

Management Essentials: Managing Partner 101

By Gary Adamson

There is a small club in the CPA world. It consists of managing partners, who most likely are thrust into the role with little or no training and few mentors. This situation is compounded by the personality issues involved, as rarely does a new managing partner match the tone of his or her predecessor. The club may be small, but the impact is huge. The managing partner sets the tone of the firm, so his or her effectiveness is important to the firm's ongoing success.

As more firms find themselves in the position of transitioning managing partners, it is becoming increasingly important to measure a managing partner's effectiveness. But who teaches you to be an effective managing partner? How do you know if you are performing your job well? Rest assured, your partners will not tell you. The most valuable feedback that most of us get is from other managing partners and from benchmarking ourselves against other firms.

When I became a managing partner over 20 years ago, I just jumped in. And I can tell you from cold, hard experience, the job is not easy. I can also say that every day there is something to learn about how to be a good leader.

I found that organizing my responsibilities into seven categories was very helpful. Once that was accomplished, my next assignment, and arguably the most difficult, was deciding which of these tasks could be delegated and to whom. The following list describes the seven categories that assisted me greatly in performing my job as managing partner and that may be helpful to you:

1. running the business;
2. client service;
3. marketing/new business development;
4. partner issues;
5. firm governance;
6. strategic thinking; and
7. outside firm voice.

Running the business

All of the innumerable duties inherent in running any business also apply to CPA firms, such as cash management, human resources, technology, and facilities

management. Honestly, though, these are easy tasks (relatively speaking). They are important and have to be completed—but the managing partner does not have to do them. These functions can be performed by the firm administrator with your oversight and appropriate involvement. If your firm is too small to have a firm administrator, then some or all of this responsibility can be assigned to a competent staff member. In all but the smallest of firms, this should account for no more than 10 to 15 percent of your time.

Client service

Most managing partners, unless they are in very large firms, still have a client book to serve. However, if you are carrying a similar client load as the rest of your partners and have similar charge hours, you are not effectively performing your job as a managing partner. You cannot commit the necessary time to properly do both.

A suggestion is to transfer some of your clients and hours to others in exchange for some protection from the firm since we all know that for most CPAs our book is our security blanket. For instance, consider a cushion that protects your compensation for three years, when you resume the practice partner role. This will enable you to take the time to build up your book without losing income.

A managing partner of a \$10 million firm should spend no more than 25 percent of his or her time on client service. That said, overseeing the quality of client service and spotting potential issues most definitely is part of the managing partner's job description.

Marketing/new business development

As managing partner, you are probably one of the firm's best rainmakers, and firm growth is an important part of your job. But bringing in new business does not have to be one client at a time. The managing partner should also be seeking opportunities for firm growth through the addition of high-level talent and the acquisition or merger of other firms. Your influence in the positioning, marketing, and branding of the firm is critical as is your leadership and push in the growth of service lines and niche practice areas. Your time investment should be in the 15- to 20-percent range.

Partner issues

Managing partners are responsible for partner coaching and goal setting, and the dreaded word: accountability. The movement to a higher level of partner accountability is afoot in most firms and must be led by the managing partner. As the managing partner, you are responsible for the firm's partner compensation process, partner retirement, new partner mentoring, high-level lateral hires, partner buy-ins and outs, partner employment agreements, and, hopefully, only occasional conflict resolution. This category encompasses some of your most important responsibilities with some limited assistance from your firm administrator. It is a very time-intensive job if done well. It is also a very personal and potentially rewarding job. Depending on the issues within your firm and the number of partners, this is a 10- to 15-percent time category.

Firm governance

Every firm has some type of governance structure, either formal or informal, in place. It is the managing partner's responsibility to keep it working, to ensure the right people are in the right jobs, and to determine when adjustments or changes are required. For example, in my firm the Executive Board was comprised of the managing partner, chief operating officer, and elected partners, with meetings at least quarterly, periodic full-partner meetings, two planning retreats per year, and a lot of communication in between the meetings. Part of this communication included meetings with managers and other nonpartner leaders to keep them informed. As managing partner, I was responsible for developing agendas, running meetings, distributing minutes, and holding others accountable to be sure important decisions got implemented. You should use administrative help to keep a lot of this moving. In a \$10 million firm, you will spend 10 to 20 percent of your time to do this well, and it will overlap the partner issues role that is described above.

Your job is not to have all the answers; rather, it is to ask the tough questions, challenge your partner group, and nudge them into action when appropriate.

Strategic thinking

Being able to successfully strategize is an important function of the managing partner role. It is your job to think strategically about the firm to ensure its continued growth and success. It's big-picture thinking; it's challenging what you are doing and how you are doing it. This category includes firm merger and acquisition activity, strategic hires, growth, markets, services, and niches. Your job is not to have all the answers; rather, it is to ask the tough questions, challenge your partner group, and nudge them to action when appropriate. I have heard many of you say, "I don't have time to think."

You have to make the time to dream about how to move your organization forward. It would be great if we actually spent five percent of our time here.

Outside firm voice

As the managing partner, you are the face of the firm in many ways. This category includes media relations, firm spokesperson, firm event host, community event representative, firm association representative, and state society and AICPA representative. Some of these responsibilities can be delegated but most managing partners handle all of them. For most of us, this is a five- to 10-percent time commitment.

The managing partner role is a tough one. I hope that these categories will help you to organize and improve your work life and priorities. The demographics indicate that there will be a great deal of managing partner turnover in the next several years. Are you prepared?

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