

MANAGING SUCCESS

As Latin American law firms have grown in size and complexity, the role of a managing partner has expanded almost beyond recognition. Anna-Helga Horrox tracks the changes

With the 'business' of law taken ever more seriously, the importance of effective management is increasingly recognised. In Latin America, the trend towards institutionalised firms that are bigger than any single name-partner has gathered pace, and with it the onus on firms' managers has grown.

Bruno Camara Soter, managing partner of Barbosa Müssnich & Aragão Advogados in Brazil believes that Latin American firms have experienced the same remarkable growth during the 1990s that North American firms underwent in the second half of the twentieth century. He points out that in Brazil, the number of firms with more than a hundred lawyers has tripled over the past 15 years. "This trend has, without a doubt, increased competition among those large groups, and also the complexity of firm management." His own firm is an example of this growth; he was one of the 12 founding members at its inception 11 years ago; the firm now numbers nearly 180 lawyers.

"Much more is expected from managing partners nowadays," he says. "It seems as if before the 1990s, managing partners were generals in peaceful times, whose capabilities had not yet been put to trial." He says a managing partner's performance is seen as a key element

of a firm's success. They are expected to have a thorough understanding of the market and their competitors, solid management abilities and also to make measurable improvements.

Larry Smith of Levick Strategic Communications agrees that the role has changed. "Managing partners used to be mediators, rather than managers. As firms have grown, so has the job, which is much more powerful now."

More powerful, and more complex. So what precisely are managing partners expected to achieve? Smith believes the answer is simple. They need to both manage and lead. "The management role is the same as in any other type of business, but with the additional challenge that law firms are flat organisations," he says. "You have to navigate other shareholders who see themselves as equals and build a consensus. But leadership is what makes the difference. Someone with a strong vision of where the firm is going will make others inclined to follow and listen to them."

Bruce MacEwan writes the Adam Smith Esq blog, which analyses the economics of law firms. He also believes that leadership is vital. "The managing partner's primary role is to be both the inward and the outward-looking 'face' of the firm," he says. "Facing outward, his role is to be a diplomat, spokesman and confidence-inspiring leader to important groups like clients, potential clients and lateral recruits. Facing inward, he has to have a vision for what the firm should be and where it's going. This vision should be something that everyone in the firm is able to articulate and feel a part of; it must be credible and distinct." Managing partners must implement the operational decisions that need to be taken to achieve the firm's strategy.

An equally important internal role is to ensure that the right people are in positions of authority, from practice group leaders to chief financial officers. Camara Soter takes this responsibility seriously. "In our firm, we have nine administrative departments led by market experts, all of them subordinate to the managing partner. They include areas like productivity, communications and accounting."

Having the best is key. Camara Soter explains that Barbosa Müssnich has put a great deal of emphasis on hiring leaders in their fields. "Our communications manager was the editor of the law supplement of the leading business paper in Brazil. Our human resources manager has worked in the same field in two of the twenty biggest companies in Brazil – I could go on."

Smith agrees that this area is vital. "One of the most important things a managing partner can learn to do is delegate effectively," he says. He explains that the people in charge of recruitment, managing and marketing should be at the top of their field, and an important skill of a managing partner is to recognise people who are experts in what they do, rather than trying to accomplish everything on their own.

But law firms can have difficulty hiring the

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best, because the market perception is often that only lawyers can have interesting careers in a law firm. "The prevailing idea in Brazil is that there are no top management opportunities in law firms," says Camara Soter. "Although this is changing, we still have to make an extra effort every time we want to hire an expert."

But a managing partner's personnel responsibilities go beyond the firm's structure and direction. "People are the firm's only real asset," MacEwan notes. "The single most important task of a managing partner is to manage people." This can cover a wide variety of activities, from recruitment, building morale, disciplining and coaching people, as well as selecting the right individuals – both lawyers and staff – for promotion. There will also inevitably be negative people-management issues to be dealt with, such as underperforming partners or a closet alcoholic.

It seems that being able to manage lawyers requires personal experience. The people LATINLAWYER spoke to felt the top role should always be held by a lawyer. Barbosa Müssnich, the first firm in Brazil to have non-lawyers as managers, have come to the conclusion that one needs a thorough understanding of the legal profession for the position. "The managing partner also has to be acknowledged by the other partners and senior lawyers as legitimate, and for an outsider, deprived of hierarchical authority, this doesn't seem to happen easily" says Camara Soter. "Prior to the election of our first managing partner (myself) in January 2005, we hired two other senior experts to steer our management and, despite their contributions, their performance was severely restricted."

With the current heightened emphasis on the importance of management, it is no surprise that good managers are in high demand across Latin America. Diego Blasco held the general manager position at Philippi Yrarrázaval Pulido & Brunner

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in Chile, but on 3 July moved to Prieto y Cía as managing partner, becoming to his knowledge the first managing partner in the country.

"The market is much more aggressive and competitive now," he says. "Chile has a smaller legal market than some countries, but prestigious firms have split recently." He has specific plans for his new firm, which is mid-sized, and seen as one of the more traditional firms in the country. While he believes the main attraction for clients will always be people, the lawyers as individuals, it is important to institutionalise the firm's strengths. "I always say that when a partner goes on holiday, it shouldn't be a problem for the firm."

He also wants to restructure the firm's working groups, making them more recognisable within the market, and also make internal processes more transparent, helping to address associates' concerns, such as when they will make partner.

Camara Soter has paid attention to this area too, instituting new evaluation procedures that were developed internally, are carried out over the firm's intranet and overseen by a dedicated committee. "We managed to eliminate a great deal of uneasiness among our associates," he says. He also started sending out monthly productivity reports to all lawyers, helping the firm increase income by around 20 per cent in 12 months.

Despite such success stories, some have questioned whether the very structure of the legal profession can hinder effective management.

Lawyers are used to working fairly independently: they attract their own clients, manage their own hours, and, in some places, get paid according to the profits they bring in. If they're not happy, they

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can leave and start their own practice.

MacEwan notes that some partners can see management initiatives as unwelcome forms of control. He thinks that building a sense of 'One Firm' is a way to tackle this. If everyone feels included in the values and aspirations of the team,

they will be happier to work towards those values: remain loyal to the group and learn to trust other people's decisions. "The focus should be on communication, communication, communication – about the firm's direction and vision."

Considering the demands, it seems clear that the role should be full-time. "Should managing partners have a private practice at all? Ideally, no," says Smith. He believes that the demands of management are so great that lawyers should not have to concern themselves with personal work too. "But you have to take into account the reality that people don't want to leave the post after five or six years only to find they've lost their client base and are left out in the cold."

However a managing partner chooses to split their time, it seems clear that their services will only grow in value. MacEwan points out that the quality of management, and in particular, leadership, is the one thing that increasingly distinguishes successful firms.

"All firms provide excellent quality legal work," he says, noting that the academic credentials and experience of lawyers across the leading firms are virtually indistinguishable. They tend to draw associates from the top schools, and are all highly responsive to clients. "What differentiates the firms who have made great strides over the past decade from those who have stagnated is the quality of leadership."

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