

Figuring Out Who's Next

General counsel should develop candidates capable of moving up the ladder, rather than scramble for a last-minute replacement.

BY REES W. MORRISON

How smoothly a law department takes on a new general counsel can be a testament to the skill of the departing general counsel. After all, the position most often is filled by one of the lawyers who report directly to the departing general counsel.

For this article, let's pass over the situations where the CEO and board entice law firm partners to take the top legal position, since that move often means inadequate succession planning. The wisdom or folly of that topic deserves a separate article. Instead, let's focus on internal succession, when a lawyer from within the law department becomes the next general counsel.

General counsel need to think about succession well ahead of time, not leaving it to a scramble when he or she wants to leave or hits retirement age. Change at the top causes ripples of apprehension throughout a department, even if the hand-over is known well in advance. If replacing the former general counsel is mishandled or lags for months, morale takes a hit.

Before I offer some suggestions for changing the guard smoothly, I should note three points. Although this article focuses on GC suc-

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cession, the principles apply to promotions at all levels. Second, all law departments should have certain elements in place. Succession planning has little likelihood of success if a law department does not hire capable lawyers and have a choice among some of them for promotion. Equally necessary is adequate time. You can't groom people overnight; you can't accelerate the maturation of a lawyer in a weekend; you can't stretch capabilities in a month.

PASSING THE BATON

Once a law department has capable candidates and some time for the general counsel to prepare and observe them, general counsel should carry out 10 practices that will help them smoothly pass the baton. Managing people is highly subjective and depends on many factors. Of course, we still need research

to show that particular practices correlate to promotions that succeed. At the same time, I'm describing them based on my consulting experience, in descending order of importance.

1. *Candidly and frequently evaluate the performance of possible successors.* Constructive evaluations help promising lawyers progress. Thoughtful evaluations given to the lawyers and discussed openly with them cure the misconceptions of noncontenders and fuel the ambitions of stars. Not everyone wants to become the general counsel; many are content with a role as a specialist, not as a manager of others. As an important part of the evaluation process, some law departments gather evaluations not just from managers and clients but also from a lawyer's peers and subordinates—what are known as 360-degree evaluations. If done properly, feedback from a wide range of sources sharpens evaluations.

2. *Expose possible successors to senior management.* The ultimate decision about who dons the mantle belongs to the CEO and perhaps the board. The current general counsel should share thoughts about replacements with them and other peers. To help senior management gauge successors, be sure the candidates have an opportunity to deal with influential executives in responsible roles.

3. *Focus on high-potential lawyers at all levels.* Identify the lawyers who show promise of rapidly rising to the next level, even though only a few of them are possible GC successors in the next two to five years. All so-called high-potential lawyers deserve special treatment: training, coaching, a range of job experiences, detailed feedback, exposure, and other techniques. It may be that a high-potential lawyer should be chosen to represent the company in the legal section of an industry trade group, as one financial services company does. It may be she should be sent to executive education programs like the Harvard Business School program on leading professional services firms, as one insurance company did.

It may be that he benefits from comprehensive psychometric tests such as Meyers-Briggs, as is done in a consumer beverage company. Psychometric instruments help lawyers (and their managers) understand themselves and their styles better; with

that wisdom, they can smooth rough edges and best use their strengths. Whatever the benefits conferred on them, high potentials deserve early recognition and continuing nurturance.

4. *Develop the general talent pool.* One bank law department invested in a leadership development program for members of a unit. A consumer goods company similarly spent eight months with an outside consultant in team development for its top lawyers. The consultant showed how to listen actively, how to trust, how to appreciate a variety of personality styles (introverted or extraverted, for example), how to constructively confront, and how to guide an effective meeting. Individual or peer coaching offers yet another method to deepen and strengthen the talent pool. Managing talent helps assure a steady stream of potential successors.

5. *Develop future leaders by assigning them “stretch” projects.* A range of experiences in the law department helps lawyers mature, but pushing them into unfamiliar roles or high-pressure situations tests their mettle. At Merck, Mary McDonald spent two years managing an international function outside the law department before becoming the general counsel.

Put promotion candidates in charge of an important administrative project, such as choosing and implementing a matter management system or reducing the number of outside counsel retained by the department. More telling, place them on the firing line with responsibility for an important acquisition, a high-profile lawsuit, financings, policy development, or a joint venture with a cantankerous partner. Keep on them to challenge themselves and grow. Some will thrive, and some will slip out of the race.

6. *Maintain a depth chart.* Identify at least one person who could best fill each position if the incumbent were to leave that position. Years ago, the law department of First Chicago kept such a successor organizational chart, quite confidentially to be sure. More elaborately, a chart could state in years how far away the next-in-line is from being able to adequately handle the responsibilities in the position ahead. For most departments, it is not hard to color-code an organization chart to show successors and the time gap. Its insights should direct where you need to focus your attention and create bench strength. You might need continuing legal education or management training or seasoning through experience.

7. *Take advantage of human resources.* The professionals in human resources understand how to develop people. They can provide an independent view of the accomplishments, weaknesses, and future prospects of your staff (likewise, a consultant can help with overall assessments of lawyers).

The HR staff can also help get processes done regularly and well, such as evaluations, training, promotions, and compensation decisions. The leadership team of one law department in the consumer goods industry has its HR assignee prepare for one in-depth review each meeting.

8. *Deal with ambivalences about succession.* Ambivalences of the general counsel can get in the way of seamless succession planning. That person may feel that no one is as good as he is, and subtly squelch contenders. The general counsel may be paranoid and over time drive off competitors, or narcissistic and not wish to share the limelight. Less destructively, the general counsel may lack the abilities, tools, interest, or time to nurture successors. (No one has time for grooming, yet grooming those below distinguishes strong leaders.) Rather than building job security by nipping contenders, such actions argue for the general

counsel to lose the position. Hence, it is crucial to come to grips with ambivalent feelings about grooming a successor and doing the right thing for the successor and for the company.

9. *Maintain a balance between competitiveness and collegiality.* The general counsel can rarely unilaterally choose a successor. Others—the CEO, the president, or the board—usually make the choice. But the general counsel’s charge should be spotting, encouraging, and keeping strong replacements. The senior lawyers in your department will scrutinize every one of these actions. Those who are ambitious will interpret and reinterpret every comment, smile, and action. Tempering competitiveness with teamwork may pose the greatest challenge to succeeding at succession planning. One way to do so is to call on the carpet a contender who is undermining another and to show that such actions backfire.

10. *Demystify the role and the demands of being general counsel.* For lawyers to have an accurate fix on the general counsel’s responsibilities, and for the company to align the abilities of lawyers to the demands of the job, a company should expect its general counsel to make clear to those who report to her just what is expected of the role: What are the pressures, the workload, the politics, the pitfalls? Effective succession planning involves three parties: the current general counsel, the contenders, and the company’s senior executives. The more all three know and convey about expectations, the better the eventual fit of the successor to the job.

Passing the baton takes practice, time, and understanding. But even carrying out some of these 10 steps will have short-term benefits of improving the performance of the department. The steps will nurture talent throughout the department. In the one-to-three-year time frame, these steps will result in a better-managed and more effective law department. And in the long run, the company and department will enjoy a smooth transition to the acknowledged best candidate.

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