

Introduction to Law Practice Management

Second Edition

Mary Ann Altman
and
Robert I. Weil



MATTHEW
BENDER

AN INTRODUCTION TO LAW PRACTICE MANAGEMENT SECOND EDITION

Mary Ann Altman

Certified Management Consultant

Robert I. Weil

Certified Management Consultant

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Matthew Bender



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The authors of this book have watched the subject of law office management move from relative obscurity to a topic of prominence at gatherings of lawyers. We have waited to write this book until it appeared that the subject would be one studied by law students—that time arrived in 1981. By 1986 it became evident that things were still changing and that a revision to this book was needed. Marketing had moved from the embryonic stage into a sophisticated science in most law firms. Technology had become commonplace and important in almost every law firm across the country. New fields of specialization, especially in the health, high-tech, and interstate banking law areas had developed. In addition, changes in the taxation laws of this country rendered obsolete some of the advice given in the 1981 edition. It is our hope that the profession of law will be assisted and furthered by the study of techniques for operating a law practice more effectively. Only when the business of practice runs smoothly can client service be given proper attention.

We would like to thank the other members of this consulting firm for furnishing us with the time to write the book and for assisting in its preparation, especially Linda Iannelli, who prepared the chapter on office automation.

Readers are urged to write to the authors with comments or questions which could lead to even more improvements in this volume in future years.

Mary Ann Altman and Robert I. Weil

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INTRODUCTION

You will soon be entering your chosen profession. Your schooling will be behind you, and ahead of you will lie a life centered around the practice of law. The theories of jurisprudence have become ingrained in your thoughts. You know how to look up the law, how to present a case, how to draft pleadings, and you are prepared, or so it would seem, to enter the mainstream of American working life. However, one topic which is not generally stressed in a law school curriculum is a course on the business of law practice. Practicing law is a profession with a central purpose of serving clients, the community, and the courts. However, the cruel, hard fact of life is that you must also make a living through the practice of your profession.

There are generally seven ways in which a lawyer may pursue his or her profession. He or she may open his or her own office or group together with other young lawyers in a new joint practice, may join an established firm, may be employed by the legal department of a corporation, may go with the government in a legal department, may choose to work with a public interest group, join a military legal organization or may teach the law to others. In this book we attempt to introduce you to four of the seven basic ways of earning a living in the practice of law—private practice of your own, joining an established firm and working in a corporate legal department or in a governmental legal organization.

The business of law is a growing one. Law firms have increased in size greatly over the past decade and the number of lawyers entering the marketplace for the first time has increased dramatically. Increasing competition for client business makes it more important today than ever before that new lawyers understand that they will either immediately or eventually be called upon to treat their practices as business operations as well as professions. This volume is intended to touch on the most important aspects of business management to provide the background for a rewarding career.

The various chapters of this book present ideas and information on a variety of topics. Chapter 1 deals with the basic concepts of management and management principles. Lawyers often find it difficult to apply these management techniques in their practices. This inability may be due to the natural “free spirit” of individuals who choose law as a career, or it may be due to some of the thought techniques which are taught traditionally in law schools. For example, law schools teach students how to be prepared to champion every side of an issue. In a business situation this often leads to argumentativeness in the decision-making process. Law schools impress students with the need to think about the client first—a habit which can lead to inattention to the business side of practice. Thorough analysis is taught. In handling a legal case this can create an excellent work product, but when making a business decision, often the decision need only be “good” not the absolute “best” one possible and over-research can lead to procrastination and failure to make

decisions at all. The use of trial advocacy techniques in a business situation can lead to one lawyer's advocating a staff person over another staff employee, to the detriment of the firm.

Chapter 2 outlines the way in which private practice is organized and the advantages and disadvantages of different kinds or styles of business organization. Chapter 3 provides similar information aimed, however, at employment in the legal department of a corporation or in a governmental legal agency.

Chapter 4 covers a topic not generally taught in law school, but one which is necessary to survival—how to set and charge a fee. Hopefully, the information contained in this chapter will help the law student who begins his career working for a firm or legal department, as well as the student who plans to start his or her own firm, understand the importance of the fee-charging process in the operation of a business entity.

Chapter 5 deals with the way in which partners and shareholders are compensated or share their mutually produced income. Although this topic may not be one of immediate interest to the graduating law student, it is one which will become more and more important as progress is made in the profession's ranks.

Chapter 6 is designed to assist the young lawyer who wants to build his or her own practice, either as a sole practitioner or in community with peers. Some of the topics included in this chapter may also be useful to the lawyer who joins an existing firm, in terms of providing information on techniques which can be utilized for developing a personal client following.

Chapter 7 covers the recruiting process and choices which are available for employment after law school. It also includes information on what law firms and legal employers look for in their associate lawyers.

Chapter 8 contains a great deal of information on nonfinancial administrative systems and procedures which law firms use. It covers the handling of new matters, filing systems, ticklers and library controls. Chapter 9 covers the other internal administrative systems for accounting and time-keeping. These are the systems which make a law firm function well in serving its clients and its lawyer members.

Chapter 10 provides a basic introduction to the use of technology in law firms today. In some respects many law students are more used to working with the technologies of computer applications than are most lawyers who have been out of law school for a decade or more. This chapter may serve as a basis for a young lawyer's introducing an employer to advancements which are available in this area and participation in the management processes which can lead a firm into a more technologically oriented practice.

Chapter 11 attempts to introduce the law student to the other employed staff members he or she will encounter in a law firm, and the ways in which nonlawyer staff

positions are filled. It also includes some information on motivation, a key technique in getting the best out of the people he or she may work with in the future.

Chapter 12 deals with the agreements which partnerships and professional corporations write for themselves. It outlines the key points which should be considered in this kind of agreement and the pitfalls to be avoided.

The authors hope that this volume will provide the basics for good career decision-making and provide some insight in how to prepare for a fruitful future in the law.

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