

1-1-1996

## Managing partner 101 : a primer on firm leadership

Robert Michael Greene 1945-

American Institute of Certified Public Accountants. Management of an Accounting Practice  
Committee

Follow this and additional works at: [https://egrove.olemiss.edu/aicpa\\_guides](https://egrove.olemiss.edu/aicpa_guides)



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

### Recommended Citation

Greene, Robert Michael 1945- and American Institute of Certified Public Accountants. Management of an Accounting Practice Committee, "Managing partner 101 : a primer on firm leadership" (1996). *Guides, Handbooks and Manuals*. 215.  
[https://egrove.olemiss.edu/aicpa\\_guides/215](https://egrove.olemiss.edu/aicpa_guides/215)

This Article is brought to you for free and open access by the American Institute of Certified Public Accountants (AICPA) Historical Collection at eGrove. It has been accepted for inclusion in Guides, Handbooks and Manuals by an authorized administrator of eGrove. For more information, please contact [egrove@olemiss.edu](mailto:egrove@olemiss.edu).

**MANAGING  
PARTNER  
101**

*Robert Michael Greene*

*A Primer  
on Firm Leadership*

*Issued by the AICPA  
Management of an Accounting Practice Committee*



American Institute of  
Certified Public Accountants

**MANAGING  
PARTNER  
101**

*Robert Michael Greene*

*A Primer  
on Firm Leadership*

*Issued by the AICPA  
Management of an Accounting Practice Committee*

*American Institute of  
Certified Public Accountants*

Copyright © 1996 by  
American Institute of Certified Public Accountants, Inc.,  
New York, NY 10036-8775

All rights reserved. Requests for permission to make copies  
of any part of this work should be mailed to Permissions  
Department, AICPA, Harborside Financial Center, 201 Plaza Three,  
Jersey City, NJ 07311-3881.

1 2 3 4 5 6 7 8 9 0 PP 9 9 8 7 6

*To my parents*

## *Table of Contents*

<b>Preface</b>	<b>vii</b>
<b>Acknowledgments</b>	<b>ix</b>
<b>Introduction</b>	<b>1</b>
<b>Chapter 1</b> Introduce Yourself	3
<b>Chapter 2</b> Set the Firm's Calendar	7
<b>Chapter 3</b> Plan and Organize	9
<b>Chapter 4</b> Educate Yourself	17
<b>Chapter 5</b> Know Firm Finances	19
<b>Chapter 6</b> Work With Firm Committees . . .	23
<b>Chapter 7</b> . . . And Practice Areas	27
<b>Chapter 8</b> Communicate	29

<b>Chapter 9</b>	
Lead	35
<b>Chapter 10</b>	
Relate to Clients	39
<b>Chapter 11</b>	
Assure Quality	41
<b>Chapter 12</b>	
Set an Example	43
<b>Chapter 13</b>	
Be Involved	45
<b>Chapter 14</b>	
Make Decisions	49
<b>Conclusion</b>	<b>53</b>
<b>Bibliography</b>	<b>55</b>

## *Preface*

This little book started as a lark, to see if I could point to anything I had learned as a managing partner of a law firm over a fourteen-year tenure. It is personal in many respects and reflects a firm structure with which I am familiar.

In this text, I refer to a firm's chief executive as the *managing partner*. Further, *partners-in-charge* are the leaders designated in each office of a multi-office firm. There are *department administrators* who manage practice areas in each office and *committee chairpersons* involved in various aspects of finance, personnel, technology, and other support services. Unlike most law firms, I presume all your partners are involved in firm management. The array of senior managers, managers, supervising senior accountants, seniors, and staff accountants I distinguish collectively as *professional staff*.

Although I focus on managing partners, this book should apply to any professional who manages other professionals, whether a partner-in-charge of an office, department administrator or committee chair. Admittedly, my experience is with a law firm that grew from 40 to 150 lawyers during my legal career. But I think my 14 suggestions apply to other professionals as well, if your office has more professionals than just you.

Sometimes I will be addressing leadership, sometimes management. Sometimes they overlap. We both should remember that the leaders of a firm are not always its managers, in which case, my recommendations are addressed to both of you.

You will have to determine what fits appropriately for you, your firm and each different leadership or management position. Focus on the basic message, not on whether I have properly characterized roles as far as your firm is concerned. Some suggestions are appropriate for all partners, some only for the chief executive. Your firm's culture and structure will determine which suggestions apply and which will work. It will not be your decision alone, much less mine.

R.M.G.



## ***Acknowledgments***

Members of the Management of an Accounting Practice Committee who provided reviews of this book are as follows:

Larry H. Evans, CPA	James K. Hall, CPA
Evans, Porter, Bryan & Co.	Edmondson, LedBetter & Ballard, L.L.P.
Atlanta, Georgia	Norfolk, Virginia

Bea L. Nahon, CPA  
Bellevue, Washington

The Committee also gratefully recognizes the contributions and review efforts of:

Bryan C. Polster  
Frank, Rimmerman & Co.  
San Jose, California

AICPA Staff:

Mark F. Murray, Technical Manager  
Professional Publications

## *Introduction*

So you've just been made managing partner. What happened? Don't your partners like you? Did you miss the firm meeting?

Most professional firms pick their leaders for all the wrong reasons. Sometimes it is popularity. Or the lucky partner's practice is slipping and he or she does not have enough work to fill the day. He or she may be the best business-getter or have the most friends in the central office. Or the nominee actually wants the job to fix all the mistakes that prior management has perpetrated.

Have I identified you yet?

Whether or not I have, the fact is few who manage professionals come to their new responsibilities with the education or training in finance, marketing and management needed to run a business. In the past, it was not as necessary. Firms were smaller, simpler. Marketing was informal and personal. Accounting offices were not capital-intensive. An office manager could handle most of what had to be done. The professionals practiced accounting and periodically divided the gold.

In the past, the job of managing partner was passed around like a hot potato or resided with a dictator who founded the practice. Those traditions, unfortunately, live on in how firms pick managing partners today. I should know, I was picked that way.

But we all know the problems of managing an accounting practice have grown in number and complexity. Money must now be allocated for capital and marketing. There are budgets and strategic plans, sexual harassment and equal opportunity problems, job descriptions, head-hunters, and problems with accounts receivable. My list could be longer. Most of you were not adequately trained in school or in your practice to deal with all these matters on a daily basis; some were not trained at all except to be accountants. Plus it is much easier to advise on management issues than to actually handle them.

It is going to get worse. Computer technology for offices continues to explode, bringing with it whole new sets of management issues from networking to security. Firms are marketing aggressively and

### ***Managing Partner 101***

are starting to wrestle with day care, part-time practice and drugs in the workplace. Issues of retaining quality staff and mandatory continuing education are troublesome right now. Next year will bring a new management issue we have not dreamed about yet.

But you got the job. Lucky you.

There will be many, but particularly your partners, who will inundate you with advice about your job. Clients may even take your election or appointment as an opportunity to tell you what has to be changed about the firm. No one has all the answers, including me. But I will endeavor to make some suggestions that may be helpful as you start. The suggestions are based on experience but, as I probably shall demonstrate, not on any formal management education or training. I hope they help.



## *Introduce Yourself*

One of your first steps as managing partner of your firm or partner-in-charge of your office should be to meet the people who are important to the firm and its practice, and hence to you. I am speaking of partners, professional staff, clients, and support staff.

Now you say you have known these people for years. True, but you have not known them in your new leadership role. They have not looked at you in that light before.

The point came home to me on my first day as managing partner when a secretary who began working for the firm before I was born switched from calling me Bob to Mr. Greene. When I protested, she explained that the change was due to my new exalted status. Little did she know!

So meet them all anew. And do not let anyone treat you with the deference and formality our secretary tried to use.

Keep in mind that each group within the office requires slightly different treatment.

### **Meet Support Staff**

Meet with secretaries, clerks, messengers, and other support staff at their staff meetings. If your firm does not have support staff meetings, start them and make sure to attend the first one. Meet separately with professional staff and with your administrative team in social settings, perhaps at luncheons. Other partners should not attend these first meetings so that employees have no doubt that you are there to meet with them.

The main purpose of these meetings is to start building credibility. You have to establish yourself as the leader. You have to let people know that lines of communication will be open—perhaps not directly to you but certainly ultimately to you.

Be relaxed, informal. Tell people you are starting the job with enthusiasm but are in need of their help. After all, they know their

## *Managing Partner 101*

respective jobs better than you do or should. Tell them you hope to meet regularly and that communications are to be open. Tell them you need their ideas, their input.

If there are people you do not know personally, make sure you learn their names and job titles directly from them. If there are names and job titles you once knew but have forgotten, ask someone to brief you before the meeting. At these initial meetings you have to convince the attendees that each individual is important—so important that you know them or bothered to find out about them.

## **The Professional Staff Is Different**

The professional staff must be treated a bit differently. They are, or should be, the future of the firm. Besides the messages enumerated above, tell them they will regularly be provided information about the firm's plans and fortunes on a confidential basis. Tell them you want them to participate in the firm's management.

If you have a large professional staff, consider forming a committee of its younger members, perhaps self-selected, to meet with you on a regular basis to surface issues and identify problems they are encountering. You will hear about generic concerns for which all you can do is express sympathy, as well as personal problems about which everyone presumes you know . . . but you don't. It is an excellent device for the flow of information, both ways, and for the release of pressures.

## **Meet With Partners One-on-One**

You should see the partners on an individual basis. Tell them you need their ideas and hope they will come to you with questions or concerns. You must see all partners in all departments or offices. No one may be left out. No explaining will ever cover such a slip-up. Depending on the size of your firm, to complete such meetings may take a few hours or a few months. No matter, they are crucial.

Once all of these group and individual meetings are held, and it may be a while, it becomes a matter of maintaining contact: regular staff meetings, administrative group meetings, luncheons with professional staff, and partner one-on-one visits.

## Little Things Do Count

In addition, you should attend all firm social events, spending as much time with the support staff and professional staff (and their families) as you do with partners. Go to the wakes and funerals for employees and the members of their immediate families. Send get well cards to sick employees (I usually limit that to those in the hospital). Send flowers or books, if appropriate. If you are invited to a wedding, by all means, go. Celebrate births. These small acts, for which your secretary can be a tremendous source of relevant information and assistance, speak volumes. Do them quietly and unobtrusively in the firm's name, not your own. No flash.

## Open Communications With Clients

You must also introduce yourself to the clients. Make them feel important. Open lines of communication. Obviously, it is impossible to meet everyone. But you can contact the major institutional clients—not just clients for whom you are the contact, but all major clients. Tell them about open communication and that you intend to get back to them from time to time. Make sure they understand you are always accessible to them.

The key to these meetings and interviews with partners, professional staff, support staff, and clients is threefold:

- To open lines of communication
- To start building a team—your team
- To establish the starting point of your tenure on a positive note

It is well worth the time and energy.



## *Set the Firm's Calendar*

One of the most unsettling aspects of your first year in office will be your first time through each of the firm's annual and seasonal functions. There will be no end of surprises.

If it has been well managed, your firm probably is already in the practice of budgeting, addressing professional staff and partner compensation, considering new partners (albeit more rarely than in law firms), and holding partner retreats and regular committee meetings on issues such as billing and collection, practice development, personnel evaluations, and salary adjustments—all on a scheduled basis each year. But now you will have to take responsibility for making sure these things get done on time and smoothly.

Fix your calendar and the firm's calendar in writing. Set deadlines for when each process must commence and be completed, including all necessary presentations and approvals along the way. You will need the assistance of your administrative staff and professionals in the firm who are involved in each of these events. This input from the professionals can be obtained while you are going around for your first face-to-face sessions with them.

During your first year it will be critical to approach your new responsibilities in a timely, orderly and organized fashion. That will not be easy your first time through the drill. Everything will take longer than you expect. You will spend much more time than you ever imagined "schmoozing" with everyone affected by these routine decisions.

It will be important to attend all the firm's official social functions, so put them on your calendar. If your firm has weekend or evening sessions to force certain partners to prepare their bills, you must be there. Even though your billing is absolutely current (and it had best be so!), you must be at all such work sessions to wave the flag and show that you are involved and concerned.

Your calendar will be out of your control to some degree as you fit in employee funerals and weddings as well as normal client demands. But schedule the year's annual and seasonal events and other routine matters. After all, you are now responsible.

## Prepare Short- and Long-Term Goals

In addition to adding the firm's activities to your personal schedule, you should fix short-term and long-term agenda items. When you take the job you may know that certain changes must be made immediately—such as firing the hostile employee who eats younger professionals for lunch and whom your predecessor was reluctant to cross. There are always a few such housekeeping matters to address. There are also longer-term items you know you should undertake, such as upgrading the firm's computer system.

As you start the job you should prepare lists of such “must-do” items. Determine which items are short term (because they can be done quickly without much preparation) and which items will require evaluation and preparation. You may not, and probably should not, do all of these jobs yourself. But you are responsible for making sure they get done. Place them on your agenda in order of their priority.

One difference for managing partners in accounting firms is that you may be expected to maintain close to a full-time practice in addition to your management responsibilities, no matter what the size of your firm. Many larger law firms do recognize, albeit begrudgingly, that partners can be totally consumed by management responsibilities. The advantage you have over lawyers is that the transition into and out of a significant management or leadership role is a bit easier and less traumatic.

But in any event, your life is about to change because you are a leader or *the* leader of the firm. You will go to more funerals, office picnics and office softball team games than you ever imagined! Organizing your new lifestyle will be necessary if you are to survive in this job. Much spousal cooperation will be important. Maybe the kids will be willing to go to the ball game with you.



# 3

## *Plan and Organize*

Once you take office, how quickly you tackle the firm's strategic plan, organizational chart and job descriptions will depend on whether or not they exist. Although critical to a well-managed firm, I do not think a new managing partner should jump into such projects immediately. So if they do not exist, move on to getting to know your job and come back to these types of projects after you know your people, your job and the firm from this new perspective.

If a firm strategic plan, organizational chart and job descriptions do exist, pull them out and study them right away. Really study them. You should correlate your job description with your calendar and the firm's calendar, which we discussed in Chapter 2. You may find some new responsibilities you had not contemplated, or you may find some holes which require modifications to the job description.

If job descriptions, the organizational chart and strategic plan do not exist, eventually, you will have to face the task of preparing them.

When that time comes, you should probably start with your own job description. Then move on to the organizational chart and job descriptions for everyone else. Your final and most time-consuming assignment will be the strategic plan. With the exception of the firm's strategic plan, which I view as the managing partner's responsibility, this point regarding job descriptions and organizational charts applies to the partners leading each office and department.

### **Job Descriptions and the Organizational Chart**

If you do have to write your own job description, do so early in your tenure. (See Exhibit 1 for a sample job description for a managing partner.) The calendaring process will give you a good start on the list of responsibilities. Meetings with your partners will also give you an opportunity to get ideas and seek consensus on your responsibilities. Ask partners, professional staff and support staff about your job. You will be amazed by their insight and perspective.

**Exhibit 1**  
**Managing Partner Job Description**

**Managing Partner**

**I. GENERAL RESPONSIBILITIES**

The Managing Partner will:

- A. Report directly to the Governing Committee and the Firm.
- B. Be the Chief Executive Officer of the Firm and will be responsible for the overall management of the Firm and its practice.
- C. Be responsible for the overall marketing and business development of the Firm.
- D. Be responsible for the professional staff of the Firm.
- E. Provide guidance and overview for the Firm's support staff.

**II. SPECIFIC RESPONSIBILITIES**

The Managing Partner will:

- A. Coordinate the Firm's practice among Firm offices and departments.
  1. Determine personnel needs to ensure delivery of services in a professional, ethical, timely, and economic manner.
  2. Coordinate with the Department Administrators and the Partners-in-Charge for work assignments, training and evaluations.
- B. Implement the Partnership Agreement.
  1. Gather data and make recommendations to the Governing Committee regarding Partner compensation and related policy pertaining to Partner draws and distributions.
  2. Be responsible for capitalization of the Firm.
  3. Be responsible for borrowings on behalf of the Firm.
- C. Supervise the professional staff.
  1. Appoint the Chairperson of the Hiring Committee, subject to the approval of the Governing Committee, and assist in:
    - a. Determining hiring levels.
    - b. Developing and maintaining an interview program.
    - c. Fixing salary scales.
    - d. Determining the need for lateral hires.
  2. Appoint the Chairperson of the Training Committee, subject to the approval of the Governing Committee, and provide overview of training programs for the professional staff.

*Plan and Organize*

- a. Monitor compliance with all professional and regulatory continuing education requirements.
3. Appoint the Chairperson of the Professional Staff Evaluation Committee, subject to the approval of the Governing Committee.
  - a. Develop a system for timely annual, special and prepartner evaluations.
  - b. Determine terminations.
  - c. Recommend salaries and promotions to the Governing Committee.
  - d. Assure compliance with all professional and regulatory peer review requirements.
- D. Represent the Firm in community and professional organizations.
  1. Develop and maintain a Firm program in community activities.
  2. Represent the Firm in the press, etc.
  3. Study and recommend individual involvement in civic, charitable and community activities.
- E. Be responsible for the functioning of the Governing Committee.
  1. Fix the agenda.
  2. Call meetings.
  3. Develop or monitor development of necessary information.
  4. Report Committee activities and recommendations to the Firm.
- F. Be responsible for the functioning of standing and ad hoc committees of the Firm.
  1. Serve as an ex officio member.
  2. Report quarterly to the Governing Committee and/or the Firm.
  3. Appoint the Chairpersons, subject to the approval of the Governing Committee.
- G. Provide guidance to the Director of Finance and Administration and the Controller regarding general financial policies.
  1. Provide guidance and assist in determination of the Firm's capital and operating budgets, subject to Governing Committee approval.
  2. Provide assistance in enforcement of budgets.
  3. Provide overview for loan and investment policy.

*(Continued)*

**Exhibit 1**  
**Managing Partner Job Description** *(Continued)*

- H. Be responsible, subject to the approval of the Governing Committee, for developing personnel and administrative policy for the professional staff.
- I. Be responsible, with the Director of Finance and Administration, for personnel and administrative policy for the support staff.

If there is a job description for your job, there are probably job descriptions for the administrative staff members as well. And if everyone has a job description, there probably is an organizational chart. (Exhibit 2 contains a partial example of one.) Study that, too, and see how it varies from reality. It will!

Eventually, you should either change the organizational chart to reflect the organization, change the organization to reflect the chart, or change both. But in any event, the firm should have one, and it should be accurate and available to your administrative staff. As we will discuss, people problems often are based in uncertainty. Knowing where you fit is a big part of removing that concern.

If the firm or your office does not have job descriptions and an organizational chart, assign the job to specific members of the administrative staff. It should be a participatory effort, with each staff member assisting with respect to their own position. It will take time, so have patience.

## **Strategic Plan**

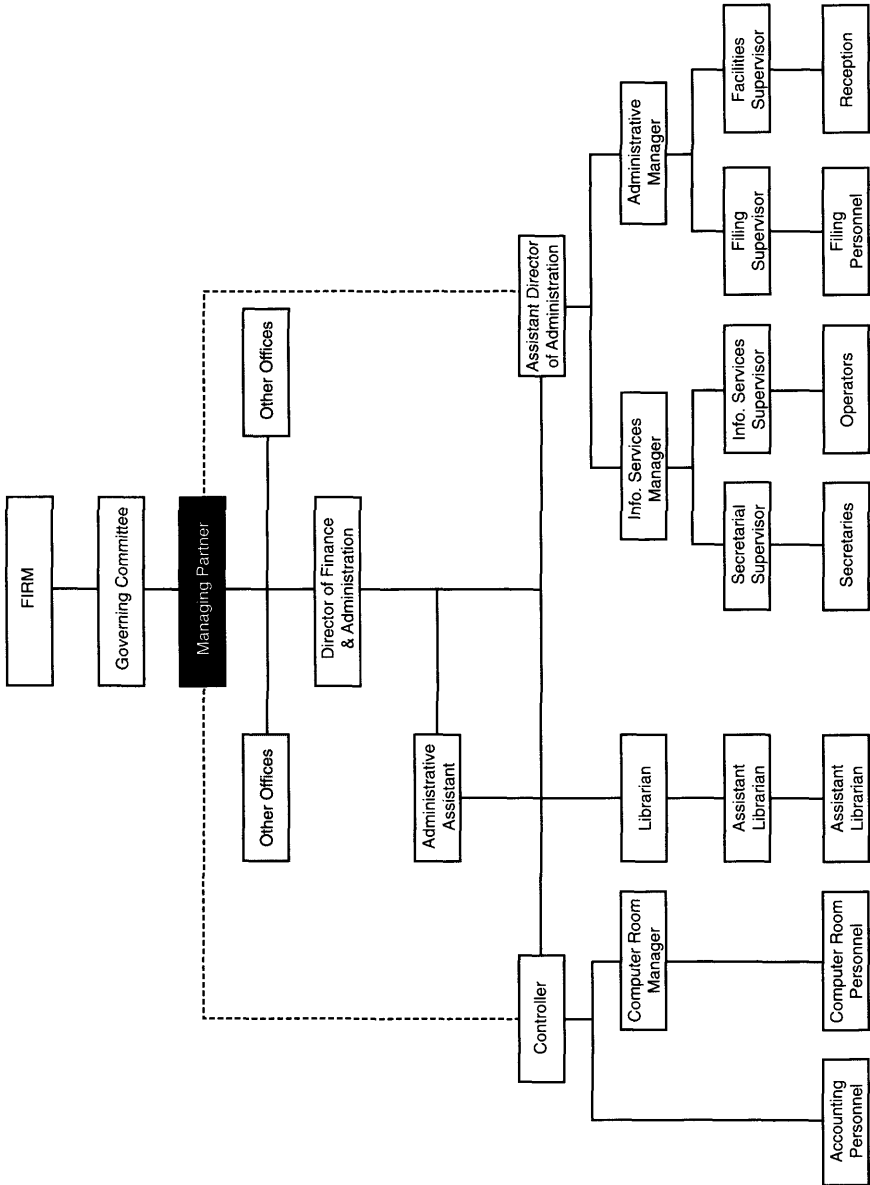
For the managing partner, the firm's strategic plan is a bigger project. Again, it requires careful study. You will now look at it in a different light because you are responsible for guiding your firm in fulfilling the plan's goals.

You should keep the plan handy; after all, it should set the course for most of what you do.

On days when I find myself consumed by details, perhaps irrelevant, irritating, infuriating details, I take out the strategic plan, verify that the details with which I am wrestling bear no strategic significance, and delegate the project to a staff member.

*Plan and Organize*

**Exhibit 2**  
**Example of Partial Organizational Chart**



## ***Managing Partner 101***

Actually, that is a serious problem for professionals new to leadership positions—being consumed by the details of the firm’s operations. In the effort to become knowledgeable about the firm, its staff and operations, it is easy to become too involved, to start doing staff jobs or administrative functions because “I can do it better.” (You probably cannot, but I will not bother to argue that point now.)

You are the manager, charged with making day-to-day policy and implementing major policy made by the firm and its governing body. You are the leader, striving to bring the firm to the goals outlined in its strategic plan. You will not have a chance of doing any of that if you are trying to do everyone’s job, if your firm’s organizational chart *de facto* has everyone reporting directly to you.

So think strategically and shed the details. Coordinate the plan with your job description. Coordinate both with your personal calendar.

When I speak of your personal calendar, I refer to that list of firm due dates and functions referred to in Chapter 2. But you should also outline goals for yourself for each calendar year. This is a good practice for you and for your administrative staff members. Just as you wrestle with filing dates and due dates as a practitioner, fix some for your management responsibilities. Put down all those housekeeping matters you had in mind when you took office—the new firm brochure you want written, the new Capital City office you want to open. Set deadlines and put them on your personal calendar.

If there is no strategic plan, start the planning process as soon as you are comfortable with your new job as managing partner. It is a partner function and it takes inordinate amounts of time. You will have to do a lot of reading and may have to hire an outsider to assist the firm with the process. I cannot address the whole of how-to in this book. That is a book unto itself. But the planning must be done.

If the firm’s strategic plan is “unwritten” (a classic excuse for not having one!) or the firm actually admits it does not have one, you still need something to guide your activities while it is being prepared. No problem. Just sit down with a pencil and draft a one-page plan as you see it. Keep it to yourself, use it for guidance. Who knows, it may be a good start on a strategic plan for the firm.

As you start this job as leader, do not get bogged down in the formalities. If the formal structure is there, fine. Use it and evaluate it as you go. If it does not exist, make do until you are more familiar with your new job and can address these projects in an organized fashion.

### ***Plan and Organize***

One last thought on this role as leader, which is best characterized by Dr. Steven Covey in his book *The 7 Habits of Highly Effective People*.<sup>1</sup> He distinguishes the leader who climbs the tallest tree to point the right direction for the troop column to follow through the jungle, from the manager on the ground who makes sure the column moves quickly and in unison. An interesting thought. Go climb a tree.

---

<sup>1</sup> Stephen R. Covey, *The 7 Habits of Highly Effective People* (New York: Simon & Schuster, 1989), p. 101.



## *Educate Yourself*

Presuming you do not have an M.B.A. from Wharton and several years of experience managing a people-intensive service organization, you have to be a quick study of the technical aspects of your new job. Start reading.

There are several books of note:

- *The One Minute Manager*, by Kenneth Blanchard and Spencer Johnson, is a jewel that sets forth easy, logical rules for your person-to-person management style.<sup>2</sup>
- *In Search of Excellence*, by Thomas Peters and Robert Waterman, helps set a tone for you as you come to grips with leading a service organization as opposed to working within one.<sup>3</sup>

They are not the latest publications, but they are classic.

Of more recent vintage, I recommend all the works of Stephen Covey for practical, results-oriented advice on how to lead and manage your firm as well as yourself.<sup>4</sup>

After these general books, I strongly suggest you check the many publications of the American Institute of Certified Public Accountants (AICPA). They have easy-to-read, practical guides for everything from managing support staff to computerizing your practice, from quality assurance to hiring and training professional staff.

---

<sup>2</sup> Kenneth Blanchard and Spencer Johnson, *The One Minute Manager* (New York: William Morrow & Co., 1982).

<sup>3</sup> Thomas J. Peters and Robert H. Waterman, Jr., *In Search of Excellence: Lessons from America's Best-Run Companies* (New York: Harper & Row, 1982).

<sup>4</sup> Stephen R. Covey, *The 7 Habits of Highly Effective People* (New York: Simon & Schuster, 1989).

Stephen R. Covey, *Principle-Centered Leadership* (New York: Simon & Schuster, 1990).

Stephen R. Covey, *First Things First* (New York: Simon & Schuster, 1994).



### ***Managing Partner 101***

In the back of this book you will find a list of available titles. The books are well worth the price.

Besides buying the magazines and books, though, you have to read them. Plug reading time into the calendar and the agenda I discussed in Chapter 2. Pass them on to the chairs of the appropriate firm committees.

Many management seminars are offered each year. In addition, many state and local accounting societies and firm consultants sponsor seminars that run the gamut from general to specific, timely topics. Attend one or two such seminars your first year. At the very least it will give you concentrated time away from your office routine to read the materials I recommend, as well as time to reflect on your experience so far.

Get involved in the various societies' practice management committees or sections. Start slow. Do not overcommit, particularly your first year. You will discover that professional societies are tremendous sources of information on your new job. You will meet leaders of other firms who will be resources for guidance. You will have a network of contacts to assist with particular problems and provide candid references for consultants. As marketing or recruiting situations change beneath your feet, you will be plugged into the best sources for what is happening and how other firms are reacting.

# 5

## *Know Firm Finances*

Your success or failure as managing partner will depend in large part on whether you have control of accurate information, particularly financial data. When you are not attending staff meetings, “schmoozing” with your partners, overseeing the planning of the office Christmas party, assuring that the firm’s clients are getting quality service, working on an AICPA committee, and reading about filing systems, you must immerse yourself in the firm’s financial information. Now, as an accountant, you have no excuse for not having the data or for not understanding it.

If you have been spending adequate time with your administrative group and support staff, the internal accounting department should believe you are all on the same team. They will generate all the data you need. Do not have the proverbial shoemaker’s children. The firm must have a daily cash report, monthly statements of income and expenses, and monthly reports of chargeable hours, billing activity, realization, accounts receivable, and unbilled time and disbursements. That may be your highest and first management priority. But assuming all of these reports are produced regularly and reliably, you must immerse yourself in details. You must understand historical trends in your firm to determine, based on prior performance, whether accounts receivable are high, chargeable hours are low, realization is slipping, etc.

If you are the chair of a finance committee you must know this information as well as the managing partner does. If you lead an office or department, you should know the detail for your segment of the firm.

You must understand trends within various practice areas so that you have a basis for comparison and profit analysis. For example, do large audits overrealize but small ones underrealize? Is your consulting practice overstaffed? Are receivables out of control in the tax practice? Are audits for public charities profitable or are they a loss leader for other business? You will never be able to answer any of these questions without the data.

## *Managing Partner 101*

You must understand your firm's debt structure and payment schedules. How much is the line of credit and is it being used to provide working capital, or are partner distributions sneaking in there too? Has term debt for capital improvements been tied to the depreciable life of the asset? Do you need to plan for any balloon payments?

Several formulas have been developed over the years to show the relationship among average chargeable hours, realization and leverage, to profitability. I think Professor David Maister stated it first when he derived "The Fundamental Formula" relating these factors.<sup>5</sup> Although written for law practice, the principles apply to any billing-hours-based service practice.

Get to know and understand these relationships. Then monitor your firm's performance each month so you know where you are weak and where you are strong. This will help as you strive to achieve that perfect balance that means enhanced profitability. (Be assured, however, as soon as you resolve one problem area, another healthy area will fall out of place just so you do not miss the challenge of trying to achieve that elusive balance. It is much like riding a bongo board.) If you are new to firm management, this process will probably dispel your own illusions as to firm profitability and how easy it all should be.

Now, just having stressed how all-important the numbers are, I am going to warn you that they are not the only important aspect of your job. I say that as the client of several accountants who has not yet met an accountant who did not view my problems only in terms of numbers. Likewise, I know we lawyers think only in terms of liability and worst-case scenarios. As managers, however, we must think outside of our individual professional disciplines.

People problems are one aspect of our responsibilities outside our professional training which impacts firm profitability. People just will not do as they are supposed to.

Yes, the people. Let's talk about the people.

---

<sup>5</sup>David Maister, "Profitability: Beating the Downward Trend," *American Lawyer*, July-August 1984, pp. 6-9.

## Know Each Professional's Numbers

Besides knowing the firm's statistics, you must also know each professional's numbers and his or her individual historical trends.

Look at each professional's billable hours, certainly, but also the total commitment of time to the firm—hours spent on hiring, training, practice development, etc. Also look to billing and collection activity. Check the realization rate and write-offs. In other words, have the complete statistical picture for each professional.

Once you have the information, you should communicate with the professionals. Encourage those who are doing well, try to assist those who are clearly out of control with too much to do, and quiz professionals who are underachieving.

Use judgment when discussing unsatisfactory statistics with firm professionals. It should not be a monthly event. Although you must study the numbers each month, you should communicate with professionals regarding their numbers only in multimonth cycles. You must be sure that there is not an aberration because of vacation, illness or a glitch in the reporting process.

Just as you are looking at your partners and professional staff in a new light, they will communicate with you differently when discussing their individual performance. Remember that all professionals in your firm are skilled at arguing numbers. Be assured they will use all their skills with you when trying to explain why their numbers are less than satisfactory. Usually, but not always, there is an inverse proportion between their volume and the strength of their explanation. Do not berate. Encourage, offer to assist and stress the firm as a team.

Despite your efforts, you will discover professionals who are simply not in touch with reality. Twelve hundred hours of total commitment to the practice is sufficient—for them. Try, then try again, but if it still does not work, advise what the firm must expect from its professionals. No threats, no reprisals. Just define the profile they should aspire to and point out the obvious shortcomings in as quiet and friendly a manner as possible. Make notes of your conversations and put them in the professional's individual file. Your notes will be important later when it is time to consider compensation.

### ***Managing Partner 101***

It may not be possible for the managing partner to visit personally with each professional having trouble. Depending on the size of the firm, the partners (office partners-in-charge, department administrators, etc.) may have to be the ones to communicate with problem professionals. In this case, the managing partner must be sure the message is delivered accurately and in a timely manner, and that the notes are prepared and filed. Whether you handle it directly or communicate through other partners, the managing partner will not, and should not, escape the job. Sorry.



## ***Work With Firm Committees . . .***

One of the great joys of firm management will be working with your firm or office committees. (Do you recognize sarcasm when you see it?) One of your first duties will be to see if the committee structure is appropriate. The number of firm or office committees will vary with the authority vested in the managing partner or office partner-in-charge. It seems the more standing committees a firm has, the more important the partners are as coordinators. With only a few committees, on the other hand, the managing partner is more important as a true manager.

Is there a library committee? A computer committee? Or are those types of functions delegated to the administrative support structure and left for you and the appropriate staff administrator to manage? Are the right people leading the right committees? Or are committee chairs based on seniority or status or some other meaningless standard?

Look at the entire committee structure and decide what changes, if any, you need. Then make them. If firm approval or the approval of a governing body is required, request it. If the partnership agreement must be amended, seek the necessary changes.

Do all this changing early in your tenure, during any honeymoon period the firm will extend to you. In that way, the changes are part of your building a new team. There is no cloud or prejudice associated with those you are removing from office. At least that is your official position as you test your political skills.

Assuming you meet some success in abolishing, creating or restructuring committees, or in appointing new committee leaders, then use the committees. Here are some suggestions.

### **Clarify Responsibilities and Authority**

Each committee should have an updated written statement of its mission and responsibility. You and the chair should agree on the text of this statement. It is critical to agree on whether a committee will

be a policy body, which advises or makes decisions only for implementation by others, or whether it is also involved in implementation. This is important to you.

Some examples may help. If you have a library committee, will its members decide what publications and services are purchased, or will that responsibility be left with the librarian? I presume, of course, the librarian, as part of the administrative support structure, reports to the managing partner directly or ultimately. It is important to clarify this line of authority as it relates to the committee's involvement. If there are committees within different offices, their relationship to any firm-wide committee should be clear.

Some committees should, and must, be involved in management functions. A billing and collection committee should assist in pressuring professionals in the firm or office to bill and collect. You will not be able to do it alone. On the other hand, the internal accounting function should not be managed by the committee. That is for the administrative support structure. But all these distinctions should be agreed to with the appropriate committee chairperson and should be reflected in the committee's job description.

## **Require Meeting Schedules—and Try to Attend**

Committees should have an announced meeting schedule for the year. As discussed previously, the committee's schedule should be placed on your schedule. Even if you cannot attend all meetings, you should try to make most of them. Why? Because you will learn about the firm and its problems. Or, at a minimum, you will learn what some of your partners perceive as the firm's problems. Also, you will be a resource of information for the committee. In time, no one will know more about firm or office operations than you. You will be able to help the committees with details. Why are things done a particular way? Why not? Who can develop particular data? (As you become such a resource, you must be wary of becoming the foremost proponent of the status quo. More on that later.)

## **Request Written Reports**

All committees should report in writing, preferably on a quarterly basis. There should be fixed deadlines for the reports and the reports should be in a form for circulation to the partners. Perhaps you should

### ***Work With Firm Committees . . .***

go so far as to specify a format for the reports, in conjunction with the assembled committee chairpersons.

It will be important for the managing partner to remain in touch with committee chairpersons between meetings. Informal reports allow you to foresee significant projects that will impact the administrative staff, to dispel inaccurate perceptions without embarrassment, and to get your agenda on the committee's agenda quietly and without fanfare—always the best way.





## *. . . And Practice Areas*

Assuming your firm consists of audit, tax and consulting practice groups, and/or has several offices, you will inherit partners as managers, as well as committee chairpersons. Many of the things I said about committees apply to departments and offices.

- Start with a study of the existing structure and the current leaders. If changes are in order, take the necessary steps to make them. Create your own team.
- Meet regularly with the partners who have management responsibilities as a group. Schedule the meetings for the year and put them on your calendar.

You should chair meetings of this group unless your firm's partnership agreement specifies otherwise. There will be plenty to discuss: firm financial data, hiring needs, training programs, firm practice development efforts—any matter requiring interoffice or interdepartmental cooperation and effort.

After the managing partner, these partners who manage are more on the line as far as how the firm operates than anyone in the firm. They understand better than anyone the pressures you face. Often they are in the best position to relieve the pressure. It is important that you are working together as a group and that there is a sense of team.



## *Communicate*

Everything I have said about committees, departments and offices has been geared not only to good management structure and process, but also to good communications. Accountants do not like surprises. They like mystery even less. There is no room for secrets or ignorance about firm matters. All that can be achieved is uncertainty, doubt and, ultimately, distrust.

It is imperative that the managing partner communicate frequently, accurately and with candor. There is no legitimate excuse for doing otherwise. And the atmosphere the managing partner creates personally must pervade the firm so that your administrative staff and other partners know that is the standard everyone is expected to apply.

Do not rush forward with the list of horrors I classify as “personnel issues.” These should remain among the unspoken. For instance, the older partner who is not much good for anything in the afternoon because of his luncheon diet. Or the auditor who is distracted at work because of problems at home. Even such sensitive issues are legitimate areas for communication. But communication on these subjects should be appropriate, sensitive and on a need-to-know basis. I am not suggesting that you publish it in your office newsletter, if you have one, or post it on a bulletin board. But the managing partner must be concerned with such matters and communicate about them appropriately with the subject professional, with the appropriate office or department leader (and vice versa), with appropriate support staff (i.e., the personnel administrator who may have to check on medical insurance coverage for detoxification or psychiatric services), with the subject professional’s closest friends in the office, and with the subject professional’s family.

There will be other professionals in the office who are aware of these problems. Some will want to know all the details for no legitimate purpose. They should not be the recipient of those details. Just advise them that the problem is being addressed and move on. If they

## *Managing Partner 101*

press, tell them you are using the same standard of confidentiality you will apply if they ever have a problem, and move on.

On the other hand, I am suggesting full disclosure of the matters partners should be entitled to know as owners of the business. Think of it this way: Tell them everything you would like to know if you were not the managing partner but just one of the owners.

How you achieve such communication will vary according to the size of your firm. It will also take various forms.

## **Partner Meetings**

First, there should be regular partner meetings at least monthly. Even if there is nothing on the agenda, meet to permit people to receive information and ask questions. Be sure you are there and that you are prepared.

Prior to the meeting, prepare and circulate a written report on firm operations and significant events that occurred or are on the horizon. Update previously reported events. Such a report should contain information on requests for proposals; proposals made; the competition; merger overtures received or made; financial data; space and office design alterations; capital improvements; practice area trends; significant new client engagements; staff evaluation results and contemplated changes; significant practice development activities such as seminars, major client entertainment, etc.; and financial trends.

Your administrative staff and partners managing offices and departments should be polled to get information on such matters for inclusion in your report. It also gives you a reason and opportunity to check on "what's happening" so you remain in the communications loop.

Distribute the report in advance of the meeting so that all partners have an opportunity to digest it and come to the meeting with questions. You should be prepared at the meeting with the backup data to answer their questions. Do not attempt to answer any question for which you are not sure of the answer. Instead, promise to get the desired information if it exists and can be assembled.

Aside from such routine reports, you will have to prepare special memos to your partners to cover significant developments of general interest that should not wait until your next periodic report.

## **Office, Department and Committee Meetings**

There should be regular office and department meetings and committee meetings as discussed earlier. The managing partner should attend periodically to learn and to bring concerns and issues into the firm's agenda. Partners-in-charge, department administrators and committee chairpersons should keep the managing partner up-to-date and cognizant of when it is advisable for the managing partner to attend. Likewise, the managing partner should keep all partners with management duties informed of developments, future agenda items, etc., as appropriate. (This was touched upon in Chapters 6 and 7.)

## **Meetings With New Partners**

The managing partner should meet with newly admitted partners to review information relevant to their new status. They should know the financial data to which they were not previously privy. They should be briefed on the partnership agreement, pending matters or problems, major issues under study, their benefits, etc. As you discuss these matters, it is important that you send them a signal that you recognize and accept them as full-scale members of the firm and that you are the managing partner ready to serve them as new owners of the practice. This also gives you an opportunity to get your answers in first with respect to doubts and concerns they may have about, for example, prescribed procedures, proscribed activities, or limitations on the right of any partner to hire or fire support staff. If you do not get your views in early, do not worry; some partner will feel free to speak for you—and in an authoritative tone.

## **Meetings for New Professional Staff**

Hold similar meetings with new members of the professional staff. Obviously, the information conveyed to them will be at an entirely different level and the meeting may take the form of introductions to administrative staff or referrals to office and departmental leaders who can provide information. No matter. Have the meeting anyway to open the lines of communication and to impress upon them your availability to answer questions, obtain answers for questions, and address problems. This will also give you an opportunity to stress important issues that may otherwise get lost in the orientation process, such as firm culture, dedication to quality, and the like. With

the increased use of experienced hires, it will be important to make clear how your firm is different and what your standards are.

## Professional Staff Meetings

You should meet periodically with the entire professional staff. Once a year, I meet with our associates to review the firm's prior year's performance and the current year's budget. Now, do not think I give away either the secret handshake or the secret code words. I do not. Rather, by making comparisons to prior performance and speaking of trends, I give them a picture of how the firm is doing generally. If financial results are strong, let them know it in broad terms. It will help establish incentive and glue them to the firm. If the results are not as good as you would like, you can use this as an opportunity to demonstrate trust in the team members and encourage effort. Obviously, you have to handle sensitive data sensitively; be a salesperson, a cheerleader and a coach.

In addition to reviewing financial results, try to update the professional staff on significant developments. If a new office is under consideration, tell them. They may have useful information or contacts. Likewise, if merger discussions are well along (i.e., almost final), tell them it is being discussed. They do not need or want to know details; usually a broad brush is more than sufficient. Obviously, timing is crucial. All the partners must know what you are telling the professional staff. Whatever is developing should be at a point where disclosure will not be damaging.

If the item reported is bad news, still try to brief your professional staff. There is an advantage in being the first, or at least early, with the disclosure. Remember, the rumor mill will always be ahead of you and most often quite inaccurate. So demonstrate good faith, be candid and discuss in broad terms the possible solutions, or the process you are following to produce possible solutions. Invite their input. I prefer to receive such input privately outside the general forum so that I do not lose control of the meeting or the topic.

Such professional staff meetings should be scheduled perhaps once or twice each year and as need arises. Invite everyone to submit questions prior to the meeting. Ask for input. Plan a question-and-answer period. It is important that you know their concerns. The same issues will come up periodically, such as: "Will new partners be made ever again?"; "Have the standards for partnership

## *Communicate*

changed?"; and "Is there a new standard for billable hours?" Remember, there are always new, nervous, uninformed professionals added every year to ask the same questions. Be patient with the questions and confident with your responses.

## **Keep Support Staff Informed**

To a lesser extent, the support staff should be informed of major happenings at the firm. They certainly should hear firm news before it is announced to the press. They certainly should hear news that will directly impact them. Some of this can be conveyed at staff meetings, group meetings, or office or department meetings. It can be conveyed by administrative staff or partners who manage rather than by the managing partner. But the managing partner is responsible for making sure information is conveyed accurately and in a timely fashion. With the rest of the partners, the managing partner must be the messenger; with the professional staff, it may be to your advantage to be the messenger; with support staff, periodically be the messenger but always monitor the message when delivered by others.

## **No Surprises**

As I said earlier, there is one basic maxim that should determine the timing of your communications with your partners and professional staff: accountants hate surprises. Whether you have good or bad news, step forward with the facts in a timely fashion. You may not have answers yet, but it is important that people know you are aware of, and are addressing, the issue. Do not be afraid to admit you do not have the answers. If the problem is of your doing, do not be afraid to admit you were wrong and apologize. If it is good news, spread the credit around and name all involved. Do not focus on your contribution.

Your communications, oral or written, should be candid, complete and timely. You cannot afford to have any partner think you are being less so. You cannot afford to have professional staff feel you are playing with them. It is better to outline the problem, withhold details and tell the professional staff you are doing so for the present. They will respect your right to do so.

The same principles apply to the partners-in-charge of each office, department or committee. As stated above, they have the added

### ***Managing Partner 101***

responsibility of communicating with the managing partner as well as making sure firm-wide communications reach their segment of the team.

The steps I have outlined for good communications will not be easy to follow. It will take vigilance. The communications system in a professional office is the only thing that breaks down more often than the photocopier.



## *Lead*

Do not hide. Lead. That's the message of this chapter.

No matter what problem may arise at the firm, the managing partner is responsible. You may not have caused it or contributed to its existence in any fashion, but you as leader are responsible.

You may not be the person to solve the problem. You may be exactly the wrong person to wrestle with the issue, but you as leader are responsible. If you head an office or a department, you share that responsibility.

The managing partner is responsible for making sure all the facts are obtained, all partners involved are informed, all points of view are considered, a plan is devised, someone is charged to carry out the plan, and the plan is executed in an appropriate and timely fashion. You may do nothing but cajole others to do this, but you are responsible for making sure it all gets done.

If it is a financial performance issue or a problem partner who is no longer doing quality work, you are the leader and must take charge. That does not mean that you necessarily drop all that you are doing at the moment (though it may). It means you have to give the problem the priority it deserves, address it in a timely fashion and follow-up on the solution.

For example, the alcoholic partner may be best addressed by close friends working together with family to challenge the individual and encourage professional assistance. You should be the catalyst who brings friends and family together, who provides information on available programs and assistance, who makes sure work product is monitored, treatment sessions attended, etc., even though you may not do it all yourself. The fact is, it is unlikely that others will do these things without your involvement. It is not their job. It is yours! So do not hide.

Firm problems will not always pop up at you. You may have to be part detective, following up on suspicions, checking facts and cross-checking information provided to you. This requires that you keep a



## *Managing Partner 101*

balanced perspective and be discreet. Your firm should not think you run a spy ring. But you should instill trust by honoring confidences, by working quietly and discreetly. To do otherwise serves no legitimate purpose and will compromise your ability to address the next problem.

The managing partner should know all the problems that exist in the firm. You must work on all of them in time and according to importance. You cannot hide from them. Likewise, you cannot permit them to devour you. This leads to my next point.

Do not work alone. Yes, you are responsible, but involve others in the process. This will take various forms.

## **Father Confessor**

The managing partner should have a “Father Confessor” in the firm, particularly if you are in a large firm. I am speaking of someone whom you and the partners respect, whose advice you can live with, and who has some understanding of the job you are trying to do. Ideally, this will be someone involved with firm management as a member of its governing body. (If not, it will be appropriate for you to obtain the consent of the governing body to confide matters with a nonmember, and that can be ticklish.) Predecessor managing partners make good confessors. If they can still walk, talk and think after having the job, they can be a wonderful resource. Partners-in-charge of offices and department administrators should have the managing partner as their confessor.

Why have a confessor? There are several excellent reasons.

First, there should always be someone else who knows what issues you are tackling in case you get hit by a truck. It is in the best interest of the firm that you not carry any load alone. (However, remember that although you may be able to keep a list with your confessor, you may not be able to provide all the facts. You will probably have confidences to honor.)

Second, you need a sounding board. You need someone to say that the problem with the audit partner issuing opinions contrary to firm procedures is of greater significance at the moment than the partner whose hours are low because his or her area of practice is disappearing. You need another perspective. You need someone to help you keep proper priorities. You need someone with whom you can vent your frustrations. You need someone to help you keep your sanity.

## **Make the Firm's Structure Work for You**

Work within the existing firm structure to solve problems. Do not work around it. If a problem exists in the tax practice, the administrator of that department and the managing partner should consult and both be involved. If the problem involves the Capital City office, it is the managing partner and the partner-in-charge of that office this time. If a problem comes within the legitimate interest of a standing committee, utilize the chairperson and members of that committee. If the problem is in the internal accounting department, make sure the controller, chief financial officer or head bookkeeper is informed.

The contacting, informing and involving should be from start to finish. The managing partner, partners and staff administrators involved should all help identify and define the problem, participate in formulating a solution, and help with its execution. To do otherwise is to work around your management structure. In which case, why have it?

I know that sometimes you have to work around the bureaucracy. Sometimes it is the problem. But this should be the rare exception, not the rule of your management style. If it is the exception, then when you do have to tell someone in management that they are the problem, the point will be all the more poignant and more effectively made.

## **Outside Help Is Sometimes Needed**

It is hard to tell someone that their tax research is a quality assurance disaster. It is difficult for a younger partner to advise an older one that he or she is not keeping current in the field. It is hard to tell a bookkeeper who is a long-time employee that he or she cannot add. In these types of situations, it may be a good idea to involve friends of the professional in question, or a senior statesperson who has worked with the person for a long time or who hired the individual. Supplementing the official firm structure recognizes that people are more important than structures and may make bad news a bit easier to accept.

But do not reserve this strategy just for the bad times. When good news is announced, it is also nice to have close friends and long-time associates at hand. Plus, if you ask people to participate in announcing good news, most will understand that sooner or later the bad comes with the good. You will have more willing assistants; not happy, just more willing.

## *Relate to Clients*

Few clients, no matter how sophisticated in business, understand how professional firms are structured or operate. This naturally leads to total confusion as to the roles of the managing partner, partner-in-charge or department administrator. I have learned over the years as managing partner that to some I was a dictator, while to others I was the handservant of the name partners. No matter, the important issue is that to most clients you do have some overall responsibility for their matters. Some will even presume you know in detail about all matters handled by the firm. They also have some vague notion that you personify the firm.

May I suggest that you adopt a posture whereby you constantly plug the other firm professionals and their importance to the particular client? Further, make sure that you do not inject yourself into client relationships unless invited or needed for quality assurance, to preserve client relationships or for other important reasons. You should be recognized as one who helps the professionals in the firm to do the good work they do. You should be no more the personification of the firm than any other partner. You are an equal among many. To say otherwise creates useless confusion.

While you are being your self-effacing self, there are some specific things you should do as far as client relations are concerned.

You should attend all major firm functions designed for client entertainment. There is no excuse for why you are not at the annual ski outing for all corporate clients. Who cares if you do not ski? That is not the reason you are there.

You should know who the firm's clients are. That obviously gets more difficult as firms get larger and more geographically diverse. But you should know who the significant institutional clients are. You should know their senior management and endeavor to cross their paths and open a dialogue. You should make it apparent that the firm enjoys the relationship and that you are available to help in any way. And whenever you take advantage of an opportunity to bolster a

### ***Managing Partner 101***

relationship in this fashion, be sure to tell the partner in charge of the client relationship. That way it does not look like an end run, but like teamwork.

If there is a problem, whether a billing dispute or a question regarding the services rendered, you may have to become involved in a client relationship. Do not be shy; do not hide. Respond promptly and function as an expeditor. With the exception of ethical or quality assurance considerations, be willing to break your own rules.

There is another time when you will interact directly with the clients, and that is when you are wrestling with quality assurance, our next topic.



## *Assure Quality*

All firms are going to have good times and better times financially. There will be times when recruiting efforts are less successful, or when you lose out on a new relationship despite a brilliant proposal. But there is one area in which the firm should not tolerate less than “the best” result, and that is a consistently superior work product. Everything else about the firm can go to hell, but the product must always be of high quality. And, like everything else, assuring quality is ultimately your responsibility, and your ultimate responsibility.

You must create an atmosphere that tolerates only the best. You must be a cheerleader, the coach who encourages all, professional and support staff alike, to accept only the best. If you accept less, why shouldn't they?

## **Make Sure Systems Are in Place**

More than talking a good fight, you must ensure that the systems are in place and that they work so there is some order to the process of assuring quality. You must have a process for performing audits, with written procedures known to all. You must have procedures for checking and approving opinion letters. New engagements must be reviewed and assigned in a fashion that ensures the professional with the correct expertise is responsible.

Staff must be hired according to written criteria, trained according to a set orientation and training program, and evaluated regularly.

There has to be follow-up with the client to make sure the client is satisfied. (This is the only time when you are likely to interject yourself into a client relationship.)

Work must be spot-checked. Problem areas must be monitored regularly. There should be peer review of partners whether voluntary or dictated by regulatory authority, and regular and thorough evaluations of professional staff and support staff.

## *Managing Partner 101*

And all of this is yours. You must create the atmosphere, assure the systems are in place and operate properly, and check to make sure the result is appropriate. Again, your role is one of overview, but implementation is firm-wide and involves all professionals, certain committees and all support staff. It will not be easy. You cannot tire.

## **Get Help**

If the systems are in place, your role will be culture generation, motivation, systems overview, and dealing with problems, both with people and systems. Those are all ongoing, long-term efforts. The slip-ups obviously must be addressed promptly as they arise. If upon assuming office you discover that either a particular system does not exist or that a problem professional has not been addressed because your predecessor did not face the issue, your task is a much tougher one.

If you must create a system, seek the knowledge of others' experiences. There is plenty of it around. The AICPA has a book or a pamphlet on most systems. Many consultants have been published. Consultants abound and can help with prepackaged programs. If the system is subject to computerization, be assured you have numerous alternatives. Get started, involve a committee or create a new one, read, hire a consultant if appropriate, establish a plan, a budget and a time line.

If it is a people problem that has gone unaddressed, consult with the appropriate partner or staff administrator, define the problem, work out a plan, involve colleagues, confront the individual, execute the plan of correction, and monitor the progress. Again, do not hide. The problem will not get any better by itself.

## *Set an Example*

The problem with being a leader of your firm is that you have to be perfect, or at least have everyone believe that it is so. It is no mean feat either way. I still have problems doing it after fourteen years.

Personally, I do not think you can expect anything from anyone in the firm that you are not willing to expect of yourself. Lots of little things set an example and speak volumes to your colleagues, items such as:

- A neat, organized office.
- Timesheets submitted in proper form and on time.
- Dressing in accordance with the firm's standards.
- Acceptable behavior and attitude both inside and outside the office.
- Courteous and considerate treatment of staff.
- Prompt, same-day return of all telephone calls.
- A "jump to" attitude when client service and satisfaction are concerned.
- Billings sent out regularly and promptly.
- Accounts receivable under control.
- All reports, requests for information and personnel evaluations submitted on time.
- Working within the firm's systems and lines of authority and communication.

I am sure you can think of others. No matter what or how insignificant, you will set the norm. You will lead the firm, office or department on these mundane matters as well as on the big issues. In fact, leadership on the latter may not come without the former. And practically speaking, how are you going to strike terror in any professional's heart on the issue of late timesheets if you yourself are late? How can you come down on a colleague for sneaking cigarettes in a

### ***Managing Partner 101***

no-smoking office if you do the same? All you will get as a reply will be a knowing smile, and that is all you will deserve.

I said your life would be changing—this may be one of the difficult modifications. But unless you live by your own rules, no one else will even try.



## *Be Involved*

One of the areas in which the managing partner's and other firm leaders' example will be important is community involvement—serving on boards of directors of civic and charitable institutions, taking leadership positions in public affairs, government panels and the like, and chairing civic dinners and other events important to the community.

It will be time-consuming, tiring, aggravating, frustrating, but important. How so? Two reasons.

First, like it or not, the managing partner represents the firm. And the firm should be involved in the community just as any responsible business institution should, particularly a service institution. The managing partner has to take charge of the process. But the managing partner cannot do it alone.

Second, it is important that you establish your position as managing partner or partner-in-charge of your office in the minds of the community's leaders. This is particularly necessary if you are a relatively young leader or if you are following someone who has held the job for a long time.

You should start slowly and choose carefully. There are many worthy causes, all looking for professionals to serve. Some useful criteria include the following:

- The position should be high-profile for you and the firm. Stated crassly, board positions with large, well-known institutions often require no more work than small, unknown ones. If you have not been involved in the past and have no track record of performance, you will probably have to start small. (You may wish to work for a smaller organization or a new struggling effort because of personal interest or because it is the right thing to do. Good!)
- Consider your calendar. Make sure you can attend the regularly scheduled meetings and that any time-intensive responsibilities come at a time when you will be generally available.

### ***Managing Partner 101***

- Accept only a position in which you will be comfortable with the responsibilities and duties. Once you are involved, you cannot back off gracefully. Do not agree to chair a fundraiser if you are not willing to ask people for money, or chair a dinner if you are not willing to sell tickets.
- Look for a job with leadership potential. As the leader of a board or organization, you have the opportunity to show clients, potential clients and community leaders what you can do.

Three caveats:

1. *Only get involved if you will do the job well.* If you do not follow through, you will do more damage to your reputation and the firm's image than if you did nothing at all. A reputation for not being a good board member dies hard, particularly in smaller communities. And any reputation you earn doing community work will usually carry over to professional matters as well.
2. *Accept any position with the understanding that it will cost you and the firm money.* You will be expected to host meetings, perhaps in your office, at a restaurant or club, or in your home. Meetings are often scheduled around a meal. You will be expected to make contributions and buy tickets. If you are very unlucky, you may participate in a capital campaign that involves significant sums of money over a multiyear payout. Such financial commitments may be personal or the firm's obligation. Clear significant board positions with the firm's governing body or managing partner, as appropriate, explaining that the firm will be called on to make contributions. Also, make sure that those within the firm who make compensation decisions know the extent of your personal giving because of board positions you have accepted in the firm's interest.
3. *Civic involvement often leads to political involvement or, at least, invitations for political involvement.* Be prepared. I do not think you need to participate personally in political fundraising and campaigning, but it does open doors.

You have to be careful. Your personal involvement may anger as many clients as it pleases, and you may never know who or why. If you do become involved politically, it is imperative to factor in the firm's interests. If substantial business comes through one political party, if the CEO of a major client has

### ***Be Involved***

strong views on certain issues, parties or candidates, pick your causes and candidates wisely or be apolitical. There will be pressures. Be creative. To offset the effect of your own involvement, you may have to coordinate the involvement of your partners as well as political contributions to the extent permitted by law. I think the options are to be involved politically, or to be apolitical personally but involved in coordinating the efforts of others in the firm.

If you are not politically involved yourself, at least know what is happening in the office and who is doing what for candidates and parties. If your practice is politically based, that may be easy. If not, try to keep a balance between the major political parties. In that way, the firm cannot be faulted because clients can always find a friend of their own persuasion. Likewise, you will be able to find someone to work on a campaign or to make a contribution if asked to do so by a client.

Political involvement leads to making contacts that can be utilized for the benefit of your clients. You may not always support a winner, but support provides access. The main point, however, is that you as managing partner should be fully informed and a resource to others in the office who are trying to develop access for a client problem.

## *Make Decisions*

Firm cultures vary. Some of us come from very democratic firms, others come from despotic institutions. It matters not as far as how the managing partner handles the decision-making process. Managing partners should always presume they manage only with the consent of the governed—the firm's partners. Whether appointed or elected, whether by one or by all, no managing partner will really succeed without the cooperation of the partners. You may rule because you have the approval of those partners who control the firm. But no one will succeed in having a well-managed, coordinated, healthy, productive firm without the consent of many more people in the organization.

I am not talking about being popular. No managing partner is. I am referring to being respected so that partners, professional staff, and administrative and support staff will follow the leader. It is a difficult but necessary balance to achieve.

All of this is also true for the leader of an office or department. But how is it done? Just like everything else in this book, there are no secret formulas. Rather, it means common sense practices in approaching any decision.

If the decision is someone else's to make, do not presume to make it for them. If the partnership agreement reserves a particular decision for the partners, the governing body, the managing partner, or a partner-in-charge of an office, do not assume authority not given you. Help the appropriate decisionmakers by gathering the necessary facts and by making your recommendations, but do not tell them what to do.

If at all possible, take time in the decision-making process. All professionals hate to rush decisions almost as much as they hate surprises. Artificial deadlines usually backfire. When decisions do arise that legitimately require fast action, partners will respond accordingly if they know you do not make everything a rush.

## *Managing Partner 101*

Seek advice from partners on major decisions, particularly partners who will be impacted. If the decision belongs to someone else, the input will be a necessary part of your recommendation. If the decision is yours, people may not like the result but will be more accepting if they have been heard. It is particularly important to consult with the governing body and other partners because they do bear and feel responsibility for firm management whether the decision is theirs or yours.

Watch your choice of words in describing problems, issues, alternatives, etc. It is one thing to argue your position vigorously, quite another to color the facts or to be perceived as coloring the facts. Be extremely sensitive to the loyal opposition. It is safer and more productive in the long run to have been perceived as having bent over backwards to address all commentary rather than as having stifled debate or ducked hard issues.

To the degree that you can foresee issues on the horizon, forewarn the partners that they are coming and that they will have to be addressed. This can be done in periodic written reports or at firm meetings. This avoids surprises, can lead to helpful suggestions, and enhances the perception that partners are being fully informed. May I suggest that to avoid premature discussion you add a caveat that all the facts have not been gathered and you are not ready to discuss the issue.

During the early days of your tenure, it is advisable to seek endorsement of your decisions from the firm's governing body, other partners, and larger segments of the firm such as a department or office, even though the decision is yours alone and recognized as such. This enhances the view that you have a participatory management style, and gives your partners an opportunity to develop confidence in your decision-making style and the decisions themselves.

In the same vein, consider utilizing a trial balloon once in a while to check out your own ideas and proposals. This can be done one-on-one with partners or in small groups. On the other hand, it can be dangerous in larger group meetings, particularly if it is not a good idea. (Even managing partners do have bad ideas, you know.)

Before making a decision or initiating the decision-making process, make sure you double-check or cross-check your facts. Professional firms are notorious rumor mills and the rumors frequently bear little resemblance to the facts. The rumors are always bleaker and blacker. It may delay your action to verify alternative sources, but it will give you time to think and minimize your errors.

## *Make Decisions*

When a decision has been made, always communicate directly with the impacted partners about the decision before it is announced generally. This is particularly important if the impact will be perceived as a negative one. They will not like the result any more, but they will appreciate your sensitivity.

It is imperative that you refrain from dancing on the graves of your adversaries. Presume everyone debating an issue or disagreeing with you is of pure heart and has the best interests of the firm in mind. Treat them as you would want to be treated. You will be respected for your even-handedness and leadership skills.

Of course, like every firm you will have one or two partners who enjoy baiting you, harassing you and publicly correcting you. My theory is to let them drivel on, particularly if it is in public. You will win points for patience and often someone else will step in to cut the debate so you may proceed. If no one intercedes, after the argument has been made once or twice, thank your partner and move on. Do your utmost to avoid a public personal confrontation, because you will lose. No matter how justified, someone will perceive that you used the authority of your position to take advantage of another partner. Your role is to lead, not necessarily to win personally. There is a big difference.

Finally, after a controversial decision has been made, consider a deliberate, well-planned implementation. It may even be a bit slow in coming. This will give people an opportunity to get used to, and prepare for, the change. It also permits partners who were not around when a decision was made to learn about it before the ax falls.

What I have said about the decision-making process applies in a democracy or a dictatorship. In either situation, you still lead all the partners, not just those who selected you. You lead with the consent of the governed. The style of your leadership is important if you are to be an effective coach, not popular but respected. If you do not receive that respect, your tenure will be short-lived.

## *Conclusion*

If any of my partners have actually read this far, they must be wildly amused trying to figure out why things do not happen in our firm as I have prescribed. Well, I do try. But what I have outlined is the result of 20/20 hindsight—what I would have done differently, what I would have done better.

If you agree with my suggestions, reality may hinder your efforts to follow them. Do not worry, just keep trying.

Perhaps you have different relationships or lines of authority among the governing body, the managing partner, partners-in-charge of offices, and department administrators. No matter. Do not permit the form to negate the substance of what I am trying to say: be informed fully, lead sensitively, and communicate well. This applies no matter what firm structure you have or where you fit in the firm's leadership.

And relax! The job is not as bad as everyone has been telling you. The big change you will have to make is your own mindset. Just as you had to start thinking as a practitioner when you started your career, you now have to start thinking as a business manager. It will take a little time and you will probably never completely make the transition, but it will happen.

As you become more comfortable in the job, beware of losing your imagination and innovation. Do not become the foremost defender of the status quo. Become its foremost challenger.

Do not spend time and energy looking over your shoulder for your critics or under the bed for your enemies. You do not want the job if you do not have the consent of your partners; it would certainly be an impossible one. You would be leading without followers. Let the critics have their say, let any enemies grumble. Accept that you will rarely, if ever, achieve unanimity. Consensus is enough. Always be ready to give up the job—it is not a job you need—but do not threaten to do so.

### ***Managing Partner 101***

Finally, if you were given the job of managing partner without an apprenticeship, do not do the same to your successor. Think how far ahead you would have been if you had spent a year with your predecessor going through the cycle of budgets, evaluations, compensation, and retreat planning. If you lead an office or department, work with the managing partner to develop backup and find a successor. Try to identify your successor in plenty of time so that he or she will not have to rely on little books like this one.

Good luck! . . . That is an important ingredient also.



## ***Bibliography***

Blanchard, Kenneth and Spencer Johnson, *The One Minute Manager* (New York: William Morrow & Co., 1982).

Covey, Stephen R., *First Things First* (New York: Simon & Schuster, 1994).

Covey, Stephen R., *Principle-Centered Leadership* (New York: Simon & Schuster, 1990).

Covey, Stephen R., *The 7 Habits of Highly Effective People* (New York: Simon & Schuster, 1989).

Maister, David, "Profitability: Beating the Downward Trend," *American Lawyer* (July–August, 1984).

Peters, Thomas J. and Robert H. Waterman, Jr., *In Search of Excellence: Lessons from America's Best-Run Companies* (New York: Harper & Row, 1982).

## ***About the Author***

Bob Greene served as managing partner for fourteen years at Phillips, Lytle, Hitchcock, Blaine & Huber, a 150-lawyer firm with offices in Buffalo, Jamestown, Fredonia, New York City, and Rochester, New York.

He received his Bachelor of Arts degree from Canisius College in 1966, his law degree from the University of Notre Dame in 1969 and a Masters of Law from New York University in 1971.

Bob was active in the American Bar Association Section of Law Practice Management for many years. He edited *The Quality Pursuit: Assuring Standards in the Practice of Law*. He also authored two books: *Managing Partner 101—A Primer on Firm Leadership*, upon which this book is based, and *Making Partner—A Guide for Law Firm Associates*. Bob is a Fellow of the College of Law Practice Management.

He is a frequent lecturer on law firm management issues, including quality assurance programs, firm structure, law firm mergers, and financial issues.

Bob lives in Buffalo, New York with his family and has long been active in numerous local educational, civic and charitable organizations, and served on more than twenty boards of directors.

090418