the two co-leaders should create a decision-making model wherein they attempt to identify the decisions (or types of decisions) that will need to be made. They can then collaborate on determining which decisions can be made by either of them alone (with one simply informing the other), and which decisions require agreement of both co-leaders.

In some situation, the easiest approach is simply to defer to the individual who would appear to have the most experience with the particular issue at hand. In other instances, I have seen two co-leaders agree that they will be prepared to defer to that individual who expresses the strongest feeling about a particular decision. So, if the situation were such that my colleague felt strongly about something, I would have agreed to back off and defer to my colleague on that particular topic.

And, in those instances where both may have equal expertise or strong feelings about the subject, they need to resolve any disagreement by choosing some trusted advisor(s) to serve as arbitrator and help them reach a satisfactory decision. Their mutual capacity to reach a compromise in cases of divergent views is the glue that builds their relationship.

Leadership watching is a great spectator sport among many partners and even the most inconsequential differences can be perceived as indications of a possible rift. Like good parents that try never to fight in front of their children, it is important to have a rule whereby the two co-leaders will hash out any issues of discord in private.

### *COMMUNICATIONS*

Most co-managing partners report that they make it a habit to communicate regularly, at least a couple times a week with their



counterpart, and far more frequently at the onset of the relationship. Communications should include formal and informal venues, be open, respectful, and accommodating of each co-leader's communication preferences – be they by e-mail, phone conversations, texts or in-person.

Many note that they make an intentional effort to stay in touch by setting aside dedicated time to work with their counterpart. They make face time a priority. For one co-leader that meant flying to the opposite coast and working there for a few days of each month. For another, it meant scheduling a regular monthly luncheon with a pre-agreed upon agenda to share thoughts, debate issues, develop common positions and plan their work. The important lesson is that successful co-leaders specifically made time to meet and communicate – and didn't leave it to chance.

Again, from one co-managing partner I know,  
*“In terms of the functioning of the relationship, it is really akin to the give and take in a good marriage. My co-managing partner and I try to connect either in person or by email / phone almost every day and we meet weekly in pre-assigned times. One of the challenges is figuring out how to bring some efficiency to the various tasks at hand by assigning one of us to a primary role. There are other issues that really require us both to be deeply involved. Given our tradition and culture, we really have not worried about the notion of one person aspiring for sole control.”*

The “staying in touch” process creates the context – it allows each to keep their fingers on the pulse of the firm, to be sensitive to opinions and issues that need attention. Ultimately, each of your firm’s co-leaders must be able to speak for his or her partner so that the communication comes across with ‘a single voice.’

One important element of any co-leadership communications protocol is that neither should ever be ‘surprised’ by news; particularly bad news. It must be the desire of both to keep the other fully informed of issues and potential issues that relate to your firm’s performance and leadership.

#### *EMBRACING SHARED LEADERSHIP*

Selecting co-leaders can work well within your firm when both:

- put the firm first
- would like to divide the workload
- have complementary strengths / experiences
- value the other’s perspective
- are both willing to compromise
- want to help each other grow
- are both good listeners
- respect and like each other
- work equally hard; and
- when neither demands all the credit.

When one thinks of having co-managing partners, the favored analogy is riding a tandem bicycle. Riding a bike with two seats, two sets of pedals and powered by two individuals, who may at any second decide they would like to go in different directions, can be a challenge. Attempting to steer a firm of traditionally autonomous professionals in tandem requires a delicate balancing act.

The good news is that it can be accomplished with some thoughtful preparation. If your firm has potential office or firm leaders who would be great in the role but are reluctant to give up their client responsibilities, the notion of having co-leaders may be an attractive alternative. The 'power of two' can give your firm the extra managerial bandwidth needed to cope with a complex, fast-changing, competitive environment and foster an internal dynamic where both leaders challenge each other to higher levels of performance.



# MANAGING THE ROLE OF THE OUTGOING LEADER

## CHAPTER 15

# Creating A Transition/ Integration Plan

No one should want to take on a job where you are not clear on how your performance is going to be measured at various points throughout your mandate. It therefore becomes incumbent upon both the Board and the new Firm Leader to clearly set out, codify, and agree upon some reasonably clear performance expectations.

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

### **Agreeing on performance expectations is essential**

Once a new managing partner has been selected by the firm, clear objectives and expectations should be agreed and documented to ensure the individual's performance is properly measured and rewarded. While this would seem an obvious way to protect both parties in the event of a disagreement, it is infrequently done in practice in the US. Only about 23 percent of US managing partners have formal written job descriptions, and there are often no objectives or expectations formally laid out for the role. Very few firms have formal feedback or appraisal systems for their managing partner, and there is rarely any discussion around compensation arrangements. Some managing partners even resist having a formal job description, believing that it will limit their authority or ultimately put their job at risk. However, this is very short sighted. It must be in the best interests of a managing partner to have a very detailed job description in order to be able to demonstrate exactly how they contribute to the firm.

### **Managing the transition period**

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

There are four requirements for a successful transition:

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

Now, during this period, when all eyes are on the new leader, each decision and communication takes on heightened importance. Transitions differ in their degree of difficulty depending on the candidate's history. A new Firm Leader who moves up from having had a role on the Board can experience an easier transition than one who is transitioning in from having been an Office Head or Practice Group Leader. A new leader who is already a partner in the firm's primary and largest office will experience an easier transition than a partner headquartered in some remote office. And a new leader taking over from an incumbent who has held the office for less than five years will have a far easier time than one taking over from a leader who has been in their position for over a decade.

One of the most important discussions the exiting Firm Leader can have with the Executive Committee / Board concerns his or her future role within the firm. Some Managing Partners transition to

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

I have personally witnessed too many firms allowing the former Managing Partner to now serve as Firm Chair or retire in name only and continue to dominate the Board – making it all but impossible for a new firm leader to do their job. The former leader can have strong ties to various members of your Executive Committee potentially making it challenging to implement any new initiatives or any real change. A split in loyalty on the Board and even within the firm between the old and new Firm Leader can then become a serious threat to the new leadership. There are very few ways to proceed in that situation. You are either going to create some severe boardroom battles or you are going to be preoccupied with executing the previous firm leader's agenda.

In most cases, I caution these leaders that the best way to meet the four requirements for a successful transition is for the departing and new Firm Leader to sit down together, agree upon and subsequently document a written plan for how they both intend to manage the process. This plan should lay out when key events will occur, how conversations will take place with different partners, what criteria the departing MP will use to decide when to step aside, and



what each expects from the other during the process. (See: Appendix J: When Firm Leaders Transition)

Depending on why they are leaving, a departing Firm Leader may feel joy, anger, fear, pride, remorse, envy, impatience, rejection, affirmation, or a sense of loss. The first step in managing these emotions is to acknowledge that they exist, are natural, and will affect the succession process in unpredictable ways unless they are addressed. (See Appendix K: When A Firm Leader Has To Let Go)

One particular trap a departing leader can fall into is to devote considerable time to their “farewell tour” – visiting offices and practice groups saying their goodbyes to partners and staff. While these activities have a place, they should not take precedence over diligently ensuring the firm is left in the best place possible for the new incumbent.

Rather than waving goodbye, focus should be on capacity building activities that can be accomplished prior to leaving. Also a comprehensive “welcome brief” should be assembled for the incoming leader covering such matters as where the firm sits in terms of the execution of the last strategic plan, a list of important external (banking, insurance, community) contacts, an executive calendar of key dates, and a status report on any outstanding firm and people issues.

The final point to make here, and one that is emphasized by those with far more experience with successful leadership transitions than I, is that you can't have a beginning without an ending.

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The quality of the new beginning is dependent to a large measure on the quality and completeness of the ending.

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By delivering a quality ending, a departing firm leader is contributing to a quality new beginning. And that is something to feel satisfied about!

**Final word: Learning from this exercise**

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

*What Did We Learn About . . .*

*Rational*

- Identifying job requirements based on our firm's strategy?

- Searching diligently for the best candidate?
- Assessing candidates by using multiple methods?
- Selecting the best candidate for the job, regardless of personal loyalties?

*Political*

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

*Emotional*

- Coping with personal emotions?
- Helping those partners not selected to adjust?
- Creating support for the new Firm Leader?
- Helping the retired incumbent to move on?

At the conclusion of your succession process, it is advisable to document what you would do differently the next time. This means that when your firm finds itself in the position of selecting their next new firm leader, it should not be necessary to reinvent the wheel.



## APPENDIX J

# When Firm Leaders Transition

Leadership transitions can be a messy ordeal or they can be carefully orchestrated to progress the best interests of your firm. I wanted to set out here some of the best practices and potential pitfalls that both outgoing and incoming firm leaders needs to be sensitive to.

### **1. When you are the outgoing leader**

The outgoing leader has a number of responsibilities to the firm, to the unbiased selection of his or her successor, and to the transition process.

*FIRST*, when you have decided or it has been decided for you by the terms of your tenure, that it is time to step down, the proper course of action would be to assist your firm's executive committee/board in the formation of a Nominating Committee, but do not involve yourself as a member of that committee or suggest any candidates for consideration by the committee.

Some hold to the belief that the current firm leader should select their sucessor and that has undoubtedly worked for a very few

firms, most notable Jones Day, for decades. The countervailing argument is that selecting your replacement is likely to have you selecting someone that is just like you, which may not be what your firm needs at this stage in its evolution.

When you're handed the keys to the kingdom from a successful predecessor who groomed you for the job, there's a temptation to play the Great One's "mini-me." In some ways, you feel indebted to this firm leader who gave you the opportunity, and you feel obliged to try to carry on in the same style. But that defeats the purpose of the succession. When partners see a new leader who looks exactly like the old one, they may be lulled into thinking the old managing partner has simply been cloned, which, in turn, encourages a mindset less than receptive to innovation and independent initiatives.

Hand-picked leaders can also be reluctant to take the firm in a new direction because, after all, the existing approach worked. That too can be a mistake as it reinforces the old model which, even if effective in the past, sends the message that there is really only one way to get things done.

In any effective leadership selection process, before you can begin discussing the "who," your executive committee/ board must agree on the strategic direction of your firm in light of trends and discontinuities that your firm may be facing in the future. It follows that if the members of your executive committee cannot agree on

strategic direction, they will have even greater difficulty agreeing on the requisite capabilities they require from their next firm leader. Therefore in any leadership succession process you need to pay particular attention to defining the criteria for selecting your next firm leader based on future performance requirements. To go beyond generalities, the board has to identify the very specific effect it wants the next Firm Leader to have on the firm's business and define the skills that it will take to accomplish that.

*SECOND*, one common delusion every departing leader may hold is that we are indispensable or at least that the firm will stumble without us.

Every one of us who has ever held a leadership position may maintain some secret fantasy of one day announcing our plans to resign, and then leaving office amidst sorrowful tears, a standing ovation from partners and staff, and general consternation about the future, now that we are leaving. Here is how one firm leader expressed it to me, very tongue-in-cheek:

*“You should know: I was 'indispensable' even though the Firm has not 'stumbled' under my successor's leadership; that I don't like it one bit but the Firm is 'thriving' without me; that I have been very positive about my successor and his new leadership team and believe me it has not been easy! I never agree with the probably hundreds of my partners that constantly complain about the new*

*leadership team and want me to start a coup . . .  
Can't you tell - I have moved on!"*

The bittersweet reality is that your firm will survive and even thrive without you. You should therefore compose a realistic story to tell people, in a positive way, why you are stepping down and to convey your excitement about your next adventure and the firm's future.

*THIRD*, the leadership transition period is a good time to finally deal with annoying operational problems or troublesome personalities, so that the new leader can come in and immediately begin to address the more important, strategic issues.

Conferring with your successor and, with their concurrence, confronting these often sensitive and sometimes messy situations now, is one of the best gifts you can give your replacement – a clean slate from which to work.

*FOURTH*, think about what information you would want if you yourself were now about to embark on this new leadership position.

As the incumbent, you typically know more about the firm and its operating nuances than anyone else. Much of that information, or at least how to find it, is stored in your head. Think about how you might codify and share everything you wish you had known when you first took office.

*FIFTH*, to assure the success of the new leader, you should under no circumstances speak with anyone at the firm about his or her performance.

Being perceived as negative or unsupportive only reflects poorly on you. You must also not allow anyone to say, “*Well that’s not how we handled things when you were the managing partner.*” That is disloyalty, and you must take issue with it. It may be gracious of partners to acknowledge your good work, but your focus should be on supporting and cultivating the strengths of the new leader.

In a recent discussion with a soon-to- retire firm leader, I discussed a number of substantive issues he need to discuss with his successor including how he needed to handle communications with his various partners after he passed on the baton. Here is the script he prepared for himself to communicate to his successor (and one that I would seriously urge any retiring leader to adopt):

*“I’ll always be here to help you, but you should expect that some of our beloved partners are probably going to go around you and come to me whenever you make an unpopular decision. And, if you are doing your job as our new firm leader, as I know you will, this is guaranteed to happen. I want you to be confident that I am not going to respond, in any way, to any complaints, so don’t let the prospect of my responding, impact your decision making. Even if you choose to fire someone who has worked closely with me for many years, you should proceed to take that*



*action. And rest assured that if I don't agree with some course of action or observe you doing something contrary to the way I did it, I would not go to any partner to voice my feelings. This is now your firm to lead and you may call upon me should you ever feel the need for a sounding board."*

*FINALLY*, the best advice I can frankly give any leader leaving office is to simply let go.

And 'letting go' means not sitting on the executive committee / board, not moving from "Managing Partner' to Firm Chair' and not being involved in any way in the leadership of the firm.

Never mind all those lovely things they said about you at your retirement dinner. You are now a beloved part of the firm's history. The firm must learn to live without you, so the sooner you get out of the way, the sooner they can get down to business.

### **A corporate example worth noting**

Ralph Lauren strongly exemplifies two classic patterns of CEO performance, one that's inspiring and one that's definitely not. The second pattern became clear when Ralph Lauren Corp. announced that Stefan Larsson would step down as CEO, a job he got just 15 months earlier. Lauren remains executive chairman and chief creative officer.

This was clearly predictable since Larsson's arrival was announced.

Larsson, who had turned around Old Navy and previously had helped build H&M, was the Ralph Lauren company's first CEO other than Lauren himself. Headlines worldwide trumpeted that Lauren was stepping down as CEO, a message he apparently did not like seeing.

So the very next day, Lauren emailed all employees:

*"I will continue to lead [the company] today as I have for almost 50 years. I am not stepping down, nor am I stepping back. I am stepping up."*

Translation: The new CEO isn't really the CEO; I'm running the show. It's surprising Larsson remained as long as he did!

The larger issue is that Lauren turned out to be what Yale's Jeffrey Sonnenfeld termed a "monarch" in his classic study, *The Hero's Farewell: What Happens When CEOs Retire*. A monarch is a CEO who will not go willingly. As Sonnenfeld reported of the monarchs he examined, *"They identified with the heroic stature they held in the firm. The monarch's arena of accomplishment was within the firm."*

Obviously, we don't know whether Lauren, fully fits this mold, but when you're named Ralph Lauren, and your company is named Ralph Lauren Corp., it seems clear that a large element of identification may be present.

I raise this as an example because it is not that different from the situation wherein we have a “founding” partner, a partner with their name on the door, or a partner who has held the firm leadership title for longer than a decade. The problem is that monarchs often damage their firms by hanging on too long. In our corporate example here, it must be noted that Lauren’s company lost almost 60 percent of its value in just two-and-a-half years, including a 12 percent drop on the news of Larsson’s departure.

### **A note on exit agreements**

It is worth noting that most law firms (76 percent) have no formal exit agreement in place for when the managing partner steps down – willingly or not. This is a particularly difficult issue when a leader has given up most (if not all) client work in order to serve the firm’s best interests. The “rule of thumb” in such situations is one year’s income protection for every three years’ service as managing partner, up to a maximum of three years – but this is rarely put in writing, leaving many exiting managing partners to operate on the basis of what has happened in the past, and trusting in their fellow partners to do right by them.

### **2. When you are the incoming leader**

Few new firm leaders are as prepared as we, or they, might wish. As one expressed it: *"New firm leaders mistakenly believe that because they have served as a practice group manager, as an office head, or on the firm's executive committee they have the neces-*

*sary background for taking on the role of leading the entire firm . . . Not even close!”.*

*FIRST*, most professionals really do dramatically underestimate the scope and responsibility of managing an entire firm.

One thing we should insist on is that the firm leader have a detailed job description. That description must get widely circulated throughout the firm so that everybody gets a true sense of what the job entails. One thorough description that we examined encompassed dozens of bullet points of responsibility.

I often tease new firm leaders by asking them what they could possibly have been thinking when they took on such a huge role. For all the burdens they are willing to shoulder, their willingness to do so is often disparaged. Many partners see management as pure overhead, as drudgery that does not really reflect on the professionalism that defines a lawyer, and does not generate revenue like practicing law actually does.

Meanwhile, partners at most firms often bristle at any suggestion that they can or ought to be led. Firm leaders feel they are sacrificing for the betterment of the firm and should be appropriately appreciated. The partners think of you as serving at their pleasure; they are allowing you to hold the leadership title, so you should be beholden to them!

Thus one of the common mistakes that new firm leaders make is thinking this appointment is about you, when it's all about them. As you begin your new role, it is quite seductive to take to heart all of the wonderful best wishes, congratulations and accolades. You will only succeed when you recognize the truth – you may be the firm's leader, but your partners don't work for you. You now work for them and they have just become your most important client.

If it was a contested election, a degree of sensitivity is also required by incoming managing partners in dealing with their former rivals. While they may be tempted to use their newfound power to make life uncomfortable for those out-of-favor partners, as leaders, their focus should be on what is in the best interests of the firm. Sometimes this can mean massaging rivals' egos so that they don't leave the firm, taking their large books of business with them.

One of the toughest parts of being managing partner is that it's a totally different activity and mindset to practicing law. It's a change in ego gratification and it's a change in status. You used to be the one getting the gratification; now, you have to be the one giving it out. That's a huge gulf to absorb.

*SECOND*, many of these same professionals then underestimate the time that is going to be required of them to really do this job.

I recall a Citibank Client Advisory once provided a commentary

under the title: The Leadership Challenge. According to the report: *“One development which gives us concern is that some of the newer breed of leaders continue to maintain busy, full time practices. In this scenario, their clients’ needs are likely to take priority, to the detriment of the management of the firm. If we could see any change, it would be that firms recognize that to be effective, the firm leader is best performed as a full time role.”*

Indeed, the biggest issue I hear about from new leaders is always the amount of time it takes to do the job. Many of them are not full-time managing partners so they struggle with trying to maintain some balance between the time needed to manage the firm and the time required to maintain some modest personal practice.

Here's a tip: Create a Stop Doing List. Take a look at your desk. If you're like most hard-charging leaders, you've got a well-articulated to-do list. We've all been told that leaders make things happen - and that's true. But it's also true that great leaders distinguish themselves by their unyielding discipline to stop doing anything and everything that doesn't fit.

*THIRD*, any new firm leader needs to get a clear sense of their partner’s expectations.

Coming into this job you are a professional with a great internal reputation. It is therefore, anticipated that you will create momentum quickly and deliver results. Expectations are high and you do

not want to disappoint, and that concern over not disappointing will therefore mistakenly have you entering the fray with a given strategy in mind.

New leaders believe that their successful track record, combined with their mandate, guarantees the support of the partnership. They focus attention on the technical aspects of implementing their strategy, wrongly assuming that a critical mass of support is in place. The higher the expectations, the more they believe that everyone is behind them, and the more likely they are to assume that they are on the right track. As a result, they act first and ask questions later. In their rush to make their mark, the new leader can neglect taking sufficient time to learn important information, and to more wisely gauge what I call your partners' "appetite for change."

As a new leader, it's understandable that you will feel that you already have the information you need about how people think and feel. After all, you have been a partner in the firm for many years and may have even served on the executive committee / board prior to accepting this mandate. But how much do you really know? It is all too easy to step on people's toes and, as a result, abort even the most promising agenda. As a new leader, you must use your time, ideally before your actual transition, to gain significant information that will refine and maybe redefine your strategic agenda going forward. In most situations, your initial concern should NOT be to hit the ground running, but to hit the ground listening.

The Lesson: As early as possible, you must get input from your people on what they see as the preferable direction. Conduct one-on-one interview sessions with your partners (and other professionals in the firm), asking each one the same questions to get their insights, solicit their advice, and see what themes emerge. Clarify what they want to see you “shake up” and what they want to see you “preserve.” It is wise to have people see that you are genuinely engaged and willing to listen before you say the first word about where you think the firm needs to go.

*FOURTH*, as a new leader, you are being observed under a microscope. Your decisions, how you make them, whom you consult with, are all viewed very carefully; likewise, everything you say, and the signals you send. You will be barraged with phone calls and e-mails; with questions, requests, and advice.

You have to be especially careful how your relationships are perceived. If you are coming to the top leadership position after stints as a practice or industry group head, or if you reside in some foreign office, you will likely be perceived as maintaining obvious loyalties to established friends. Once you are identified as being on “one side” of an issue, it becomes even more difficult to solicit disinterested perspectives.

You may need to make time to transform some relationships. Good leaders customize relationships with each individual on their radar screens. And, don’t forget to inform people about how best



to work with you. As you take charge you will be working with an established team with established work patterns and habits. Important to them is to learn how you like to operate:

- How do you prefer to receive information – in person, by phone, in writing?
- Is your door open or do you prefer that people arrange appointments?
- Do you have any pet peeves that people should know about?
- How do you feel about being called at home?
- Help those who report to you, learn how to work with you.

*FIFTH*, based on what you've been hearing from your interviews with fellow partners, settle on a few major priorities. You can't fix everything at once or do everything you want to do, so you need to make some strategic choices. Here is where you begin to align your firm around a shared direction for the future.

And, within your first 100 days, you need to target a few early wins. Momentum counts and nothing succeeds like success. Pick some problem your firm has not been able to address and figure out a way to fix it quickly. That's how you make some progress and ensure perceptions of a successful transition. One firm leader began her term with an initiative wherein numerous of the professionals and staff throughout the firm collaborated together in small task forces to identify the firm's "sacred cows" – those things that were being done internally that made no sense, frustrated clients and impaired the delivery of good service. She then set about having

these same task forces kill the sacred cows by either proposing ways to effectively eliminate the past procedures, change behaviors and adopt new approaches. Don't ignore the power of accomplishing a small win. Listen, look around and find some small win that you can bring about.

*SIXTH.* learn all you can from your predecessor – he or she knows the role and what it requires much better than you do.

It is not uncommon for newly elected managing partners to be in such a rush to take over the best office in the building and convert the outgoing managing partner into a non-fee-earning partner that they fail to consider what they should be learning from, and negotiating with, the predecessor they are desperate to outperform. One of the greatest gifts which outgoing managing partners can give their firms is the sharing of their hard-earned knowledge and relationships with their successors.

Departing managing partners also have a lot of wisdom to share on the unexpected impact of the new leadership role on their personal lives. There's a disconnect that hits new managing partners in the face pretty quickly into the position and they have to adjust to it. The way in which lawyers react is by putting in more time. They think that, if they stay in the office for longer, maybe they can work their way through it. And then that creates problems at home. I heard of one instance of an outgoing managing partner and his

wife taking the new managing partner and his wife out for dinner to talk about the impact of the job on them as a couple.

It's something you should suggest, if your predecessor doesn't.

*FINALLY*, contrary to what some business literature suggests, real leaders don't worry about legacies.

Real leaders care instead about the long-term competitive vitality of their firms. If you are focused on fashioning a legacy, you will be remembered as . . . the individual who was focused on fashioning a legacy!



## APPENDIX K

# When A Firm Leader Has To Let Go

What follows are the candid thoughts of a firm leader who has decided that for the good of the firm, it is time to step down. What we can often lose sight of and become empathetically blind to, is how difficult it can be, after some years of service to the firm, for any firm leader to let go.

*“A week ago the firm announced that I would be stepping down as managing partner. This is a change I have been building toward for the past couple of years. I have wanted this and yet, as it happens my feelings are all over the place. I am in transition.*

*Since the announcement was made, I find myself feeling less relevant to the firm. I feel marginalized. I wonder how I will add value and be seen as valuable. I am used to being the leader, the decision maker, the one everyone turns to for guidance and to get input on key issues. I call the shots when needed. All of that has created a sense of self-importance, meaning, personal worth and*

*value. As this role is removed, to the extent that I have founded my current identity, self worth and security upon being that guy, the moorings of the old self fall away. The very structure of my ego-self is changing. It imbues a sense of loss, self-doubt, grief, fear, and despair.*

*I had been a reluctant managing partner. My passion lies in the practice of law, not so much in the day-to-day running of a business. And, while I found that I was fairly good at managing and leading, success came at a cost. I became more and more consumed by the daily busyness of business — an experience that all firm leaders come to know too well. You begin in the job by deluding yourself into thinking that you can lead and practice simultaneously. Soon you no longer have time to properly handle clients and give the firm the attention it needs. My being the firm's managing partner was necessary, but I also knew that my being in this role had a limited shelf-life.*

*In transformation the old self is shed and a new self emerges. It is the ending of one life for a very new, and as yet unknown, life. Do I try to go back to the practice of law (and do I still have the contacts and energy to be successful at my age); or do I find some other meaningful and valuable activity to take responsibility for that would benefit the firm (but will my successor want me completely out of the picture); or do I retire completely? And so, I find myself grieving the self and the life I have so carefully crafted*

*while at the same time being thrust into a new version of my self and my life that I do not yet know.*

*I am too early into this transition process to know what I am in for. It is too early into it to write about it with any wisdom. But, I am going to write anyway because I sense there are firm leaders who are faced with the challenge of letting go. Perhaps, as a law firm founder, it is letting go of the very thing you have spent your entire career loving and sweating into existence. Leadership often means doing what is tough, what is emotionally arduous, in service of the strategic direction you are pursuing. It would be tempting to hang on too long, not to let go to the next generation of leadership, and not to move into the unknown of next phase our own creative process.*

*In our Hallmark Card culture we make very little room for how making a leadership transition can actually feel. The transition I am in is a good thing. It is a good thing for the firm and it is a good thing for me. So it should all feel positive, right? Right and wrong. There are positive feelings for sure. I am excited, alive, curious, forward looking, passionate and inspired. But, there is and underbelly to transformative transition that feels just the opposite. Well intentioned partners say things like, “You may be stepping down, but what a legacy you are leaving.”*

*Leading with mastery requires that we navigate the full bandwidth of our mixed emotions. In so doing we can move forward*

*making good choices and creative decisions. If we are to do that, we need to understand significant change in a way that honors passion and despair, excitement and fear, love and grief, gains and losses. The inability to hold all of this “mixed-ness” is a prescription for retreating in to safety and moving away from what needs to be done, what needs to be gone through, and what now wants to be created. More importantly, we run the risk of subverting the metamorphosis of our self. Transformation is the dying of the old self-identity for a new one at the next higher level of development.*

*Firm leaders love their firms and are defined by them. This makes letting go more difficult, a bigger deal, and perhaps even transformational. When we assume office, we risk everything, or so it seems, to focus our efforts on making our organization an even better place to practice and a place that matters.*

*Building this firm has been my 24/7 focus for more than a decade. The day-to-day demands were beyond my expectation. Managing and leading a rapidly growing law firm, in an increasingly complex environment, has been very demanding. Many days, it was a grind. Why would anyone subject him/herself to that year in and year out? For love. I did it for the love of what we were creating together. Managing partners give their heart and soul to the firm and it's partners and this means we get attached to the leadership position in unique ways. The law firm becomes an extension of our self. This makes the letting go that*

*much more difficult. My point in sharing all this is simply to say that letting go is full of strongly mixed emotions, and leadership transitions are not for sissies. Firm leaders and firm founders need to develop the emotional and spiritual intelligence to navigate these waters with real mastery. Otherwise, we hang on too long, we resist what is wanting to happen, we get in the way, and we may end up being the impediment to the next wave of creative growth for the firm we so love”.*





# ABOUT THE AUTHOR

## ABOUT THE AUTHOR

# Patrick J. McKenna

An internationally recognized author, lecturer, strategist and seasoned advisor to the leaders of premier law firms, Patrick has had the honor of working with at least one of the largest firms in over a dozen different countries.

The Financial Post labeled McKenna: *“a professional firm management and marketing guru, with a client base stretching from Britain to the United States.”* Jim Kouzes, Chairman Emeritus, Tompeters! company described him as *“a highly seasoned and extraordinarily credible professional.”* And his consulting expertise was acknowledged when he was identified through independent research compiled and published by Lawdragon as *“one of the most trusted names in legal consulting.”*

Patrick authored 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).

A prolific writer on the challenges of firm leadership, his book (co-authored with David Maister), *First Among Equals: How to Manage a Group of Professionals*, (The Free Press, 2002) topped business bestseller lists in the United States, Canada and Australia; was translated into nine languages; is currently in its seventh printing; and received a best business books of 2002 award. Leaders across various professions like Kenneth LeStrange, Chairman of Aon Risk Services; Douglas McCracken, CEO of Deloitte Consulting; Claudio Fernandez Araoz, Executive with Egon Zehnder Partners; and Allan Koltin, President of the Practice Development Institute described the book as ‘the essential guide to practice leadership.’

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

In 2006, McKenna’s e-book *First 100 Days: Transitioning A New Managing Partner* (NXTBook) earned glowing reviews being read by leaders in 63 countries. This publication culminated in Patrick being asked to conduct a one- day masterclass for new firm leaders, usually held at the University of Chicago. Thus far over 80 leaders from AmLaw 100, AmLaw 200, accounting and consulting

firms, hailing from four countries have graduated from the program. According to Hugh Verrier, Chairman of White & Case, *"I was struck by the synthesis of the issues you presented. It was amazingly clear and comprehensive, given the breadth of the topic and the short time available. I was delighted to attend the event and I learned a lot from it."*

The book *Management Skills* (John Wiley) named Patrick among the *"leading thinkers in the field"* together with Warren Bennis; and in 2008, *In The Company of Leaders* included his work amongst other notable luminaries like Dr. Marshall Goldsmith. His book, *Serving At The Pleasure of My Partners* (Thomson Reuters) was released in 2011; while *The Changing of the Guard, Second Revised Edition* (Ark Group, 2017), provides in-depth guidance on the leadership selection process in professional firms and resulted in his being acknowledged in *American Lawyer* magazine as *"a long time succession consultant and coach to new firm leaders."*

McKenna's published articles have appeared in over 50 leading professional journals, newsletters, and online sources; and his work has been featured in *Fast Company*, *Harvard Business Review*, *Forbes*, *Business Week*, *The Globe and Mail*, *The Economist*, *Investor's Business Daily* and *The Financial Times*. He currently serves as Contributing Editor to *Of Counsel: The Legal Practice and Management Report* (New York) and offers periodic contributions to the *Legal Executive Institute* and *Legal Business World*.

Patrick has lectured on professional service management and strategy for the Canadian, American and International Bar Associations; the Canadian Tax Foundation, the International Union of Lawyers, the Institute For Law Firm Management, The Institute For International Research, the Society for Marketing Professional Services, Centaur Conferences Europe and the Financial Times Of London. He is a frequently requested speaker, having appeared in London, Geneva, Vienna, Munich, Marrakech, Istanbul, Singapore, Hong Kong, New York, Boston, Chicago, San Francisco, and Toronto for professional conferences and seminars.

Patrick did his MBA graduate work at the Canadian School of Management and is among the first alumni from Harvard's Leadership in Professional Service Firms program.

McKenna's decades of experience led to his being the subject of a Harvard Law School Case Study entitled: Innovations In Legal Consulting (2011). He was the first "expert" in professional service firms admitted to the Association of Corporate Executive Coaches, the #1 US group for senior-level CEO coaches; was the recipient of an Honorary Fellowship from Leaders Excellence of Harvard Square (2015); and voted by the readers of Legal Business World as one of seven international Thought Leaders (2017).

Most recently McKenna helped launch the first International Legal Think-Tank (LIFT: Legal Institute For Forward Thinking) comprised of academics, researchers and consultants from three countries.

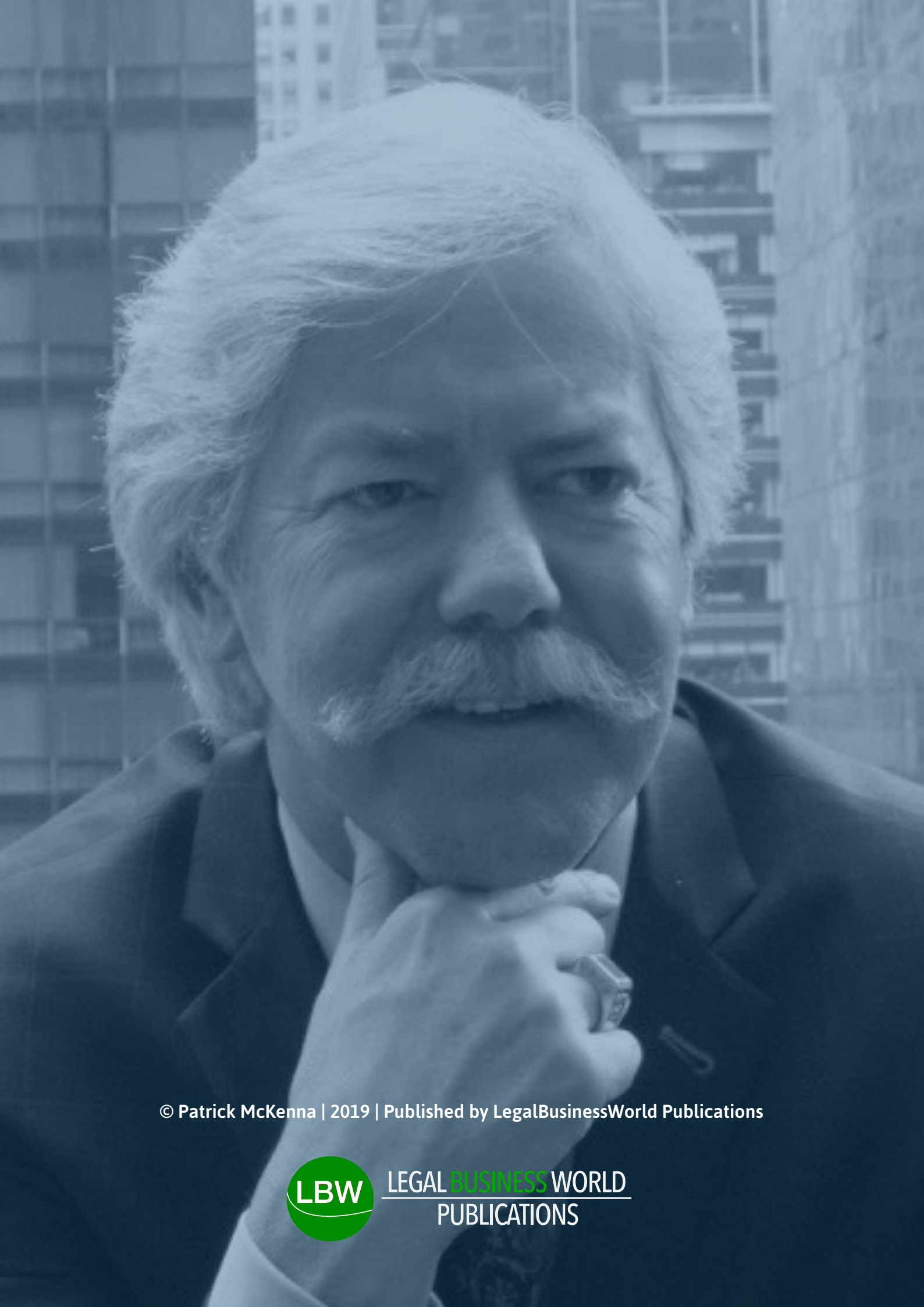
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*William Shakespeare, Henry IV*



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