

Managing for Maximum Performance

UCSD Extension Business & Technology

Chapter 10 – Organizing Structure – Fall 07

The Modern Law Firm Organization Structure

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Modern Law Practice Objectives

- To understand the framework that defines the boundaries of the formal organization and within which the organization operates, in particular the modern law firm.
- To appreciate the difficulties of and challenges that impact the legal business environment based on the observations of the presenter

"The first thing we do, let's kill all the lawyers" W. Shakespeare

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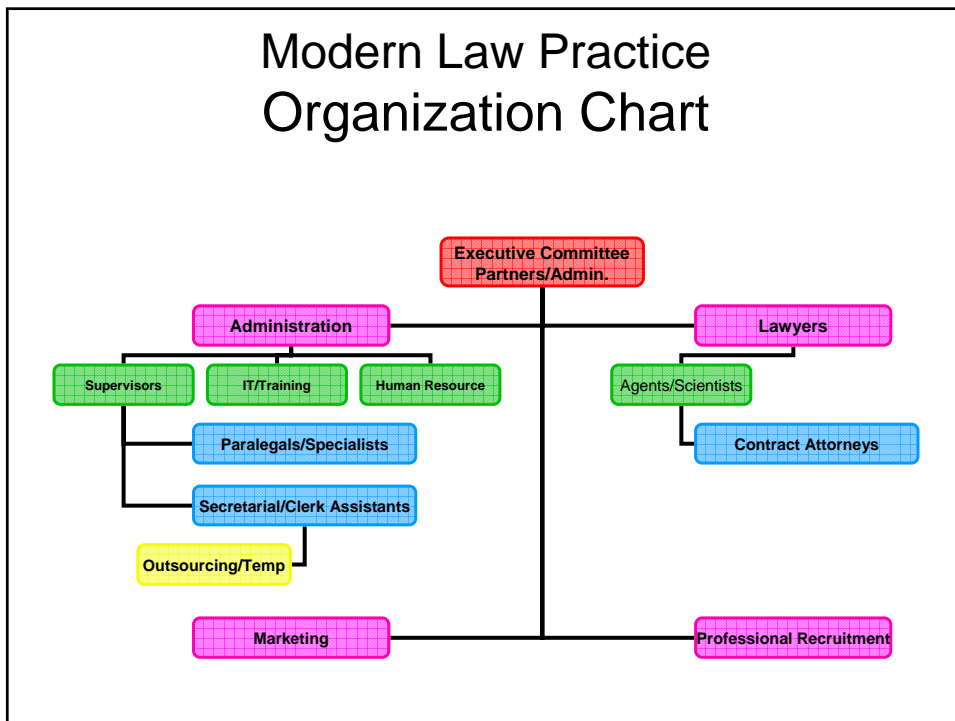
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Modern Law Practice Organization Growth Stages

- **Craft or Family Stage** — Sole Practitioner in a traditional role of the English barrister, personal representative of his client.
- **Entrepreneurial Stage** — Associations for the practice of law within one practice area – General Partnership
- **Professional Stage I** — Boutique/multiple practice area partnerships, e.g., professional corporations, limited liability partnerships, limited liability companies
- **Professional Stage II** — Multi-tiered, geographically diverse, multi-national/ international partnership/legal corporation with more centralized management systems, e.g. managing partners/executive committee, client and technical practice group leaders, multiple committees.

"The life of the law has not been logic; it has been experience." Oliver Wendell Holmes



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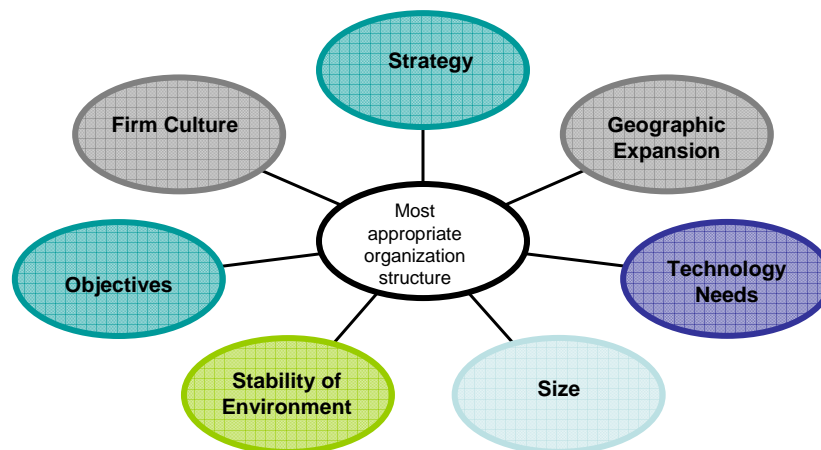
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Modern Law Practice Factors Affecting Structure

- Strategy – Delegation of work, protection of clients, team interaction
- Size – Specialization and centralization
- Environment – Mechanistic v. Organic Systems
- Technology – need for increase in levels and ratio of managers/supervisors

"For every complex problem, there is a solution that is simple, neat and wrong." H.L. Mencklen

Modern Law Practice Contingency (Situational) Approach



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Modern Law Practice Who Are We?

Organization Strategy

- Top IP* Service
- Diversification of Technology
- Complimentary Expertise/Recruitment
- Team Work/Firm Culture/Billable Hours
- Minority Recruitment

Organization Structure

- Growing Tall
- Committee Oriented
- Functional Departmentation
- Organic
- Decentralization

*) Intellectual Property



Modern Law Practice Functional Departmentation

Legal	Administration	Support
Lawyers, including partners, associates, agents, scientists, paralegals/specialists law clerks, summer associates/interns, contract professionals Practice Groups Client Teams (Billable)	Supervisors, payroll & billing, marketing, recruiting, (professional /support), IT/training/education, marketing/publications & client development, benefits & pension, (Non-billable)	Secretarial, library, hospitality/reception, docketing, quality control, word-processing (Non-billable)

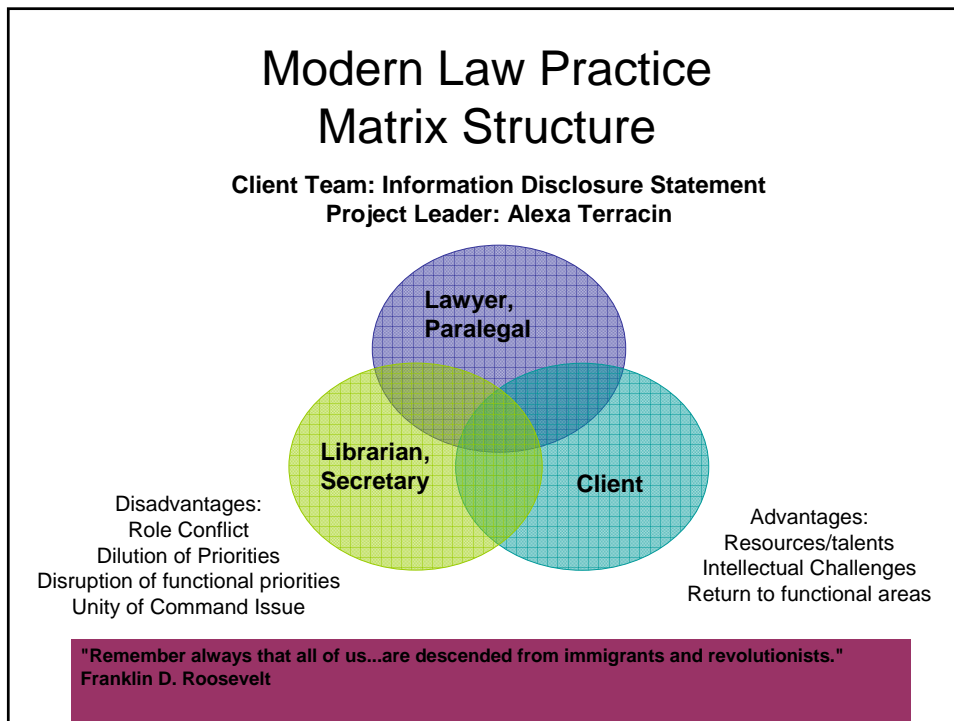
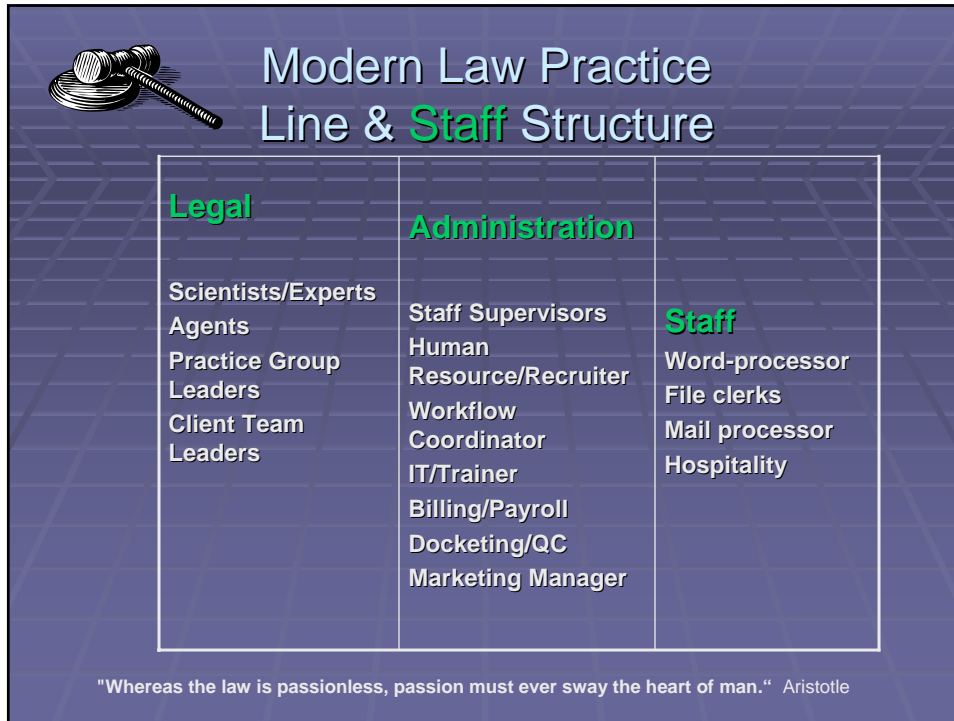
"Law is the embodiment of the moral sentiment of the people." Blackstone

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Modern Law Practice Organization Structure

Flat Structure

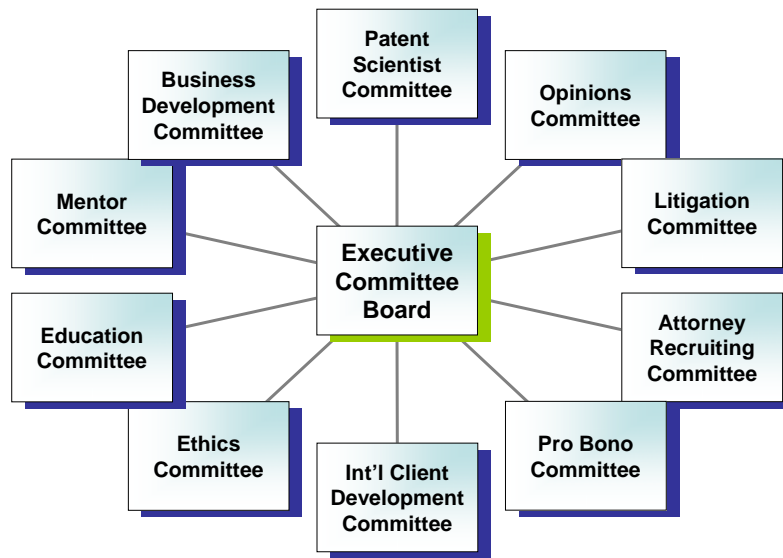
- Few levels of management
- Large span of authority
- Greater job satisfaction
- Less employee confusion
- Delegation of authority
- Ease of employee performance
- Quick evaluation of service efforts
- Versatility of individuals

Tall Structure

- Several levels of management
- Pooling of expertise/specialization
- Increased number of middle management
- Small span of management

Law Firms have become 'taller' as the legal industry has become increasingly competitive and complex. Many firms have launched initiatives to form client and industry teams. Case managers have been added to litigation practices and project teams have formed to address the demands of the ever-changing judicial and administrative agency systems in the U.S. and internationally.

Modern Law Practice Committees



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Modern Law Practice Summary

- The different stages (1) craft (2) entrepreneurial and (3) professional an organization goes through as it grows and matures
- The organization chart is a graphic representation of the organization's structure which may be tall with many levels + small span of management or flat with fewer levels + large span of management
- Strategy, according to Alfred D. Chandler, is not the only variable that affects the structure of an organization. Size, employee characteristics, the environment (mechanistic or organic functioning), and technology all have an impact.
- Contingency approach is the process by which these variables are asessed and measured. Since variables are dynamic and ever changing, periodic analysis and appraisal of the structure is necessary to allow for adjustments

Modern Law Practice Summary (cont.)

- Departmentation refers to the grouping of activities into related work units on the basis of (1) function, (2) product, (3) customer, (4) geography or (5) shift work
- Line and Staff Structure combines the rigid vertically linked line structure of an organization with staff functions that are advisory and supportive in nature; the matrix structure allows for project to be accomplished with employees from different functional departments of the organization = hybrid
- Committees will optimize an organizations structure when operating as a clearly defined work unit as relates to their goals, scope, and authority, long-term or temporary, with the appropriate number of members and mixture of capabilities

"Come now, and let us reason together . . ." *The Song of Solomon - Isaiah*

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Questions & Answers

I wish to thank my mentors in the legal industry for their valuable guidance and acknowledge the insights and teachings gained from Hildebrandt International www.hildebrandt.com and numerous other legal industry resources. The quotes are from the collection of Gary Green www.ggreen.com.

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