

THE IMPORTANCE OF DEFINING THE ROLE OF THE EXECUTIVE COMMITTEE, MANAGING PARTNER AND ADMINISTRATOR

Is management something that your partners do when they have time available from the "real work" that lawyers are supposed to do or has the management function been defined and the role of the lawyer managers determined and agreed to by the partners?

Where does the management process rank along with the time devoted to fee producing or business development and client retention activities? If partners are unwilling to factor into the compensation system, the time devoted by other partner(s) to manage the firm, there will be little incentive for any partner or group of partners to take the time away from their client production and business generation activities to manage the firm. Also, placing a partner in charge who wants to be managing partner or is the most senior partner or lacks an adequate volume of client work and therefore does not have the respect of the partners may be a serious mistake. Experienced lawyer managers recognize that power in a law firm is exercised, never claimed.

"People skills" are one of the most important characteristics of a good lawyer manager, whether a managing partner or member of a management committee. Without these skills, sooner or later, even the best technician will fail. Hence, partners with good interpersonal skills will know when to seek assistance from other partners who may be better able to deal with technical problems.

This article discusses the role of the executive committee, managing partner and administrator in managing all areas of the law firm other than the practicing of specific professional matters.

In a law firm, most lawyers, including the lawyers on the executive committee, want to practice law. The amount of time they are available for management is limited and must be used wisely. To the extent the firm's executive committee, or its managing partner, become involved in management activities that can be performed adequately by others, they frequently will be taking time from the management jobs that must be performed by them. While there are a number of functions that an executive committee should fulfill, its principal job is to make certain that all of the important phases of the firm's activities are being well managed - not to manage them all by itself.

There are some management functions that should be performed by the executive committee or by the managing partner and which normally should not be delegated. There are others that may be performed by the executive committee or the managing partner, but which also may be performed by individual members of the executive committee or other lawyers in the firm.

Where responsibility for these other functions is placed, should depend on making certain the executive committee and the managing partner have the time to perform the functions that only they can perform before they take on other functions and on which lawyers have the talent, energy and interest to perform them.

Lawyers are not initially recruited to a law firm on the basis of their interest or skills in management and they are not usually trained by the firm in these skills. Consequently, the skill and the amount of interest individual lawyers have in management varies greatly.

Interest in skill and management are relevant criteria in selecting members of an executive committee, but providing representation to different groups of lawyers and possessing good judgement on policy matters may be more important criteria. As a result, some members of the executive committee may be good managers and others may not be. On the other hand, if the managing partner does not have some skill and interest in management, the firm may be in trouble.

Unlike with members of the executive committee and to some extent the managing partner, the firm's administrator should be a professional. He/she should have the skill, training, experience and interest to do the job.

The Executive Committee

The role of the executive committee should be to monitor the firm's economic performance and to provide

the overall long-range planning policy and direction. The committee should make certain that systems are established and individuals are responsible for all the areas of the firm's management. The committee should make major decisions or recommend major decisions to the firm. Examples of these decisions include: lawyer compensation, billing rates, decisions with significant economic consequences, i.e., unusual billing arrangements for major matters, opening additional offices, entering new areas of specialization. It is not necessary that the executive committee undertake all the leg work and analysis regarding these decisions.

It should, however, evaluate the upside and downside risks, the effect of the decision on the firm's economics and individual lawyers and how the decision fits into the firm's other policies and programs. Members of the committee should communicate with other partners in the firm, associates and key administrative personnel so that the executive committee has the benefit of views from other lawyers in making management decisions, so the other lawyers understand the decisions and programs that the executive committee adopts.

The Managing Partner

The role of the managing partner should be to provide leadership, including maintaining morale of the lawyers as a group and individually. The managing partner should anticipate management needs and make recommendations for fulfilling them. This partner should supervise the firm's administrator and make decisions that are not sufficiently significant for executive committee consideration. The managing partner should implement executive committee decisions by informing the proper people of those decisions and by following up to see that they have been implemented. The managing partner should coordinate all management activities and make certain that the system and individuals responsible for the firm's management are functioning properly.

The Administrator

The role of the administrator should be to ensure the efficient and cost-effective performance of the financial, personnel and office service functions of the firm. The administrator should implement firm policy effecting all non-lawyer personnel. He/she should supervise the financial, personnel and office service activities. The administrator should assist the managing partner, committee members and other lawyers in their day-to-day or specially assigned responsibilities. The administrator should manage the office economically and effectively within the guidelines provided by the managing partner and members of the executive committee. The administrator should provide a staff which effectively supports the production of legal work. He/she should ensure maintenance of the necessary administrative, personnel and financial records. The administrator should maintain inter-personal relationships for lawyers and members of the administrative support staff which lead to good morale and team spirit.

The administrator should implement for the managing partner, the executive committee and members of other committees such planning or administrative functions, as requested.

Managing a law firm can be a very complex and time consuming function. Frequently, firms allocate various management functions to specific individuals who may occupy the position of managing partner or a member of the executive committee. However, in many firms, it is not unusual for the managing partner or the executive committee to request the assistance of other lawyers to perform and/or oversee the timely and accurate performance of certain management functions. Typically of these, are overseeing the firm's financial matters and reporting system through the firm's administrator. This may include preparation and monitoring of budgets, billings, collections and cash flow. Depending upon the firm's organization and economic position, the managing partner or executive committee may request that other partners analyze management reports for time and money, recommend on investment of excess funds and banking relationships.

Management Tools

It is the author's opinion that lawyer management should utilize tools available to manage the firm and motivate its personnel. These tools include, upgrading or downgrading partner status, increasing or decreasing draws, salaries or bonuses, reassigning authority and responsibility among partners for associates, paralegals, clients, billings, management or substantive areas of law and other administrative matters. In many firms, lawyer managers are evaluated on how effectively they have managed the firm and utilized tools to motivate attorneys.

The more successful lawyer managers recognize the value of allowing attorneys to use their individuality and set their own pace to achieve client and firm goals. However, lawyer managers also recognize the importance of developing a law firm into a cohesive unit, rather than a confederation of lawyers consisting of highly individualistic attorneys practicing as sole practitioners sharing facilities and overhead. The better lawyer managers recognize the importance of directing and channeling the efforts of highly intelligent and motivated lawyers into one or more units having common goals and objectives.

To the extent that partners acknowledge the concept of having a unified firm and agree upon a form of firm governance, the role, authority and responsibility of lawyer managers and minimum criteria or conditions of partner performance, the professional and economic objectives of the firm and its partners can be accomplished.