

# THE MASSACHUSETTS LAWYER

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## A New Approach To Managing Lawyers

**Once Admittedly 'Lost,' Certain Massachusetts Law Firms Are Finding Novel Ways To Inspire Employees**



**PAUL E. CLIFFORD**, managing partner at Gadsby Hannah, says he's learned that 'you need to deal with [personnel] problems all the time, particularly problems with 800-pound gorillas.'

**REGINA M. PISA** of Goodwin Procter says firm higher-ups can't say 'I'll get around to leadership and management if I have time.'

**ROBERT E. SULLIVAN**, managing partner at Sullivan, Weinstein & McQuay, mandates no billable hour requirement and accommodates part-time and flex-time lawyers.

### By John O. Cunningham

The old way of managing lawyers is dead.

According to local law firm leaders, you can't just assign the task to the firm's biggest billers anymore and hope that they have the time and inclination to do it.

The management of a firm and its practice groups is about defining a vision and

developing people, and Massachusetts law firms are now finding that the new ways of doing that are more profitable and more personally rewarding.

"If you want to make money in a service firm, you have to get other people to raise their game, and that means you have to energize, excite and enthuse your talent," says David H. Maister, a local expert on managing professional service firms and a former professor at Harvard Business

School.

The investment of time and energy can produce dramatic results, according to Thomas Clay, a national consultant who specializes in law firm management at Altman Weil.

"It's not unusual for practice groups to grow from \$2 million to \$6 million when they master group management skills and techniques that are missing," he says. But to do this, firms have got to rethink what man-

agement is all about.

Regina M. Pisa, managing partner of Goodwin Procter in Boston, contends that firm managers and practice group leaders can no longer survive with the attitude that "my job is practicing and I'll get around to leadership and management if I have time left over."

Based on his survey of more than 100 service firms around the globe, Maister argues that leaders of the most profitable firms "allow no room for anyone who puts individual interests ahead of firm interests," and he adds that "practice group leaders must have interpersonal, social and emotional skills more than brains or clients."

Maister and Patrick J. McKenna, author of the service firm management book, "Herding Cats," conducted a seminar this summer at MCLE in Boston, and roughly half of the participants were managing partners in a mixed audience of legal and accounting professionals.

McKenna said the attendance demonstrated the current obsession with improving management at service firms, and the responses of seminar participants indicated many firms have a long way to go in the transition from a style that allows partners to chart numerous individual courses, to one where planning becomes a coordinated group endeavor.

rewarded and paid for management and leadership skills.

Furthermore, when asked which movie title, from a list of five, would best describe their firm, 45 percent chose "Lost in Space," 24 percent chose "Grumpy Old Men" and only 8 percent chose "A Perfect World."

Lawyers who insist on old-style "management by just working hard" may want to study recent events at the New York office of the world's largest law firm, Clifford Chance. It was there that a group of associates sent a detailed letter complaining about partners who "hated" them, lawyers who had no time for them and requirements to bill 2,400 hours per year. (In a recent national survey, Clifford Chance rated dead last in associate satisfaction.)

When clients read about the associate memo after a news leak, they began calling the firm and questioning bills and incentives to overbill, and the incident resulted in a flurry of negative publicity in various publications.

But here in Massachusetts, things do seem to be changing. Here is a look at some local firms that have gotten a jump on the others by adopting "new world" management styles that enthuse their people.

### Smaller Firms

Robert E. Sullivan is a managing partner who learned from his experience in a collapsed firm, former Boston giant Herrick & Smith. His 16-lawyer litigation and employment firm, Sullivan, Weinstein &

Bingham McCutchen Chairman **JAY S. ZIMMERMAN** says that 'the most talented lawyers and biggest rainmakers are not necessarily the best leaders.'

McQuay, keeps 75 percent of all firm revenue as profit. And firm revenue and profitability have grown steadily for the last five years despite the economic cycles.

The firm is small, but it services such lofty clients as Shaw's Supermarkets, Dana Farber Cancer Institute, Harvard Business School and Tufts Healthcare.

For Sullivan, the key is cutting useless overhead and bureaucracy while fostering a spirit of equality and a balanced life style that does not pressure lawyers to soak clients for money.

You won't find the principals fighting over origination fees or profits, because they share equally in the spoils of practice, Sullivan reports. Younger partners

and associates make a little less money, but in return they have no billable hour requirements, which lets them enjoy a more balanced lifestyle. In fact, billables average less than 1,700 per year, and that has attracted some top-quality refugees from giant firms.

And the money is not bad, with most lawyers making between \$80,000 and somewhat over \$200,000 per year, depending largely on their experience and the hours they choose to work.

The firm has also found a way to accommodate part-time and flex-time lawyers who Sullivan describes as great talents that could not fit into large firm models.

He says that lawyers are naturally high achievers with great enthusiasm, and he contends that management "only has to get out of their way and remove the impediments to enthusiasm."

His firm allows lawyers to make financial decisions about what is necessary to satisfy clients and render superior service without any cumbersome committee process for approval of decisions.

But they keep spending in check. The firm has favorably priced office space, no secretaries and no expensive administration for keeping track of charges on faxes, phone calls, photocopies and mailings. In fact, the firm does not bill for those charges at all.

"Lawyers here can do things for themselves without feeling pressure to bill for all their time, and we don't waste time and money tracking charges [for photocopies, phones, etc.] and then debating whether to cut them from a bill," says Sullivan.

He says that charges for administrative costs can look like petty add-ons to many clients, including general counsel who often answer to business people that already feel overcharged by lawyers.

The lack of pressure to bill hours also allows lawyers to have hallway conversations and encourages partners to spend time mentoring.

C. Max Perlman, who made partner this year, says he spent many hours in Sullivan's office just asking questions in his formative years and never felt rushed to leave.

Perlman also buys into the low overhead concept, commenting that he visits many clients who cultivate business models that shun extravagant waterfront offices for their own companies.

Sullivan says that his firm's environment has worked so well for all of the lawyers that he regularly receives unsolicited resumes and requests for interviews from highly qualified applicants at much bigger firms.

"People are willing to take less money to come here, but we are going to grow slowly and carefully," he says.

But don't question whether this "laid-back" firm is driven to do quality work, say the lawyers at Sullivan, Weinstein & McQuay. They just obtained a \$30 million



For example, when participants were asked to describe their firm's management style:

- only 13 percent said their firms had clear group leader goals or a plan for how they would be measured;
- just 14 percent said group leaders were chosen for their interpersonal and coaching skills rather than seniority or financial reasons;
- 55 percent said leaders spent little or no time coaching others and very few people had individual development plans for the future; and
- only one-third agreed that their firms

settlement in a dispute over intellectual property royalties that took several years to complete.

Another local firm, Ruberto, Israel & Weiner, had 15 lawyers five years ago, but it has doubled in size and is coming off a 30 percent jump in revenue last year.

Managing partner David Baer, unlike many smaller firm leaders, dedicates roughly half of his time to firm management.

Baer credits the firm's success to an open and inclusive style of practice group leadership with an emphasis on personal development plans and enthusiastic marketing.

The group leaders hold monthly meetings where all the lawyers help to set goals for the groups, and they maintain an "open-door" that allows attorneys to raise issues and be heard as necessary. Those leaders also help attorneys set short-term goals for individual development.

Associates have input in practice group meetings, and they are expected to contribute to firm development early in their careers. But they also get a percentage of collected fees for work they originate, unlike most other firms.

Catherine Alman MacDonagh, a former in-house attorney and now director of marketing at Ruberto, Israel, helps associates and partners develop personalized marketing plans, and some call her "the director of enthusiasm."

She spends most of her time coaching people on how to turn prospects into clients or referral sources, and she works with every attorney.

"But if you don't do a marketing plan with me, you don't get a marketing budget," she says. MacDonagh also pays special attention to associates.

Rona West Cross, a sixth-year associate, says the development of her own clients definitely adds to her enthusiasm for practice, and her personal development plans help to crystallize her future.

That future is looking brighter now that she has landed a New York venture capital company and a San Antonio software developer as clients in her trademark practice, largely as a result of step-by-step marketing guided by MacDonagh.

## Mid-Size Firms

How do you take a firm from 38 lawyers to 79 in just over a decade while increasing the profits per partner from \$377,000 to roughly \$500,000 in the last three years?

Paul E. Clifford, managing partner of Gadsby Hannah, will tell you it's not by focusing on the money. It is by implementing full-time people management and people development and by creating a collaborative culture.

Clifford is a CEO-style leader with broad authority to make decisions that affect the firm. He spends 90 percent of his time on firm management and people management.

"I learned from my experience at Gaston Snow that you need to deal with problems

all the time, particularly problems with 800-pound gorillas," he says, referring to those lawyers who often carry the most clout and seniority.

He notes that Gaston, just before its notorious collapse, had a retreat where firm leadership was preaching the right management tenets, but some of the biggest partners did not accept them.

But at Gadsby, Clifford says, the firm "really holds to the idea that chemistry is the single most important thing in the firm, especially bringing in partners."

He suggests that law firms don't like to deal with difficult personalities, but fail to do so at their peril. "I am a zealot on this stuff — we use both a consultant and an



**DAVID BAER** (above), who heads Ruberto, Israel & Weiner in Boston, credits his firm's success to an inclusive style of practice group leadership with an emphasis on personal development plans and enthusiastic marketing.

Hale and Dorr managing partner **WILLIAM F. LEE** (left) says senior partners at his firm are reviewed by all attorneys reporting to them — feedback that is essential to developing good coaches and leaders.



employee assistance program for correcting behavioral problems, and it works," says Clifford.

The firm calls upon support staff to provide behavioral evaluations of its young lawyers, and Clifford says that feedback helps everyone to work better as a team.

Meanwhile, Clifford personally attends to partner issues with a close ear to the ground for the opinions of peers and subordinates.

"I have an open door and nobody gets more access because of position. I welcome people issues because it's my job to deal with them," he adds.

A few people have been asked to leave and some have had "intercessions" with the behavioral consultant. "Although that sometimes means a temporary loss of revenue [for the firm], we are better off at the end of the day by dealing with the problems," says Clifford.

To check his own judgment, Clifford has

created a policy and advisory committee that functions as a kind of "kitchen cabinet" of visionaries and people with the best interests of others at heart.

"And there are no 'yes' people in this group," he stresses.

Clifford is also concerned with practice group leadership. "We look for people developers and we don't want lone wolves — they have to relate well to others because we're in a personal relationship business," he observes.

Gadsby's "people developers" encourage every person to come forward with their own ideas, and Clifford has the ability to authorize developmental spending as needed without the tangle of committees and egos that can stifle ideas.

Clifford authorized a group of women lawyers to develop a women's initiative for the benefit of female professionals and clients.

This resulted in a lecture series and,

although it is not the purpose of the program, it has also yielded new client contacts.

Another young lawyer had a relationship with a consultant in Ireland and sought firm support in developing that relationship. The firm hosted a Dublin Chamber of Commerce visit to Boston and now represents many Irish companies coming to the states.

Clifford says support staff are also encouraged to grow, and points to the development of Caitlin Ahern, a talented paralegal who used her graphic design and communication skills to carve out a role for herself in marketing and communications.

Clifford says the firm's attention to each person's development is a big reason it lost only one associate during the salary wars of the mid-1990s and explains why other employees have turned down more money to stay with Gadsby.

He adds that "clients tap into the fact we like each other and they comment on how we service them as a team."

That team service captured the attention of lateral hire Brian Leary, a lawyer who is a former television news anchor. Prior to joining Gadsby, he noticed how service teams at the firm jumped on opportunities to solve clients' problems. He particularly recalls the development and implementation of one solution that went beyond normal legal service — a system to prevent legal problems by automated tracking for a client's massive leasing program and related legal documents.

Leary turned down offers from bigger firms to be a part of a culture that he describes as incredibly friendly and collaborative with true mentoring partners.

## Large Firms

Some of Boston's legal giants have been adopting changes in practice group leadership and people development over the last decade, and they are reaping the benefits.

At Bingham McCutchen, Chairman Jay S. Zimmerman has been 100 percent focused on firm management and innovation since he took the leadership reins eight years ago at age 40.

Under his leadership, Bingham has enjoyed increased revenue and profitability every year while maintaining a low attrition rate, one that was less than 7 percent last year.

He says the key to Bingham's success is a combination of having the right strategy and the right culture that attracts and retains good people.

Zimmerman contends that practice group heads must be "good leaders, good managers

and good people developers," and he confirms that "the most talented lawyers and biggest rainmakers are not necessarily the best leaders" in his experience.

He says that his firm keeps young lawyers energized by immersing them into a "client service" culture and by getting them enthused about helping clients solve problems.

The firm asks both associates and partners for suggestions on how to improve the lawyer evaluation process each year, and associates get a volunteer mentor who is not their supervisor to help integrate them into the firm and aid in their professional and social development. The firm also has an associate committee to make suggestions for improving the professional development, training and workflow of young lawyers.

For its next step, Bingham will be hiring an outside consultant to enhance the abilities of partners to develop people in positive constructive ways with regular feedback.

At Boston's Goodwin Procter, revenue has jumped in each of the last five years and profitability in each year except one.

Managing partner Pisa does not let the random planning of individual partners determine the type of business the firm brings in. Pisa has adopted a forward-looking strategy that targets specific high-profit areas of practice the firm should enter, much like a marketing driven business.

Pisa also stresses that the firm and its practice groups market and service more in teams now. She asks group leaders and partners, "What contribution did you make toward building the franchise?" That means lawyers can not just focus on their own piece of the pie, but need to grow and sell the total organization.

That requires more cross-selling and team marketing, so the firm has changed its compensation structure to reward those franchise-building efforts.

Goodwin has also buried the old style of practice in another way. It is the first firm with a chief knowledge officer to institutionalize the development and sharing of knowledge that is the intellectual capital of professional service firms.

The firm shares the collective knowledge of its lawyers on clients, transactions and industries. In many other firms this type of information is still jealously guarded, but at Goodwin it can be used by all lawyers to provide better client service and capture more client business.

Boston's Hale and Dorr is another success story. In year 2000, the firm set enormous records for profitability and revenue, and managed to hold close to those levels

in 2001, despite a large base of technology clients.

William F. Lee, the firm's managing partner, spends half his time on management issues, but he also has help from assistant manager John M. Westcott Jr. who dedicates most of his time to management and administration.

Lee, who holds a master's degree in business administration, says he learned a lot about management from his father, a General Electric executive who participated in the quality revolution for business that was never adopted by many professional service firms.

As a result, Hale and Dorr has a strong focus on people development through training, support, planning and reviews.

In a recent nationwide survey, associates gave the firm the highest grade in the country for mid-level training and development.

Jane K. Williamson and Jane B. Eiselein, a former partner and a former associate at Hale and Dorr, are directors of professional development. They set up an array of programs based on feedback and requests from partners and associates alike. Consequently, the programs are aimed at enhancing skills in negotiation, communication, writing, client development and substantive law.

The directors utilize outside experts for roughly 20 percent of their programs, including a popular program to improve supervisory and coaching skills for partners and an Outward Bound program for team building.

"It's a lot of fun to do this job," Williamson says. "Our best information comes from associates, but management is really engaged in the process."

They are so committed to people development that senior partners are reviewed by all attorneys reporting to them, and Lee thinks that feedback is essential to developing good coaches and leaders. The review encompasses 20 categories of supervisory performance and becomes part of the compensation process at the firm.

Lee says the firm also has a business manager's attention to planning. Based on input from clients and partners, Lee sets firm goals at the beginning of each year. Practice group leaders then engage in three days of meetings to develop plans to achieve those goals and every partner must develop an individual plan with individual objectives.

Lee believes that kind of planning was part of what catapulted General Electric to its astronomical success in the business world.

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