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Careful Planning Eases Knobbe Martens Leadership Change

By Robert Iafolla
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LOS ANGELES - After three decades of the same leadership, a new managing partner took the reins Jan. 1 at Knobbe Martens Olson & Bear, with Steven J. Nataupsky stepping in for the retired Jim Bear.

The Irvine firm's partnership elected Nataupsky in 2004, which allowed him time to shadow his predecessor, learn the ropes and ease the changeover from first- to second-generation leadership.

"It should be a very smooth, seamless transition, thanks to the 18-month overlap," Nataupsky said. "My job now will be keeping the ship on course."

Although Knobbe Martens used a plan to navigate its leadership succession, industry observers note that many firms remain unprepared for this crucial eventuality.

In a recent survey conducted by the staffing group Robert Half Legal, more than half of attorneys polled said their organizations lack a formal succession plan for key positions.

"The most important thing the founder can do is choose and groom successors in a timely manner," said Lyndon Parker, managing director of legal search and consulting firm Mestel & Co. in Los Angeles. "That will result in a strong and lasting future for everybody that works at the firm."

Parker said many firms suffer from "founderitis," possessiveness among first-generation leadership. Symptoms include the stifling of the fresh, creative, nimble thinking necessary to deal with an evolving legal market, which can doom a firm.

For example, Parker cited the demise of Lyon & Lyon, a Los Angeles-based intellectual property boutique that failed to adjust to new challenges. The firm lost clients and attorneys in the face of changes to the business of patent law, before finally closing its doors for good in 2002.

On the other hand, Stradling Yocca Carlson & Rauth handled succession proactively, which in turn helped the firm deal with shifts in the marketplace.

Michael E. Flynn, who chairs the firms' corporate practice group and sits on its executive committee, explained that the changeover process encompassed years of conversations and planning.

"We decided not to wait and react but to think it out in advance," Flynn said. "We're always counseling our corporate clients to plan ahead, so we took a little of our own advice."

Colleagues credit Flynn with guiding the Orange County-based firm from the succession process into a period of growth and change, which has included diversifying its client base and opening new offices.

"Mike was at the forefront of conceptualizing the change, architecting the change and implementing the change," securities litigation chair and hiring partner John F. Cannon said.

Firms like Stradling Yocca and Knobbe Martens took steps that Art Jalandoni, placement services director for Robert Half Legal, identified for successful succession: select high-potential employees; provide them mentoring; and include them in firm decisions.

Planning this way, Jalandoni said, can preserve a firm's culture when the changeover occurs, which can "make or break a law firm."

Continuity of culture is especially important for Knobbe Martens, a firm noted for its unusually egalitarian business model.

Nataupsky said the firm's relatively young partnership, after years of direct interaction with the name partners, has accepted the founders' firm philosophy.

Bear, who joined Knobbe Martens in 1968 and became managing partner in 1975, was the last name partner working full time at the firm. His successor joined the firm straight out of law school in 1991 and was elected to the executive committee in 2000.

"It's not so much a new generation," Nataupsky said of his ascension to managing partner, "as just keeping things going in the same direction."



Steven J. Nataupsky is the new managing partner at Knobbe Martens Olson & Bear, replacing the retired Jim Bear.