

## Managing Partner or Executive Director?: A New Model for Law Firm Management

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June 2011

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*As business becomes more complex, and law firms become larger, many firms are exploring a new management model. Law firm leaders share their experience in moving away from tradition law firm management, as well as what is required to make a successful transition.*

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The traditional management model for U.S. law firms includes an ever-narrowing group of partners managing high-level firm administration. The pyramid is topped by a Managing Partner who is ultimately responsible for a firm's administration. However, as business becomes more complex, and law firms become larger, many firms are exploring a new management model, where a firm's practice is managed by a managing partner, while its administrative aspects are managed by a non-lawyer administrator (an "Executive Director"). This hybrid management style is designed to allow an experienced legal practitioner—the Managing Partner—to address issues requiring practical legal experience while freeing the partners from those tasks that can be addressed by an individual with more generalized business experience—the Executive Director. The goal is to free managing partners to focus on revenue-generating work.

In an effort to obtain practical information from firms that have effectively implemented this hybrid management structure, *Law Practice Today* circulated a short survey to several individuals with first-hand experience in hybrid management. These managers' experiences are discussed below:

### **1. What is the most significant difference between the duties of an Executive Director and the duties of a Managing Partner?**

The consensus among respondents is that the distinction between Managing Partners and Executive Directors is one of management versus administration. As Charles Gillis, the Executive Director of Texas law firm Munsch Hardt Kopf & Harr, P.C. explained, "the Executive Director focuses on short and long term operational issues, freeing our [Managing Partner] to focus on high level managerial decisions and strategic issues."

Glen Callison, Munsch Hardt Kopf & Harr's Managing Partner, concurs. "While the Managing Partner provides the strategic leadership and direction for the firm, the Executive Director implements a multitude of tactics and coordinates the administrative functions required to ensure the smooth day-to-day operation of the firm." Callison emphasizes, however, that despite the operations distinctions of the two positions, they "must function in concert in order for the firm to be successful."

Other firms have implementing similar divisions of responsibility. At the California firm of Bartko, Zankel, Tarrant & Miller, for example, the Managing Partner addresses compensation, business development,

conflicts of interest, and other professional administrative matters. By contrast, the Executive Director manages compensation of staff, and day-to-day operations including recruiting, hiring, employee development and evaluations. Thus, the Managing Partner develops policy, and the Executive Director implements those policies.

## **2. What was the most immediately recognized benefit of changing to an Executive Director model?**

On this issue, firms' experiences tend to be similar: the use of a hybrid management model permits partners, especially the Managing Partner, to focus on revenue-generating work. Robert Bunzel, Managing Partner of Bartko, Zankel, Tarrant & Miller, notes that "having more of the firm's day-to-day management responsibilities rest with our [Executive Director] enables our Managing Shareholder to devote more time [to] practicing law and developing new business."

Glen Callison had a similar experience: "An effective Executive Director allows the Managing Partner to act more strategically, and [allows] other attorneys to spend more time focused on revenue-oriented activities. The ability of attorneys and law firm leaders to get out of the trenches both increases productivity and improves the macro focus needed for effective firm management."

## **3. What is one of the least recognized but, in your view, more important benefits of changing to an Executive Director model?**

Law firms appear to have recognized a wide range of benefits from the use of a hybrid management model. Among these benefits are an increased ability to accurately identify those issues that truly require a Managing Partner's time and attention, as opposed to those that may effectively be delegated to an Executive Director.

Firms also point out the role that an Executive Director can play in effectively integrating the different levels of employees in a firm. Where an Executive Director focuses on administrative issues involving support staff, he may act as a conduit for more effective communication and understanding between staff and attorneys. As Glen Callison explains, "the Executive Director can be a tremendous communication channel among the various constituencies within a law firm. With thoughtful planning, an Executive Director can develop events and processes that build solid bridges among staff, associates, partners, practice groups and administrative departments. The same greatly enhances morale and creates a stronger firm culture."

Thus, an Executive Director can enhance a firm's revenue generation in a variety of manners, by freeing attorneys for revenue-generative activities, but also by increasing communication and efficiency between distinct aspects of a law firm and increasing employee morale and retention.

## **4. What personality traits or skills are key for an effective Executive Director?**

Unlike attorneys, who all have the unifying background of law school, Executive Directors can come from a variety of backgrounds, marshalling unique sets of skills. Respondents did, however, point out one ability

that is required for a successful Executive Director: communication. Without effective communication skills, both written and verbal, an Executive Director cannot successfully accomplish the tasks required of him inside and outside of the firm, including team-building and marketing.

Beyond communication, Charles Gillis indicated that his successful performance depended upon “a broad range of experience in business operations. The [Executive] Director may make dozens of decisions on any given day that impact our efforts in marketing, finance, technology or practice management. Successful Executive Directors understand the strategic vision of the firm while not losing sight of numerous operational issues that impact the firm’s performance.”

Robert Bunzel similarly emphasized the importance of the Executive Director’s understanding of a firm’s needs and strategic plan. “While she may not have a law degree, it is essential that the person occupying this role have a clear understanding of the law firm in terms of what the firm offers and how the firm wants to be perceived in the marketplace. This role has contact with many other law firms, vendors and potential clients.”

Other important skills that respondents noted were a tactful style, capable of gently persuading different factions to a similar point of view; mastery of process management; and an ability to simultaneously absorb and process data while paying attention to detail.

## **5. What are the benefits of having an Executive Director with experience in the business world, as opposed to the legal-business world?**

Respondents uniformly indicated that the major benefit of a non-lawyer manager was innovation. As Charles Gillis points out, “many law firms operate using an outdated playbook of legal administration. Law firms often handle administrative matters with a predictable and scripted response and use that approach simply because they have always handled the issue in that manner.” In order to push the boundaries and become more successful, firms “must focus on innovation and prepare for the needs of tomorrow. The diversity of experience in our management team makes us stronger.” Gillis’s opinion is echoed by Munsch Hardt Kopf & Harr’s Managing Partner, Glen Callison. Callison notes that their firm benefits from Gillis’s ability to measure performance “using multiple metrics that may not be the typical measures of evaluating law firm success.”

Respondents note, however, that firms should be wary of frustration. While an Executive Director may be able to contribute fresh ideas, these ideas may be met with resistance. This can lead to Executive Directors feeling that their position is not vested with sufficient influence of authority to implement the methodologies that they have been hired to develop.

## **6. Does an Executive Director model work for firms of all sizes? Or, is there a particular size for which it does or does not work well?**

There was no consensus from respondents regarding the “ideal” size for use of a hybrid management model. Instead, respondents emphasized that firm culture must adapt to the delegation of administrative

responsibilities. If partners are used to managing every aspect of their practice down to minutiae, an Executive Director may face significant resistance. “The challenge for those firms” Charles Gillis notes, “is for the partners to let go and grant someone else control of the many functions not directly related to the practice of law. Firms [that] understand the benefits of focusing on strategic and practice issues are generally more successful in sharing and delegating managerial opportunities.”

Respondents did not, however, think that a firm should pass an undefined size threshold before it could truly benefit from a hybrid management style. Particularly small firms may not be able to bear the costs associated with added managerial employees. Larger firms are both better able to bear these costs, and more in need of multiple individuals to manage the varying aspects of legal practice, including client interface, practice management, and administrative responsibilities.

**7. Is there any one factor, such as clear expectations, open communication, or personality that you have found essential to making the model work?**

Three key factors emerged from respondents’ answers to this question: (1) communication; (2) trust; and (3) skill backed up by authority. These factors are, of course, interrelated. Respondents indicated that an effective Executive Director required a breadth of skill that would allow him to effectively perform his job. He must then, of course, have the authority to implement the policies that he proposes based on his skill and knowledge. This requires a level of trust between the Managing Partner and the Executive Director.

All of the foregoing, however, is premised on effective communication. No matter how talented an Executive Director may be, a failure to effectively communicate his reasoning to attorneys may result in a loss of trust and overall resistance from attorneys.

**8. What were the objections raised to the idea of the new model? How were they addressed? Did they come to fruition?**

Respondents generally indicated very little resistance, and very few problems with the implementation of a hybrid management model. This may, in part, reflect the fact that only those firms with a comparatively flexible management model adopted such changes.

In the case of Bartko, Zankel, Tarrant & Miller, for example, the transition was smooth because their management structure changed through gradual evolution. Robert Bunzel notes that their current firm administrator has been with the firm for 17 years, in a variety of positions. In the past, Bunzel notes, “we did have more of a hands-on Managing Shareholder who was semi-retired and had time available each day to devote to the management of the law firm. We have learned through practice that we can entrust many of these responsibilities with our Firm Administrator who will coordinate with the Managing Shareholder, as needed.”

## 9. What was one of the most difficult barriers or challenges to making the new model work?

Respondents indicated that the greatest barrier to change is internal resistance. The legal profession is notoriously slow to change. As a result, “it’s important for lawyers to remember that they have hired the Firm Administrator for a reason” says Robert Bunzel. If a firm has made the decision to hire an Executive Director to share the burden of managing a law firm, the Executive Director’s input should be respected. Of course, there may well be tension with a new Executive Director between his desire to effect change, and the partnership’s need to acclimate to and learn to trust the new system. This is where strong communication skills become vital.

Respondents also note the difficulty of finding qualified Executive Directors. While an Executive Director may come from a variety of backgrounds, many feel that experience in the legal profession is vital. Where an Executive Director does not have such experience, there may be a very steep learning curve. However, even if the Executive Director does have industry experience, Glen Callison emphasizes that institutional knowledge is important, and takes time to develop.

## Conclusion

The decision to transition to a new management style is daunting. However, firms that have experience with this approach find it to be an effective way to maximize the value of a Managing Partner’s contribution, by relieving him of administrative burdens that can be more effectively handled by an Executive Director with a strong business background. A trusting relationship and good communication between the Managing Partner and Executive Director are, however, paramount. Without trust and communication, such an experiment is doomed to failure. We hope that the insights of other firms help you to more effectively evaluate whether a hybrid management structure may be an effective tool for your business.