



WHO LEADS THE AM LAW 200? AN ANALYSIS OF AMERICA'S LARGEST LAW FIRMS AND THEIR LEADERSHIP



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Marcie Borgal Shunk is an ALM Intelligence Fellow and President and Founder of The Tilt Institute, specializing in helping law firms shepherd significant transformation through data-driven strategy, advisory services and leadership training. She is co-founder of The Leadership Institute, a fully virtual leader development program. She can be reached at mborgalshunk@thetiltinstitute.com.

What a year it has been. The past year dished up a bevy of unprecedented events, from a global pandemic to a historic presidential transition to a surge in civil rights and activism. Virtually overnight entire firms shifted to remote work. Business development came to a screeching halt. Economic uncertainty loomed. Business as usual calls were replaced, at times trepidatiously, with more personal, gentler outreach to clients and colleagues alike – are you OK?

As the year arrived at the midway point, firms noted an uptick in work. By year-end, the majority of the Am Law 200 reported solid financials – some with record years and many with profit growth in the double digits. Certainly, market dynamics were at play, with demand for legal advice during the crisis spiking while expenses for events, travel, and healthcare fell. Yet that was not all – during the past year, law firm leaders grappled with this onslaught of change, made difficult decisions, and stretched to keep their clients happy, people motivated, and firms afloat.

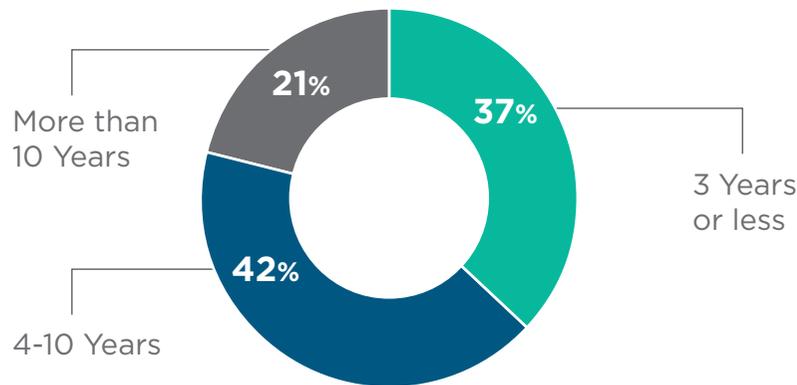
Which led to the question: who are these leaders? And how did they navigate the past year successfully (or, in some instances, not so successfully)? Exploring the underlying traits and characteristics of leaders during these trying times would be ideal. However, the ink is barely dry on 2020's results and any judgments would be premature.

First, we need a baseline. This inaugural analysis of Who Leads the Am Law 200 provides a window into the demographic composition of the firm-wide heads of America’s largest law firms. We explore tenure, gender, years of practice, practice focus, law school alma maters, and more. To the extent the data allows, we examine hints of any trends, especially those corroborated by our experience and seen in other sectors. Finally, we broach the question: what are (and should) law firms be doing to prepare the next generation of leaders?

Who Are the Leaders of the Am Law 200?

People often look to experience as a proxy for understanding how well-equipped a leader is for their current role (although, admittedly,

One in Three Am Law 200 Leaders Had Less Than Three Years’ Experience at the Onset of the Pandemic



experience alone rarely defines an effective leader). Unlike other industry sectors, few managing partners bring the benefit of experience in the role with them from another firm as would, say, a chief executive officer recruited into a Fortune 500 company or well-funded start-up.

Like a CEO, a managing partner will typically have held a leadership role in their firm before taking the helm. Many will have been members of their firms’ Executive or Policy Committees and some may have held roles as head of practices or offices.

Years in the top position though brings a special weight. Managing Partners or Chairs with time under their belt can benefit from having navigated a variety of internal and external situations, tapping into past successes (or mistakes) to guide major decisions. For example, Am Law 200 firms, as a whole, demonstrated during the pandemic lessons learned from the 2009 recession concerning layoffs and associate hiring and development.

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Few firms cut classes of associates wholesale and most looked for creative and ingenious ways to integrate new hires despite the remote work environment and economic uncertainty.

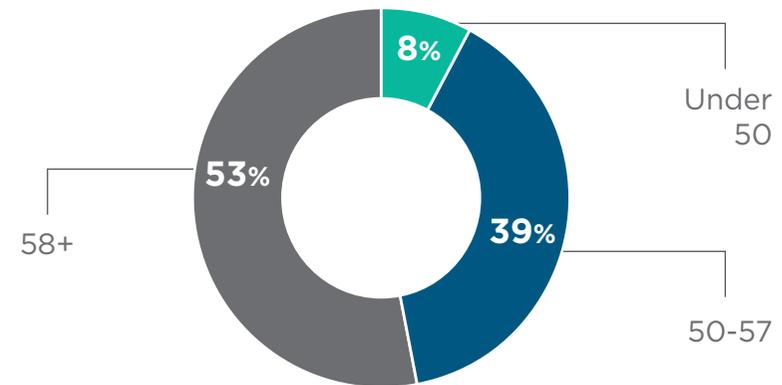
Conversely, newer leaders often bring a fresh perspective and, possibly, an appetite for change – or at least ideas for how to do things differently than their predecessors. Recent years have seen an uptick in turnover at the highest level of law firm leadership and that shift is reflected in the tenure of firm-wide leaders. Though the majority – nearly two out of three chairs and managing partners – had been in their role for at least 4 years at the onset of 2020, 37% of Am Law 200 leaders were in their role for less than three years when the pandemic hit.

The Evolving Tenure - and Role - of the Am Law 200 Leader

Succession planning and generational transition are hot topics at firms of all sizes. The past few years have seen some significant leadership changes, especially among highly successful, first-generation firms (some, of course, more effective than others.) Given that over 20% of the Am Law 200 leaders have been in their role for over 10 years, a notable transfer of power is likely on the horizon. Lawyer leaders' increasing reliance on a core team of business professionals for everything from strategy to innovation to technology

to practice management, will serve as a driver, pushing lawyer leaders into a more strategic and less operational role.

More than Half of Am Law 200 Leaders are Baby Boomers



As managing partners and chairs relinquish responsibility for the day-to-day business, as has already happened at some of the top firms, the very definition of what it means to be an Am Law 200 leader will evolve. Law firms will look to lawyer leaders as instrumental in bridging the gap between clients, lawyers, and business professionals, helping to provide motivation, vision, and inspiration for transformational change.

In a related measure, the age of Am Law 200 leaders, similarly, skews to those longer in the tooth. Over half of leaders are estimated to be 58 years or older, an age range corresponding to the Baby Boomer generation. Young leaders, those under 50, account for 8% of Am Law 200 leaders – an impressive showing when compared to CEOs of the Fortune 500 and S&P 500, where just 6% hail from the under 50 crowd.

This is a potentially significant finding in our current environment. Although age itself does not correspond to leadership effectiveness – apologies to those awaiting the advantages of wisdom – there is research indicating younger leaders are more open to change. As law firms grapple with the onslaught of external factors transforming

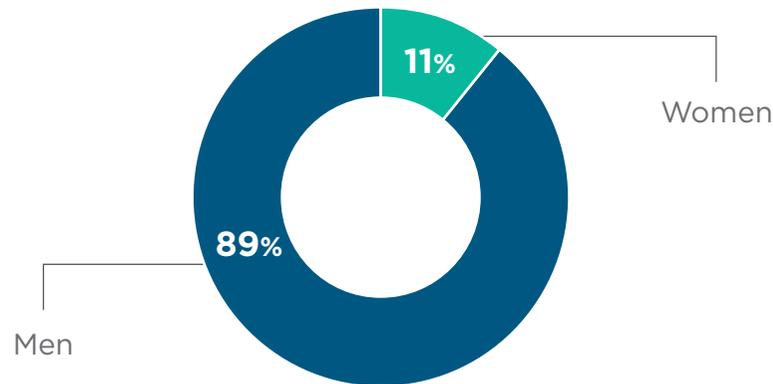
everything from how we work to where we work, this mindset has the potential to provide a significant strategic advantage.

A Shining Light in Female Leaders?

Similarly, diversity of perspective is a powerful benefit in the leadership ranks. Myriad research studies enumerate the advantages of having diverse teams, from improvements in financial performance to greater client satisfaction and stronger employee engagement. On this metric, again, law firms are slightly better than their corporate brethren (who, in and of themselves, are far from stellar performers).

Younger leaders, by estimated age, are more likely to be women, peaking at a noteworthy 28% of the under 50 group

Just 11% of Am Law 200 Leaders are Women

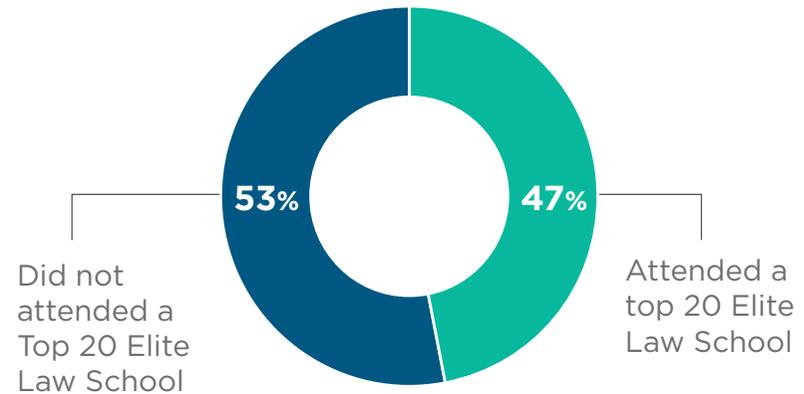


Female leaders account for just 11% of Am Law 200 chairs and managing partners. This figure is slightly higher than Fortune 500 CEOs and FTSE company leaders, both of which sit at just 7%. We do not have the required data at this time to evaluate accurately the racial diversity of law firm leaders. As a point of reference, just under 7% of Fortune 500 leaders are people of color.

One potentially heartening trend concerning diversity comes in digging into subsections of the data. Younger leaders, by estimated age, are more likely to be women, peaking at a noteworthy 28% of the under 50 group. This equates to about 2.5 times the overall average for the Am Law 200 firms. Newer leaders, similarly, have more women among their ranks, though the dividing line comes at the 10-year mark – the 45 leaders with over 10 years in their leadership role are exclusively men.

This latter point begs the question – is this a sign more women are stepping into leadership roles for the long haul, and these young female leaders the wave of the future? Or will attrition soon make its mark, as it does in the partner ranks, where women opt out of law firm culture rather than rise to the top? The jury is still out on this one. Positive signals at law firms include adoption of holistic approaches to examine and shift culture, a willingness to invest in building better leadership skills, and a thoughtful, admittedly harrowing, examination of what it means to be a law firm partner, shareholder, and contributor – above and beyond the sheer dollar value credited to the bottom line. On the flip side, the reluctance to rethink development and mentorship models, adherence to largely biased modes of recruitment and hiring, and the pervasive stigma attached to alternatives to the partner track linger large and threaten to perpetuate the status quo.

47% of Am Law 200 Leaders Attended a Top 20 Elite Law School



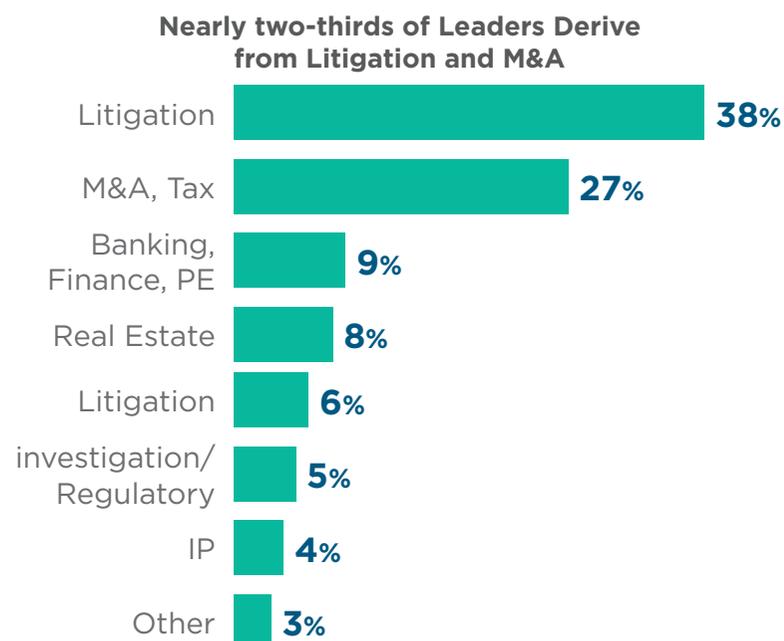
Is Elite Law Losing Its Luster?

Diversity at the top matters – yet it is not where it begins. Law schools have been grappling with this issue as well, which leads us naturally to the question of where the Am Law 200 leaders received their legal education.

Among the under 50 crowd, fewer than 40% of leaders attended a top 20 law school

Just under 50% of managing partners attended a Top 20 elite law school, as defined by the 2020 U.S. News and World Report Rankings. This percentage is higher at Am Law 100 firms, for older leaders and leaders with more than 10 years in their role.

Among the under 50 crowd, fewer than 40% of leaders attended a top 20 law school. This trend is in keeping with national trends away



from the most prestigious (and often expensive) higher education institutions. It dovetails with an increased emphasis on diversity, opening the door for students from historically black colleges, public universities, and other institutions where minority candidates comprise a greater proportion of the student population.

Core Practice Areas Dominate

Not surprisingly, more than half of Am Law 200 leaders hail from two core practice areas, litigation and transactions. This makeup mirrors the breakdown of how large clients spend, and how large law firms make their money. The bulk of the remaining leaders, similarly, work in corporate law specialties including banking and finance, employment, IP, and real estate. Despite several Am Law 200 firms having robust trusts and estates and immigration practices, none of today's top roles draw on this talent.

One hypothesis we held coming into this analysis surmised transactional lawyers would have an advantage when taking the top spot within a law firm. It stands to reason a person ingrained in the machinations of business operations and growth might leverage this expertise to enrich the financial performance of their own business – the law firm. The data, however, did not play out. Transactional lawyers were no more successful at growing revenues or profits than their litigating brethren.

Does Any of This Matter?

Short answer – no, not really; or at least not with respect to financial trends. Of all the correlations we explored, from elite law schools to age, gender, practice, years in the role, none definitively showed any relationship to three-year or five-year trends in financial performance at law firms. This finding was not surprising. Effective leadership comes not in years of experience, a high-priced education, or gray hair. It comes, instead, from a deliberate focus on developing, flexing, and constantly exercising one’s leadership “muscle.”

Contrary to popular belief – professional development leaders shared their greatest obstacle to deploying leadership training at their firm was the belief leadership skills are inherent¹– leadership can be taught. And by all accounts, should be, particularly in an industry rife with burnout, mental health challenges, alcoholism, addiction, poor retention of associates and diverse and female talent, and more. Especially right now.

The pandemic brought an enormous amount of change to the doors of lawyer leaders. Few were equipped to handle them. This is not to say law firms performed poorly. On the contrary, many rose to the occasion, learned to lean heavily on the experienced business professionals helping them run their firms, and not only survived but thrived. Yet at what cost?

Looking to the future, law firms and their leaders are asking themselves this question. Most are grappling with return-to-work policies, wondering how to retain exceptional (and productive) talent who have embraced their newfound independence, while simultaneously ensuring the development of young lawyers and the cultivation of more inclusive cultures. This is a tall order. One made even more difficult by the widespread lack of preparation offered to leaders as they take on these monumental tasks. Just 32% of firms provide partners with dedicated leadership training². A day of reckoning is before us.

¹ The Expanding Role of Professional Development: Preparing Lawyers for Business, The Tilt Institute and LawVision Group, June 2020

² Ibid.