Succession Top of Mind at Law Firms, But Getting It Done Is Hard

Bloomberg Law
January 18, 2019

- As firm leaders of the Boomer generation age, leadership succession planning key
- Polsinelli's process has taken years and involved consultants, interviews, questionnaires

Chase Simmons of Polsinelli is the first to admit that his law firm's decision to name him as its new leader didn't happen quickly.

"We started talking about the need for a succession plan five or six years out," Simmons, who became the 825-lawyer firm's chair and CEO on Jan. 1, told Bloomberg Law. "We had a first generation of leaders, and the firm had grown greatly so there was a need to look across the entire firm to decide what we wanted. We then changed our mind a couple of times over what the process would be."

To replace Russ Welsh, a 20-year veteran of the chairmanship, the firm took a number of steps that included hiring a consultant, conducting in-house interviews, filling out questionnaires, holding a retreat, and having candidates learn more about the firm's business side.
Baby-Boomer founders and senior partners are aging and retiring, so many law firms are facing transitions to new chairs and managing partners— whether they are prepared or not.
And strong leadership has become ever more important as the legal industry grows more complicated, due in part to shifting client expectations and disruption from new technologies and service providers.

'Inertia' in the Way

While succession is top of mind for most firms, formal leadership transition plans are less than willingly embraced by many partnerships.

"It's inertia that prevents some firms from addressing it," Kent Zimmermann, a law firm management consultant for the Zeughauser Group, said. "There's a feeling that the firm has a unique culture and the firm has its own way of dealing with it."

Even so, "there is no one-size-fits-all process, but there are best practices, including depersonalizing the process," said Zimmermann, who advised Polsinelli on its planning.

"It's best not to start by focusing on who is the next person but on the most important attributes and skills and the likely challenges the person will face," he said.
"Is the person a good listener? Can he or she push back on big egos? Those are some important questions," he added.

Still, most firms focus heavily on client relationships and avoid a formal succession plan in order to sidestep rivalries among partners, or to steer clear of creating a sense that founders or long-time partners are being rushed out the door.

“At some firms, people who are the most successful partners have the most say,” Robert Brigham, a partner in the San Francisco-based partner practice group of legal search firm Major, Lindsey & Africa, said.

“Some are self-aware, and others are not. A co-chairman structure can work well to accommodate this, but in today’s market firms have to take leadership seriously because it’s a competitive market where there are winners and losers,” Brigham said.

And sometimes unexpected factors accelerate planned transitions. For example, Latham & Watkins suddenly had to replace chair Bill Voge last year after his inappropriate sexual communications with a woman outside the firm were disclosed.

Boies Schiller Flexner recently confronted succession issues after co-founder David Boies came under criticism for his representation of disgraced Hollywood producer Harvey Weinstein, and failed blood testing company Theranos.

Polsinelli’s Process

Polsinelli elected for a painstaking selection process to help avoid fractures in the firm, Welsh said. The three other candidates besides Simmons remain at Polsinelli.

“We had to have a lot of runway so we could look at the candidates. We did not want a situation that pitted people against each other. It had to be collaborative,” Welsh said. “We had seen firms—we’re not giving names—who had open processes then the losing contenders left. We wanted all candidates to stay at the firm.”

One of the biggest issues most firms face is finding candidates because partners are reluctant to step away from their hard-earned clients to manage a large enterprise.
New partners are usually in their 40s, which is enough time to have built a thriving practice, but not too close to retirement. Increasingly, younger firm leaders serve a fixed term, often five years, or two five-year terms so they have a chance to return to active practice.

“It’s hard to go back and build,” noted Simmons, who just turned 47. Simmons, who closed his real estate practice, said he wants to serve more than one five-year term.
Polsinelli grew under Welsh’s tenure, which began in 1998. The firm made $25 million in revenue that year and employed 90 lawyers. Last year, the firm made $525 million, Simmons said.

The generational changeover went into higher gear last October when founder James A. Polsinelli announced he would retire Jan. 31. Welsh stepped down from the chairmanship but will remain at the firm as chair emeritus for nine months or so until he retires. Undertaking a larger, more complex job, Simmons said, meant handling broader financial and management duties.

“There’s a lot to learn about running a law firm,” he noted.