

The Next Generation of Law Firm Leadership



Over the past few years, top global law firms have continued to grow in operational complexity while delivering exceptional financial performance and client outcomes. And through the global COVID-19 pandemic and the ensuing economic turmoil, law firms have demonstrated incredible resiliency, with revenue growth and profits per partner continuing to grow.

Thus, it's easy to see why more firms have placed a focus on elevating the human capital and operational capabilities of their firm. For most of the top law firms today, people development, succession planning, organizational design and recruiting strategies for strategic and operational leadership outside the levels of front-office attorneys have become firm priorities. Managing partners and boards see these leaders as critical to remaining competitive in the market, keeping pace with clients' own evolutions, providing access to cutting-edge technology and, importantly, bringing more diverse perspectives to their client work as well as boosting firm culture and capability.

With this in mind, we spoke with key leaders from top law firms to discuss the state of play as they transform their leadership teams with an eye toward the future. In this article, we share what we've learned in these discussions about how strategic priorities have changed in recent years, how firm leadership has helped shape these strategies, and what firms are looking for in their future leaders.

Operational roles are critical to future strategy and success

Having top legal talent and firm and practice leadership will always be a primary focus for top law firms. However, that is no longer enough. Firms are investing significant human and financial capital in the people, processes and systems that comprise a world-class firm — not just in support staff for legal practice areas like corporate and litigation, but also in the finance, human resources, marketing, communications and operations functions.

“Operational excellence... is what continues the train moving down the tracks,” said Mike Caplan, chief operating officer at Goodwin, where he manages the firm’s business, financial and administrative operations. “You must be innovative, creative and have a top support staff.”

It’s part of a continuous improvement mindset that law firms are bringing to how they think about strategy and operations. To compete in both an evolving global and macroeconomic environment — and in a highly competitive yet relatively low-growth legal market — strong support functions are proving critical to overall firm success. Indeed, they can provide an extra push in helping a firm differentiate and elevate itself in the market.

“You obviously compete on the quality of your lawyers, but you can also compete on a broader package,” said Marc Grainger, head of human resources at Debevoise & Plimpton. “If you have support functions that are truly adding value to the business and to the lawyers, then that can truly be a source of competitive advantage.”



If you have support functions that are truly adding value to the business and to the lawyers, then that can truly be a source of competitive advantage.”

MARC GRAINGER
HEAD OF HUMAN RESOURCES, DEBEVOISE &
PLIMPTON

Most law firms in the past operated based on a belief that simply having a group of really smart lawyers was enough, Grainger noted. However that has shifted in recent years, he said, to a view that functions must operate collaboratively.

“My background is in banking, where huge infrastructure is seen as intrinsic to operating,” Grainger said. “My sense is that law firms have operated in a more rudimentary model, where support functions operate quite independently. I think what we are all moving from independence to interdependence. The challenge is breaking down those silos.”

Planning ahead

As leadership positions gain priority, many top firms are upping their efforts to find the best talent, with succession planning becoming a more common practice for these key leadership roles, in addition to a firm’s focus on managing partner succession efforts. The process varies by firm, but overall, more firms are starting earlier to give themselves more flexibility for both boosting their internal succession processes and for accessing top talent in the external market.

Arthur Armstrong, executive director at Debevoise & Plimpton, where he oversees the firm's administrative support and manages its operations and expenses, said that the firm seeks to give its people opportunities to grow while also helping the firm identify future leaders.

"For us, it is more about giving people exposure and experience than it is a definitive succession plan," Armstrong said. "One approach we're taking is to think about the pool of people who, over time, could take a global director (C-suite) seat, and thinking about the skills and experiences they need to position themselves for that role."

At a law firm in particular, non-legal leaders need to have the ability to speak to and with the firm's partners on legal topics, even if they don't necessarily have the same background.

"You need someone with passion for the business and the legal side of things, who's going to understand those issues that the partners have," said Karen Braun, executive director at Sullivan & Cromwell, where she leads the firm's administrative functions.

Caplan said that his firm is "constantly" talking about succession, always seeking to develop a clear group of possible successors for both legal leadership and operational leadership roles. He noted that these are business people who can understand how the firm's business works, and operate in tandem with the top lawyers at the firm.

"The best operational leaders understand what the objectives and strategy are, as opposed to just doing tasks," Caplan said. "They have relationships with the top lawyers at the firm, they can talk to their clients, they can negotiate with their clients, they can go to a party and talk about what we're doing. They can drive revenue to the firm. That is operational excellence, as opposed to just taking a phone call and knocking out a task."



The best operational leaders understand what the objectives and strategy are, as opposed to just doing tasks.... That is operational excellence, as opposed to just taking a phone call and knocking out the test."

MIKE CAPLAN
CHIEF OPERATING OFFICER, GOODWIN



Law firm leadership with a DE&I focus

Law firms see their leadership ranks as an opportunity to diversify firm leadership and build more diverse and inclusive organizations. Braun noted that the firm's years of internal diversity efforts have had a positive effect on its ability to meet client needs.

"If you look at our management committee, it is diverse in terms of ethnic and gender diversity, as well as the LGBTQ population," Braun said. "That diverse perspective does a great job of reflecting what our clients need."

Many firms, in fact, are making diversity, equity and inclusion key elements of their overall strategy. They recognize that more diversity at the executive leadership level will lead to more diversity within the lawyer ranks.

"Diversity is one of the biggest areas we are thinking about, as are all firms," Armstrong said. "We're now starting to place an emphasis, and pursuing initiatives, on the professional and operational staff side in areas such as mentoring and career development."



If you look at our management committee, it is diverse in terms of ethnic and gender diversity, as well as the LGBTQ population. That diverse perspective does a great job of reflecting what our clients need."

KAREN BRAUN
EXECUTIVE DIRECTOR, SULLIVAN & CROMWELL



Conclusion

Top law firms are bringing the same rigor and thoughtful approaches that they apply to their legal work to their firm leadership and operations. It is clear that these areas will only grow more sophisticated in the coming years. The benefits to the business are too clear for firms to ignore, in terms of the bottom-line impact of strong executive leadership, the competitive impact of standing out in a crowded market, and the overarching impact that executive leadership can bring to firms in terms of diversity and inclusion.

Looking ahead, how top firms operate and optimize for best-in-class leadership will continue to evolve. Ultimately, as in all industries, a focus on exceptional leadership and talent will continue to be imperative.

“One thing that is really interesting in the law firm world is that change in this industry is really hard,” Caplan said. “Law firm leaders must be open to different ideas and ask, ‘How can we differentiate our firm?’”





PHOTO: NEXTGENLAW FIRM / OBER-MAY 2023

About Spencer Stuart

At Spencer Stuart, we know that leadership has never mattered more. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises, on their stakeholders and the world around them. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to non-profit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit www.spencerstuart.com.

Authors

Courtney Fletcher (Washington, D.C.)

Julie D. Perkins (Philadelphia)

