

Definitely Mabey

Business-like tools

Businesses seem to have a never-ending supply of “management tools” with which they manage their affairs. Many, if not most, are adaptable to the legal profession, however rarely do you hear of law firms using them to manage their businesses. So I thought I would identify five such tools that have application to the management of your firms and shed some light on their relevancy.



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1. Balanced scorecard

The gist of this tool is that it takes your firm's mission/vision statement and converts it into measurable objectives, the performance against which can be quantified and evaluated.

There are a number of common measurable objectives:

- Financial performance (billings, expenses, collections, debt)
- Internal business process performance (productivity, errors, and omissions claims)
- Lawyer/staff performance (engagement, turnover, etc.)
- Client satisfaction (client surveys, client turnover, client gains)

For the balanced scorecard to be effective as a management tool, firms must:

- Ensure the measurable objectives must be supportive of the firm's vision and strategy;
- Develop meaningful standards against which management's efforts should be scored (both short- and long-term);
- Track the appropriate performance data; and
- After measuring actual performance against the standards, take real steps to close the gap between performance and standard.

2. Shared service centres

While for many companies shared service centres reduce costs by bringing back office functions used by various parts of a single entity into a shared function, this concept has application both for multi-office law firms as well as groups of unrelated law firms. The added value of such centres is achieved through elimination of duplicate efforts, improved efficiency, and overall higher standards of service. These changes are normally achieved through some combination of standardizing processes, technology, and fewer but better qualified staff.

The additional benefit for a group of law firms coming together and operating one shared centre is that they gain access to services and knowledge that on their own they may not have been able to afford.

3. Business process re-engineering

Sometimes referred to as “if you could write your own script” tool, firms basically forget about “this

is the way we have always done it” and look at various processes in their firms with an eye towards eliminating unproductive steps in a process. The determination of an unproductive step is viewed through the eyes of the client and not the staff or lawyer.

The two key value adds from the proper use of this management tool are the reduction of both the timeline and cost of providing services to clients, and improved quality control of the legal services provided.

4. Scenario and contingency planning

At its most simplistic level, some management consulting firms would describe this tool as enabling entities to avoid “the dangers of simplistic, one-dimensional, or linear thinking... managers can brainstorm together and challenge their assumptions in a non-threatening, hypothetical environment before deciding on a course of action.”

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A couple of practical examples might be using this tool to develop your firm's course of action if:

- Norton Rose Canada looks for more Canadian law firms in other natural resource patches of Canada;
- DLA Piper finds a Canadian dance partner;
- Miller Canfield eventually finds a small- to medium-sized firm in Toronto to merge with;
- A firm from Atlanta, Ga., finds a firm with a natural resources practice to merge with;
- A firm in your area splits up because of two clashing practices.

The steps involved in such an exercise include:

- Choose a time frame to explore;
- Identify the current assumptions and thought processes of key members of the firm;
- Create varied, yet plausible, scenarios;
- Test the impact of key variables in each scenario;
- Develop action plans based on either the most promising solutions or the most desirable outcome the firm seeks;
- Monitor events as they unfold to test the firm's strategic direction; and
- Be prepared to change course if necessary.

5. Decision right tool

The goal of this tool is, by setting clear roles and accountability, to cut through the malaise that often surrounds and stymies decision-making in law firms. There are five identified decision-making roles in effective decision-making processes:

- **Recommenders** gather and assess the relevant facts, obtaining input from appropriate parties, and then recommend a decision or action;
- **Agreers** formally approve a recommendation and can delay it if more work is required;
- **Performers** are accountable for making a decision happen once it's been made;
- **Inputers** combine facts and judgment to provide input into a recommendation;
- **Deciders** make the ultimate decision and commit the firm to action.

Obviously the people firms select to fulfil each of the above roles is likely the most critical decision

they will make in utilizing such a management tool. The role that each person or committee is to play in the decision process must be clearly identified and spelled out. One note of caution: you will likely want to be very jaundiced in your appointing of agreeers as they have the capacity to bog down decisions and undermine others' authority.

There is one other tool that many law firms have not been very good at utilizing, perhaps because of a lack of availability or as a result of low quality and perhaps as a result of skepticism as to value versus time commitment. That tool is continuing management education. I am not speaking of professional development training but rather a focus on training of lawyers in management techniques and solutions for their firms.

There is a group of interested parties who, at the suggestion of a few managing partners, in conjunction with *Canadian Lawyer* magazine, are thinking about hosting a law firm management workshop in February 2012 for small- to medium-sized law firms (approximately 10 to 75 lawyers) somewhere in the Ottawa-Toronto-Hamilton area. The preliminary agenda would run along the following lines:

Day One:

- Self as leader
- Developing your people
- Developing clients
- Managing a profitable firm

Day Two (partial day):

- Marketing and media relationships
- Developing a plan for your firm
- Open idea exchange

During the two days all speakers would make themselves available for one-on-one sessions with participants. We are looking for a show of interest in both the program and the content. So if you might be interested in participating in such a workshop, please **contact us** indicating your interest, preferred location, suggested pricing, and any topics you would like to suggest be covered at the workshop.

Until the next column, remember:

"good leaders inspire people to have confidence in their leadership; great leaders inspire people to have confidence in themselves ."

Comments or Questions?

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