

Management is Not a Noun

By Paul Sullivan

Management in a successful organization is definitely not a noun. It's a verb and it means action. Management is defined in the dictionary as the process of setting objectives and coordinating the efforts of resources (capital and personnel) to attain the stated objectives.

In a law office, five general categories describe the "management function," and these most likely exist in all firms, regardless of their size. In real life, these categories may be combined, particularly in smaller organizations, but they have been categorized in this way for definition purposes. Large firms will likely have one person in charge of each of these functions as their sole responsibility, which is another reason they are displayed in this format.

The categories are human resources, systems, facilities management, financial management, and marketing.

This article is an overview of "law office management" and these five categories. Articles in upcoming months will explore those components in more detail — which is where you come in. Which topics are most meaningful to you? What topics would you like to hear more about? We invite you to let us know (see sidebar on page 512).

Human resources

This is the area that deals with the people you employ. It's probably where most of your headaches occur. Really good employees are hard to find, and they can make your practice run problem free. In an office where problem employees work, low morale, low productivity, and a general negative attitude overwhelms the place. Motivation of employees and counseling those who need to change their behavior are HR functions. Will ignoring the prob-



Here's an overview of law office management, along with our plea for input from you, gentle reader.

lem make it go away? Probably not — but how do you deal with these types of problems? When do you praise them? When do you scold them? How do you do it?

Human Resources also covers employee benefits. Insurance — life, group, disability, 401(k). Do you offer them? Can you afford them? Fully insured? Self-insured? How about administering plans once they're in place — should you outsource or do it in house?

Employee time off is an issue all organizations face. What policies need to be formally in place? What if two people want off on the same day? How do you cover for vacations? What about unscheduled sick days?

Another area of the HR function is salary administration. Are the wages you pay competitive? Are your benefits adequate to keep employees? Do you offer adequate training? Are employee

reviews worthwhile? What works best? What doesn't work? How often should they be given? Should they be tied to raises? Should raises be based on merit? What about bonuses?

Systems

To most people, systems management means computers, but that's only part of it. "Systems" are the operations and procedures that produce the end product within the law office. Systems management, then, means a continuing analysis of current work-

flow and results, cost-versus-benefits analysis of new solutions, and systems development through procedures, training, and policies.

Many topics can be covered in detail. For example, do you have a scheduled technology replacement program? What sources can help you keep up on developments in office systems? Do you have e-mail and internet policies for employees in your office? How does the receptionist handle specific situations? What are the responsibilities of your secretaries? Do they function more as paralegals? Do you have a specific word-processing pool? What types of documents do they produce?

Facilities management

Facilities management in the law office means space planning, design, inventory control, office renovation, purchasing, and records management. Copiers, faxing, postage — the primary mail room functions also fall into this category.

Many firms approach their facilities management by outsourcing duplication, mail room, scanning, and document management to third parties. Business-suite arrangements where many small organizations share reception, copying, faxing, and other tech-

nology are increasing in popularity. A more detailed look into these options — how they are working, and whether they might be for you — is something this column can address.

Financial management

While financial management may conjure thoughts of billing, accounts payable, cash flow, and partner distribution, true financial management involves much more. Managing finances involves serious analysis of the whole process. For example, cash basis accounting can create inaccurate impressions of financial status. Understanding the differences between cash and accrual accounting is a necessity when running a business.

Financial management also can include tax reporting, payroll, budgeting, cash flow control, forecasting, financial reporting, rate determination, banking relationships, trust accounting, ERISA accounting, general ledger accounting, billing, collections and investment. You probably contract many of these functions to third parties, but a basic understanding of each gives a business owner an edge over those who don't understand them.

Risk management reasonably falls under the financial management category as well. What types of insurance should I have? How much is too much? Later articles could examine

How can we help you?

What management issues are you struggling with? What technology puzzles have you scratching your head? Let us know by fax (217/525-0712) or e-mail (mmathew@isba.org), or drop us a good old-fashioned letter at Management/Tech Ideas, Illinois Bar Journal, 424 S. Second St., Springfield, IL 62701.

any of these topics in more detail.

Marketing

The first impression is that marketing means sales or advertising, but it is really the process of delivering value to the client. This value can be in fair fees, good results, or the reputation of your firm. Since value is subjective from one client to the next, the whole marketing process begins by learning about the client. Why do they purchase legal services from you? Once you know this, you can set goals and implement ways to measure the progress toward them — a true marketing program.

In theory, the four main components of marketing are product, price, promotion, and distribution. As lawyers, you have the same elements in your business. Your product is legal services.

Your price is your fee. Because we operate in a free market, alternative pricing arrangements are always on somebody's mind. As a result, exploring better ways to price your services should be part of your marketing plan.

Promotion is the method you use to gather new clients and keep your current ones. Some promotions work better for some lawyers than others — advertising, brochures, Web pages, client surveys, client seminars, entertainment, memberships in business and professional organization are all ways to do it. Distribution is the way you deliver your product — through multiple offices, practice areas, vertical markets etc.

And so that's law office management from this big-picture view — now we want to hear from you. What topics do you want to know more about? What issues should we address in future columns? Let us know your needs; we'll do our best to meet them. ▴

Paul Sullivan is the administrator of Quinn Johnston Henderson & Pretorius with offices in Peoria and Springfield. He is a charter member and the current president of the Central Illinois Chapter of the Association of Legal Administrators and a member of the ISBA Law Office Economics Section Council. For more practice management tips read The Bottom Line, the LOE section newsletter (available free of charge to LOE section members).