

New York Law Journal



Thursday, July 19, 2007

Law Department Management

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WHEN a law department retains a law firm to handle a large matter or a series of matters, the law department should make sure the law firm selects a core team. The core team should consist of the fewest associates, paralegals and partners necessary to get most of the work done competently and timely. For smaller cases or matters, the core team might be as small as a partner and an associate. For larger matters or a number of matters over a period of time, a core team might expand to as many as six or eight lawyers and paraprofessionals.

With a core team, a law department can reasonably expect 70 percent or more of the work on the matter done by the team members. What the core team is designed to lessen is associate churn, where a number of associates come in, bill some amount of time on the matter, and then disappear. The law department might go further to curtail in-and-out billing and say that no one else can charge time to the matter without the prior permission of the lawyer in the law department who is responsible for it. As an inducement,



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Dedicating the same outside lawyers to most matters has more advantages than drawbacks.

the law department might allow the firm to charge it for some amount of intra-team meetings or group development activities. After all, the core team should be the repository of institutional knowledge about the client and its matters.

As with all outside-counsel management techniques, advantages and disadvantages can be put forward for core teams. Note, however, that an argument for core teams by a law firm might be opposed by a law department, and vice versa. My view is that the advantages outweigh the disadvantages, and I will conclude with some broader consequences if law departments apply this technique. Consider six reasons to argue against a core-team arrangement.

The first two arguments against core teams involve the work itself: the need for specialist lawyers and the ebbs and flows of work. A core team might legitimately need the services of specialty lawyers. The core lawyers might know how to do an asset acquisition, but if

an environmental problem bubbles up, the team will need to seek counsel from an environmental lawyer. If the law department has required prior approval before a specialist can pitch in, an additional level of administrative complexity and delay has been imposed.

As to fluctuations of workload, if there is enough work to keep the members of the team busy, all is well. But lawsuits and transactions have high tides and low tides, and if all you can charge your time to is a matter where the tide's out, you have a problem of morale and economics. Yes, it is plausible that a core-team member can work on other matters of the firm during down periods, but that kind of thinking cuts against the grain of what a dedicated group means. You can't just turn spigots of chargeable work on and off.

An expectation in a core-team arrangement is that the law department will give the law firm enough work to keep the core team members adequately occupied. That might be a problem at some times, given the occasionally uneven flows of work.

Two other drawbacks of core teams have psychological components. I think of them as disenchantment and interpersonal friction. One drawback for a law firm that designates certain people to be on a core team is that one or more of those team members may come to wish for more variety in their responsibilities. To work mostly on one matter or one type of matter for a client lacks appeal for those who wish to broaden their experience rapidly. This is an example of an argument that cuts both ways. To a law firm, similar work done over and over bores ambitious associates; to a law department, efficiency comes from specialization and repetition.

It is also a knock on core teams that the members must work together. What if you

are an associate put on a team with a partner that you dislike? What if a team member is irritating or offensive?

A core team has dynamics of its own. When lawyers work on a purely transactional basis, shuttling from one project to the next, no one needs to be as concerned about how the people get along with each other. If a core team anticipates several years of work on certain kinds of matters, it becomes much more important to mobilize the team as a team. Handling group dynamics often does not fall within law firm partners' expertise.

With the above issues, consider turnover and administrative burden as the last two of the six issues. Given the high levels of associate attrition in large law firms, a core team might lose members or dissolve completely. If one associate leaves on maternity, another takes a job at a different firm and a third shifts to part-time work, the core team becomes an empty notion. Law firms do not want to commit a group of lawyers to a client if the group might erode and change, despite the best efforts of the firm.

Part of turnover might even be poaching. One might imagine some law firms being sensitive to the risk that a core team member will wish to join its corporate client. After all, both sides will get to know each

other very well. My view is that the departure of a lawyer to a client is good for both sides. On a larger scale, in this age of lateral mobility, if a self-contained unit in a law firm handles much of the work of a particular client, the law firm is more vulnerable if the partner-in-charge decamps for another firm.

The administrative burden comes down to restrictions on partners. Some partners may feel that the core team approach ties their hands to some degree when it comes to staffing matters as they see fit. It does, and that is one more manifestation of the trend toward law departments intervening in the operations and decisions of law firms. Over time, law department lawyers will contribute to the evaluations of associates and partners in the firm.

To summarize these six points, some people don't favor core teams because they can't be assured of steady work streams, they conduce to boredom, they risk turnover, they foment personality clashes, and they may be awkward regarding the exigencies of specialization. They also create some extra amount of administrative oversight on both sides.

Sounds a bit bleak, perhaps, but the advantages of a core-team arrangement, in my

view, significantly outweigh the disadvantages. Let's consider six of them, starting with three that boost client satisfaction: familiarity with the business, clear roles, and selection of lawyers.

Productivity and Collegiality

As compared to a system where each matter of a client might be staffed with different lawyers and paralegals, with dedicated core teams it is easier for a law firm to develop a deeper understanding of the client's needs and styles. The members of the team will meet the client's executives and lawyers, learn the history that led up to the legal services needed, and identify more with the client. The business savvy of a team is a strong point in its favor.

Clients also like to know clearly who has what role. Where there is a core team at a firm, the law department knows whom to call, and likewise the team members at the firm know the players on the client side. Less time is

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taken with intermediaries, like relationship partners at law firms, and more time can be devoted to getting the work done, well. Over time, internal clients work with the team members directly.

Third in this group is that the law department has much more influence on staffing of its projects. It is also true that the law department has a greater stake in the assignment of members to the core team than when the law firm chooses people unilaterally. Some law departments see that as a salutary power whereas others may see it as an imposition, reasoning: 'Let the law firm staff it as it deems appropriate.'

The other three reasons why core teams are a good idea basically boil down to productivity. Experience increases output; training increases; and collegiality helps glue it all together.

Consistency of staffing avoids the repeated learning curves of drive-by billers. No one has to come up to speed because the same people stay on the project. Everyone on the team can build on their accumulated experience and turn out work as productively as possible. This may be the most telling point in favor of core teams.

On the flip-side of the nasty partner

risk, there is the collegiality that can build up among those who work together over a period of time on a common mission. Going beyond wearing tee-shirts with perky sayings on them, collegiality develops out of respect and collaboration over time. Cohesiveness partly comes from cross-training and depth. A core team also makes it easier for the law firm to cross-train members of the team, which gives it resilience and depth. When a group of professionals works together, one of them can fill in more easily for another if something happens.

Consequences

What might be some consequences for law firms and law departments if there were a collective move toward more client core teams at law firms?

- Knowledge management efforts will become easier because the information, systems, and learning will be collected in a much more focused way. Teams will have more incentive to keep track of what they do and to think how to improve their processes.
- More efficient ways of handling the work are likely to arise, not just because of knowledge management, but also because the same people are focused on the process

and substance.

- Alternative billing arrangements may become more common because the law department is making a commitment to volume and the law department will better understand how it can accomplish the tasks.

- A different set of management skills, more people- and team-oriented, will flourish on both sides. It seems also plausible that a core team approach will boost the frequency of secondments. After all, it is a close relationship.

As a last point, the core team concept favors larger law firms. They tend to have clients that have more matters and spend more dollars and therefore can sustain a core team. Likewise, the larger firm can staff from among the larger pool of members than can a smaller firm.

All law departments (and law firms) should regard the ideas of this article as core.