



LAWYERS AS MANAGERS

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This article is third in a series. In my article, *Leaders, Managers & Bullies*, I presented the notion that to be successful, law firms need the skills and abilities of all three personality types at the management helm. Because it is rare that one individual can capably fill all of these roles, a team-oriented management approach is warranted at most firms today. In my article *Lawyers As Leaders*, I further defined the abilities, skills and role of the successful leader in today's law firm. In this article, I elaborate further on those qualities which are essential in effective managers.

What is the role of a manager in today's law firm? In my first article I defined effective managers, such as managing partners, as those who have knowledge and control of the thousands of details necessary to successfully grease the wheels of the law firm mechanism.

At the top of the job description list for a law firm manager is the requirement to safeguard the financial position of the firm. This "CFO" job becomes increasingly difficult as firms attempt to control costs and stay competitive and profitable in a weak economy.

Reducing overhead can effectively and immediately improve a firm's bottom line, and cash position. However, successful managers are careful to trim fat and not muscle. A firm can cut expenses only so far without destroying morale of staff and/or attorneys, and/or creating a negative impact on client service, which ultimately lowers revenue further and exacerbates the problem. The successful manager will aim to achieve savings without sacrificing long-term goals of the firm; a good manager knows the difference. A talented manager also knows that enhancing revenues provides a target of greater opportunity, and will develop procedures and strategies to do so.

Protecting the firm from fraud, ensuring that generally accepted accounting principles are correctly adhered to, and providing regular reports to the firm's partners are all important aspects of the financial management of the firm. In addition, a solid manager keeps an eye on cash flow, ensures a solid budget is produced each year, and monitors the firm's progress and adherence to the budget both on the revenue and expense side. He/she has to be able to initiate effective remedial strategies quickly when the firm goes off course.

A challenge which accompanies the role as CFO is that of educating other partners so that they understand the statements and reports produced, what factors play into increasing and decreasing profitability, and how to spot trends as they develop. I find too often the firm's partners do not understand most of the reports produced, and are reluctant

to ask questions that reveal their lack of understanding. As a consequence, they may deny or resist the need for remedial strategies, ignore reports, or even exacerbate the problem.

Because people are a law firm's greatest asset and largest overhead item, a capable manager will ensure that the firm plans and conducts activities to maintain morale of professional and support staff. These include such activities as retreats, staff meetings, department meetings, attorney luncheons, picnics, holiday celebrations, and so forth. Proper development of the firm's talent pool must also be another priority. That means developing good orientation, training and mentoring programs.

Our new generation of attorneys are often not willing to adopt the work ethic and lifestyle of their predecessors. They may not want to be owners and managers of the firm. Most do not want to work 2000 or more billable hours each year. They seek a more balanced life between work and home. And development of their skill set is just as important as their compensation. The successful manager will ensure these differences are accommodated in the firm.

The requirement to manage people issues often becomes a black hole which absorbs a lion's share of time, and grants little appreciation in return. Managing partners are usually the victims of criticism from "Monday night quarterbacks," who are quick to indicate the mishandling of particular issues. Yet the effective manager knows that people must be treated fairly and equally, and often that means looking more at the big picture than the individual facts and circumstances at issue. That means, for example, that the path of least resistance cannot be followed when staff or attorneys think they are above the rules, make unreasonable requests, or mistreat others in the office.

Procedures must be clearly delineated and communicated, people must treat each other with respect, and the capable manager will ensure that there will be accountability for people to do so. Incumbent with this position, then, is the basic ability to "take the heat" of criticism, to deal with the lack of appreciation for dealing with issues no one else wants to, and to keep an eye on the big picture.

I would be remiss if I did not mention strategic planning next. While it is usually the leader of the firm who establishes the overall mission, identity, and long-term goals of the organization, it is the manager who must ensure that the details of defining short-term objectives and implementing the plan to achieve them is put into play. This may not seem to be a significant role. But given that attorneys are historically very poor at strategic planning and implementation, it's a tall order.

Attorneys have exceptionally high need for autonomy. This frequently translates into an unwillingness to be led. And the high need for collegiality and maintenance of the professional working environment also serves to limit accountability at firms. When you combine high autonomy with a lack of accountability, you typically have an environment in which good ideas are rarely successfully implemented, and the resulting frustration



ultimately forms an environment which is inhospitable to effective planning and innovation. Breaking the chains of this ineffectiveness requires strong skills and intestinal fortitude. The successful manager must inspire a willingness to be managed so that strategic planning can be achieved.

The preceding is not by any means a comprehensive discussion of the many details which go into greasing the wheels of the law firm mechanism. But it does encompass those which are most demanding of time and talent. Nonetheless, there are other critical areas which space limitations prevent me from reviewing, such as the manager's role with respect to technology, facilities and so forth. So the next time you want to stereotype your managing partner derisively as the "paper clip counter," perhaps you should think again.

Over the many years—over two decades— I have served the legal industry, I have developed an enormous respect for those individuals who take on the job of managing partner, and do it well. They are extraordinary people. Unfortunately, at many firms this position is filled more on the basis of availability than on inherent ability. This role is just too important to trust it to someone unsuited to do the job. And while some of you may strongly disagree with me, I believe it is also too important to be done for free. Who in their right mind gives up the hours they could otherwise use servicing clients and building their book of business to do a thankless job for free? Would you want to buy stock in a company whose CEO worked for free or nominal salary? Likely not. So it is incumbent on the firm to determine how to properly compensate its managing partner. Unsure how? Look for further exploration of this topic in a future article.

I also find that too many managing partners suffer from an inability to delegate, as well as an inability to refrain from micro-managing those to whom they delegate work to. Firms are typically under-managed. Small firms, and even many mid-sized firms, wrestle with the concept of hiring a professional manager; otherwise known as a legal administrator. I am often told, "We're too small to be able to afford an administrator." However, when I perform an analysis of the non-billable time spent by the managing partner on tasks which would normally be performed by a capable administrator, I am frequently able to show that when that time is redirected into producing billable hours and servicing clients, the revenue gains more than offset the cost of the manager. Moreover, a properly trained and experienced legal administrator will usually do a better job of managing people issues, technology, and the important day-to-day procedures, policies and responsibilities.

Although the managing partner's revenues may initially increase only a small amount beyond the cost of the manager, the overall quality of life at the firm will increase significantly as the wheels of the law firm mechanism are better greased and the ride gets smoother. And of course the managing partner gets to do more of what he/she is best trained to do, and usually most enjoys doing.

The role of the managing partner is still important, and does not disappear with the engagement of a capable legal administrator. However, the number of hours devoted to the



position decrease significantly, and the sophistication of the issues which the managing partner will be freed up to focus on will ultimately be more beneficial to the firm.

If you wonder whether your firm needs additional management, how to find an effective manager, or even what the responsibilities and abilities of a legal administrator should be, I encourage you to contact me on the hot line or by email.

If you are the managing partner of your firm, keep track of your non-billable management time, broken down into broad categories, like human resources, technology, and so forth. Be sure to look at the volume of hours each year, along with that of other partners at the firm to whom you delegate management tasks. You should also make a list of the management issues which you cannot address due to lack of time, and prioritize them based on the potential impact on the firm. Then sit down to “do the math” at least annually, to determine if additional management assistance is warranted.

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