

First among equals



Strong and decisive management at Linklaters has arguably helped it pull away from its rivals. **Dominique Graham** says the era of open law firm leadership is upon us, putting clear and well communicated decisions at the top of to-do lists

The news that Freshfields Bruckhaus Deringer is to shed some 50 or so partners in the next year may have surprised a few at the firm's Fleet Street HQ, but at Linklaters the shock was that its arch rival had not acted sooner. Over at Silk Street, they have long shed the softly, softly approach to partnership that used to characterise the profession and managing partner Tony Angel has taken the firm in hand with obvious results.

Freshfields is not the only firm that has woken up to the need for stronger management — US law firms are increasingly moving away from their *laissez-faire* approach to global domination in favour of a concerted effort to focus on the job in hand. The successes of leaders such as Ralph Baxter at Orrick, Greg Jordan at Reed Smith and our own Nigel Knowles at DLA Piper, have given rise to a new generation of converts to the Harvard Business School approach to law firm leadership.

The danger, though, is that firms can become over-managed. In some London

offices I now find myself dealing with European strategy partners, London managing partners, lateral hire partners and US representative partners. It is great to see so many people interested in strategic issues and the world beyond their desks, but it can be mightily cumbersome and off-putting for recruits.

Conversely, some firms have eschewed titles like managing partner and, at firms such as Gibson Dunn & Crutcher and Kirkland & Ellis, flat structures are favoured. For lateral hires, though, such an approach often misses the mark as well and can be mistaken for a lack of leadership: if no-one is seen to be at the helm, then who is steering?

Those who are thinking of joining your firm — like those who think of instructing it — want a clear picture of who is running the show. The system typically falls down for one of two reasons: either those that have the title, do not have the power but think they should, or those that have the power, do not want the title and prefer to dictate from the sidelines.

It is true that many of the world's elite law firms do not have extensive management and it does them little harm. Slaughter and May and Simpson Thacher & Bartlett would be two cases in point — firms that do not get rid of partners and do not need to. Both focus heavily on getting the recruitment right at every stage, and are conservative and client-driven in approach.

The presumption is that expansion is bad unless a client says otherwise, and while that can be perceived as a lack of strategic direction, in fact little could be further from the truth. These two businesses know exactly where they are going and how they intend to get there, and they have communicated it exceptionally well to every one of their partners and employees.

There is pressure on law firm managers like never before, and just like the politics of open government, we are moving into the age of open law firm leadership. No one wants 'nice' management any more, they want firm management that is capable of making the hard-nosed decisions. The only caveat is that such decisions have to be clear, effectively communicated and consistent.

Legal practices should not be run as slaves to their profit per partner results, but rather as slaves to the general counsel that provide the work. While management is judged on the firm's fig-

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ures, those numbers should be seen as the byproduct of a contented client base. Non-performing partners and practices that are surplus to requirements should clearly be shown the door, but only for the right reasons.

Plenty of firms are running themselves well. Addleshaw Goddard's management team reaps praise for turning around its fortunes in swift order, and appears to have avoided the urge to become wedded to short-term initiatives and unrealistic targets, which is so often the danger. Similarly, Berwin Leighton Paisner could barely have a clearer vision of where it wants to go, and what it needs to do to get there.

These firms do well in the hiring stakes, because clarity and decisiveness is always attractive. US firms lose out in the race to hire the best talent in London when they exhibit an obsession with chargeable hours, because though it has the advantage of clarity, few partners feel content to be judged solely by the sum of their timesheets, since they contribute much more. Much non-chargeable work is required to build a global practice — getting onto the European panels of even the firm's largest US clients can test the business development skills of even the hungriest new arrival. Unless this kind of contribution is recognised and appreciated, management will succeed only in building a defensive environment in which partners focus on their own billings and attributions, with scant regard for the greater good of the firm.

Some US firms tell me that nowadays they are moving away from this obsession with chargeable hours, and that the firm's — rather than the individual's — revenue is increasingly top of the agenda. However, often there is still a compensation system in place that suggests the opposite, with personal over-performance the only concrete guarantee of riches.

I would not want to be a law firm manager these days, with the phrase 'herding cats' used so frequently by the leaders that I work with that I can only assume this is usually the case. But your partners want you only to run the firm as efficiently as possible, take tough calls when you need to, and always keep them informed and abreast of your rationale.

From a lateral hiring point of view, any firm that is looking to attract new talent needs to think clearly before it starts about just what it is trying to achieve, and how it is going to get to where it wants to be.

Stories like those being published about Freshfields partnership overhaul only make candidates more wary about the long-term sustainability of a firm's vision and strategy.

First impressions count for a lot, and putting the right person in charge is a surefire way to wow potential hires and sell the vision. Remember that the next time you are asked to vote on your law firm's management, forget personal vendettas, billings, empty promises or evenings spent sharing a bottle of red wine. ■

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