



MERITAS 2015 Annual Meeting
April 15-17, 2015 - Denver, Colorado

**THE CRITICAL ROLE OF
LAW FIRM LEADERSHIP**

John Remsen, Jr.
President
TheRemsenGroup

April 16, 2015

BIOGRAPHICAL PROFILE

John Remsen, Jr., President

John Remsen, Jr. is widely recognized as one of the country's leading authorities on law firm leadership, management, marketing and business development. After serving as in-house marketing director at two major law firms, John formed TheRemsenGroup, a consulting firm that works exclusively with law firms to help them develop and implement long-term strategic objectives to improve cohesiveness, performance and profitability. Since 1997, he has worked with over 300 law firms and thousands of lawyers. Most of his clients are mid-size commercial law firms, ranging in size from 15 to 200 lawyers.

John is a frequent speaker and author on law firm leadership and marketing topics. He has spoken at national and regional conferences of the Legal Marketing Association, the Association of Legal Administrators, American Bar Association and numerous state and local bar associations. His articles have appeared in such well-respected publications as *ABA Journal*, *Asian Lawyer*, *Florida Bar News*, *For the Defense*, *Law Practice Management*, *Law Practice Today*, *Lawyers Weekly*, *Legal Management*, *Marketing for Lawyers*, *Marketing the Law Firm*, *Managing Partner*, *New York Law Journal*, *Rainmaker's Review* and *Wisconsin Lawyer*.

In the late 1990's, John served on the national Board of Directors of the Legal Marketing Association (LMA) and was President of its Southeastern chapter for three years. Under his leadership, the chapter was recognized as LMA's Chapter of the Year in 2001. In addition, he was Executive Editor of *Strategies*, LMA's monthly newsletter. He also served on The Florida Bar's Standing Committee on Advertising for six years and was the only non-lawyer appointed to serve on its 2004 Advertising Task Force.

In 2001, TheRemsenGroup launched The Managing Partner Forum, the nation's richest source of information and the most highly acclaimed conference series for leaders of mid-size law firms. More than 900 managing partners from 750 law firms in 42 states have participated in 23 leadership conferences. Designed exclusively for law firm managing partners, the MPF has expanded from its original geographic base in Florida to present programs in Atlanta, Boston, Chicago, Dallas, Denver, Houston, Philadelphia, St. Louis and San Diego.

In 2007, John was appointed to serve as a core member of the ABA's Law Practice Management Section. In 2008, he was appointed to serve on the ABA's Education Board. Since then, he has contributed numerous articles to various ABA publications and has been a featured speaker at ABA meetings and conferences throughout the country.

In 2013, John was elected as a Fellow of the prestigious College of Law Practice Management in recognition of his twenty five years of demonstrated expertise in law firm leadership and management. Founded in 1994, the College honors those who "inspire excellence and innovation in law practice management." Membership is by invitation only and includes just 200 individuals.

A native of West Palm Beach, Florida, John holds an MBA degree from The University of Virginia (1985) and a Bachelor's degree in Business Administration from the University of Florida (1980). Prior to attending graduate school, John was Executive Director of The Florida Council of 100, an organization consisting of Florida's top CEOs and business leaders.

June 2014



Managing Partner Forum

ADVANCING THE BUSINESS OF LAW

Audience Polling Results

The MPF 2014 Leadership Conference

May 8, 2014 - Atlanta, Georgia

85 managing partners from smaller and mid-size law firms

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WELCOME

2014 LEADERSHIP CONFERENCE

EVOLVE OR PERISH:

Leading Your Firm
in an Increasingly
Competitive Market



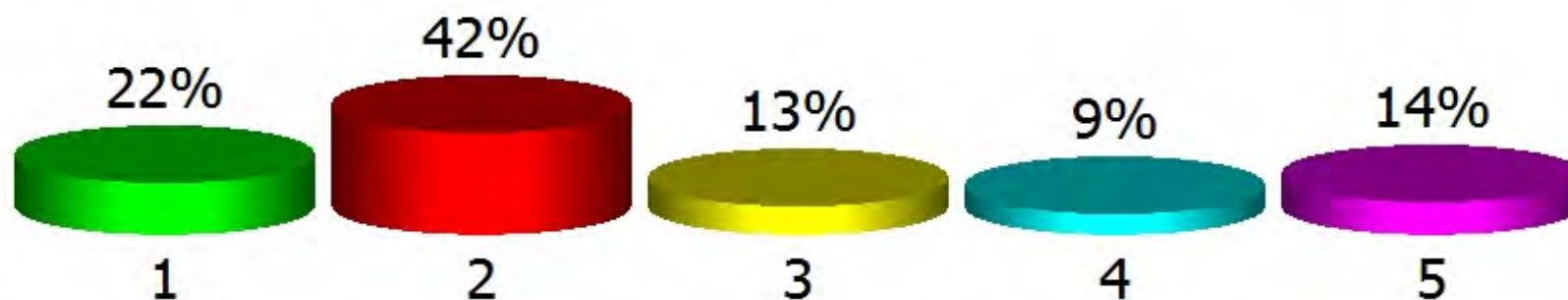
Managing Partner Forum[®]

ADVANCING THE BUSINESS OF LAW



Which film title best describes how your partners are coping with the rapidly changing marketplace for legal services?

1. It's a Wonderful Life
2. Dazed and Confused
3. Secrets and Lies
4. Gone with the Wind
5. Borat: Cultural Learnings of America for Make Benefit Glorious Nation of Kazakhstan





The MPF 2014 Leadership Conference

Thursday, May 8, 2014

Capital City Club - Atlanta, Georgia

Keynote Presentation

Decoding the New Normal:

Turning Adversity into Competitive Advantage

Timothy B. Corcoran

President, Legal Marketing Association

Principal, Corcoran Consulting Group

This section includes the polling results included in our opening session, a thought-provoking presentation about how you can lead your firm to a competitive edge by applying sound business practices to support the practice of law discussing how to simultaneously improve client satisfaction, work product quality and financial performance by embracing the marketplace changes rather than running from them. A veteran among law firm thought leaders, Tim has served in leadership positions at White & Case, Thomson Reuters and LexisNexis before founding Corcoran Consulting Group. A frequent speaker and writer, he currently serves as President of the Legal Marketing Association.

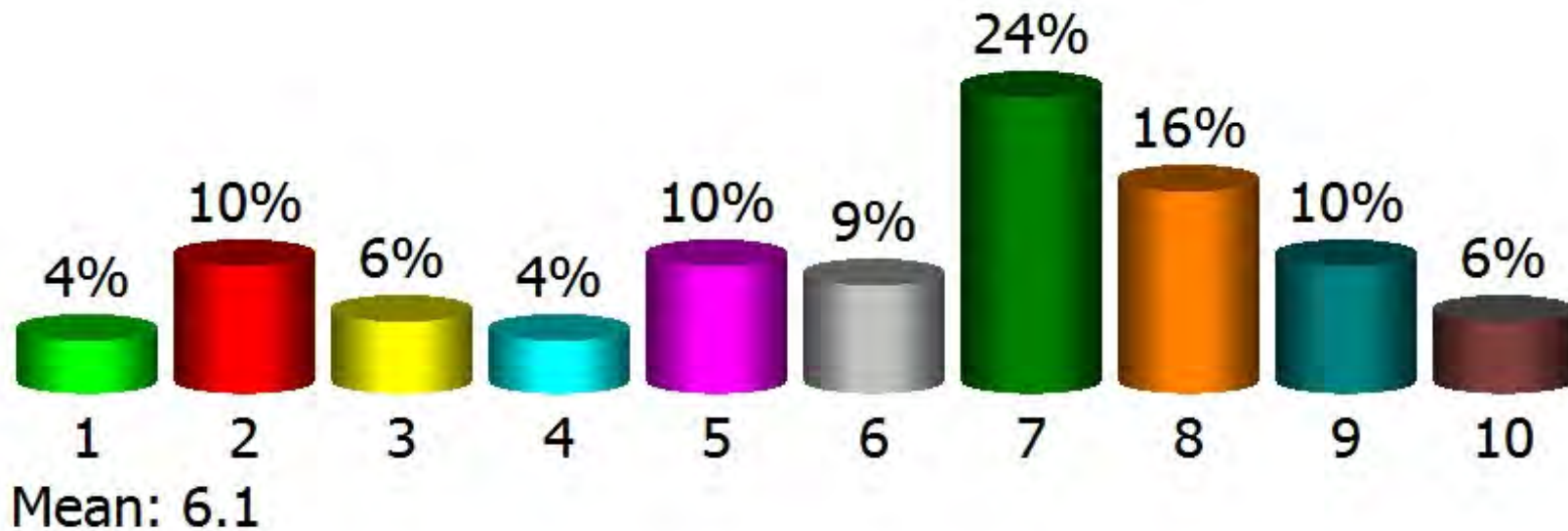
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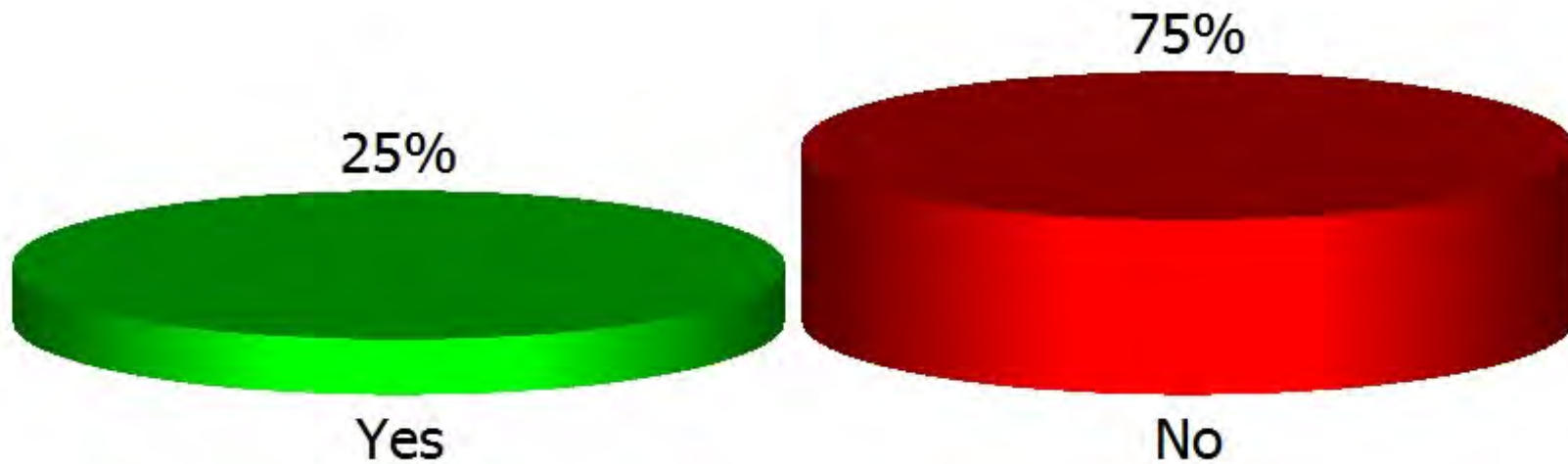
On a scale from 1 to 10, how much autonomy and authority have the partners ceded to leadership?

1. "We're all equals" <-----> 10. High autonomy



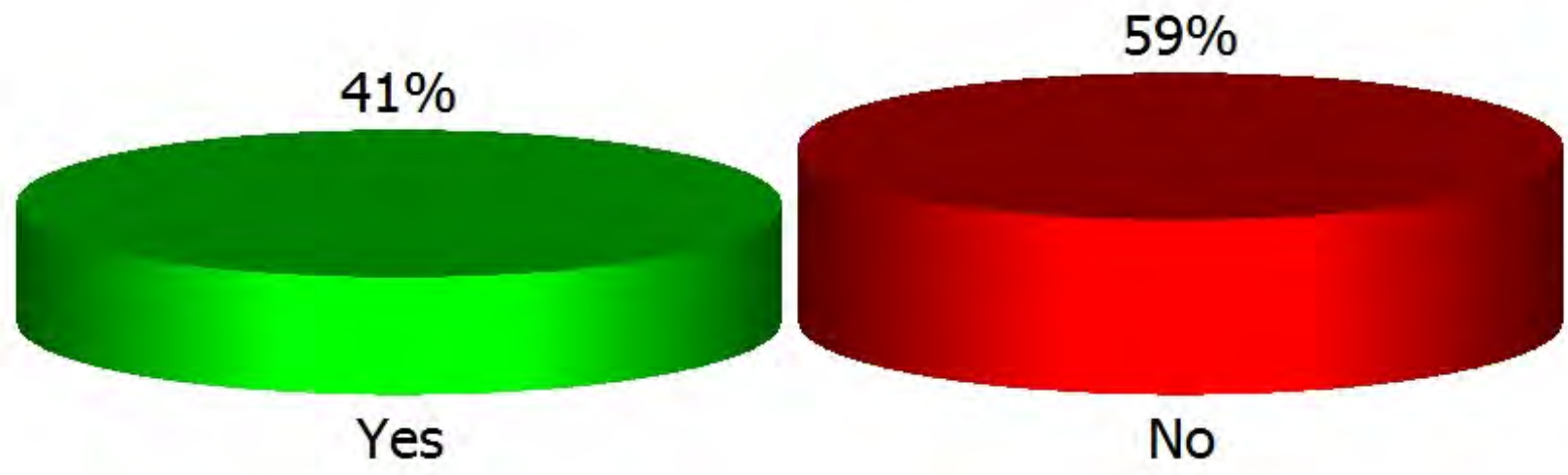
How many have an institutionalized, formal, client feedback program?

- 1. Yes
- 2. No



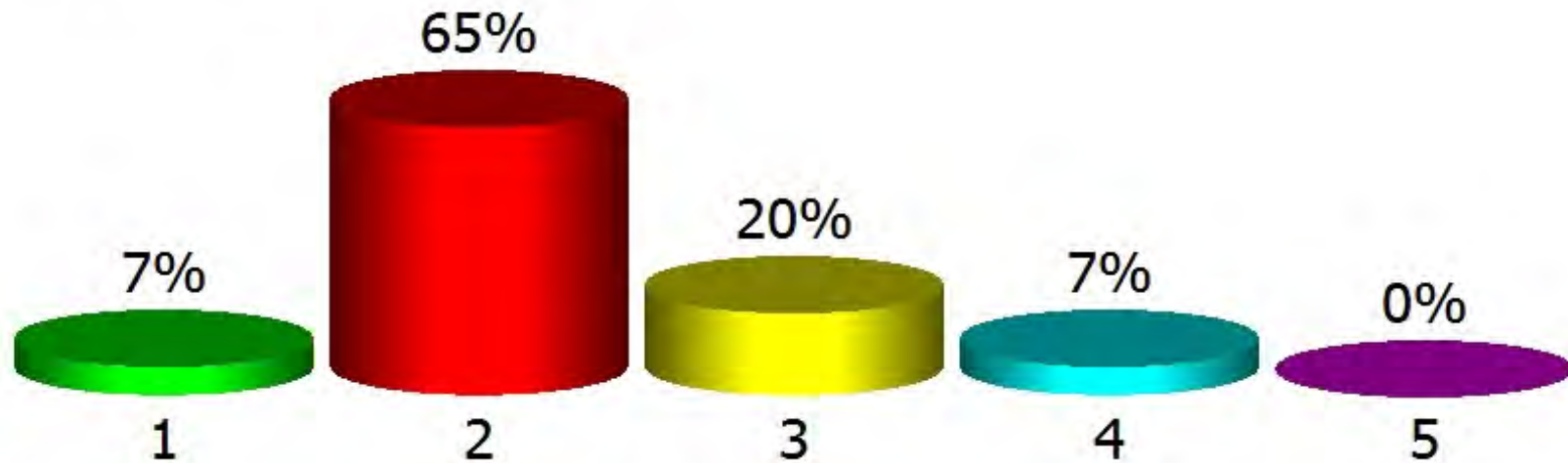
How many have a tightly controlled pricing approval process with minimal partner discretion to negotiate fees?

- 1. Yes
- 2. No



What is the primary factor in partner compensation?

-
1. Hours
 2. Revenue
 3. Profit
 4. Realization
 5. Client Retention





The MPF 2014 Leadership Conference

Thursday, May 8, 2014
Capital City Club - Atlanta, Georgia

Audience Polling Results

A Panel Discussion Featuring Audience Polling Technology

This section contains the polling results created during the panel session featuring Audience Polling Technology (APT). The session featured a panel discussion consisting of six of the country's top law firm management consultants. Eight-five managing partners and firm leaders participated, representing firms ranging in size from 10-500 lawyers.

Moderator:

John Remsen, Jr.

President & CEO, The Managing Partner Forum
President, TheRemsenGroup

Panelists:

Terry M. Isner

Managing Director, Jaffe

Karen MacKay

President, Phoenix Legal, Inc.

John J. Michalik

Former Ex. Director, Association of Legal Administrators
Principal, J Jay Em Consulting, LLC

Dr. Larry Richard

Principal Consultant, LawyerBrain LLC

Mitchell S. Roth, Esq.

Managing Partner, Much Shelist, PC

Brent Turner

Consultant-Peer Monitor, Thomson Reuters

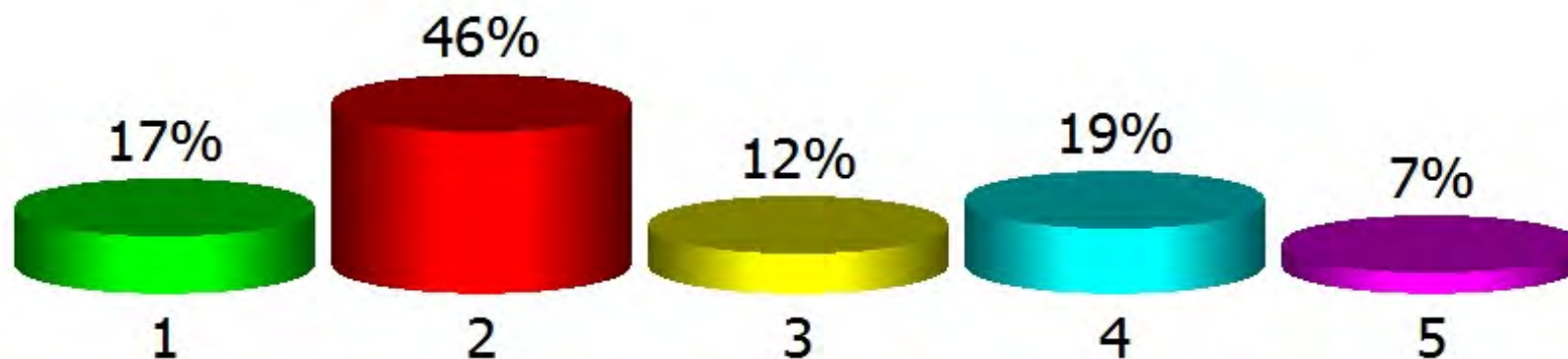
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What is the total number of lawyers at your firm?

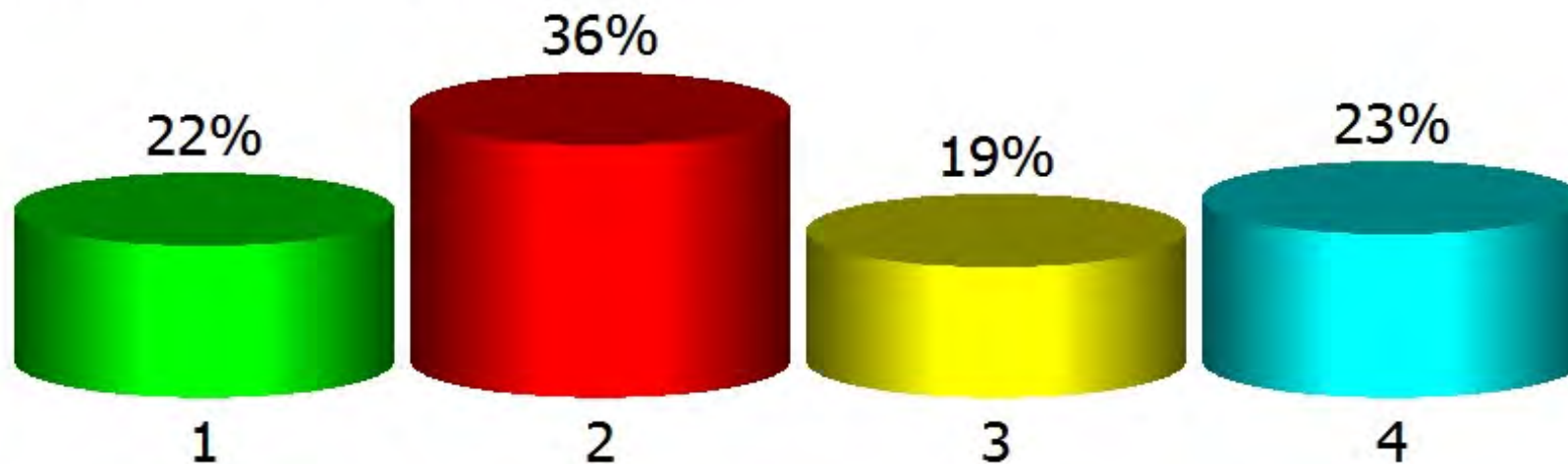
- 1. Less than 20
- 2. 20-40 lawyers
- 3. 41-75 lawyers
- 4. 76-150 lawyers
- 5. More than 150 lawyers





How long have you been your firm's managing partner?

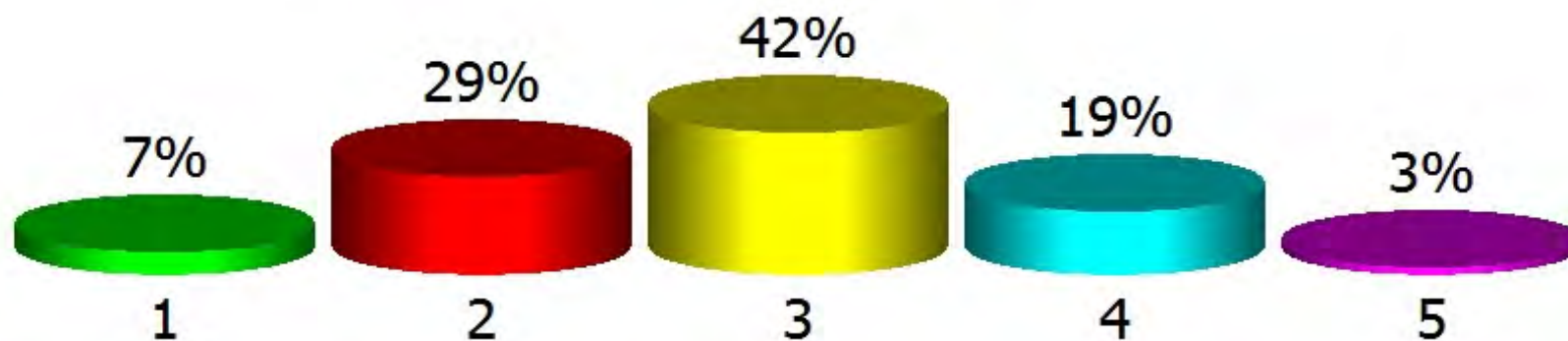
1. Less than two years
2. 2-5 years
3. 6-10 years
4. More than 10 years





How has your firm performed financially so far in 2014?

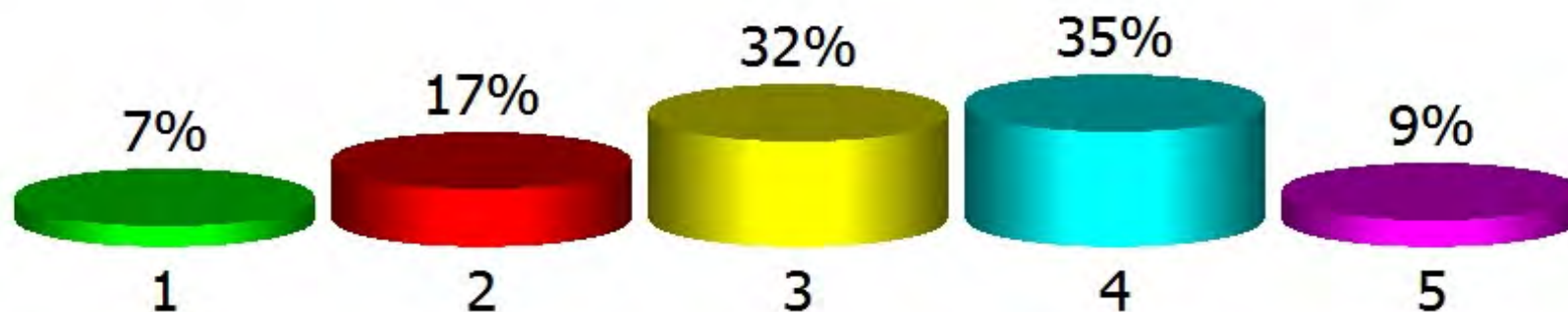
- 1. Much better than expected. We've had a very good year so far
- 2. Somewhat better than expected. A solid, relatively good year
- 3. About what we expected. We're doing OK
- 4. Somewhat disappointing. Not where we want to be
- 5. Very disappointing. Not good at all





What is your firm's revenue per lawyer compared to a year ago?

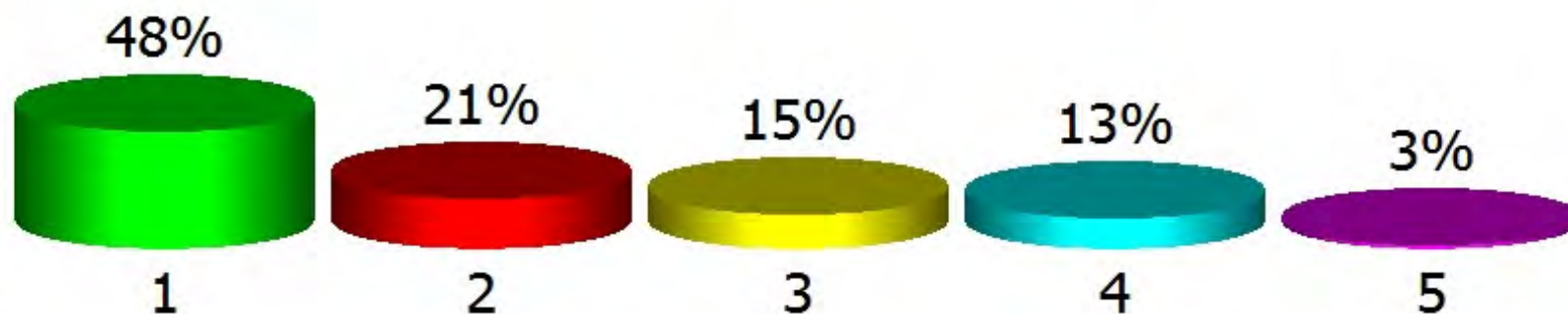
1. Up by more than 10% on average
2. Up by 5-10% on average
3. Up by 1-5% on average
4. About the same as last year
5. Down from last year





What percentage of revenue does your firm achieve through alternative fee arrangements?

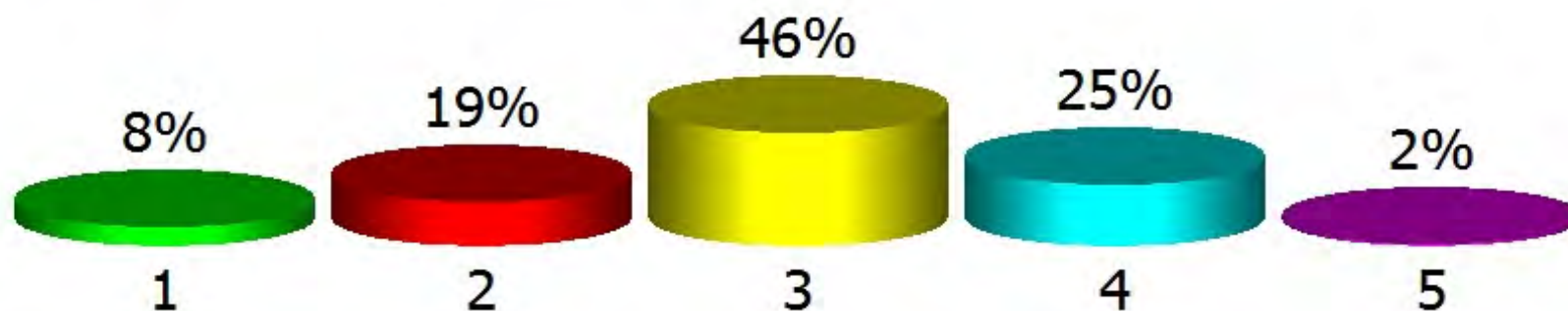
- 1. Less than 5%
- 2. 6 - 10%
- 3. 11 - 20%
- 4. More than 20%
- 5. Not sure





What's your firm's strategy with regard to alternative fee arrangements?

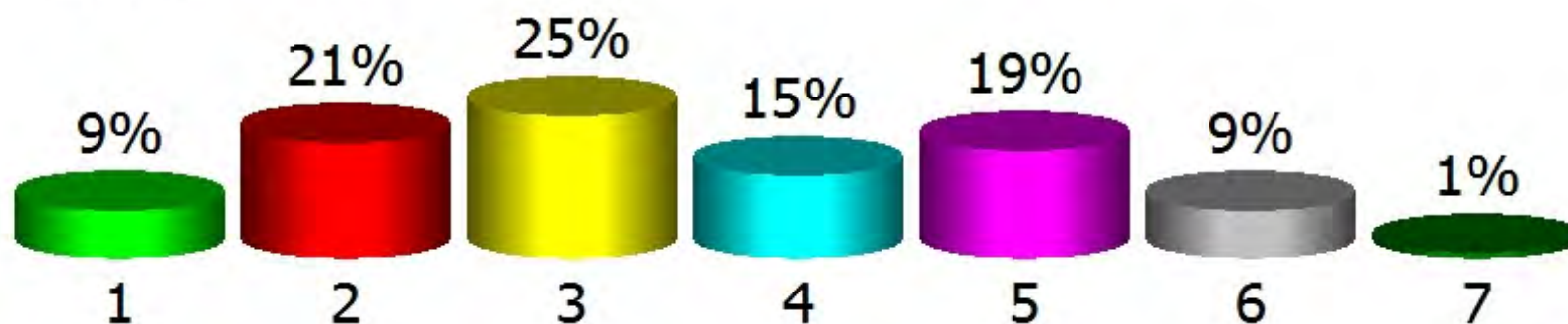
1. We're proactively pitching AFAs to clients and they like it
2. We've proactively pitched AFAs, but clients aren't interested
3. We offer AFAs only when clients initiate the discussion
4. We haven't had to deal with it all that much
5. Other





If you had to pick just one metric, what do you believe to be the best barometer of your firm's overall financial health?

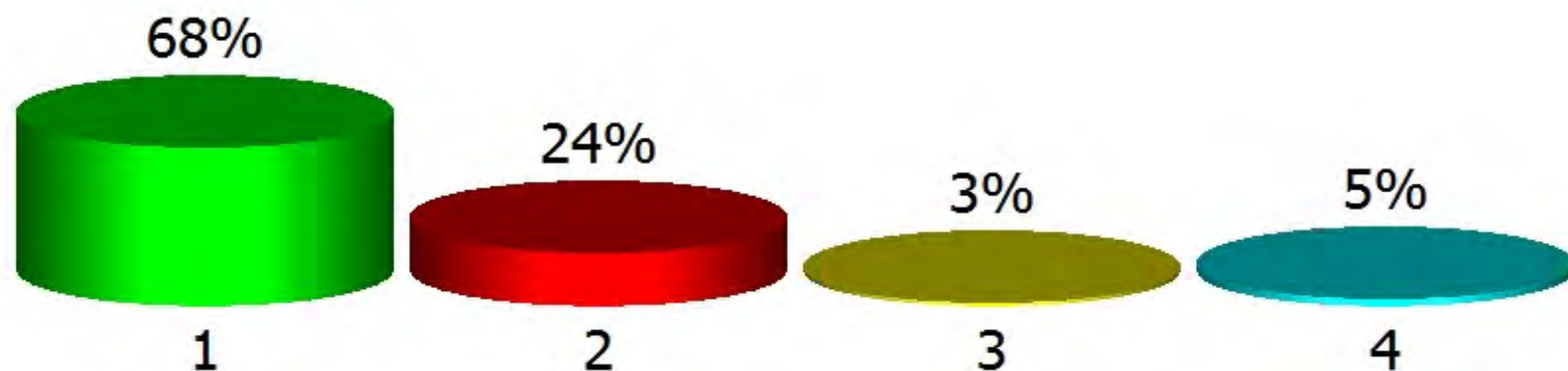
1. Firm-wide revenue
2. Revenue per lawyer
3. Firm-wide profit
4. Profit per partner
5. Profit as a percentage of revenue
6. Average realization rate per lawyer
7. Other





Do you believe that the business of law has fundamentally and permanently changed in the past ten years?

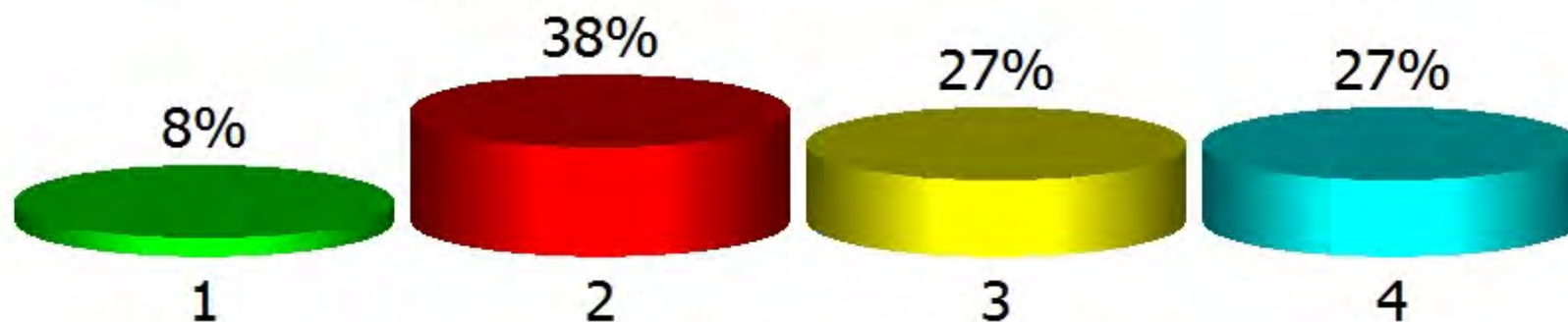
1. Yes, the changes are profound and permanent
2. Yes, but the changes are mostly around the edges
3. No, the legal industry will remain fundamentally the same
4. Not sure





How hard is it to "sell" your partners on the idea of real, meaningful change in processes, practice, or the nature of their roles as partners?

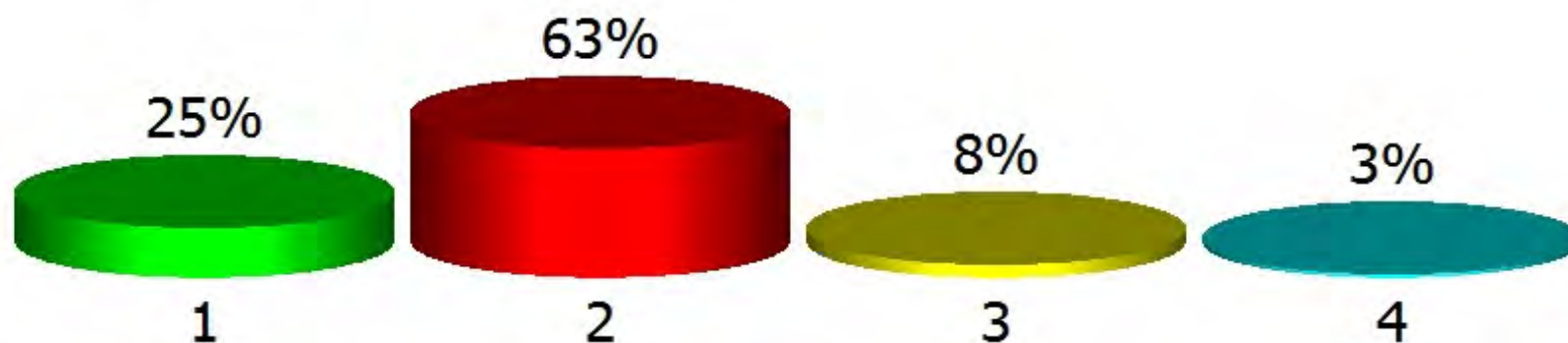
1. Piece of cake
2. Only if someone else at our level is already doing it (whatever "it" is)
3. Only if it has an unequivocal, indisputable, positive bottom-line effect
4. Harder than pushing a camel through the eye of a needle. "Change" is a four letter word in our firm





Which statement best describes your firm's approach to coping with disruptive competitors in the legal industry?

1. We understand the situation and the issues, and are working on proactive responses and approaches
2. We've discussed competitors, but haven't yet got our arms around impact
3. We've had no discussions and no approach...and few people want to talk about
4. We hope the disruptors don't get past the reception desk and that security can deal with them

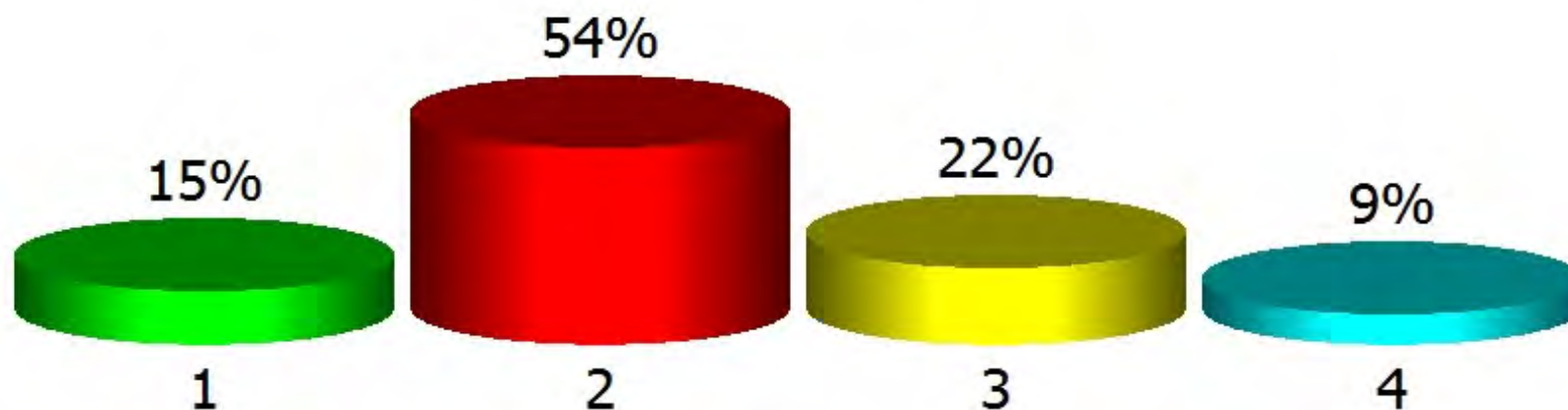






What has been your level of success in recruiting and integrating lateral hires?

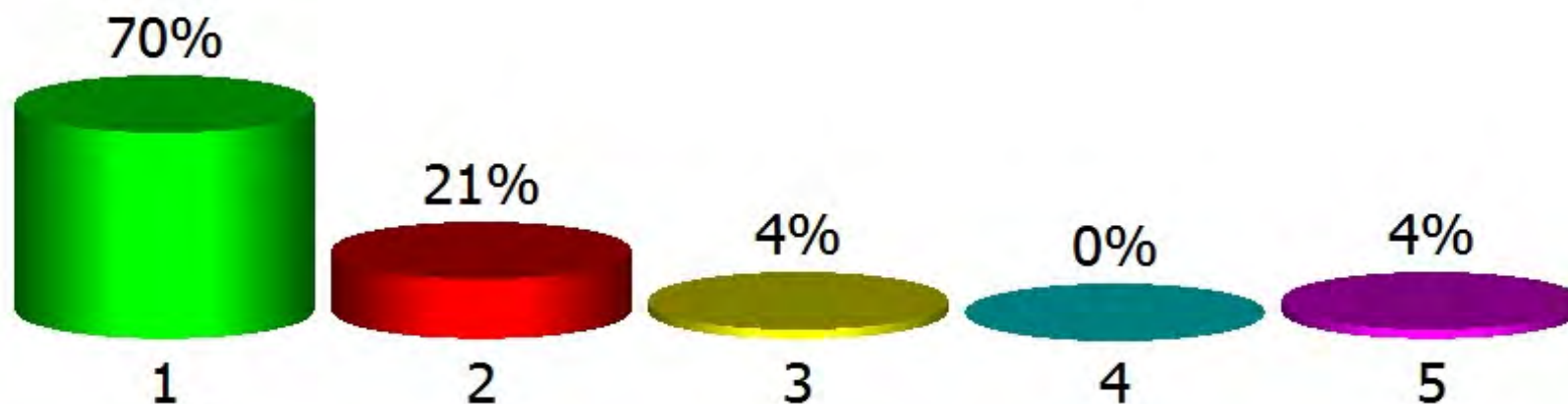
1. We've got a successful track record and rarely make a bad decision
2. We're got a decent track record. Successful more often than not
3. Hit or miss. 50/50
4. We have not done well in successfully bring on laterals





Do you think law firms should have a firm-wide Strategic Plan?

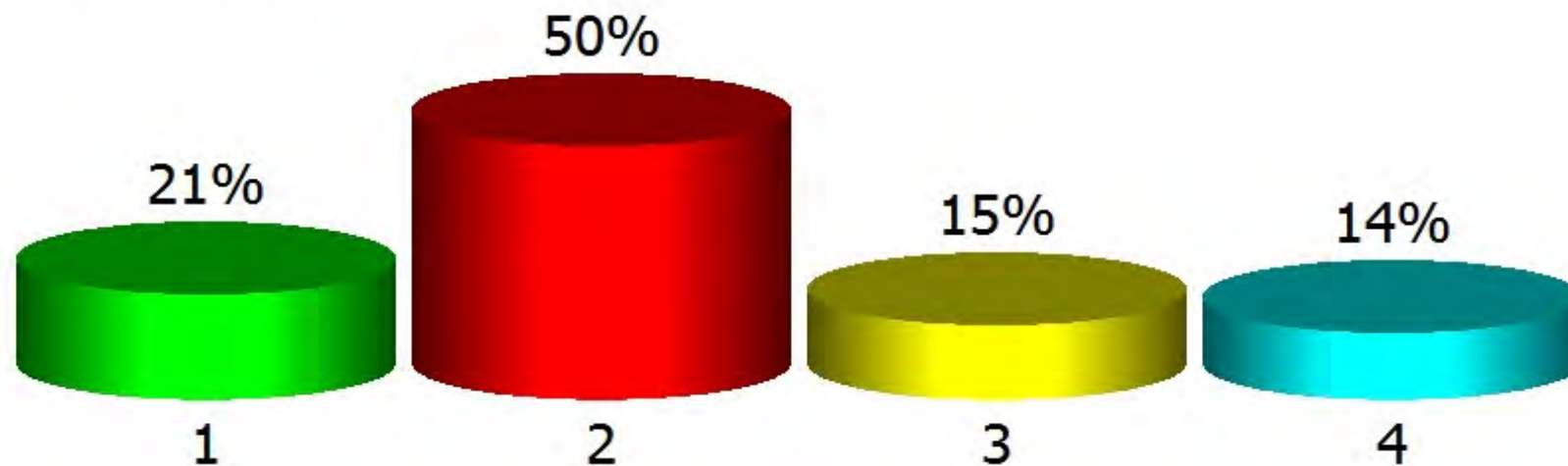
1. Yes. It's absolutely essential in order to lead a successful firm.
2. Yes. It would be nice to have one, but it's not an absolute necessity.
3. No. Many successful firms operate just fine without one.
4. No. Planning can be divisive and lead to unintended consequences.
5. I'm not sure.





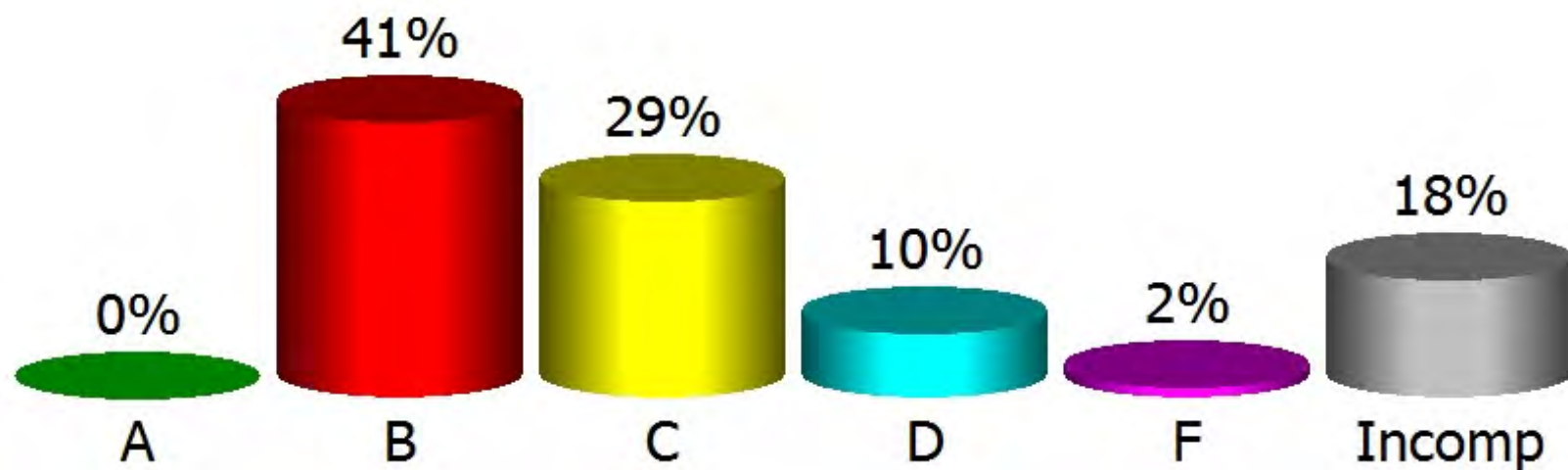
Does your firm have a written, firm-wide plan?

1. Yes, but it hasn't been updated in several years
2. Yes, and it's a recent (or recently updated) creation
3. No
4. Work in progress





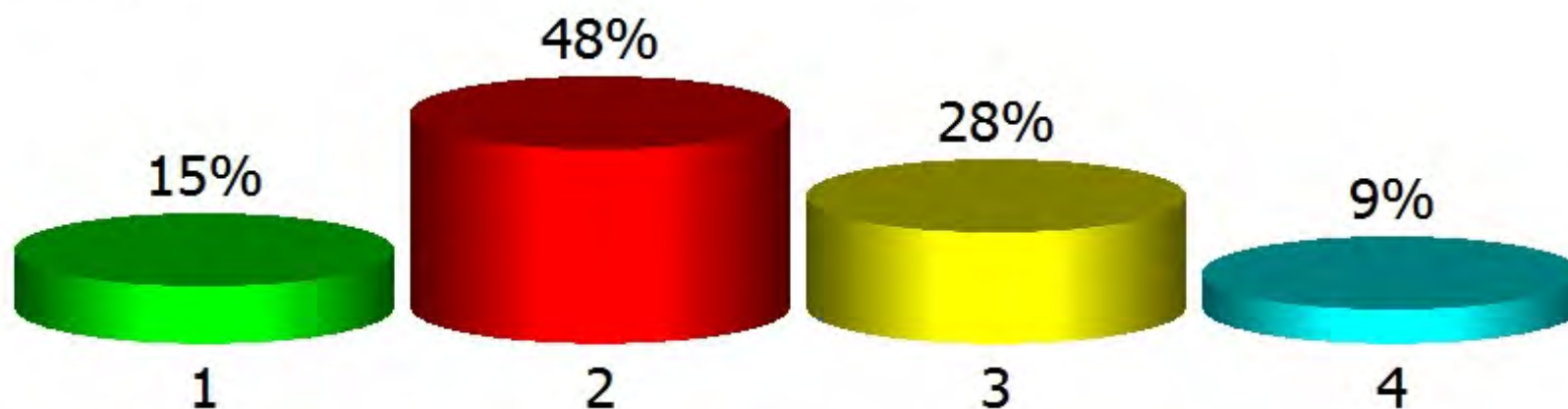
If yes, what grade would you give your firm on implementation?





If yes, can you attribute improved firm performance to the plan?

- 1. Yes, a strong and direct correlation
- 2. Yes, some correlation but hard to quantify
- 3. Not really sure
- 4. No





1. Hate every minute of it
- 2.
3. Take it or leave it
- 4.
5. Good days > bad days
- 6.
7. Love this stuff!

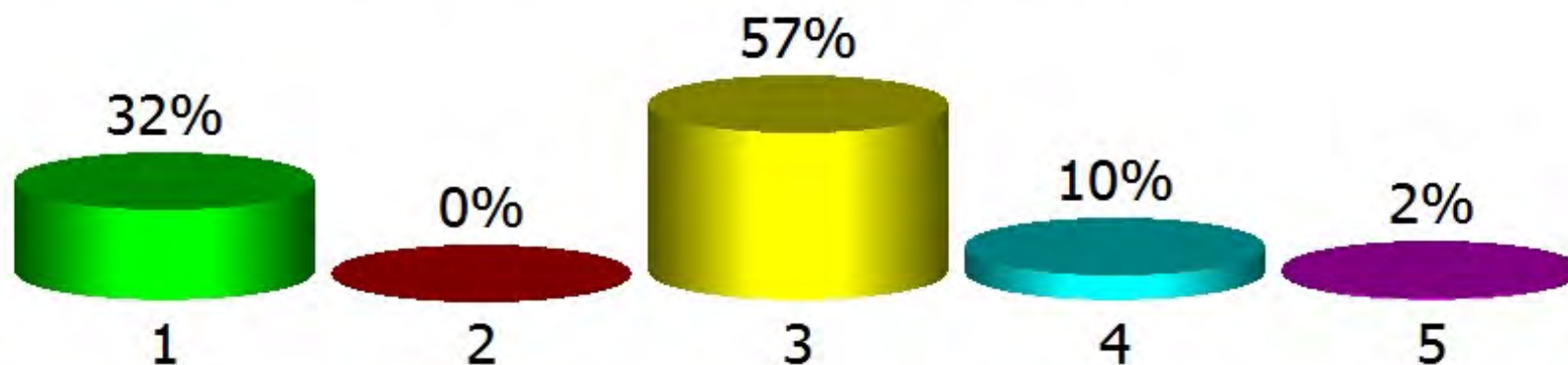


Mean: 5.3



Which statement best describes how your firm selects its leader?

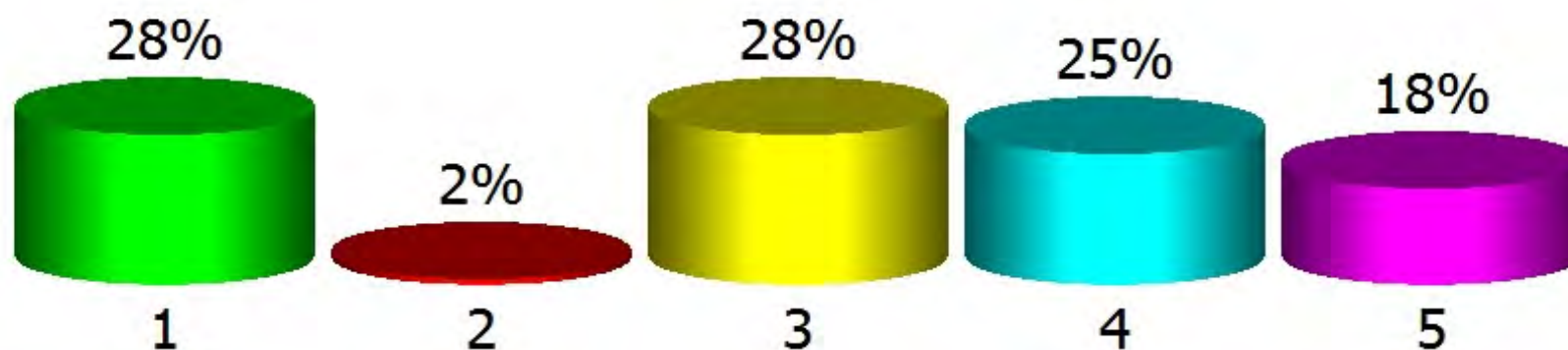
1. Formal, sometimes contested, election with little turnover
2. Formal, sometimes contested, election with lots of turnover
3. Leader emerges through general consensus. No formal election necessary
4. No need for an election. The founding partner is still around
5. Very democratic. We pass the baton among the owners





Do you have a formal, written job description?

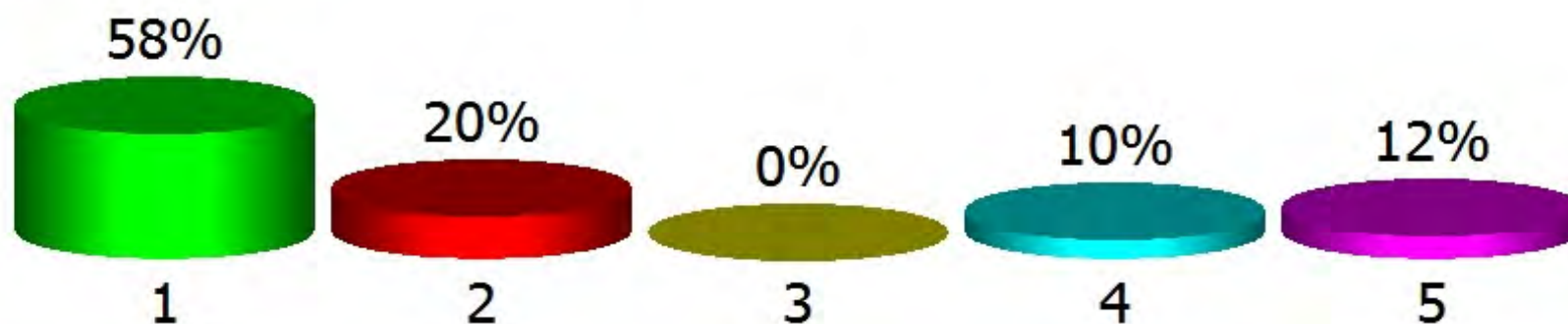
1. Yes, and I'm glad I do
2. Yes, but I wish I didn't
3. No, but I wish I did
4. No, and I'm glad I don't
5. Sorta kinda





What do you plan to do when you step down as managing partner?

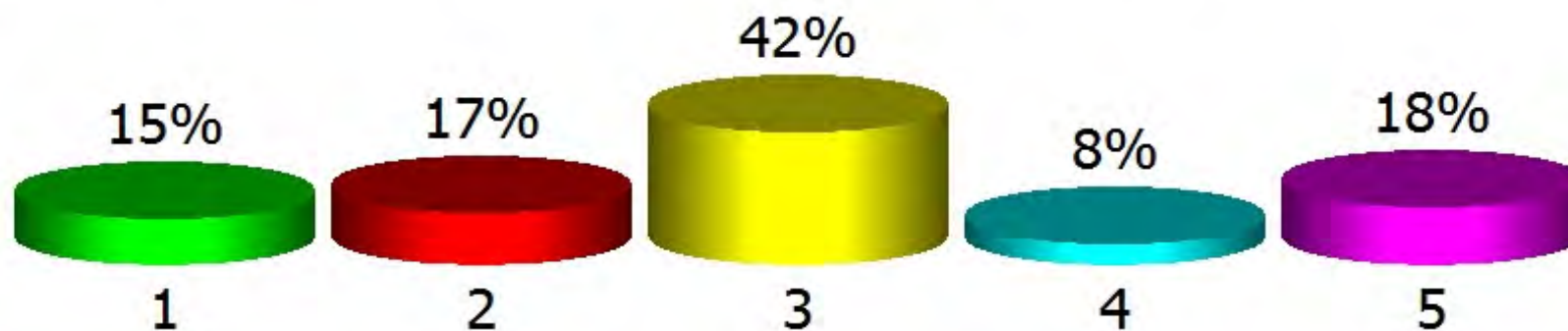
1. Go back to practicing law on a full-time basis
2. Take on a reduced work load, perhaps an "of counsel" role
3. Go in-house
4. Retire from practice of law
5. I have no idea





What level of concern do you have about your firm's long-term viability?

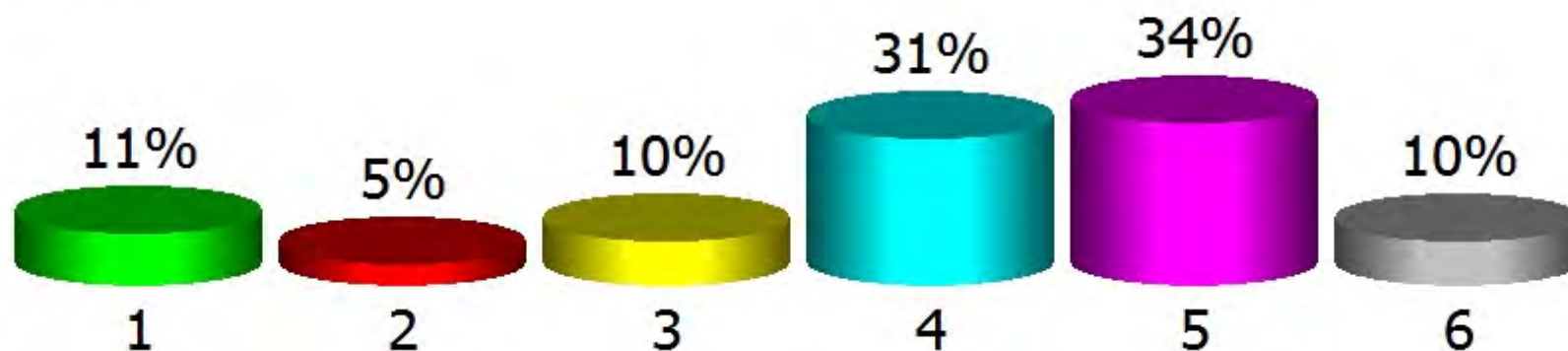
1. Very concerned, but my partners feel little sense of urgency
2. Very concerned, and so are most of my partners
3. Some concern, but nothing we can't get through
4. Little concern. We've got a plan and the future looks good
5. Very optimistic about the future. Our firm is well-positioned





Has your firm identified its next managing partner?

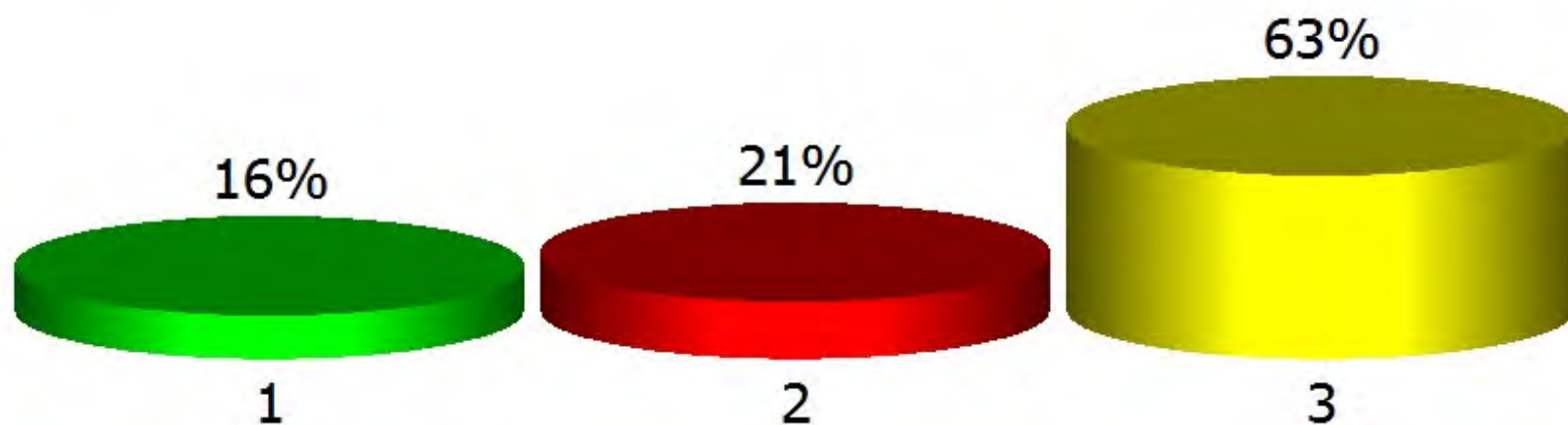
1. Yes. Our firm has identified its next leader and we're proactively grooming him/her for the role
2. Yes. Our firm has identified its next leader, but there is little training for it
3. Yes. I have, but my partners don't know who it is just yet
4. No. But there are a few partners showing interest in the role
5. No. I'm not sure if anybody really wants the role
6. Other





Does your firm provide leadership training for its practice group leaders and department heads?

- 1. Yes, for current leaders only
- 2. Yes, for both current and future leaders
- 3. No





The MPF 2014 Leadership Conference

Thursday, May 8, 2014

Capital City Club - Atlanta, Georgia

Questions Provided by Managing Partners

During lunch, we presented several questions provided by the managing partners themselves. We received 22 questions and featured five of them. This section contains the results.

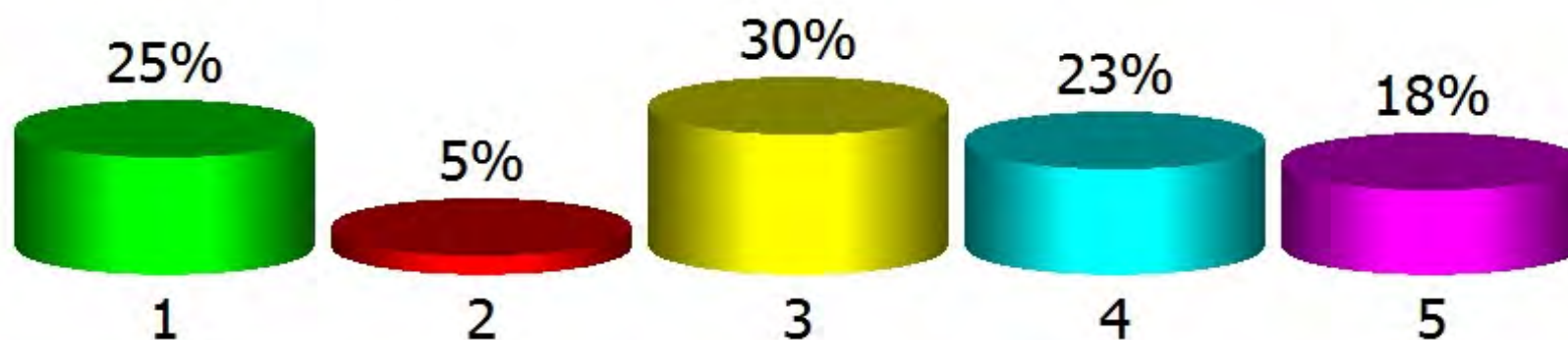
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How does the MP in your firm get compensated, if at all, for his or her role?

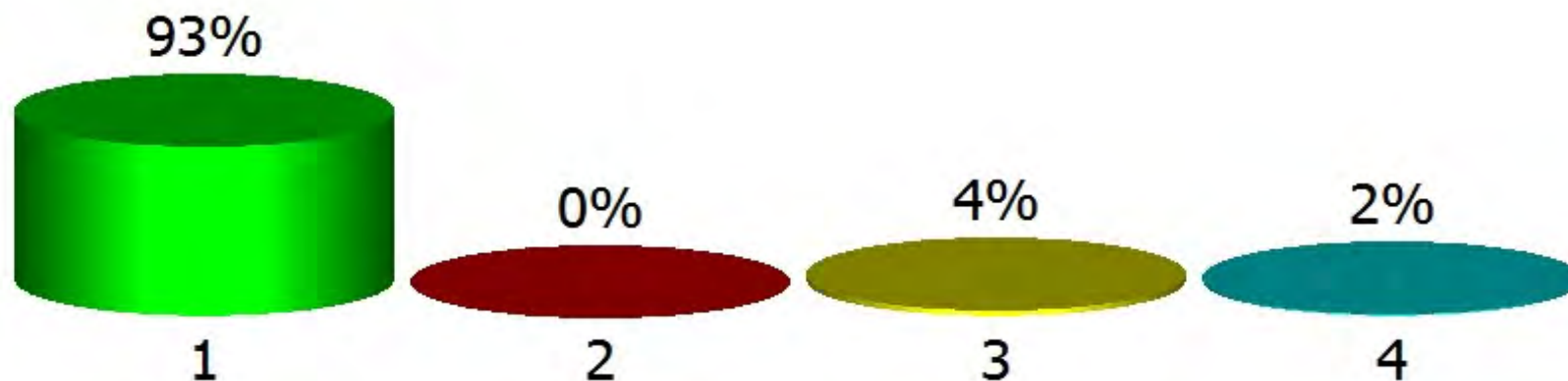
1. Set amount
2. Hours spent on admin billed at same percentage of rate
3. Owners just figure out what it's worth year to year
4. Other
5. This job is unpaid





Does your firm contribute to a profit sharing-401 plan per employee?

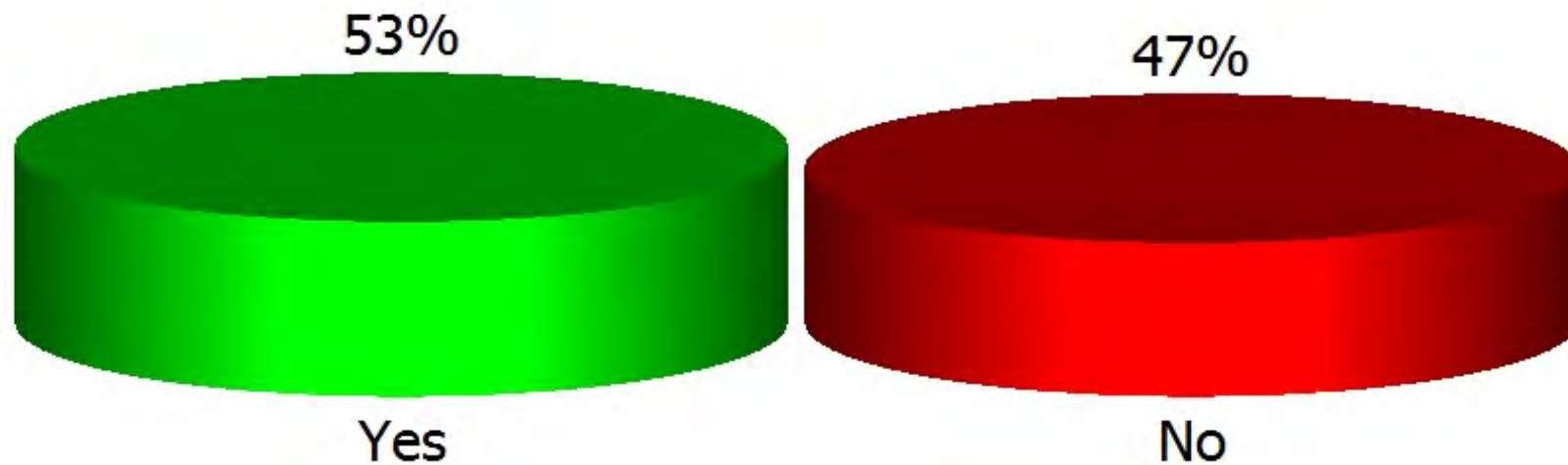
- 1. Yes – all employees
- 2. Yes – lawyers only
- 3. Yes – partners/principals only
- 4. No





If yes, is a match required?

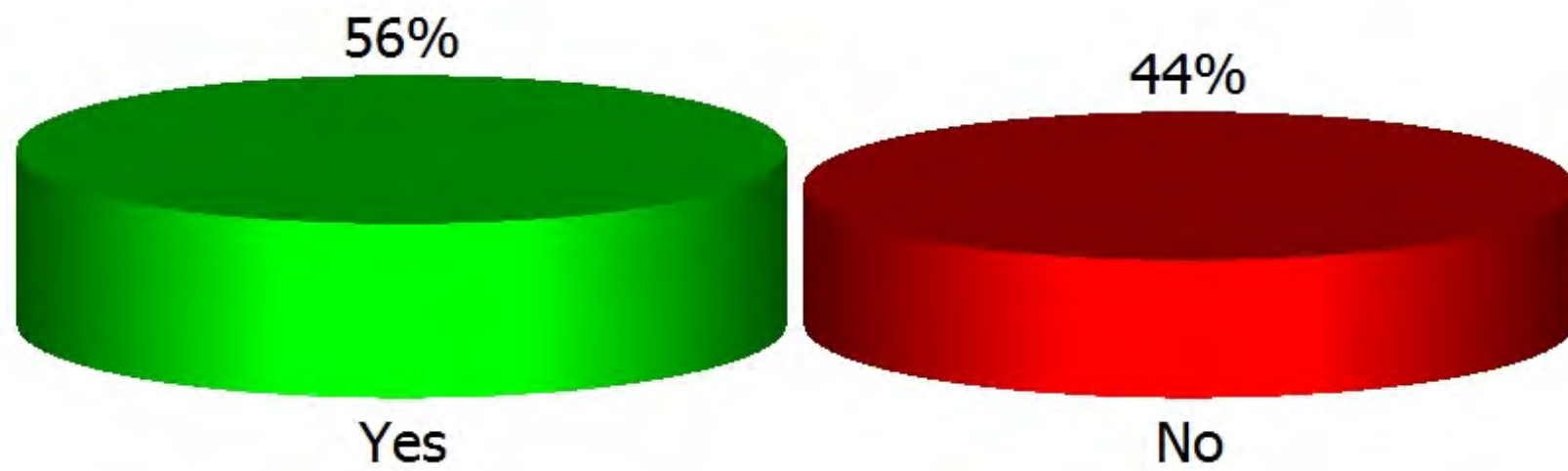
- 1. Yes
- 2. No





Do you have a dedicated marketing-biz dev person on staff?

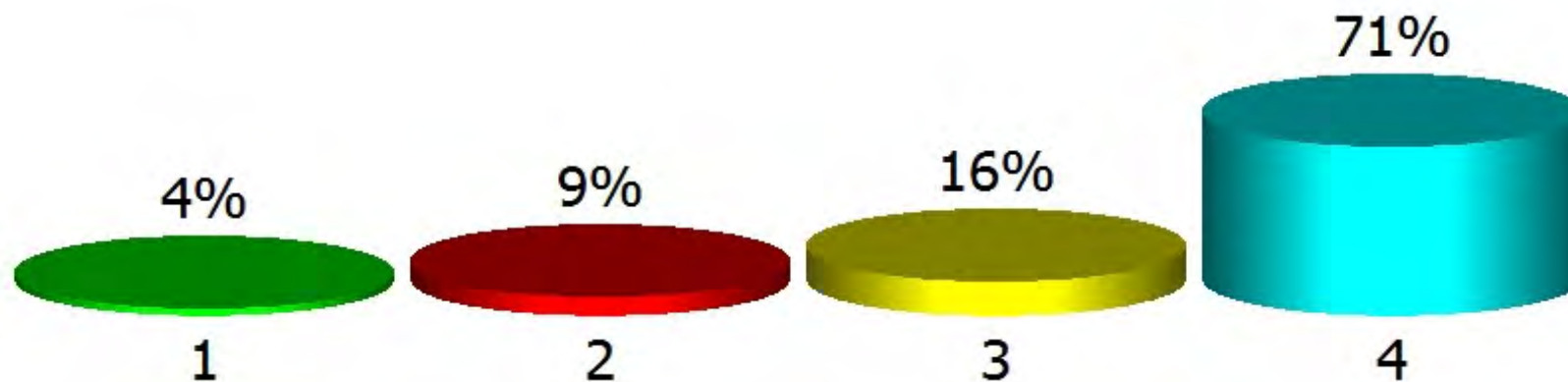
- 1. Yes
- 2. No





What is your retention rate for new hires?

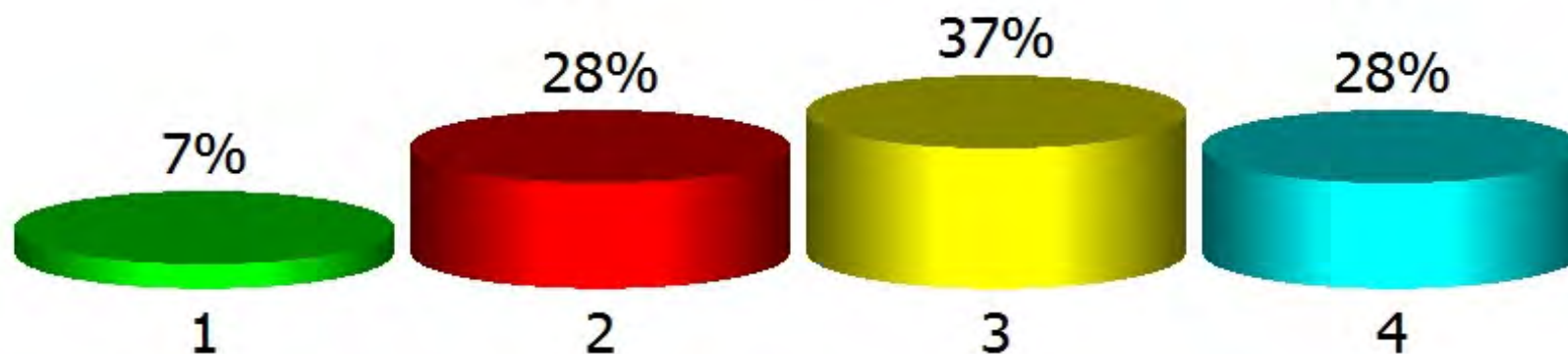
- 1. 0-25%
- 2. 26-50%
- 3. 51-75%
- 4. 76-100%





The current group of associates at my firm, the Millennial Generation, is up to the task of inheriting the firm.

- 1. Strongly agree
- 2. Agree
- 3. Disagree
- 4. Strongly disagree



7 Strategies to Succeed at Law Firm Leadership

By John Remsen Jr.

The title “managing partner” falls short of the mark in describing the work of a law firm leader. “Chief executive officer,” in my opinion, is more accurate. Terminology evolves so that some titles no longer reflect their original meaning.

MANAGING PARTNER HAS BECOME SUCH A TERM.

When a managing partner is named, is the law firm really appointing a manager in the corporate sense? A manager, after all, is a caretaker responsible for oversight of a unit or department.

A recent survey on the topic of law firm management and leadership asked those polled to distinguish between a “manager” and a “leader.” Insights that the survey respondents

- Partners perceive themselves as being owners of the firm, having certain prerogatives and independence, not as employees to be managed.
- Each firm has its own personality and culture, and the management techniques effective in one firm may or may not be successful in another.

In the face of these hard realities, many managing partners retreat into the noncontroversial confines of day-to-day man-



A CEO's primary responsibilities should include strategic planning, setting the future direction of the firm, cultivating relationships with major clients, and identifying and grooming future firm leaders.

agement, putting aside attempts to exercise true leadership. What is needed instead is a well-thought-out plan to lead your firm forward into the 21st century.

offered included, “Management is mechanical, while leadership is inspirational,” and “The leader sets the direction and the plan, while the manager implements the plan.”

Another survey respondent was more pointed: “Managers implement what leaders want them to do. Most law firm managers want to be loved and not to lead.” Saying that managers want most to be loved may overstate the case. But it does sum up the problem. If a law firm needs vision, inspiration, motivation, cohesion, consensus, direction-setting and the establishing of firmwide goals, it needs strong leadership committed to that work.

LEADING LAWYERS

The hard realities of law firm leadership are apparent. Among them:

- The authority of lawyer management (or leadership) is derived from the willingness of the firm's partners to be managed (or led).

SEVEN STEPS TO SUCCESSFUL LEADERSHIP

1 Create Job Descriptions for Yourself, Your Successor and Other Firm Leaders.

Remember, you're drafting a job description for a CEO, not a manager. Think of your job description as a contract with your partners. At a minimum, it should delineate the amount of time you will devote to management responsibilities. A CEO's primary responsibilities should include strategic planning, setting the future direction of the firm, cultivating relationships with major clients, and identifying and grooming future firm leaders. To compensate for time lost from your personal practice, the job description should define your pay structure.

2 Redefine the Role of Practice Group Chair.

Practice group chairs are too often treated as lions among their prides. Often they are appointed because they are the senior member of the group or the most effective rainmaker. This does not mean they are the most effective manager, the best mentor or the most committed to the success of the firm. Practice group chairs should be elevated to the level of senior management. They should be given the full authority to manage their groups. Practice group leaders need to be chosen based on the ability and the commitment to lead.

3 Get to Know the Firm's Client Base Personally.

No partner should “own” a key institutional client. Managing partners should reach out to client contacts and underscore the message that the firm—not only the client's chosen counsel—is pleased to be of service. Ask the client for feedback, learn the client's business and the industry, and strategize to help the client reach its goals. Do more for the firm's clients than simply putting out fires.

4 Identify and Hire a Strong Chief Operating Officer.

If you are going to be an effective leader or CEO, you have to get the minutiae off your desk. Delegate day-to-day administrative responsibility to a strong, competent executive director or COO. This person should head up a team of business professionals and serve as your trusted “second hand” on the leadership team.

5 Offer Reforms to “Time and Money” Matters.

You will be asking senior management to take on a more extensive and defined role in the operations of the firm. Adjust the time demands on the executive committee and the practice group leaders to allow for sufficient nonbillable time for them to fulfill their management responsibilities. Likewise, adjust the compensation criteria for

senior managers to acknowledge the time they must devote to management matters and for the firm-benefitting results that they achieve.

6 Start (or Reenergize) the Strategic Planning Process.

A strategic plan is a living document that requires modification and fine-tuning from the first day it is implemented. If you have been selected as the firm's managing partner, presumably you have a vision of what you want the firm to become, what you want it to achieve. Sell this vision and muster a supporting coalition among the equity partners. You don't need to win them all over, but you will need an effective critical mass and working majority. With this group at your back, start small and keep the initial goals simple. Suggest three or four one-year priority items with sufficient low-hanging fruit to show short-term wins. Consolidate your gains and move forward.

7 Maintain Your Firm's Investment in Its Future.

The challenges of launching new initiatives, creating consensus and moving your firm forward can sometimes cause a firm leader to forget about the little things that, in the end, may prove to be just as important as greater goals. Don't forget to implement a first-rate training and associate development program. Here lies the future of your firm. Don't forget about marketing and business development initiatives. These provide the growth that will finance your firm's future. Don't forget about technology upgrades. These are the essential tools that keep your firm on the cutting edge and ahead of the pack. And don't ignore your successor. Heirs apparent need the opportunity to learn the principles of law firm management.

The old Chinese proverb says that a journey of 1,000 miles begins with a single step. Becoming a leader of a law firm is similar. A CEO must, step by step, patiently bring along the uninterested, the doubters and the curmudgeons to join the advocates and the reformers. Bold vision and small steps are the stuff of leadership. **LP**



BY JOHN REMSEN JR.
jremsen@managingpartnerforum.org

John Remsen Jr. is president and CEO of the Managing Partner Forum, a resource for managing partners and law firm leaders. He is also president of TheRemsenGroup, a consulting firm for midsize law firms.

MANAGING
Cultivating a
growth mind-set
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TRENDS
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management time
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ASK BILL
Hard luck
hits main street
PAGE 10

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Management Committee

ABA **LAW PRACTICE MANAGEMENT SECTION**
MARKETING • MANAGEMENT • TECHNOLOGY • FINANCE

THE EVOLVING ROLE OF TODAY'S

LAW FIRM

KEY STEPS FOR LEADING YOUR FIRM



BY JOHN REMSEN, JR. We all know that the legal profession has changed dramatically over the past two decades, resulting in a new set of challenges that yesterday's firm leaders never had to confront. There's an oversupply of lawyers. More demanding and less loyal clients. More demanding and less loyal partners and associates. Staggering advances in technology. Tort reform in many jurisdictions. Skyrocketing operating expenses. Mergers and acquisitions and unprecedented competition. Certainly these and other trends have created tremendous pressures for law firm leaders—who must change the way they operate if their firms are to remain viable in the long run.

LEADERS

Yet most aren't keeping pace. In the midst of all the change, far too many firms haven't changed much at all. They run essentially the same way they did 20 years ago—like loose confederations of solo practitioners sharing office space.

Why? According to nationally known lawyer-psychologist Dr. Larry Richard and his groundbreaking research on the subject, most lawyers hate change. They also love autonomy and resist rules and structure. They have little patience and want immediate results. They don't like risk and shun the unknown. So for many firms, it's easier just to leave things alone.

On the other hand, some firms "get it." These firms are fundamentally changing the way they do business, with streamlined governance, standardized systems and procedures, strategic plans, and marketing and business development programs. They enforce minimum performance standards for partners and associates. Many are also divesting themselves of low-profit clients and practice groups. They are de-equating underperforming shareholders and asking disruptive lawyers—even those with big books of business—to leave. These firms are emerging as the front-runners in the market because their top levels of leadership have the moxie and vision to make change happen.

The Firm Leader as Change Agent

In today's most successful law firms, the role of managing partner has evolved significantly, from that of a "caretaker" trying not to rock the boat to that of a dynamic consensus builder and change agent. Today the managing partner is the CEO of a multimillion-dollar entity in a rapidly changing industry and needs to exercise critical leadership skills to set the example for leaders at all other levels of the firm and thus ensure the organization's success.

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Of course, knowing that you need to set the course to success and actually doing it can be difficult, given the press of countless to-dos firm leaders tackle every day. Consider this: Last year TheRemsenGroup surveyed more than 170 managing partners from firms ranging in size from 10 to 2,200 lawyers. Of those firms, 60 percent had more than 50 lawyers. When they were asked what their most important contributions were in their roles as managing partner, building consensus among shareholders and initiating change topped the list of responses. In contrast, when asked where they spent most of their time, day-to-day administration ate up way too much of it.

We also asked if these managing partners had a job description: 74 percent did not. In addition, 76 percent did not have a clearly defined exit strategy.

What can we take from this? Too many leaders at the top levels of law firms are winging it.

Steps to More Effective Leadership

A successful firm leader must be a visionary, a communicator, a negotiator, a coach, a disciplinarian, a cheerleader and a psychologist all wrapped up in one person. Needless to say, it's not an easy job, especially when you add management responsibilities to the mix.

There are, however, steps that the top levels of firm leadership can take to enhance their effectiveness and improve the performance of their organizations. Here, in a nutshell, is the guidebook.

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► Codify the Top Leader's Job

Every managing partner should have a well-defined job description. It should set forth the primary responsibilities of the position, the amount of time required, and how the partner will be compensated for his or her nonbillable contributions. Also, it should account for the fact that a managing partner's time should be spent mostly in the areas of planning, communication and consensus building. Day-to-day administration functions should be delegated to a capable administrator.

► Appoint Strong Group Leaders

A firm needs strong leadership at all levels. Unfortunately, departments and practice groups are too often led by the most senior lawyer or the lawyer with the biggest book of business when, in fact, that may not be the right person for the job. Passion, commitment and leadership skills are required for these important roles. To help ensure the right people are put in the right positions, department heads, practice group chairs and branch office managing

partners need job descriptions, just like the managing partner does.

► Develop a Firmwide Strategic Plan

The evidence is clear. Firms that have plans outperform those that do not. Planning helps to bring everybody onto the same page, sharing the same vision for the future. Firm leaders have to embrace and encourage the planning process and the plan's implementation at the firm, practice group and individual lawyer levels.

► Build a Firm-First Culture

Leaders should always encourage and reward a "firm-first" mind-set and attitude among all the firm's members. There are a variety of ways to do this, including through compensation mechanisms, but even simple steps can prove very effective. For example, insist on the term "our" clients instead of "mine" and "yours." Leaders must do everything possible to promote trust, teamwork and fairness within the firm.

► Lead by Example

Managing partners and practice group leaders cannot be hypocrites. They must "walk the talk" by being first in submitting their individual marketing plans, getting their time records in, mentoring younger colleagues, returning client phone calls and otherwise setting the standard for everyone in the firm.

► Invest in the Future

According to LexisNexis's 2007 *Juris Law Firm Economic Survey*, the top performing and most profitable law firms spend more per person than underperforming firms

LEADING THROUGH THE ECONOMIC STORM

In their recent report "No Chicken Little, The Sky Is Not Falling," John S. Smock, John W. Sterling and Peter A. Giuliani consider the near- and longer-term future of the legal marketplace—and strategies for firms to implement in response. Here's their essential advice for leaders.

do. They are investing in the future. The lesson: Resist the temptation to enhance profitably through cost cutting. That's a short-term fix. Profitable firms look at long-term impacts.

► Groom Successor Leaders

The best leaders are wise enough to identify and mentor a successor for their roles. They give that person important, high-profile assignments so that the firm's people gain trust and confidence in the successor's leadership skills well before the torch is actually passed. In addition, managing partners in particular should have a well-defined exit strategy that is communicated to all shareholders.

► Be Passionate

They sure don't teach much about leadership in law schools. But that's not an excuse for failing to strive to be the best firm leader you can be. There are many intricacies involved in steering a firm toward top performance in times of change. To learn more about them, you should attend leadership conferences and ask your firm for training. Read books and articles. Learn from other managing partners and practice group chairs. It's important for leaders to demonstrate that they're devoted to excellence. After all, if the leader isn't committed, there aren't likely to be many followers—and the firm will stagnate as a result. Those firms with strong, passionate and committed leaders, on the other hand, will emerge as the most successful law firms of the future. LP

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It takes a steady hand to lead a firm when there is change and turmoil on so many fronts. In addition to the increasing complexity of law as a business, we are facing economic uncertainty, disruptive local and global events, and new leadership in Washington, D.C. The ability to understand the impact on your practice—and change or steady the course as needed—is a critical component of the law firm leader's role. So what's a firm leader to do? Here are six key ways to stay strong despite the economic storm and ready your firm to grab new opportunities—because, yes, there is plenty of good news for law firms.

■ RECOMMIT TO EFFECTIVE MANAGEMENT AT FIRM AND PRACTICE LEVELS.

The evolution that's been under way at many firms to get to good management practices must be stepped up to a *revolution*. Many firms still sub-optimize their management effectiveness. The marketplace will not allow it now or in the future.

■ **FOCUS ON EXECUTING THE STRATEGIC PLAN.** That is, do what you said you were going to do and be who you intend to be. A down economy gives a strategically focused firm an opportunity to dramatically improve its position, increase the bonds between the firm and its people and attract people who fit with the firm's direction. Abandoning the strategy and hunkering down until the storm passes is not the way to deal with this marketplace.

■ **CULL THE PRACTICES.** Now is the time to ensure that the firm's complement of practices is the complement the firm believes it needs to be successful, now and, very importantly, in the future. This does not mean getting rid of the less-than-profitable practices and only keeping the more profitable ones. It means making conscious decisions about which practices fit the firm's strategy and will be necessary to meet the needs of the clients it serves and desires to serve in the future. Carrying a non-strategic, underperforming practice serves little purpose in the present economy and could be truly damaging.

■ **CULL THE PEOPLE.** Many firms have underproductive partners and associates who drain resources from what the firm is trying to do and whom it is trying to reward. Now is the time to make those tough but essential decisions about people. Remember, every dollar paid to an unproductive partner above what he or she is worth is a dollar *not* paid to the productive ones.

■ **FIX THE COMPENSATION PROCESS.** You need to ensure that you reward what's important to the firm's survival and prosperity. Associate compensation needs to be changed to reflect varying performance and get out of the socialistic/lockstep environment that currently exists. Partner compensation should also be reviewed and, if needed, adjusted.

■ **INCREASE MARKETING AND BUSINESS DEVELOPMENT.** Marketing in law firms is too often seen as a cost rather than an investment, and when results do not meet expectations, marketing is cut. But in downtimes, effective marketing is even more important than in the good times. Cutting or gutting the marketing program not only won't work, but it may accelerate downward trends. LP

John Smock, John Sterling and Peter Giuliani are partners in Smock Sterling Strategic Management Consultants. To read their full report, visit www.smocksterling.com.

Where Leaders Stumble

by Patrick J. McKenna



I'm currently collaborating with a colleague who is doing a lengthy research project attempting to identify the characteristics, traits and behaviors of the most effective law firm managing partners. In our most recent discussions he posed this question: "*In firms you've observed where the managing partner isn't doing well or leadership is weak or dysfunctional, what one or two things do you find are the biggest or most common causes of failure?*"

To provide a meaningful response, I went back through a decade worth of notes from training practice group leaders, scrutinized the results from the psychometric data that I have had over 50 new managing partners complete as part of the First 100 Days Program, and reflected upon what I'd observed in working with hundreds of law firms over a couple of decades. Here are some of the more common warning signs that I've observed in working with leaders at all levels:

• **Displaying Arrogance.**

These are those leaders who just naturally expect to be admired, praised, indulged, and obeyed. They anticipate that they will be successful in everything they do, believe in their own legacy, and when their expectations are frustrated, they explode with "narcissistic rage." From my observer's perspective, what is most distinctive about these leaders is their self-assurance which often gives them a certain presence—they are the first to speak in a group, and they do so with great confidence . . . even when they are wrong.

If you think you have all the answers and that your role as leader is basically to direct your peers as to what each should be doing; to assign each a specific project and dictate who will work on which, you may just be in for some critical push back. This leader stumbles whenever they begin to think that their colleagues need to serve them, as apposed to the leader serving his/her people. You need always to be willing to work along-side your people to get the job done. In other words there should be nothing in your practice group or firm that anyone else does, that you would not be willing to do yourself.

The very best leaders recognize that their role is to help those in their groups/firm, become even more successful in their careers than they would have had that leader not been in the picture.

• **Suffering A Lack of Focus**

This lack of focus can occur in several ways. Oftentimes, the leader unconsciously allows the urgent to crowd out the important and then eventually loses sight of what they are trying to accomplish that will advance the firm. Even more debilitating, the leader ends up trying to do too much or too many things at the same time, appearing to start one project, quickly losing interest, and then gravitating to the next 'flavor-of-the-month.'

Suffering a lack of focus then disorients a leader and sets the stage for poor communication. These leaders delude themselves into believing that their colleagues can sense their goals and carry out their wishes without being told. When misunderstandings arise, they blame others for a lack of effort (or commitment) rather than recognizing their own negligence.

At the present moment, what is your primary focus? If you can't write it in a couple of short, pithy paragraphs, then your leadership suffers from a lack of clarity. Take the requisite time to center your focus on what's most important.

• **Putting Paper Before People.**

Often leaders become so task orientated, that they forget to be people orientated. As a leader you can quickly become so consumed by the day-to-day requirements that all too often you make the mistake of seeing your partners more as interruptions than opportunities. As a leader your colleagues will always be seeking your attention, and that's what you've got to give them.

Leadership is basically a people business. You can't let paperwork and deadlines create a barrier between you and the opportunity to touch your colleague's lives. So here's the key: Never see your people as interruptions, because those kind of interruptions is your work. If your partners conclude that your day-to-day tasks are more important, they come to the conclusion that you don't care about them. And there is a very old cliché that no leader should ever lose sight of . . . 'People will never care how much you know, until they know how much you care.'

• **Being Risk Adverse**

The overly cautious leader is careful, conservative, and worried about making mistakes. Even positive feedback can be distorted or discounted. These individuals cannot seem to tolerate the unpleasant feelings associated with making a mistake; and as a result, they seek to avoid the unpredictable events related to decision-making. At their best, they are prudent and careful about evaluating risk; they rarely make rash or ill-advised moves, and they provide sound advice about intended courses of action. At their worst, however, they avoid innovation, resist change, stall, and drag their feet, even when it is apparent that something needs to be done.

These kinds of leaders fear failure far more than they desire success. Past success creates pressure: "Will I be able to sustain my past practicing performance in this new role?" When driven by the fear of failure, these leaders are unable to take reasonable risks. They

limit themselves to tried and proven pathways. Any thoughts of trying to be innovative diminish and eventually disappear.

No progress has ever been made without new ideas being accepted and implemented. Leaders need to continually ask themselves: “Which is more important, the journey or the destination?” Are you still taking reasonable risks? Prudent leadership avoids reckless risk, but neither is it paralyzed by fear.

Poor leadership in good times can be hidden, but poor leadership in bad times is a recipe for disaster. The warning signs in life — from speed limits to prescription labels — are intended to protect us from disaster. As you consider these warnings of leadership failure, don't neglect taking an honest look at your situation.

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