

Norman Bacal, *Breakdown: The Inside Story of the Rise and Fall of Heenan Blaikie*. Toronto: [Barlow Book Publishing](#), 2017. xix + 331pp., illustrations, index. Cloth; ISBN 978-1-988025-15-5, Cdn \$29.95.

Norman Bacal's *Breakdown: The Inside Story of the Rise and Fall of Heenan Blaikie*, chronicles the evolution of the law firm from its beginning as a Montreal legal boutique founded in 1973, through its improbable ascent to the point where it had become one of Canada's largest firms, before suddenly and unexpectedly collapsing some 40 years later – the largest law firm failure ever in Canadian history.

Such failures in Canada are rare, with the other most significant recent breakups being those of two mid-size Toronto firms, Holden Day Wilson in 1996 and Goodman and Carr in 2007. However, those do not begin to compare to the magnitude of Heenan Blaikie's demise. At one time, the firm had over 575 lawyers and 1,200 support personnel in ten offices across Canada and internationally, making it the fifth largest Canadian law firm. It was still in a relatively secure financial position as recently as one year before finally closing its doors.

So, what actually happened? That is the very intriguing question raised by these events and one that the author does his best to answer. It is important for there to be an answer if this experience is to be instructive to law firm managers in the future. However, it is a complicated story and, as a managing partner at the firm throughout most of this time, Mr. Bacal acknowledges he may have certain biases in telling it. At the same time, he is clearly a natural-born storyteller and, while there may have been some temptation for him to burnish his record of involvement in these events, he seems to have resisted doing so, presenting the story in a balanced and fair-minded manner. He even comes in for some significant self-criticism in the book. Overall, the book's narrative benefits, more than it suffers, from the author being an insider to these events.

While the critical storyline here is the history of the firm's rapid build-up and, ultimately, its abrupt dissolution, it is also, inevitably, autobiographical. The author was both a significant participant in, as well as an observer of, all these events. There are, for example, lengthy sections describing his efforts to build the firm's film finance tax practice. However, that discussion also serves the useful purpose of exemplifying how smaller, more entrepreneurial, specialty practices flourished at Heenan Blaikie.

The firm's story, as told by Mr. Bacal, is well-paced and, even though its outcome would generally be known to most readers, the author still manages to maintain a degree of suspense in its telling. In the course of this narrative, Mr. Bacal presents a kaleidoscope of characters at the firm who make appearances at various times when they have a significant involvement with the story. While this adds to the story's complexity, the author's descriptions of these individuals are well-drawn and help to bring to life the events described. Surprisingly, the profile of the firm's principal founder and leader, Roy Heenan, is not provided in the depth one might expect, given his importance to the story. While the author acknowledges his contributions to the firm's success, the impression one gains from the book is that while he was the keeper of the firm's cultural flame and was an important force in setting its strategic direction, he was also, on occasion, an unrealistic dreamer and a dominating, even menacing, force to be reckoned with in internal firm matters.

From the very beginning, the firm's founders were determined that it would be operated very differently from the larger, more profit-focused, Montreal law firms they had left. This was exemplified by their decision not to have a written partnership agreement. Instead, it was famously established on a handshake, a notion which would be anathema to most lawyers, but was intended to emphasize the importance of trust in their relationships. They sought to create a professional experience which would maximize job satisfaction by providing its lawyers with the freedom to pursue independent and entrepreneurial practices in which risk-taking was encouraged. Personal relationships were understood to stand in priority to economic rewards, thereby precluding the internal rivalries which had caused unhappiness at other firms. In striving to have a consciously different culture from other firms, they accepted that this distinctiveness would come at a price, in the form of lower profits and partner compensation than would be earned at more purely commercially-focused firms. There was even a name for this: the "Heenan Tax".

Another objective of the firm's leadership from its very early days was the goal of expansion, beyond its Montreal base. The first initiative in this regard was the opening of a Toronto office. The responsibility for this mandate fell to the author who moved to Toronto, where he aggressively pursued lateral and new hires to build out its practice, both there and elsewhere. Although the firm's principal practice areas had been labour and employment, litigation and tax, its longer-term objective was for it to be a national, full-service law firm with offices in all major Canadian cities. In this objective, Heenan Blaikie was largely successful. Indeed, these efforts sparked a rapid growth in the firm to the point where, in 2010, it had a presence in all Canadian major markets and was about to open a new fifteen-lawyer Paris office the following year. However, there were serious clouds on the firm's horizon which led to it being in a state of crisis within three years and to its dissolution the following year.

To return to the question posed at the beginning: "What happened", there is no shortage of possible causes. Mr. Bacal exhaustively reviews these and concludes that the firm was brought down by a massive loss of trust and confidence, which ultimately led to a significant exodus of lawyers from the firm on the part of those who had other options. He also expresses the view that a number of those departing the firm at a time when last-minute rescue efforts were being made in an attempt to save it, had betrayed the firm in favour of their own self-interest. However, that seems a little harsh, given the chaos they were leaving behind and the unlikely prospect that the firm could successfully be turned around at that late stage. Indeed, the problems that the firm experienced in the run-up to its collapse made it highly unlikely that they could ever have recovered in those circumstances.

While undoubtedly many factors contributed to Heenan Blaikie's ultimate downfall, a number of these appear to have been self-inflicted. These most certainly would include the Firm's failure to replace, before it was too late, its long time management. To have done so on a more timely basis might have led to its adoption of much needed governance reforms, greater focus on problems associated with the Firm's over-rapid expansion and avoided the seriously divisive problems which it later encountered in its efforts to revamp its compensation distribution regime.

By not resolving issues relating to its long term strategy and inter-partner relationships, Heenan Blaikie had left itself vulnerable if outside events threatened its bottom line, such as occurred during the Great Recession, which devastated its financial health, prompting many partners to depart for greener, and more secure, pastures, and which led, ultimately, to its destabilization.

Yes, the “proximate cause” of the firm’s failure was the departure of lawyers for other opportunities to a point where it could no longer carry on its business. However, surely that became inevitable once a majority of partners ceased to have confidence in its management or its possible rehabilitation.

In conclusion, Mr. Bacal’s book makes an important contribution to understanding the need for strong law firm management while, at the same time, providing an enjoyable read.

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