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Leadership at the Top: What Works?

There are nearly as many governance structures as there are firms. For most firms, the range of potential governance structures garners the greatest degree of interest at the time of leadership transition, at which point, partners express renewed curiosity relating to the realm of possibilities. Despite the variations, there are four broad primary leadership models in place at most firms, which include:

- A single Chair or Managing Partner
- A Chair **and** a Managing Partner (or vice-chair)
- Co-chairs or Co-Managing Partners
- A small Executive Committee with no Chair or Managing Partner

As with most aspects of law firm management there is no single “right” model and we have seen successful firms with each of the four models. But there are some key questions to consider when thinking about the top job or jobs in a firm.

Are you spending enough time on strategic management?

The most successful firms devote crucial time to strategic management of the firm. This of course includes strategic thinking, but also includes time devoted to working with practice groups, talking with key firm clients, and guiding the collective efforts of the partnership. One of the primary reasons that firms shift from a single leader (model 1) to two leaders (model 2, and to a lesser extent 3) is to ensure that at least one person in the firm is focusing on strategic leadership, without the distractions and urgency of handling day-to-day matters. While it is certainly possible for a single Chair to cover both strategic and operational management responsibilities (particularly if he or she is supported by a strong C-level team), in many firms the job has become simply too big for one person. When that happens the day-to-day operational responsibilities tend to win out over the strategic management and the firm risks losing strategic focus. In firms with more than 250 lawyers we see about 2/3rds operating under some form of model 2, with separate Chair and Managing Partner equivalent positions.

Are the roles and responsibilities clear?

Even when there is a single executive it is important to define the roles and responsibilities of the jobs and make that clear to the partnership. This clarity not only facilitates good working relationships among members of the leadership team but also reinforces the expectations that the firm has of its leaders. In fact, we often recommend that the key leaders prepare an annual plan that outlines their key job priorities for each coming year.

It can be helpful to think about the roles and responsibilities along a matrix, with strategic and operational roles along one dimension and functional responsibilities along the other. These functional responsibilities can include leadership, strategy development, strategy execution, client relationship management, financial management, and talent management.

In models 2, 3 and 4, where there is more than one firm leader/manager, it is important to observe the lines of authority to avoid allowing partners to engage in forum shopping and also to ensure that leaders recognize where their role and decision-making power ends and another’s begins

Are you willing to delegate responsibility to your C-levels?

With only a few exceptions, law firms tend to view primary leadership roles (i.e. roles responsible for holding lawyers accountable) as ones reserved to partners. While business executives have been in place in law firms for decades, there remains a wide variance in the authority and responsibility vested in the C-suite. Some firms are able to bring in high level non-lawyer chiefs (COO, CFO, CMO, etc.) and delegate appropriate authority to that team so that it frees up partner leadership to focus on those activities that truly require partner attention. Other firms may have that idea but are simply unwilling to delegate to the C-Suite which typically ends in frustration and turnover. Micromanaging the C-Suite often results in duplication of effort and therefore more time spent on operations by leadership.

The quality of talent available to law firms has increased exponentially over the last decade and, as a result, firms are well positioned today to revisit the effectiveness of the C-Suite and test how that group can best support partner leaders, particularly in firms with models 1 and 3.

Are you willing to pay for leadership and management?

It is a little surprising these days, given the size of the business and the challenges of operating in the current legal market, that some partners still question the efforts and expense devoted to firm management. Often it is not the effectiveness of the management team in question (a legitimate question), but the time devoted to management, or the idea that a partner who is not devoting his or her full time to legal practice is not providing value to the firm. In firms where this view is prevalent the Executive Committee model tends to be more common, with shared responsibilities and most members of the Committee devoting 80% or more of their time to legal practice. While there might be a Chair of the Executive Committee to set the agenda for the meetings that person is typically not filling an executive role. While this structure can work well in some cases, it is also the structure most prone to bottlenecking in the committee process, confusion about who is responsible for key decisions, and lack of strategic focus. In other situations, where firms or partners devalue management, a more traditional Managing Partner or Chair structure may be in place. However, often times the Chair or Managing Partner has been selected because he or she is less than fully productive, as opposed to the person best suited to lead the firm.

Do you have the right people to fill the roles?

While many firms seek to design a governance structure around best practices and sound principles of leadership and management, it may also be necessary to analyze the talent available to fill the roles to ensure an effective match between structure and individuals. We see this emerge most often when firms adopt Co-Chair or Co-Managing Partner structures. In some cases, there may be no single individual partner willing to give up his or her practice to devote the time required to the role and thus shared responsibility becomes a necessity. We also see co-Chairs evolve in merged firms, where it may be important to have shared leadership for a period of time. While there can be pitfalls to shared leadership, mainly when the responsibilities aren't clearly defined, we have also seen instances where it works very well, at least for a period of time. When the structure is designed to fit the talent it is important to revisit it regularly and be willing to make changes when the talent changes. We see some of these structures become less effective when they outlast the people they were designed to fit.

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We've addressed only the top partner leadership roles here. Firms must also consider committee structures and how those intersect with and support firm leadership. Given the complexities of managing law firms in today's challenging environment there is a premium on getting it right – both from a structure and a people perspective.

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