Words to Manage By

Martin L. Fineman of Davis Wright Tremaine offers up tips and practical advice on running a law firm.

By **Martin L. Fineman** | June 15, 2011 at 03:16 PM

Everyone from retired CEOs, to former football coaches, to religious leaders have written books or articles about management. After more than 10 years as partner in charge of the San Francisco office of a major, national law firm, I thought I would add my thoughts to this scholarship. Many such articles distill the secrets of management success into some sort of Ten Commandments. Bucking tradition, I offer "The Sixteen Commandments of Law Office Management" (math was never my strong suit).

This is part one of a two-part series. What follows are the first eight commandments.

1. NO 'SALY' MANAGEMENT

Our friends in budgeting have an acronym, "SALY." It stands for same as last year. The concept is if you don't know how much to budget for a certain expenditure, just budget the same amount for that category as last year. SALY, subconsciously, is a management style as well. We make the same contributions, attend the same meetings, make the same business development calls, year after year. This is not a plea to tear up established plans merely for the sake of change. The hope is that we repeat certain activities not merely because they are comfortable, but because they have proven to work. But this is a plea to re-examine periodically not only budget expenditures, but also other patterns we have fallen into for no good reason than that's the way we did it last year.

2. HIRING LATERALS DOESN’T SOLVE EVERY PROBLEM

This is a typical transcript of annual office partners’ strategic planning meeting:

Partner in charge: “Let’s get started. The first issue on the agenda is business development. What shall we do to increase revenues?”

Partner One: “I say we get a headhunter involved to help us hire a partner who is a real rainmaker. That’s what we need.”

PIC: “OK. I’ll call the headhunter we use tomorrow. Next issue is that our good corporate client has a lot of employment work we don’t get because we don’t have an employment group.”

Partner Two: “Let’s call up Susie Jones at Dewey Cheathem & Howe. She’s a great employment lawyer. Let’s see if we could lure her over.”

PIC: “Great idea. Now, the bankruptcy group is awfully busy these days. What are we going to do to get them some help?”

Partner Three: “That’s an easy one. I went to law school with a really good bankruptcy lawyer. Maybe if we hire her and her associate, that would solve that.”

PIC: “Wow, we’re solving all of our problems today. Now, here’s a tougher one. We do a lot of great work for ABC Bank, DEF Bank and GHI Bank, but we’ve never been able to get a foot in the door with JKL Bank. What can we do?”

Partner Four: “Well, JKL loves Stonewall & Obfuzkate. If we could just hire one of their partners, and add our banking expertise, I bet we could get JKL to give us a chance.”

And so on.

There are many important reasons for lateral hiring: to add a skill set that can’t otherwise easily be developed; to add critical mass to an existing successful practice area; as part of a succession plan where a successful partner is nearing retirement and no successor is obvious; etc. But hiring a lateral is not the answer to every management issue. In fact, relying on a magical outsider to join the firm and make problems go away often overlooks better solutions and can even create new problems. For example, if the problem is the absence of some specialized expertise, a better solution may be to take a motivated but not fully occupied lawyer and provide the training necessary to master that area of law.

3. THREE STEPS TO EVERY DECISION

Management is the process of making good decisions. There are three steps to every decision: (1) make the right choice, (2) communicate the decision to those affected, and (3) implement it properly. It is tempting to believe that your role as manager ends after one. In fact, all three of these steps are equally important. The best decision in the world is doomed if not understood and accepted by those affected. A great choice is no better than a bad decision if there is no follow-through to implement it properly.

4. DON'T GET TIMID.

At the risk of generalizing, lawyers tend to be a conservative group. We all realize that the wild and crazy choice is not always the best decision. But by the same token, the play-it-safe choice is not always the best decision, either. For example, a law firm must periodically make a decision about where to locate its offices. The safe choice is to stay where you are. That's where the clients know where to find you; that's where employees have their commutes mapped out. But the safe choice may not be the best choice. The current office building may not offer room to expand, thus stifling the firm from pursuing profitable expansion opportunities. A different building may convey more prestige or provide the opportunity for cost savings. Every firm and every firm manager should be open to taking a moderate amount of risk.

5. HIRE GOOD PROFESSIONAL STAFF AND EMPOWER THEM.

No matter how much you might want to be involved in every administrative, HR and financial activity concerning the office, you can't. You should, and must, delegate some of these tasks to professional staff, whether the office administrator, accounting, billing, collections, business development, computer systems or other departments. The best piece of advice in this entire article is to hire excellent professional staff, and then get out of their way. Do not redo their work or get in their way unnecessarily. Give them the authority to do their work effectively. Then, support their decisions (even if they occasionally do things differently than you would). You will be glad that you did.

6. HELP PEOPLE IMPROVE INSTEAD OF FIRING THEM

Everyone is excited when someone new is hired, whether a new partner, associate, paralegal or secretary. However, far too many people get frustrated when that new hire makes a first mistake and want to write off the new employee as a hiring error. Often, that first mistake is not a mistake at all. The new litigation associate may know federal procedures and conventions, but hasn't worked in state court much before. The new accounting department head may have never managed people before. The cost of turnover, whether of lawyers or staff, is very high. So, rather than becoming frustrated with people, consider whether there are ways to help that person improve instead of firing him or her. Is there a class they might take about state court civil procedure? Is there an experienced supervisor who might mentor a new manager about delegation and feedback? If you invest in people developing their skills, you will get more from them and they will love you for it. If the problem still isn't solved, you may then need to demote or fire the employee, but you will know that you made the effort to help the person obtain the necessary skill.

7. DEAL EUPHORIA &MDASH; THE HARD PART IS MAKING IT WORK

“Deal euphoria” is a phrase used by our colleagues in the corporate world. It refers to the feeling of elation from having made a deal, whether the completion of a merger, or a stock offering, or a big contract. But our corporate colleagues, and their clients, the dealmakers, will tell you that the real work is in making the deal work. The same is true in law firm management. It is always exciting to add a new lateral partner, or merge with another firm, or bring in a new client. But success lies not in making the deal, but in the hard work that follows, making the deal a success. In the case of hiring a new lateral, that requires making sure her clients make the transition, making sure her practice is being cross-sold to existing clients, spending time on integrating the new hire into the firm, and a hundred other tasks long after the euphoria of the deal has faded.

8. THE BEST DECISION YOU NEVER MADE

While it is important to trust your instincts (see the book “Blink*,”* by Malcolm Gladwell, regarding the importance of knowing when to go with your gut), it is also good advice to sometimes slow down when making an important decision. Your gut may be trying to tell you something else (and not just about the pepperoni pizza you had for lunch). That nagging but indescribable doubt that you just can’t put your finger on may be something important. Have you ever opened the business page two years later to read that the high-flying client you pursued so avidly, but unsuccessfully, is now announcing bankruptcy (leaving its creditors, including its professional advisers, holding the bag)? Have you ever hesitated while pursuing a lateral candidate, only to have the candidate choose another firm, and then find out a year later that the candidate has been through three firms in between? Sometimes, the best decisions are the times you passed on something.

Part two of this article will examine commandments nine through 16, including the Neapolitan ice cream rule, avoiding becoming the director of useless programs, and Gresham’s Law of law firm management.

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In Practice articles inform readers on developments in substantive law, practice issues or law firm management. Contact Vitaly Gashpar with submissions or questions at ***vgashpar@alm.com (http://vgashpar@alm.com)****.*