

# Management should be seen and heard

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American 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 like Ralph Baxter at Orrick, Greg Jordan at Reed Smith (now ReedSmithRichardsButler), and 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 of US firms, I now find myself dealing with European strategy partners, London managing partners, lateral hire partners and US representative partners. It's 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 US firms have eschewed titles like managing partner, and at firms like 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 that are thinking of joining your firm, like those that 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 don't have the power, but think they should, or those that have the power don't want the title and prefer to dictate from the sidelines.

There is pressure on law firm managers like never before, and just like the politics of open government, we are moving in to the age of open law firm leadership. No one wants 'nice' management anymore, 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. Whilst management is judged on the firm's figures, those numbers should be seen as the by-product 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 to, and what it needs to do to get there.

These firms do well in the hiring stakes, because clarity and decisiveness is always attractive. American 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. 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 nowadays that they are moving away from this obsession with chargeable hours, and that the firm's, and not the individual's, revenue is increasingly top of the agenda. Often there is still a compensation system in place that suggests the opposite though, with personal over-performance the only concrete guarantee of riches.

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 right now 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 sure-fire way to wow potential hires and sell the vision. Remember that the next time you're asked to vote on your law firm's management, and forget personal vendettas, billings, empty promises or evenings spent sharing a bottle of red wine. ■



Who was ranked first by US firms for recruiting partners in London? We were. Brilliant.

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