Book Review
Compte rendu

Heenan Blaikie: The Making and Unmaking of a Great Canadian Law Firm

Professor Adam Dodek
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Reviewed by: Jordan Furlong[1]

On a recent trip to Montréal, I ran into a lawyer who'd been a partner with Heenan Blaikie at the time of its dissolution in the winter of 2014. She recognized me as one of a group of consultants who'd attended a meeting of Heenan Blaikie's executive committee the previous November. My colleagues and I had been called in to talk to the firm about strategic planning, although it didn't take us long to recognize that the firm was far beyond any help that we could give.

I told this lawyer that, by coincidence, I was about to review Professor Adam Dodek's book, *Heenan Blaikie: The Making and Unmaking of a Great Canadian Law Firm*.[2] She had read it and thought it was very good. "It doesn't tell the whole story," she said. "But I don't think it could."

This is, indeed, a very good book. Prof. Dodek has written a comprehensive and compelling biography of one of the largest law firms Canada has ever produced. From a 1973 handshake agreement among three young Montreal lawyers, Heenan Blaikie grew continuously and voraciously over the course of four decades to become a massive national law firm, peaking at 560 lawyers in 2010 while offering market-leading services in labour, tax, and entertainment law. Yet fewer than five years after that peak, Heenan Blaikie was gone, leaving its remaining partners liable for a collective $50 million in debt. Nothing like it has happened in Canada before or since.

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[2] Adam Dodek, *Heenan Blaikie: The Making and Unmaking of a Great Canadian Law Firm,* (Vancouver, BC: University of British Columbia Press, 2025).

It's also true that you can't tell the entire story of a law firm that employed thousands of lawyers and staff over the course of more than 40 years. But Prof. Dodek tells a story that we need to hear. He interviewed more than 180 former Heenan Blaikie lawyers, along with 40 other industry observers (disclosure: I was one), an extraordinary amount of first-hand research never previously carried out for any Canadian legal business entity.

The result is a gripping account of a Canadian law firm's rise and fall from the 1970s to the 2010s, and of the contemporaneous transformation of our country's politics, economy, and legal sector during that period. Perhaps most usefully, this book is an insightful exploration of the myriad elements required to build and sustain a successful modern law firm, vividly illustrated by Heenan Blaikie's failure to assemble or adhere to almost any of them.

Prof. Dodek persuasively argues that the seeds of Heenan Blaikie's shocking failure were embedded in its founding and began to flourish during its meteoric rise. The handshake agreement in 1973 among Don Johnston, Roy Heenan, and Peter Blaikie that birthed the firm came to assume mythic proportions within its culture.[3] "The Handshake" represented a refreshing and liberating informality in legal practice, a more carefree and less punishing approach to work. This was to be a legal workplace built on collegial trust, a "different kind of law firm" where you could be yourself, work only the hours you wanted, and still make a good living.[4]

That's a lovely vision for a law firm, especially in the 1970s, when law practice in Canada was as cloistered and protected as it's ever been. It might even have been a sustainable vision, had history proceeded differently. If Heenan Blaikie had remained a full-service Montreal-only firm with a dominant labour law practice, whose lawyers traded greater income and higher status for shorter workdays and healthier lives, we would be telling a different story today.

However, seismic political events—especially the two Quebec referenda and the failure of the Meech Lake Accord—would shift the balance of economic power in Canada from Montreal to Toronto during the last 20 years of the 20th century, making a presence in Ontario's capital essential for any firm with nationwide ambitions. And perhaps the waves of merger and expansion that swept through the Canadian legal sector in the 1990s, creating an array of highly commercialized national firms like Fasken

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3 Dodek *supra* note 2 at ch 1.

4 *Ibid* at ch 4.

Martineau DuMoulin, Fraser Milner Casgrain, and Borden Ladner Gervais, would have defeated the original vision in any event.

But Heenan Blaikie was an ambitious firm. Its lawyers liked to call themselves "entrepreneurial" and said they were committed to "growth." So when innovative tax partner Norm Bacal strong-armed the firm into opening a Toronto location in 1990, one that swiftly grew to rival and then overtake the founding office in Montreal, it was a natural and sensible decision. So too were later expansions to Vancouver and Calgary, and even an affiliate office in Beverley Hills. Smaller regional offices in places like Kamloops and Trois-Rivières were more difficult to justify, never mind an eventually disastrous expansion to Paris, but nobody was asking difficult questions about these decisions or looking too closely at pesky issues like profitability or strategic goals. Heenan Blaikie was a "different kind of firm" where the good times kept on rolling. Until they didn't.

To be clear, there's nothing wrong with growth and ambition for a law firm. But growth for its own sake and ambition without goals and guardrails are dangerous. As for "entrepreneurialism"—that's a term I've encountered frequently in law firms over the years. As Inigo Montoyo might put it, I don't think that word means what the lawyers who use it think it means.

In my experience, law firm lawyers who describe themselves as entrepreneurial often mean, "I get to do what I feel like doing." They want the rewards of free-wheeling law practice without the risks, and the protective benefits or colleagues without the sober responsibilities of collegiality. But real entrepreneurialism combines the rush and excitement of independent business with the equally bracing possibility of humiliating failure and financial ruin. There are many successful lawyers out there who've accepted this tradeoff and adopted this approach to their legal careers. They're called sole practitioners, and "carefree" is not how you'd describe them.

Law firms can accommodate entrepreneurial lawyers, of course; indeed, such lawyers are often the engines of new business development. But they need to be managed carefully, and they ought not to form a substantial minority of even majority of the partnership. An entire law firm of "entrepreneurial lawyers" inevitably would breed a reckless corporate culture, which is exactly what manifested at Heenan Blaikie.

Growing and expanding beyond Montreal was not Heenan Blaikie's fatal mistake. The mistake, one that would inevitably lead to failure and collapse, was to retain the original firm's ragtag governance structure and business culture throughout this expansionary period. Heenan Blaikie was a multi-million-dollar international legal conglomerate that often seemed to be run like a side-hustle family business.

The most incredible oversight was the firm's refusal to employ a written partnership agreement—a foundational management protocol in place at every comparably situated law firm—until 2002, a mind-boggling dereliction of governance standards. But governance and management failures appear in almost every chapter.

- Significant business decisions, especially those concerning new office locations, were made by a few influential partners with little supporting data or strategic planning.

- Revered co-founder Roy Heenan exercised *de facto* veto power over significant proposals, ruling the firm like a patriarch.

- Major lateral hires were made without anything like proper due diligence, leading to the recruitment of several high-flying yet notorious partners whose impact on the firm proved to be disruptive or even destructive.

- Standards for partnership admission were low and unproductive, and equity partners were rarely forced to leave, creating both profitability problems and bottlenecks at the partner level.

- Practice groups within offices, and offices in different locations, were poorly integrated; tensions that arose within and among them were consistently ignored or swept under the rug.

- There was little to no financial transparency for the partners, and most of the partners appeared perfectly content to be in the dark on these critical matters.

- The firm simply did not plan for the future: As Prof. Dodek puts it, there was "no strategic planning, no succession planning, no planning for the end of big cases, no planning for an economic slump".[5]

Halfway through the book, you're no longer wondering how Heenan Blaikie collapsed. You're asking yourself how in the world it remained standing for so long.

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5 *Ibid* at 273.

Many brilliant and capable lawyers made Heenan Blaikie their home over the years, and Prof. Dodek is careful to single out for praise myriad individuals who gave the firm worthy service or tried to sound warning bells as disaster loomed. And he gives credit to the "entrepreneurs" and their gambles where it's due: Many of their risks paid off handsomely, vindicating the visionaries and enabling the firm's incontrovertible success.

But he is also unsparing when assigning blame. Ultimately, the firm's failure to adopt any semblance of a governance framework and culture was the primary culprit in Heenan Blaikie's downfall. But Prof. Dodek targets three leaders in particular for their contribution to that problem: co-founder Roy Heenan, longtime Toronto-based Co-managing Partner Norm Bacal, and longtime Montreal-based Co-managing Partner Guy Tremblay. In particular, Bacal's and Tremblay's failure to plan for and manage their succession as the leaders of their respective offices, combined with festering tensions between the firm's two pillar locations that burst into open hostility near the end, both accelerated Heenan Blaikie's demise and aptly symbolized the firm's refusal to organize and operate like a serious legal business.

Prof. Dodek also places blame on the firm's executive committee, which eventually devolved into a timid rubber-stamping body. But of particular note is his criticism of the firm's rank-and-file partners. Yes, they were denied access to the firm's finances and stonewalled in their attempts to question key decisions; with some honourable exceptions, however, most simply left it at that. They chose not to fulfill their roles as owners and directors of the firm, preferring instead to view themselves as dividend-earning shareholders who delegated decision-making responsibility to others. Heenan Blaikie had indifferent management and invisible governance because the firm's most powerful partners wanted it that way, and the rest of the partnership was functionally indifferent about that.

It's a fair critique, but it's also fair to say this state of affairs represents the rule, not the exception, in large law firms everywhere. In the modern law firm, the great majority of partners don't regard themselves as "business owners," with an active obligation of management and oversight for the firm's sustainability. Partnership instead is widely considered a role that confers autonomy, status, and money, but not ownership responsibility. Even law firms with strong internal governance structures are at risk from partners more interested in their own annual draw than in the firm's overall health. In that respect, at least, Heenan Blaikie isn't such an outlier at all.

I'll close this review with two other points worth highlighting. The first is one of Prof. Dodek's most trenchant observations: Throughout the more than 180 interviews he conducted with Heenan Blaikie personnel, he writes, "it is noteworthy how few of them mention clients, let alone the importance of client service as a distinguishing feature of their firm." I was also struck by this absence. Yes, this is a biography of a law firm's demise, not an exhaustive catalogue of the businesses it served, so clients can't be expected to feature too prominently. But the sense that emerges from this account is that at Heenan Blaikie, clients were regarded primarily as fuel for growth, prized for the money and status they could bring the firm, consistent with that "entrepreneurial" mindset.

The second observation relates to the first: Particularly during its initial expansion into Toronto, Heenan Blaikie's leaders liked to describe the firm as "not like Torys," contrasting their more laid-back, balanced culture with stiffer and stuffier old-school firms like Torys and other Bay Street paragons. As time went on and the firm prospered, however, Heenan Blaikie began to desire the very status that Torys possessed, harbouring dreams of becoming the Canadian legal sector's "Eighth Sister." It could never resolve that contradiction: It was not Torys, yet increasingly it wanted to *be* Torys.

But as Prof. Dodek points out, Torys was, and is, also renowned for a firm-wide dedication to superior client service that supports longstanding institutional client relationships. "Torys put the client first", writes Prof. Dodek. "Heenan Blaikie was a lawyer-first firm".[6] For all their ambitions of elite status, Heenan Blaikie's leaders seemed unable to grasp exactly what makes a law firm truly elite in the first place. And by the end, in the most important respect, Heenan Blaikie did indeed prove to be "not like Torys".[7] Torys is still around.

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6 *Ibid* at 98.

7 *Ibid* at 93.