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From Lawyer to Leader **Mixing the Practice of Law with Running a Firm**



Jeffrey Stone of McDermott Will & Emery (left) and Richard Greenberg of McGuireWoods are learning the ropes of new leadership roles.

PLUS: The Legal Inner Workings of the Internet

Jeffrey E. Stone of McDermott Will & Emery has been a lawyer for more than 20 years. He handles a thriving commercial litigation practice and teaches courses at law schools across the country.

But recently Stone became a student himself again, attending classroom lectures and hauling a pile of books.

“After being named head of the firm’s trial department, I had to go back to school. I may know about being a lawyer, but I knew almost nothing about being a business manager,” said Stone, who took a week-long course at Harvard Business School in March on the latest trends in leading professional service firms. “I have to manage 225 lawyers now, develop strategy, maintain morale, recruit talent, be the one person accountable for everything that goes on in our department, and still work on my cases. Wow, when I say it like that, it sounds terrifying.”

As successful attorneys ascend the law firm ranks, many are inevitably asked to assume firm leadership roles, from heading their practice groups to becoming a managing partner or chairman, adding a new dimension of complexity to their already pressure-packed jobs.

Suddenly they must learn to manage financial books, mediate internal disputes among partners and plot firm strategy on everything from marketing to mergers and acquisitions to office leases. They have to start worrying about their fellow lawyers’ clients and development just as much as their own. While law school prepared them for their corporate deals and

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by Tom McCann

Learning to lead: Making the transition from practicing law to running a firm

Greenberg: “Ever since I started in the

job, I don’t think I’ve slept a wink.”

case work, they have to learn to be business executives on the fly.

Both new and longtime law firm leaders say the job of managing can be hectic and arduous, and it can take years to fully settle into the position, just in time for many of them to rotate out of the job. But they also say the work can be tremendously rewarding, helps them build connections, makes them more vital to their firm and gives them a sense of satisfaction in having a supporting role in other lawyers’ careers.

“You can’t do this job if you don’t love it,” said Lee I. Miller, joint chief executive officer of DLA Piper Rudnick Gray Cary, who has managed various incarnations of his firm for 14 years. “I started my career just wanting to be the best lawyer I could be, but eventually I became invested in the firm and wanted to have a say in where we were going. It’s great to be able to create a business strategy and see it through, hire great lawyers and see them thrive here



Lee I. Miller started leading Rudnick & Wolfe 14 years ago and has seen it grow from a \$50 million Chicago firm to become DLA Piper Rudnick Gray Cary, a \$1.5 billion global firm.

years later. It's a far cry from my real estate practice, but I enjoy managing a law firm."

Learning the ropes

No one said the work was easy. "Ever since I started in the job, I don't think I've slept a wink. There's just so much about the administrative work and the people at the firm you don't know about until you assume one of these positions," said Richard T. Greenberg, who started in November as the managing partner of McGuireWoods' Chicago office, leading more than 160 lawyers. Greenberg said the job is endlessly interesting and plays well to his gregarious nature, but he said it will take a while for him to feel truly comfortable at the helm.

"I have to work much more efficiently during the day and work longer into the night just to get both jobs done. My family doesn't see too much of me these days. Luckily my wife's a partner at the firm, so she understands," Greenberg said. "Over the first few months, I spent most of my time talking to all our lawyers and staff, poring over administrative data and financial results to figure out where we should best focus our efforts. We're about to put pen to

paper on a strategic plan for the Chicago office and roll out a significant ad campaign for the firm in several markets. It's all new ground for me, so it has taken up 100 percent of my time. I'm still learning several new things each day."

Harold L. Kaplan is also just learning the ropes. In January he became the new chairman of Gardner, Carton & Douglas, in addition to his regular duties as chair of the firm's corporate restructuring and financial institutions practice groups.

"Our firm likes working lawyers to manage our business, someone who can set an example for the other lawyers and be involved with the big-picture policy issues but also stay very involved with the client base. The firm came to me partly because I've had experience doing both," Kaplan said. "I had to learn the balancing act pretty quick. I'm involved in several billion-dollar bankruptcy cases and bond default cases right now as well as some major strategies I'm trying to put together as the firm leader. My original goal was to work 60 percent of the time on client matters and 40 percent on firm business, but for now it's the other way around."

Just like the job of a corporate chief executive officer, there's no shortage of sage advice and instructional manuals on how to manage a law firm right. Experts say a law firm is especially difficult to lead because of the give-and-take nature of a partnership.

"There's this old analogy that says managing professionals is like herding cats, and it's true. It's incredibly difficult, sometimes impossible to do. Lawyers have big egos and opinions on everything, and they're nowhere near as devoted to their firms as they used to be," said Jay W. Lorsch, a professor in the Harvard Business School program Stone attended. "But successful firms develop organizations where the best lawyers stay and thrive. A good firm finds a way to align itself with its lawyers, where their personal interests and the firm's interests gel. A good manager has to constantly work on motivation and getting all the lawyers to buy into a common strategy."

Stone spent a week in Boston with 120 other lawyers, accountants, consultants and other professional-service firm leaders. They focused on case studies of successful companies like Goldman Sachs, McKinsey & Co.

and law firm Wachtell, Lipton, Rosen & Katz.

“The practical insight was a tremendous eye-opener for me,” Stone said. “The professors focused on those firms and institutions that stood the test of time. Then they went over how to apply those techniques to your own businesses: how Bain & Co. would handle promotions, how Wachtell Lipton would nurture star lawyers, lessons on how to get people to work together, put the firm above themselves and love to come to work every day. A lot of those ideas I’m going to use.”

Harvard Business School has taught the program for about 10 years and initially was surprised by just how much pent-up demand there was for such expertise, Lorsch said.

Stone said McDermott has already set up a good leadership and strong culture, but he wants to do more to develop teamwork among his lawyers.

“We’re not a loose confederation of trial partners. Like Goldman Sachs, you can’t be dependent on a bunch of stars. You have to get everyone working together, collaborating and sharing their skills,” Stone said. “We have a lot of talented senior partners, but I want to make sure that expertise flows down to everybody at the firm. I’m trying to set up procedures where senior people are brought in as advisers on other cases. We convene a small group, talk about everything from discovery to motions practice to trial strategy. That way we bring the organization to bear on each case and raise standards across the board.”

Stone also wants to use some of the techniques he studied in the course to motivate lawyers to work harder and to pick the right lawyers to promote.

“We have to work harder to identify excellence and celebrate it. Maybe more e-mails about a job well done, highlighting what worked well on a recent case and using it as a model for everyone else. You make people feel proud, and you use it as a teaching

opportunity,” Stone said. “I’m also focusing on recruiting, developing a keen eye for talent, bringing them here and really integrating them into the firm. You can’t just hire them and cut them loose.”

Finding a style

Local managing partners often commiserate at bar association meetings or other social events, sharing management tips and mistakes to avoid, Miller said. Each manager has his or her own style that works.

“As a leader, you can come up with any strategy you like, but you have to stick with one and not waffle. The major thing we’ve tried to do is come up with a consistent policy or vision of what the firm is doing and stay directed on that plan and repeat it over and over again. That way you stay on message, you’re moving forward and everyone is on the same wavelength,” Kaplan said. “I don’t know if I’ve done anything wrong yet. I certainly make mistakes. But if you’re a manager, you just need to make a decision, reach a consensus and be done with it.”

Kaplan said Gardner Carton has settled on a policy of not focusing on numbers of lawyers or growth through mergers, but developing already successful practice groups like health care and bankruptcy. The firm has also devoted itself to communication, producing newsletters and annual reports to its lawyers, clients and staff.

Miller said an important part to keeping partners happy and invested in the firm is being firm and up front with them.

“I’ve been doing this for 14 years, and I don’t know that you ever get it down pat. The job is constantly reinventing itself. When I first started managing Rudnick & Wolfe, we were a \$50 million business. Now we’re a \$1.5 billion business with offices around the world. At each stage of development, the job has changed,” Miller said. “A lawyer can’t study this stuff in textbooks. Most of your training is on the job.

“As a boss, you have to understand what makes people tick. I try to be honest with people and make pretty clear about what I expect out of them,” Miller said. “The more you tell people, the easier people can decide to play in that game or not play in that game. I found people are appreciative if they know where they stand and where it all fits together. You have less resentment that way.”

Rex Schlaybaugh, chairman of Detroit-based Dykema Gossett, said he tailors his approach to each partner he must deal with.

“We understand that our top lawyers are thoroughbreds, and each needs to be dealt with differently,” Schlaybaugh said. “Each has different views of what his or her needs are and how they respond. Each has a different relationship to the firm. So I try not to take a one-size-fits-all approach.”

Donald L. Mrozek, chairman of Hinshaw & Culbertson since 1989, said the chairman or managing partner has to be a strong leader who can stand up to other partners.

“You really need to develop a thick skin in the job because if you get offended by every person who walks in the door and insults you, you’re not going to be around for too long,” Mrozek said. “You can’t hold grudges.”

Textbook practices

Lawrence Green, managing partner of Perkins, Smith & Cohen in Boston and author of the book *Managing Partner 101: A Guide to Successful Law Firm Leadership* says strong leadership sometimes can mean making enemies at the firm.

“Managing a large law firm is much more difficult than just being a lawyer, especially with the personalities involved,” Green said. “It’s a partnership, so sometimes you’re the superior and other times you’re an equal. But if a partner is causing trouble or proposing something inimical to the firm, it’s your job to put that person in line. You represent the partnership, and you can’t let any partner rise above the firm. That

could be disastrous and make all the other lawyers angry.”

Gregory S. Gallopoulos, who started as managing partner of Jenner & Block in January, said the most important thing he’s learned so far is the importance of delegating and thinking long term.

“The toughest part of the job is keeping one’s focus on the long-term strategic vision and not getting bogged down in all the day-to-day minutia,” Gallopoulos said. “If you micromanage and try to do everything yourself, you’ll do badly in everything.”

The role of a manager and how much time the work takes varies by law firm. Some firms are ruled by a managing committee while others have a one-person managing structure. At smaller firms, the work may not take up much time at all, but at very large firms a lawyer may have to give up his or her practice entirely.

Miller said he stopped practicing in the mid-1990s after the job got too big to handle part time.

“I continue to interact with clients, but it’s representing the firm’s interest, not my own,” he said. “With the firm we have today, you’re in a position where you don’t want to cheat both sides. I didn’t feel I could practice the way I wanted to practice and manage the way I wanted to manage. I had to give up one.”

For other leaders and managing partners, it’s a daily puzzle how to fit the two jobs together.

Greenberg said when he first assumed the job, he was working almost entirely on managing partner issues, spending little time on his client matters. But now that his cases have heated up, he’s learning to work 60 percent on his legal work and 40 percent on administration.

“I’ve found that I’ve got excellent lawyers working for me who know the clients and give them great service, and as I’ve settled in, I’ve started to give them more responsibility and supervise only when I need to supervise,” Greenberg said.

However, firm leaders also must worry that their diminishing



Gregory S. Gallopoulos



Harold L. Kaplan

practices endanger their position within the firm, even though they’re ostensibly leading it, said Joel A. Rose, a New Jersey management consultant who caters to medium- and large-size firms. He recently conducted a survey of several East Coast firms and found this to be major source of anxiety for managing partners.

“The managers were worried they were sacrificing client development, making enemies among the partners and that the partners had short memories on the contributions of lawyer managers,” Rose said. “A lot of managers expressed worries that their power base was gone and that the partners didn’t think they should be paying so much money for someone who didn’t bring in revenues. Each firm is different, and so are the anxieties.”

However, Gallopoulos, who has pretty much given up much of his client work, said he doesn’t see that concern at Jenner.

“With a firm of our size, you can’t serve two masters,” he said. “The clients and the partners have a vested interest in the firm being superbly managed. They realize the skills needed to do the job and the importance of keeping the firm vibrant and strong.”

Miller said that leading DLA Piper Rudnick is akin to managing a major corporation and needs constant strategic thought and attention to detail.

“More than 50 percent of the time, I’m dealing with clients,

making sure they’re happy and we’re servicing them properly, seeing that all the resources they need are being directed toward their projects. Then I’m looking for laterals and making sure they fit the platform of our firm. Then we have the business, making sure the cash is coming in, the bills are going out, the technology is up to date,” Miller said. “I travel everywhere. I’m on the road two weeks out of the month, going to New York, Washington, California, London. I go to Europe six times a year, and I’m taking my first trip to the Asian offices soon. We’ve got 2,800 lawyers, so we’re having meetings, dinners, making sure they’re clued in on our strategy. In such a large firm, communication is even more important.”

And at DLA Piper, Miller has learned to be a merger expert.

“When we did DLA, we researched 30 firms in the U.K., set up meetings and did due diligence. For Gray Cary we had 80 partner meetings over a period of a few months. It’s incredibly difficult to craft a good merger and very time consuming, but when you have a national client that goes across different jurisdictions and disciplines, it validates the merger,” Miller said. “This is no longer being a lawyer. It’s being a CEO.”

Stone said one can’t adjust to being a firm manager without a little head start. Most firm leaders have previously headed a practice group or served on a major committee like the policy,

compensation or management committee.

“Robert Bouma led our trial practice for six years, and 10 months before I started, he took me around, brought me along on all the meetings, educated me on the big issues and on the places where our resources were invested and not invested. Bob made it a very intelligent transition,” Stone said. “Then the Harvard Business School class just added to the comfort level. You need to go in with a plan and take two or three years to implement it, and hopefully you leave the practice better off than when you started.”

Lorsch said bad management can quickly take its toll on a law firm, causing lawyers to leave and firms to dissolve.

“A wrong-headed strategy, inattentive leadership or a slip in client or employee satisfaction can have pretty quick consequences,” Lorsch said. “A service firm’s most important assets walk out the door every day, and there’s no guarantee they’ll be back. There are no machines to increase production or bail you out of trouble. You just have your people, so leadership is what keeps you in business.”

Green says his book contains four basic cornerstones to being a good managing partner or practice leader: prioritizing the quality of the legal product and service, setting a high standard of ethics and integrity, setting up a favorable and motivating work environment and ensuring the firm is on sound financial footing, which includes

Lorsch: “Managing professionals is like herding cats. ... It’s incredibly difficult, sometimes impossible to do.”

healthy profits, low debt, reasonable capitalization and good cash flow.

“However, the success of a firm cannot simply be measured in dollars and cents and profits per partner,” Green said. “You have to have a higher focus on quality, ethical service, prompt turnaround, a personal touch. You have to treat your employees with dignity, so they will be loyal and part of a

larger team, not demeaned and insulted. You want lawyers there for the long haul.

“A law firm has to be especially careful about its reputation in the broader business community. All these things entail giving up some resources and profit, but in the long term, it will serve you on the financial end, too.”

Green said he has been managing partner at his firm since 1987. He didn’t want to take a management position, but he took the job because the firm was in the midst of a crisis. He said it was the best decision he made in his life.

“I did it out of a sense of duty and maybe guilt that the firm needed me. But throughout the ups and downs, it has been an amazing role at the firm. I like to set priorities, look at the broader picture, get other people to coalesce around a common goal and lead a great institution,” Green said. “I find it very fulfilling to look back and see all the associates I brought along who are now partners building careers and families. I like the legal work, but it’s the leadership that gives me the most satisfaction.”★