Business Leadership and The Managing Partner

Why Law Firm Leaders Need To Manage Their Firm Like It's An Actual Business.

By Ary Rosenbaum, Esq.

I am a huge fan of business history and why certain companies fail. It is my belief that one of the reasons that businesses survive or fail is because of business leadership. In 1997, Apple Computers was on the verge of oblivion with Gil Amelio as its leader. In 2011, Apple is one of the most admired and thriving companies in the world with Steve Jobs in charge. Blockbuster Video never survived the transition from rental video stores to the DVD by mail rental system started by Netflix, yet Netflix saw the transition from their service into movie distribution through internet streaming. Businesses survive with leaders with vision, while businesses with leaders that stand pat and let time pass them by will wither and die.

What law partners and Managing Partners of law firms forget about some times is that a law firm is a business. It is a business like any other business, it's no different than an accounting firm or an electrical contracting firm or any other business that provides professional services. Like any other business, law firms need a business leader to run the business and usually that person is called the Managing Partner. That person in charge may have a different name, based on the nature of the firm, whether it's a professional services corporation, limited liability company, or partnership. For this article, the term Managing Partner will be the leader of a law firm, regardless of which type of corporate entity that the law firm is.

The difference between a good Managing Partner and a bad one is the same as the difference between Gil Amelio and Steve Jobs. A good Managing Partner could certainly lead a law firm to more billings, increased profits, and expansion into other areas of practice. A bad Managing Partner can lead a law firm to contract its practice area and even to a firm's dissolution. Ask many of the former partners and associates at the now dissolved Howrey, LLP as many fingers have been pointed at their firm's Managing Partner, which they call a Chief Executive Officer for the firm's downfall.

I do have to make an admission here. I am the Managing Partner of The Rosenbaum Law Firm P.C. and that title is a goof on many levels. First off, I am the only shareholder of the Firm. Secondly of course, I am not a partner since my Firm is professional services corporation and lastly, it is also a goof of the last Managing Partner I had worked for who was the Managing Partner of a corporation. Based on the prowess of our corporate practice, it was no surprise that they got the Managing Partner title wrong.

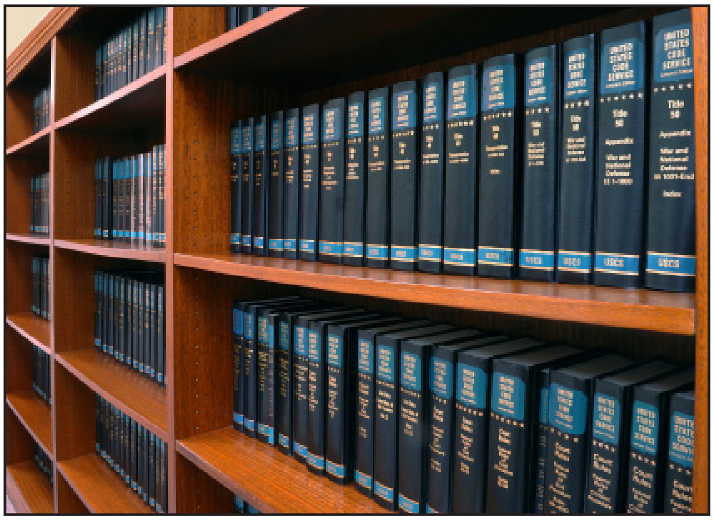
People reading this article will ask me how I can give any advice on business leadership since I am effectively a one lawyer shop. Having survived a few law firms in my time as a law clerk and associate, as well as my knowledge of business leadership, I think I can give a well founded opinion on the matter because my views are rather simple in nature.

From my experience, the best Managing Partners I ever worked for were Managing Partners that I never knew existed. The best example is a medium sized law firm in Boston when I was a law clerk where the Managing Partner didn't have to let everyone know that he was the Managing Partner every 5 minutes. The Managing Partner was busy running his practice and he left the day to day running of the Firm in the capable hands of a Chief Operating Officer. People thought of this COO as more of an office manager, but he was more than that. He kept the whole office running and took care of all the human resources functions and management of the entire Firm. David wasn't some law firm administrator who was the Managing Partner's lackey, writing articles about himself on the law firm's dime. David could run any business day to day and the Managing Partner was confident enough to give the David the rein while the Managing Partner was busy managing his practice and the Firm's practice.

The role of a Managing Partner is to be a business leader and not to be a celebrity. I'm sure the Managing Partner's role is not an easy one; I would have a tough time managing all the egos at a partnership meeting, A Managing Partner shouldn't be selected because that person has been there for so long or no one else wanted the job or the firm wants to make some history that no one will care about. A partner should be selected as Managing Partner because they either have business acumen or enough sense to surround themselves with those that do. A Managing Partner who has no business acumen or surrounded by those who will do will soon find that they leave a huge leadership gap in the firm that paralyzes any type of progress that any partner or associate wants to make in growing business.

There are Managing Partners who talk and those who do. The ones who do are the business leaders and those who talk will still talk. A Managing Partner can surely delegate important decisions to partnership committees, but is up to the Managing Partner to make sure the committees actually do work. It's not enough to talk about starting a Social Media Committee, it's important to set goals and guidelines for each committee and follow their progress. Committees should be stocked with partners that are relevant to the role of each committee. It makes absolutely no sense to stock an Advertising Committee with partners who draw no business or the Social Media Committee whose members are neither social nor know how to use a computer.

One of the complaints I have about Managing Partners is the lack of forward thinking. Managing Partners should always think of the future or legacy of the firm and to make sure that there is a backbench of junior partners and associates who can take the "ball" from retiring partners and ensure the future of the practice. A law firm that cultivates junior partners and associates to be the future of the firm is in a far better shape than the firm who may have a couple of junior partners and associates who can rack huge billable hours, but lack a backbench that is sophisticated enough to cultivate and maintain a book of business. Sure, a law firm can sustain growth by trying to merge with smaller practices. Cultivating associates and giving them the support to eventually become partners is a far cheaper alternative than having firms merge by adding new partners. For every new partner who actually adds a large book of portable business, there are three new partners who don't bring enough business to justify their role. So now you are forced to find more business to support another equity partner who can't support their way. At least when you encourage the growth of associates into becoming partners, you have a known quantity. When you add "star" partners merely because one is a producer of independent films or the other is a former County Executive, you actually end up with egg on your face more times than you realize,



You can compare a law firm to the New York Yankees. Is it no surprise that the Yankees won multiple championships when their farm system produced stars like Derek Jeter, Jorge Posada, Mariano Rivera, Bernie Williams, and Andy Pettite? Somehow the free agent signings of Ed Whitson, Dave LaPoint, Jack Clark, and Bob Shirley produced no World Series titles for the Yankees in 1980's. Managing Partners can only hope to grow the future of the Firm if they support the endeavors of their associates instead of talking about it. Having partners mentor associates sounds good on paper, but is meaningless if not actually implemented. They also need to implement an originating attorney policy that will reward associates for bringing in new business, as well as an incentive for partners to work with the new clients that an associate or junior partner brings in. I can recall the frustration at one firm where I didn't make a dollar for any clients I brought in, but if I was a partner, I would be entitled to a 50% share. Partners would scoff at working with my clients because they wouldn't be entitled to that originating attorney piece of the pie. This is how capitalism and a law firm's book of business die.

Managing Partners need to run their law firm like it's an actual business instead of a large, not for profit entity like a law school or a museum. Clients don't need to pay for bloated office staff or the weekly partnership lunch or the sports tickets that only one or two partners seem to use. Having a lean efficient staff or a less magnificent office will put less pressure for partners and associates to overbill and make the firm increase profits. It makes the firm more competitive in the legal marketplace and becomes more attractive to potential clients.

Managing Partners need to be less arrogant and more open to change. They need to have an open door policy for staff, partners, and associates because a Managing Partner that is aloof or unwilling to change will fail. The best business leaders are those who listen, those who are not obstinate, and those willing to improve themselves which only improve their leadership. The best business leader is one who takes personal responsibility for their own failing, is loyal to their partners and employees, and who checks their ego at the door. The needs of the law firm outweigh the needs of the Managing Partner. The Managing Partner who understands that all they really are is the Chief Executive Officer of a business who happens to be a lawyer, rather than a law school dean will thrive in their role..

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