Small Firm Notes: What makes them different

The Association of Legal Administrators is composed of professional firm managers for all sizes of firms—from five attorney shops to mega-firms. At the same time the American Bar Association tells us that 47% of all attorneys are sole practitioners, 17% are in two to three person firms, and 16% are in four to nine person firms. That is over 80% with a special perspective on practicing law.

What is that perspective? As most small firm administrators understand all too well there are many "bet the farm" issues in these firms that in larger firms may look less catastrophic--a malfunctioning network or even copier, a late billing cycle, an 800 pound gorilla client leaving or an 800 pound gorilla attorney leaving for that matter. Small enough and we can even include things like a no-show employee on the day the appellate brief is due. (I have personal memories of going out to buy dinner for the briefing team so that no one would get the urge to go home).

We won't here look at all the possible causes of sleeplessness in small firms but concentrate for the time being on a well run financial side for the practice. One of the wonderful things about being a small firm administrator is being able to see and deal with the very bones of the organization--to know that people at your firm have a job because you are doing the financial aspect of your job well.

Let's then look at some of the key pieces to operating the <u>financial side</u> of the administration of a small firm. No secrets here. It is all about sufficient volume, timely billed and timely collected. No amount of statistical maneuvering will change that—and believe me I have seen some very creative efforts. Let's parse that all important sentence.

Sufficient volume: some of us may be tempted to say "not my job" but in small firms all hands have to row.   A small firm administrator will look at the pre-bills mid-month gauging whether what are supposed to be the larger clients are being worked. Likewise, staggering attorney time off is carefully orchestrated so that cash flow is not adversely affected. Banking relationships at certain times of the year are critical due to the timing of cash flow. Contingent cases are often a headache to the administrator. Getting the handling attorney to say when all that clever legal thrust and parry will finally become cash is important along with making sure the transactional attorneys have not abandoned their posts.

Timely billed: Here too the small firm administrator will scan time sheet entries for attorneys to be sure everything is accounted for. Some files may be perused looking for recent unbilled legal product. Billing may go out upon completion instead of waiting for that magic moment once a month. And, needless to say, billing *will* go out as a high priority for as many staff as it takes. Bills sitting on attorney desks for that third and final review may disappear into the mail though no one knows how (if they are ever missed, that is).

Timely collected: The administrator watches and reports to the partners whether client A or B or C has not paid this month and may in fact call to see if payment can be picked up. No one is shy when talking about the "C[ash]" word. The administrator knows how to calculate realization and does so with great regularity on the larger clients. Small firm administrators will pull Dun and Bradstreet reports on existing clients or follow the local news for public companies to see whether trouble is on the horizon.

So, are we worn out yet? And that is only part of the fun and relevance of the small firm administrator. I welcome your ideas and comments on other ways small firm administrators make a particular difference.

Luciann Leraul, MBA, CPA is a principal of Law Firm Management Services, San Francisco. To contact Luciann, email her at Luciann@lfms.biz or call 415-205-3555.