



James Wilber
Editor

Doing More for Less

Leveraging Important Work Through Law Department Business Managers

These days, little is of more concern to a company's legal function than its ability to control the cost of outside legal services. The person who serves as the top manager of a company's outside lawyers and law firms is often the law department business manager. If done right, the value added by such a position to the management of a company's legal function will be significant.

Law firms long have appreciated the benefits of employing executives and administrators to help them manage the business aspects of their practices, and now more than ever their in-house counterparts, corporate law departments, are using business managers to do essentially similar things. The law departments of most major companies have business managers, and for good reason — by leveraging the important but non-legal work required of the general counsel and getting it into capable yet less expensive hands, the cost of administration of the law department is reduced proportionally to the difference in compensation between the general counsel and the business manager. Additionally, at least in most administrative areas, business managers usually are better educated and trained in the underlying business and management disciplines than are lawyers, and thus provide better value to the company in the completion of these underlying management tasks.

Although carrying different titles in different companies — administrator, legal administrator, chief of staff, business manager, and the like — the duties of law department administrators are similar in all but one respect to those who perform similar work in private law firms. In years past, the primary difference between the positions has been their respective roles in finance and accounting functions. Law firms, of course, are free-standing entities, and most are in business to make a profit. In-house law departments, however, are components of the organizations they serve, and although budget issues are important, they require much less financial acumen to manage than do the entire finance and accounting arms of law firms.

But the gap is narrowing. The need for a “numbers person” as a business manager of a law department is becoming increasingly important. Furthermore, law departments are increasingly likely to employ metrics and other objective measures of outside counsel performance and a company's external legal spend, factors which also dictate the need to have a business manager who is adept at calculating and analyzing numbers. Most large companies have in-house talent pools rich in the types of people who can succeed as law department business managers and, accordingly, it is a rare law department that searches for a business manager from outside the employment confines of the company.

The Job

Law department administrators are able to add value to their underlying organizations in many ways. For example, they:

- have broad responsibility for the department's administration;
- serve as the chief business manager;
- are charged with responsibility for financial management (budget matters and cost-cutting efforts);
- oversee the group's information systems and other technology;
- manage the staff that supports the lawyers and the legal work;
- play lead roles in strategic planning;

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- have responsibility for or oversee public relations and marketing (even an in-house law department needs to market itself to its internal clients, for, after all, internal lawyers are competing with outside law firms for the company's legal work); and
- are responsible for recruiting, hiring, disciplining and firing support staff.

See the sidebar on page 7 for a more detailed list of the typical duties and qualifications of law department administrators.

All these areas of responsibility require a significant amount of the general counsel's time in those companies whose law departments do not have business managers. Those that do, however, are able to handle administrative and management responsibilities much more cost effectively, as it is cheaper to have them carried out by someone who is paid much less than the general counsel, and, presumably, someone who has better training for handling business and management tasks in the first place.

Success Is a Matter of Authority

The most important consideration regarding a law department administrator is the need to delegate sufficient authority to him or her to carry out the assigned responsibilities. Employers in the legal profession, be they law firms or law departments, are usually quick to assign broad, varied and important responsibilities to their administrators and business managers. Where they often fail, however, is in not providing the position with the authority needed to do the job.

The working environment in a law department is lawyer-centric. Lawyers often feel that only other lawyers can do certain jobs well or that one cannot fully trust a colleague's judgment or performance unless the colleague also is a lawyer. After all, is there any

other profession or calling, other than legal, where if you're not one of them, you're a "non"? The term non-lawyer is used frequently in law departments, but finding the use of similar titles in other employment situations is impossible to do. There are no non-doctors in hospitals or medical practices, or non-teachers in schools

expertise in important areas in which lawyers usually lack experience, such as budgeting, financial analysis, management of technology and information services, and management of the support staff. They can also free up the time of the general counsel to attend to legal matters by handling the business management aspects of

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or universities, for example; in law firms and law departments, however, half of the employees typically are called non-lawyers.

Law department business managers, therefore, come to their positions weaker than their counterparts in other types of employment merely because they don't have JD degrees. When that phenomenon is coupled with the fact that the vast majority of lawyers have little or no business or management training, education or background, a common result is asking administrators to do nearly everything to manage the organization yet giving them virtually nothing in terms of the authority needed to actually do so. Nothing leads to the lack of success of a law department business manager more quickly than the failure to provide the authority to carry out the responsibilities. The old adage comes to mind that if one wants someone to manage a job, give the person responsibility, but if one wants to do a job on a manager, don't give them authority.

Conclusion

Law departments are only as good as the managers that are responsible for them, and a key part of effective management in a law department setting is to have a solid and strong business manager. They can provide

running a law department. Finally, the success of a law department administrator requires that he or she be given the authority requisite to carrying out assigned responsibilities. ♦



James Wilber
Editor

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James Wilber is a principal of Altman Weil, Inc., working out of the firm's Midwest Office in Milwaukee. He can be reached at (414) 427-5400 or jswilber@altmanweil.com.

Common Responsibilities of Law Department Administrators

- Budget preparation and oversight
- Financial planning
- Headcount oversight
- Lead manager of outside law firms and legal fee invoices
- IT oversight of the law department's computer applications
- Process improvement
- Spokesperson for the General Counsel; top assistant to the General Counsel
- Meeting planner and facilitator
- Manage diversity efforts within the law department and of its outside law firms
- Oversight of all employment aspects related to paralegals, secretaries and administrative personnel, and of most employment aspects related to department lawyers
- Purchasing supplies and materials for the department
- Oversight of the department's record keeping
- Long-range planning
- Management of the space needs of the law department
- Special projects

Common Qualifications of Law Department Administrators:

- Several years' experience in finance, operations, human resources, IT or project management
- Strong analytical, organizational, planning and project management skills
- Strong communication and interpersonal skills
- Sound judgment, professionalism and discretion
- Ability to work independently
- Excellent problem-solving and time management skills

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