

PETER SCOTT CONSULTING

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Is there a *disconnect* in your management structure?

In my January 2020 Briefing Note entitled “*Is your Top Team performing?*” [<https://www.peterscottconsult.co.uk/briefings/Jan2020.pdf>] I said that from my observations, one of the reasons why some law firms do not progress as well as they should is that sometimes they lack the organisational ability to make decisions and implement change.

The needs and ambitions of people in a law firm require to be supported and facilitated by ***organisational structures designed to help and not hinder*** the development of a firm. The two need to be aligned and operate in tandem if a firm is to successfully achieve its goals.

Traditional organisational structures which have served their purpose in a slower moving and simpler world may no longer be adequate to help meet the challenges facing much of the legal profession and to manage the changes now being forced on many firms. Law firms need to be agile, and to be agile they must focus strongly on change management, have quick response times to threats and strategic opportunities and have streamlined decision – making processes.

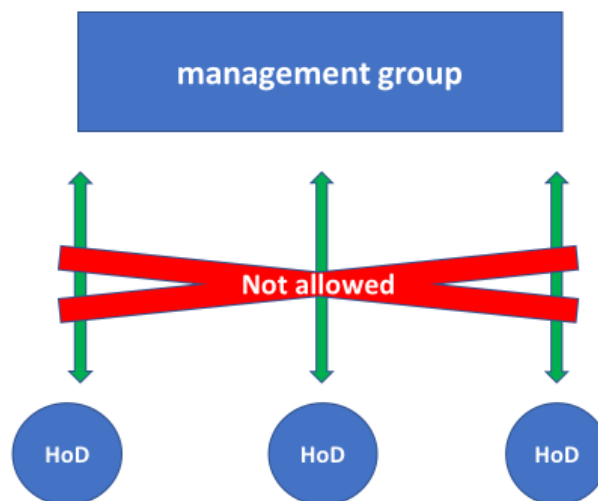
In the few weeks since I wrote my January Briefing Note I have been working with several law firms which have great people in their management teams but whose management structures had, in each case lacked a particular component which arguably was holding them back. To the credit of each firm, once this was explained and discussed with them, they decided to change their management structures in the way I explain below.

What is the issue?

The issue, which I come across very often involves there being a ***disconnect*** between a small management group trying to run a firm (often made up of, for example, a managing partner, finance director and perhaps one other partner) on the one hand, and the partners who are running each of the component parts of a 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 relation to decisions made and

matters to be implemented. The result is that decision making is not as good as it might be and, because of this **disconnect** there can be a failure to implement, which as many law firms have experienced, is an area where they could do better. This can leave HoDs feeling disenfranchised as they are not part of decision-making, and the management group feeling frustrated at not seeing results from decisions. The structure below illustrates this common problem.



How to deal with the problem?

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 the decisions and then are more willing to implement them in their departments. **There will be joined-up decision-making and implementation and less likelihood of a disconnect.**

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 decision-making process.

Inevitably suggesting a structure such as this will generate a lot of questions in a firm, such as:

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

Experience shows that if meetings are kept short and are well-attended (say no more than two hours once a week) 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 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 is the right person for the role. On occasion there may also need to be brought into the 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 group or even (in some cases) HoDs?

This is a very 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 larger 'umbrella' departments and to then appoint the best people to run those departments who will then be part of the management group.

Ensuring a firm has a management structure in place which is '*fit for purpose*' is however only part of a solution and, as a word of caution, every law firm is different and the way in which one firm may be structured and managed may not be appropriate for another firm. Ultimately, **it is the level of people performance within a Top Team** which is the crucial factor, which should constantly improve to achieve optimum effectiveness if a firm is to achieve its goals. To repeat what I wrote in my January Briefing Note, they should:

- 'Lift their heads from their desks' and think strategically about their roles, as well as just thinking operationally;
- Focus on the steps they will need to take in practice if they are to grow and lead their teams so as to build their competitive edge over rival firms;
- 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 their rivals;
- Be encouraged to lead and to understand that it is **they** who must drive change if their firm is to stay ahead of the game.

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 ***'Top Team fit for purpose'***.

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