

MISSION STATEMENT

*Report to Legal Management* is published with the sole purpose of bringing to our readers the most timely perspectives and advice of the management consultants of Altman Weil and thereby to enhance the quality of law firm management in the U.S. and abroad.

EDITOR

**James Wilber**  
Principal  
Altman Weil

CONTRIBUTING EDITORS

**Ward Bower**  
Principal  
Altman Weil

**David G. Briscoe**  
Senior Consultant  
Altman Weil

**Norman K. Clark**  
Principal  
Altman Weil

**Thomas S. Clay**  
Principal  
Altman Weil

**James D. Cotterman**  
Principal  
Altman Weil

**Daniel J. DiLucchio, Jr.**  
Principal  
Altman Weil

**Brett C. Don**  
Senior Consultant  
Altman Weil

**Charles A. Maddock**  
Principal  
Altman Weil

**Marjorie Miller**  
Adjunct Consultant  
Altman Weil

**Alan R. Olson**  
Principal  
Altman Weil

**Richard C. Reed**  
Senior Consultant  
Altman Weil

**Larry R. Richard**  
Principal  
Altman Weil

**Lisa Walker Johnson**  
Principal  
Altman Weil

**Tae Yoshida**  
Senior Consultant  
Altman Weil

MANAGING EDITOR

**Susan D. Sjostrom**

PUBLISHER

**Charles F. Huxsaw**

September 1998

Volume 25, Number 12

# Report to Legal Management

O U R 2 4 T H Y E A R



Thomas S. Clay

## The Most Often Asked Questions About Practice Groups

By Thomas S. Clay

The managing partner of a large law firm (275 lawyers) with whom I was working said that his firm had “tried practice groups before, and they didn’t work.” He went on to say that the firm was implementing a practice group structure again, and he asked if I had any “hints” that might help ensure a successful implementation.

Firms have enjoyed varying levels of success in their use of practice groups. In answering the frustrated managing partner I said; “Yes, there are a few issues and concepts to consider that have enormous impact on practice group performance.” Following are the most often asked questions about practice groups and my recommendations for dealing with each of them.

### What Are Practice Groups?

As one might imagine, practice groups often mean different things to different firms. Some are used as administrative management structures, while others are focused solely on marketing. Neither is “best.”

Practice groups are a means by which to organize and compete better in a market. It’s that simple. Groups should have a clear focus on an external target such as an industry segment, a specific type of substantive practice, or a group of clients.

Practice groups can be comprised of individuals who perform the same kind of work,

i.e., a tax practice, or they can be multi-functional, comprised of individuals from various practice types. *Composition of the group depends upon its external focus.*

Practice groups need to have a clear vision with an external orientation. If your firm’s groups do not, you should rethink them.

### How Large Should a Practice Group Be?

An arbitrary, pre-established size parameter (i.e., groups must be “x” size) is silly. I have observed practice groups as large as 30 members that were extraordinarily effective. I have also worked with groups as small as four or five that were very competitive.

The size of the group depends upon two key issues: (1) the group’s vision (what resources you need to execute plans and serve the clients), and (2) the quality and skill of the group manager or leader.

To test size requirements, a firm should

*continued on page 3*

### Inside This Issue

<i>The Most Often Asked Questions About Practice Groups</i> . . . . .	1
<i>Looking Inside and Outside of Law Firms</i> . . . . .	2
<i>The In-House Legal Function: Advantages and Disadvantages</i> . . . . .	4
<i>Training Lawyers When You Don't Have the Time</i> . . . . .	7
<i>A Pathfinder for 21st Century Legal Practice</i> . . . . .	10

*PRACTICE GROUPS... continued from cover*

make a critical assessment of a group's vision and determine the level of resources needed to compete effectively. For example, a five person products liability practice group that is focused on large complex litigation is probably not going to be considered by clients that need depth to handle very large law suits. In contrast, a state tax practice estimated to be \$75,000 per year in revenues doesn't need a practice group of ten.

Generally the quality of leaders, their management and leadership skills, as well as the time they will devote to the group, are very important, practical considerations. I know a few practice leaders who lead large (25-30 lawyers) groups very effectively. There are also many that can't lead a group of four or five people because they lack effective management and leadership skills. Firm leadership would be wise to use these two key issues to evaluate group size rather than an artificial rule of thumb.

#### **How Many Practice Groups Can a Partner Be a Member Of?**

Practically speaking, one is fine and two is enough. Most lawyers simply cannot devote the time and energy required to function effectively in more than one or possibly two groups. Those lawyers who "demand" to be in three, four or five groups usually do so because they don't wish to "miss anything" but rarely add anything of worth to the group.

However, membership or lack of membership in a group does not mean that a partner who does the "kind of work" done by three or four groups will be foreclosed from doing that kind of work (a fear that many partners have). It only means that he or she may not be heavily or actively involved in some of the strategies such as marketing, developing practice efficiencies, staffing innovations,

etc. A partner is well-advised to choose (and I know that may be difficult for some) the one or two groups to which he or she can contribute best. Top leadership should help partners choose where necessary.

#### **Do You Really Need a Practice Group Leader, and What Should His or Her Role Be?**

Yes, you definitely need a practice group leader. No group will function well without a leader. The role of the practice group leader is typically one of management, administration and leadership, but the key objective is for the leader to "add value" by enabling the group's members to focus more effectively on the external vision. Eighty percent of the leader's time should be spent on helping the group achieve the vision, and twenty percent should be spent on administration. When top management asks, "How are things going?" the leader should respond with comments about achievement of external objectives and not internal issues.

#### **How Should You Select Practice Group Leaders?**

Often practice group leaders are the most senior member of the group, or the one who controls the most business. Neither of those attributes necessarily connotes management or leadership skills.

Practice group leaders should be selected because they have leadership skills (although they may need to be developed or enhanced through training), will get things done, enjoy a high level of respect by group members, and, most importantly, work on behalf of the team, and not for themselves.

#### **How about Training of Group Leaders?**

The fastest growing segment of training in law firms is in the areas of practice group management, engagement management, and similar areas. I believe that group leaders *are*

*the most important managers and leaders in terms of making a firm competitive. Therefore, any firm would be wise to spend significant time, dollars and energy on training these leaders. Effective training means more than (just) one or two day seminars. It means development of a curriculum which utilizes internal and external resources to train leaders in a number of areas. Areas of training will include leadership skills, profitability management, strategic plan development, engagement management, practice reengineering and more. Effective training programs will be tailored. Don't fall prey to cookie cutter training.*

#### **How Should Practice Group Leaders Interact with Top Management?**

In my opinion, one of the most important reasons that practice groups are not effective is because top firm management is not involved to the degree needed within the groups. Consider a group of practice leaders who told me that they had carefully prepared strategic plans for their groups and had submitted them to the firm's policy committee. The committee sat on the plans for two months, had no dialogue with group leaders, and ultimately rubber-stamped the plans. Group leaders recognized this for what it was, a poor commitment to the firm's practice groups. Much of my consulting time was spent working with the policy committee demonstrating how it needed to interact with the groups in order for them to be successful and flourish. This "linkage" with top management is critical.

Practice group leaders must have a dialogue, either formal or informal, on a regular basis with the managing partner, members of the management committee, etc. Without this level of management involvement, these groups will be far less effective.

*continued on page 9*

*PRACTICE GROUPS... continued from page 3*

### **Should Practice Groups Develop Their Own Strategic Plans?**

The answer is yes. Any group should have a strategic plan that focuses on its external targets and vision. Plans should be more than just marketing plans. They should include staffing recommendations and strategy, profitability strategy, marketing and practice development, acquisition and merger suggestions, etc. Each plan should be consistent with the *firm's* vision. Plans should be rationalized and communicated throughout the firm.

Practice groups should be held accountable for execution of their plans, and, at least quarterly, group leaders should meet with top management to “debrief” on achievement of plan objectives.

#### **Summary**

There is no question whether practice groups can be successful. It is a matter of whether or not firms focus, manage and utilize them appropriately. Industry has discovered that smaller, more nimble groups that focus on markets and clients are better able to compete in today's environment. Law firms are subject to the same market and economic forces as the business world and need to utilize the same tools and concepts that have proven successful there.

Attention to a firm's practice groups is probably the most effective time spent by management. It will mean that management is focused on increasing the competitiveness of the firm — an obviously critical objective. ♦

*Thomas S. Clay is a principal of Altman Weil, Inc. His office is located in the firm's Newtown Square, Pennsylvania headquarters, and he can be reached at 610-359-9900.*