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On Management

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Richard Gary

C-Level Executives

What role should they play in firm decision making?

What role should a firm's C-level executives play in key firm decisions? It's taken for granted at most firms that C-levels should be involved in budgeting, personnel, space, and technology issues. But should they be involved in strategic planning, partner compensation, or even selection of firm leaders?

And how can C-level executives excel? These questions go to the heart of the C-level role.

Defining the C-Level Role

In the corporate world, administrative staff positions exist to support operations and production. In law firm land, the same rule applies. The law firm administrator's *raison d'être* is to perform key functions that enable the firm's lawyers to provide legal services as efficiently and effectively as possible.

In most law firms, staff functions break down along conventional lines — administration, finance, human resources, marketing, and technology. Having C-level executives oversee these functions is standard operating procedure.

But new C-level positions are developing all the time.

■ A number of firms — Paul, Hastings, Janofsky & Walker; Sheppard, Mullin, Richter

& Hampton; and White & Case, to name but three — have created a chief knowledge officer position that complement the chief technology officer role, and includes not only the technology side but also responsibility for leveraging the firm's knowledge assets. With custom-built, search engine-like applications providing the tools to access a firm's knowledge resources, especially those that exist in the firm's document management system, the CKO position is a natural extension of the traditional CTO function.

■ A few firms — Dickstein Shapiro, Pepper Hamilton, and Reed Smith — have created a chief strategy officer position whose responsibilities include identification and pursuit of strategic growth and marketing opportunities. These positions are analogous to corporate development positions in business. To the extent CSOs facilitate strategic thinking and action in law firms, they are an invaluable administra-

tive resource, but they're no substitute for vision and leadership at the chair or managing partner level.

■ Greenberg Traurig and Howrey have created chief recruiting officer positions to oversee the attraction, integration, and retention of both law school and lateral attorney candidates. In a sense, the creation of the CRO position carves out a portion of the traditional

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human resources function. But while the CRO may provide critical administrative support, the CRO should never play the lead role in attorney recruitment. That role must be

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reserved for firm, office, and practice department leadership, especially in the case of lateral partners.

■ Holland & Knight, and Powell Goldstein have created a chief professional development officer position to plan and administer professional development and mentoring programs, reflecting the growing importance of attorney retention. A West Coast firm has even tasked its CPDO with reversing a troubling associate turnover rate.

Limits on the C-Level Role

Strategy. C-level executives should play a key role in strategic planning. In most cases, they bring years of valuable experience in their respective disciplines to the planning process. And they often have vital experience in the strategic planning process itself. Law firms that don't take advantage of the cumulative know-how of their C-level executives in strategic planning are depriving themselves of an invaluable resource.

Partner Compensation. At an ever-increasing number of firms, COO's or executive directors attend partner compensation committee meetings as non-voting contributors or observers. CFO's and CHRO's are often asked to participate as well, providing the compensation committee with expertise in financial analysis and compensation theory, respectively.

But in my experience, no firm gives its C-level executives more than an advisory role in the partner compensation process. The most important factor in partner compensation is whether partners believe the system is fair in terms of both policy and application. Partners must believe that they are compensated fairly in relation to each other. In order to provide the foundation for that belief, compensation decisions must be made, in the last analysis, by the firm's elected or appointed partner leaders. Senior staff, even C-level executives, should not be seen to have played a major role.

Leadership Selection. A good friend recently asked whether a firm's C-level executives should have a say in the selection of firm leadership. After all, C-level execs work closely and on a daily basis with senior firm leadership. Wouldn't it make sense for the C-levels to be

How Can the C-Level Executive Excel?

Having served as a senior staff member at an NYSE-listed Fortune 500 company and having worked with some extraordinarily talented senior staff members during my 11-year tenure as an Am Law 100 firm chair, I understand both the importance of administrative staff and the role senior staff plays in a successful business organization.

Here are some key tips to help you succeed as an effective C-level executive:

- 1.** Remember that you occupy a supporting role. At every level, your job is to help the firm's lawyers attract and retain clients and enable them to provide the highest quality legal services as efficiently as humanly possible.
- 2.** Look for opportunities to do more than you're asked to do. Think of questions your boss should have asked you, but didn't.
- 3.** Be completely honest at all times. There is nothing more important. As a senior executive, trust is your primary currency. Tell the people to whom you report what they need to know, not what they want to know. And do the same with the people who report to you.
- 4.** Treat everyone fairly, i.e., the way you want to be treated by your workplace colleagues. Some people are great with those to whom they report but walk all over the people who work for them. To be successful in the long run, treat everyone well.

— R.G.

consulted on this important question?

My answer is yes, but with reservations. Yes, the firm is a business. And it makes eminent good business sense for the firm to take advantage of the knowledge and experience of its C-level executives when it comes to business decision-making.

But leadership decisions are different. Although leadership decisions have business consequences, selection of firm leaders is, and ought to be, reserved to the firm's owners. Think of them as ownership, rather than business, decisions. Just as a corporation's shareholders elect officers and directors to oversee the company's business affairs, so do a law firm's partners or shareholders designate leaders to guide the firm. But despite this difference, a firm's C-level executives should be consulted about leadership change if the firm's selection procedure allows.

Some firms have entirely democratic selection systems, where anyone may seek a leadership position. These systems, while appealing in principle, can lead to partnership instability and polarization by dividing the partners into constituencies based on office or practice affiliations. And they are not conducive to C-level consultation. The selection process is politicized, and

C-levels, as employees rather than owners, shouldn't play a role in the political process.

But systems where a nominating committee sounds out partners and leadership decisions emerge through consensus may well permit the views of C-level executives to be considered. The firm's decision-makers should know how a prospective candidate is viewed by the firm's senior staff members, just as they should take into account the views of other firm constituencies. More and more firms today engage in so-called 360-degree reviews, where associates are asked to provide input on their interactions with partners with whom they have a close working relationship. Such feedback can be helpful if sought and utilized appropriately. The same principle applies in the case of C-level executives.

A capable administrative staff is a critical component of a successful law firm. And you can't have a capable staff without capable leadership. That's where C-level executives come in. **LFI**

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