

# PETER SCOTT CONSULTING

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### **Are your management structures *fit for purpose*?**

Law firms need to be *agile* if they are to successfully identify and respond quickly to threats to their businesses and to take advantage of opportunities. And to be agile, firms need to focus strongly on managing change, have streamlined decision-making processes and have capable people who are open-minded, flexible, and are prepared to learn new skills and ways of operating.

At the same time, a law firm's people need to be supported by ***organisational structures designed to help and not hinder*** the efficient and effective management and development of the firm. The two need to be aligned and operate in tandem if a firm is to successfully achieve its goals.

### **Management structures and people**

Well-designed management structures on their own will achieve little without the presence of great people, and the level of performance of those who have management responsibilities, should be constantly improving to meet the challenges now facing law firms, who should ask themselves questions such as the following in relation to each department / group / support function within their firms:

- Is each managed by *the best person for the job*?
- How are these departments / groups / support functions internally overseen and co-ordinated?
- What levels of performance will those who are managing such departments / groups / support functions need to achieve if the firm is to succeed in its goals?
- What roles will have to be performed in the next stage of a firm's development and will there be people in the firm capable of taking on those roles?

One of the concerning things I often come across in law firms is the ***lack of direction in relation to roles*** given to those who are trying to manage departments

/ groups / support functions and here are a few pointers on the subject of the role of a head of department / group / support function. Ideally, they should:

- Identify the key issues and challenges their departments / groups / support functions face so they can deal quickly and effectively with threats and opportunities;
- 'Lift their heads from their desks' and think strategically about their roles, as well as just day to day operational issues;
- Challenge every aspect of their departments / groups / functions and every assumption on which current plans are based;
- Focus on what they will need to do in practice if they are to grow and lead their teams so as to help build their firm's competitive edge over rivals;
- Prioritise their thinking around 'innovating' when planning how they work and use their people and the technology available to them, to steal a march on rivals;
- Be encouraged and empowered to lead and to understand that it is they who must drive change if their firms are to stay ahead of the game;
- Step out of their comfort zones to drive out complacency and to encourage ambition;

To achieve such goals, heads of departments in particular will need to be an intrinsic part of a governance structure designed to ensure that effective decision-making and implementation happens, and which is too often lacking.

I sometimes come across law firms which have great people running departments but where management structures have a '**disconnect**' between a small management group trying to run the firm (often made up, for example, of a managing partner, finance director and perhaps one other partner) on the one hand (call it a 'management board', and those who are running the component parts of the firm (call them the HoDs) on the other.

The **disconnect** comes about when the HoDs are not part of the management group making the decisions and where there is little by way of regular communication between the management group and the HoDs in respect of decisions to be made and matters to be implemented. The result is that decision-making is not always as good as it might be and, as a result of this **disconnect** there is too often a failure to implement well.

This structure can leave HoDs feeling disenfranchised as they are not included as part of decision-making, and the management group feeling frustrated at not seeing their decisions well implemented.

### **How to deal with this *disconnect*?**

One tried and tested structure, particularly in mid-size firms is to bring the HoDs into the decision-making management group. In this way they are part of (and feel part of) decision-making and are therefore more likely to buy-into decisions and are more willing to implement them. **There will then be joined-up decision-making and implementation.**

Decision-making is also likely to be more effective given that the people making the decisions will be a broader group able to input more knowledge and experience into the process.

Inevitably suggesting a structure such as this can sometimes generate lots of questions, such as:

### ***How can we really afford to have more people involved in management meetings?***

Experience shows that if meetings are kept short (say not more than two hours once a week), are well-attended and are well-managed, then not only will management meetings be more effective, but they will save time for those taking part.

### ***What is an efficient size for a management group involving HoDs?***

There is no one answer to this because each firm is different but (depending upon size of a firm), in my experience, a group consisting of a managing partner, an FD and say three or four HoDs, can work quite well **provided that each of the HoDs has the appropriate capabilities for the job.** On occasion there may also need to be brought into a management group on an *ad hoc* basis other managers for example from HR, BD, IT, risk / compliance etc, as needs require.

### ***We have eight HoDs and so how can we deal with that situation as they should not all be on the management board or (in some cases) not even be HoDs?***

This is a common problem which is often mentioned to me by managing partners, because many so-called 'departments' are not really departments, but simply small groups made up of individual partners practising in a particular area of law and

where the 'HoDs' may just have one or two people working with them. The way it can usually be dealt with is to consolidate these small groups under just a few larger 'umbrella' departments and then to appoint the best people to run those larger departments, who then become part of the management group.

A management group structured as suggested above with HoDs who are successful at working in the above ways and who support a good leader are likely to make up a ***'management team fit for purpose'***.

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