

# Culture Shock

## How Administrators Can Help Associates Adapt

BY ED POLL

Law firms today are focused on staffing levels more than ever before, committed to holding down lawyer headcounts as they never were during the boom times. However, with signs that recovery for the economy and the legal profession may be forthcoming, now is the time to plan for legal staffing needs from a more practical and business-like standpoint. Once the demand for legal talent begins to increase again, it may be too late. And this is an ideal opportunity for firm administrators to stake out a leadership role regarding how newly hired lawyers will be integrated into a vastly different and more demanding law firm environment.

### THE NEW ECONOMICS

Today, of course, recruiting from even the most prestigious law schools has slowed sharply. Some firms have cut starting associate pay in conjunction with having these young lawyers participate in training or apprenticeship programs for their first years or two.

The economics of hiring new law school graduates can no longer be taken for granted. Consider the time and expense of the recruiting and interviewing processes, the education and mentoring (often provided by highly paid partners) needed to assimilate new law school graduates into the firm culture and procedures and the additional cost of reduced productivity in the beginning as the new graduates are getting up to speed. Not surprisingly, experts estimate that it takes from three to five years to break even on the investment in a new lawyer straight out of law school.

Many observers have noted that, except for brief summer internships, most U.S. law school students merely read about law rather than practice it. They are ill-prepared to negotiate a settlement, interview a client, or do many of the other tasks required of a practicing lawyer, unless they learn them on the job. Their "apprenticeships" as law clerks in their second or third years of law school may involve doing routine research and office tasks. Then, of course, reality sets in once the young lawyer joins the firm and is ill-equipped to handle the financial realities of law firm life. The firm administrator is ideally positioned help these new lawyers adapt to these realities.

### BUSINESS COMPETENCY

This problem at the very start of a career is too often perpetuated throughout a lawyer's lifetime by the dearth of continuing legal education courses in management and client service issues. The issue is one of business competency. (You may want to review my book, *Business Competency for Lawyers: A LawBiz® Management Special Report*.) The lawyer who has it understands the firm's operation as a



Administrators are ideally positioned to help new lawyers understand the firm's business operations.

---

business (budget, collections, profit, loss), the firm's billing structure, how each attorney determines firm profitability and the importance of clients and their own businesses. Years ago, I registered a phrase, "The Business of Law<sup>®</sup>," because it summarized the basics of my law firm consultancy, because it summarized such an important truth – and because so many lawyers seemed to lack understanding of the concept.

All lawyers need to be more sensitive to their firms' financial needs and business operations, yet it is apparent that they still need help in understanding business competency. Administrators who are familiar with the firm's financial information and marketing needs can make their firms stronger – and their own jobs more valuable – by helping lawyers to truly grasp business competency. This should involve the full range of business disciplines that administrators, as financial and marketing professionals, deal with every day.

### FINANCIAL EDUCATION

My experience when practicing as an associate illustrates where administrators can have an impact on a young lawyer's financial education. I had a conversation with the managing partner during which I showed him what percentage my billings were of the firm's total, what my expense to the firm was and what my "profit" to the firm was (though I had no clue about the realization rate of my billings by the firm). After getting over the shock that I would attempt to have that information, he asked me why I cared enough to keep track. I told him that I enjoyed my job, wanted to keep it and knew that the firm could/would not keep me if I was not profitable over a period of time. Shortly after that discussion, I was invited to become a partner.

Administrators can make the information available for associates to determine their own financial impacts in order to determine and enhance their worth to the firm. This information would include:

- their billable hours, for the latest month and year to date;
- how many hours the firm billed out for them, versus a markdown or write-off for some of the work (individually or as an average percentage applied to all associates);
- direct expenses for compensation (including bonus and benefits), clerical help, technology, office space, etc.; and

- indirect expenses, or overhead (the percentage of rent, insurance, utilities, entertainment and education that each associate accounts for).

The result should determine an individual net profit value to the firm: **Billings - [Associate's Total Compensation + Direct and Indirect Expenses] = Net Profit**. This kind of calculus is part of the administrator's daily job requirements. Giving associates the tools to "do the math" is a role that administrators are uniquely positioned to perform. In fact, they might review this information with the associates and help them to understand the meaning of it from their perspectives as well as the firm's.

### MARKETING EDUCATION

Law firm administrators can play an important role in facilitating a young lawyer's growth in the marketing communication process as well, because administrators have involvement with and oversight of so many communications channels. For example, administrators can develop and make available to lawyers status reports and invoices that effectively communicate to clients how their matters are handled. Status reports do not have to be a detailed administrative burden. A simple form can easily be saved as a word processing file, with appropriate boxes to be checked and blanks to be filled in for a few basic categories. Lawyers can send them out to show clients what is being worked on now, what information is needed and what happens next. Clients can also be shown the status of their accounts and how to make them current. Also, when invoice time comes, status reports can be used to compile a detailed explanation of what was done for the client, when it was done and how much it cost.

The most important factor in maintaining the lawyer-client relationship is to find out what the client thinks. Again, administrators can facilitate the process by developing and making available a client survey to be sent out with an invoice or at the conclusion of a matter, and helping to set up a rotating, informal visitation schedule – simply meetings with clients over coffee to ask how the firm is doing, whether there are areas of concern and what can be done better. Administrators are ideally situated to organize such a process by encouraging the use of client relationship management software and database systems.



Today's associates will be tomorrow's partners, and associates who have learned how to survive and thrive in the law firm environment with the help of committed legal administrators are much more likely to value and respect the contributions that such administrators have made to the firm's success – and their own.

Finally, administrators with marketing responsibility can encourage associates to undertake fundamental business development activities apart from the work that partners assign to them. This can involve simple efforts, such as getting associates out into the public eye by writing articles and attending lunch or bar association functions, particularly when these things are done with established older partners. Associates should also be encouraged to write blog entries (either individually or on behalf of the firm), and to contribute to client news updates. Making tools such as these available – and encouraging associates to use them – goes to the heart of an effective administrator's contribution.

#### PROFESSIONAL EMPOWERMENT

Associate development requires planning and developing the kind of overall goals and specific strategies that administrators can help shape. The issue is not more billable hours by associates; it's what kind of billable work and what it contributes to the firm. The firm must be able to measure associates' growth by specific standards of billable time, review of results achieved for the benefit of clients (how did we improve the client's condition?), training and client development effort, measured against near-term targets that are realistic. It can be as fundamental as identifying two or three desired outcomes for the associate within a given time period, defining the behaviors necessary to achieve those outcomes and then giving the associate the means to achieve results. By helping associates to become empowered in such a process, administrators create their own enhanced level of empowerment and prestige within the firm.

No law firm can successfully meet the challenges of a recession and a changing professional landscape without the help of staff leaders who possess the multidisciplinary skills that the new professional dynamics of law firms demand. A successful administrator is one who serves as a strategic counselor who helps the firm survive and thrive. The staff professional – whether responsible for firm administration, finance, marketing or all of the above, and more – can take a strategic position as the impartial facilitator who has only the firm's success at heart. The staff member has a unique capability to be the resource, the go-to person, the guide.

By teaching lawyers new to the firm how to adapt to the firm's culture and be better at "The Business of Law<sup>®</sup>," administrators can have a major and positive impact on the firm and the lawyers who are its members. Today's associates will be tomorrow's partners, and associates who have learned how to survive and thrive in the law firm environment with the help of committed legal administrators are much more likely to value and respect the contributions that such administrators have made to the firm's success – and their own. \*

#### *about the author*

**Ed Poll** is the Principal of LawBiz Management and a renowned law firm management consultant who recently launched [www.LawBizForum.com](http://www.LawBizForum.com), an online venue for legal professionals to network and to share best practices. He also recently published a new book, *Growing Your Law Practice in Tough Times*. His LawBiz Coach<sup>®</sup> column appears regularly in *Legal Management*. Contact him at [edpoll@lawbiz.com](mailto:edpoll@lawbiz.com) or 800.837.5880.