



# Stonebridge

## LEGAL OFFICE MANAGEMENT

### DIPLOMA COURSE

#### Sample Pages

#### INTRODUCTION TO MANAGEMENT



**TUTOR TALK:** The Learning Outcomes for this assignment are:

- Define Management

#### INTRODUCTION

Earlier in the twentieth century, solicitors were looked upon as “men of business”. This status, together with a lack of competition, and monopoly protection appears to have caused a high degree of complacency, which at the present time, is causing both an erosion of status and a loss of income from fees.

In today’s world, many solicitors practise in a turbulent and often hostile environment.

The government, in its role as protector of consumer interests, exerts pressure upon them. There is also competition in the form of banks, building societies, insurance companies and accountants, who now tend to use internal legal departments.

Therefore the legal profession finds itself in a position where it requires to make up lost ground against these institutions which with their larger scale of operations have been more expedient in adopting new technologies.

Many in the profession do not care for the idea that law is a business, and there are many indicators to show that solicitors are not good business people. In previous times, when the scale fee and a more passive market prevailed, it was possible for most solicitors to make a good living without being business orientated. However, competition, fee cutting, and pressure from financial institutions are now at such a level that many solicitors are experiencing a compression of income.

This perceived decline in solicitors' affairs can be attributed to several factors, which might include any of the following:

- the nature of partnership
- the nature of legal training
- the lack of strategic awareness
- the scale of the enterprise
- a poor corporate image
- the concept of professionalism

Although solicitors are highly motivated, highly trained, and hardworking people, they lack training in formal management, and the present degree system is such that solicitors who enter the profession have been given little training in the skills which are necessary to run a successful practice.

The LLB Degree does not teach anything regarding human behaviour, basic psychology or the techniques that are necessary to deal with the public.

It is not the purpose of this course to make anyone pessimistic regarding private practice, but it has the purpose of providing a more realistic approach.

It has been suggested that there are too many practice units at the present time to allow most solicitors to benefit from the economies of scale that they should be able to enjoy.

It is hoped that after taking this course, solicitors, or potential solicitors will be aware that private practice is only one of several options which can be pursued. Legal qualifications are well recognised in the business world and perhaps within one or two decades, the attractions of a fixed salary, and finite responsibilities may make solicitors slow down in their rush to start their own practice.

There are many reasons why a person should wish to become a solicitor in a private practice, these include:

- providing adequate legal services and client satisfaction.
- fulfilling professional obligations.
- ensuring adequate compensation for solicitors and staff.
- ensuring survival and growth of the firm.
- the fulfilment of personal satisfaction.

Although there is a difference between managing legal work and managing a law office, the concepts of organisation, communication, delegation, leadership and control are similar. Management and decision making takes place at different levels.

## **WHAT IS MANAGEMENT?**

There are various definitions of management, some of them more complex than others.

Management is not a precise science, nor is it an unchangeable body of theory. It could be described, as more of an art than a science, because it contains several principles and quantitative methods which together constitute an awareness and a discipline which can add to profitability. Management is essentially the process where desired goals can be achieved by the use of available resources.

There are various reasons why solicitors should be aware of management techniques, especially if they are suffering from compression of income, which results in the increasing overhead costs outrunning the ability of solicitors to increase their income from fees. Increase efficiency can make a difference and later in the course, the efficient production of legal work will be considered.

It is unfortunate that the set of personal characteristics which can produce a good solicitor, often tend to make him or her a bad manager.

*Peter Drucker*, who is one of the acknowledged experts in Management Theory, states in his book, *The Practice of Management* [1954] that management is not just common sense, nor is it experience. It is at the very least, an organised body of knowledge.

*Drucker* sees eight areas for managerial objectives:

- Marketing
- Innovation
- Human organisation
- Financial resources
- Physical resources
- Productivity
- Social responsibility
- The profit requirement.

However, management is not a divisible whole, and each factor overlaps the others. Nevertheless, it is necessary to divide this course into sections, which, it must be stressed, are interrelated.

*Drucker* sees the manager as performing five basic functions, these being:

- The setting of objectives
- Organisation
- Motivation and communication
- Measurement, the setting of standards and targets
- The development of people, including the manager

The human being is a unique resource which requires peculiar qualities in those persons who attempt to work with it. In most legal organisations, the most crucial resources are the people. To the economist people are simply a factor of production. However, to the psychologist, work has an inbuilt meaning. *Drucker* sees five dimensions in work:

- The psychological
- The physiological
- Work as a social and community bond
- The economic dimension
- The power dimension of working

Economic consideration must be the first consideration of any management decision, but there are other considerations, such as worker satisfaction, social impact, and the responsibility of the enterprise.

Management is also a combination of administration and entrepreneurship. The former is the efficiency element of management, and the latter are the effectiveness. The business should be operated for profit and profit can be viewed as a premium that has to be paid, over and above a salary, for the element of risk that is involved.

*Drucker*, acknowledges the importance of the manager as a leader, and the status of the office as a community. In addition, it is acknowledged that there must be opportunities for development and fulfilment, in addition to job security and income.

In caring for his staff, the manager/solicitor must create a structure which will allow him or her to develop his or her own attributes and interests. It is the task of the manager to ensure that there is a sufficient communication network within the organisation. He must also ensure that the decision making instructions are correct and that all functions are performed in compliance with the two main restraints of time and resources.

The manager should be constantly asking questions of himself, such as:

- What is our business?
- What should it be?
- Who are our customers?
- What products and services are no longer relevant?
- How can the business be improved?

## **PARTNERSHIPS**

### **a. Introduction**

Many young solicitors get carried away with the thought of their name appearing on the firm's notepaper. It is to be regretted that very few consider the implications of entering into a partnership, and the following will be of benefit to these people.

### **b. Choosing a Partner**

Only a few lucky solicitors are ever in a position to choose their partners. Most will be accepted into an existing practice. However, the personal aspects of a partnership cannot be overlooked. In many ways, it is similar to marriage, and indeed many solicitors are likely to spend as many waking hours with their families as they do with their partner.

Personality plays a major role, and personality clashes in a large scale enterprise are manageable, but in a small firm, these clashes can be fatal.

Certain factors should be taken into consideration when assessing whether or not to join a firm, or to accept an offer of a partnership.

The major considerations are:

- The age profile of the partners in question: Although it is impossible to create a perfect age pattern in every firm, consideration should be given to this factor.
- Many solicitors enter into partnership with friends or colleagues, and it is most likely that they will all be in the same age group.