Law Practice Management Training – Luxury or Necessity?

Some insights into the Australian experience

ACLEA's 50th Annual Meeting, Westin Copley Place, Boston
August 3, 2014

Background – what is causing the push for law practice management training?

The practice of law has changed dramatically over the past twenty years:

- globalisation, commercialisation and new technologies
- changes in law firm structure and ownership
- growth of corporate and in-house counsel,
- the unbundling of legal services
- growth in non-lawyer provision of legal services
- increased competition leading to cost cutting, in turn leading to greater risk for legal practices

Advancements in technology have the transformed the mechanics of practicing law. Clients often use the Internet to identify cost-effective legal resources and ways to solve their legal needs. LegalZoom and RocketLawyer in the US and LegalVision Australia. The practice of law is no longer the exclusive domain of lawyers. In order to remain competitive and indeed viable, lawyers need to improve efficiency and increase client satisfaction.

This in turn has forced regulators, legal educators and the profession to focus on this change and they are responding, realising that the changes are unavoidable. Discussions taking place about the shifting nature of legal practice are focusing on all aspects of practice and have resulted in a number of formal reviews of legal education around the world (see LETR review in the UK and the American Bar Association Task Force on the Future of Legal Education).

Practice management training internationally – who is doing it?

Following is a brief overview of Australia, New Zealand and other jurisdictions

AUSTRALIA

Practice management training is mandatory in 3 jurisdictions:

- Australian Capital Territory (ACT)
There is no requirement in other states for lawyers to undertake a practice management course, but both Western Australia and South Australia are planning to introduce one.

NEW ZEALAND

Anyone who intends to be a partner in law firm, or a director of an incorporated law firm, or a sole practitioner, must complete a Stepping Up course. Lawyers who intend to practise as a barrister on their own account are also required to complete the Stepping Up course.

SOUTH AFRICA

A course in Practice Management is mandatory for all attorneys who are to be issued with their first Fidelity Fund Certificates, subsequent to 14 August 2009.

SINGAPORE

After 3 years, lawyers can practise without any restriction as a sole proprietor, partner or director of a law practice but in order to do so they must complete the Law Society of Singapore's Legal Practice Management Course (LPMC)

SCOTLAND

The Law Society of Scotland Practice Rules require any new partner or principal to attend the Practice Management Course within twelve months of becoming a partner or principal.

**What’s our experience in Australia (New South Wales)?**

In February 1985, following an enquiry by the Legal Training Review Committee of the Law Society of NSW, the Council of the Law Society of New South Wales resolved that solicitors admitted after 1 January 1986 must complete 12 months “approved” practice as an employed solicitor and a further two years as an employed solicitor or partner, and that **attendance at a prescribed course in practice management be completed within 12 months on becoming a sole practitioner.**

The recommendations to the Law Society Council were significant as, for the first time in NSW legal practice history, lawyers were required to complete further training after being admitted to practice. The recommendation to undertake further study on being admitted arose from a concern by the Legal Training Committee that the standards of academic and
professional competence necessary for admission to practice were not by themselves sufficient to ensure the proper conduct of a lawyer’s practice.¹

As such, we have had mandatory law practice management training in NSW since the early 1990’s. Course guidelines were adopted at that time, and have not been reviewed until now.

These “old” guidelines have two versions - the first set are in relation to the practice management course for solicitors entering sole practice or partnership. The second set of guidelines are in relation to the practice management course for law firms with 35+ partners. These recommend the following core topics for inclusion in a face to face course, of no less than 25 hours duration:

- Financial Mechanics
- Accounting
- Professional Standards/Ethics
- Personal: Interpersonal skills; Leadership qualities; Staff supervision; Stress management; Client communication
- Management: Time Management; Quality Control; File/Case Management; Staff selection and training; Partnership agreements and partner relations; Business development
- Office Systems/Technology
- Marketing

The only assessment criteria for the current courses are attendance.

In late 2013, the Law Society embarked on a high-level review of these guidelines and the legal practice management framework. This involved qualitative research involving a series of interviews, plus a survey of past attendees of the courses. The final report outlining these findings is not available at the time of writing but is expected to be available by mid-July 2014.

Meanwhile, the survey results reveal some interesting feedback on the course content:

**Least relevant subjects in the curriculum**

- 51% of respondents in the survey selected “Business Development” as the subject that they felt was most irrelevant to their needs.
- 45% of respondents selected “Stress Management” as the subject that was most irrelevant to their needs.

¹ Extract from Practice Management Guidelines Review – Part 1, Creative Consequences, Dec 2013.
Useful subjects to be included

When asked what subject would be most helpful, Project Management and Negotiation Skills was popular, as was Technology (in particular managing information, email, backups, communications)

Does the course meet objectives?

The response to this question was overwhelmingly positive:

- 83% answered “yes” they believed that the course prepared them for practising solo or in small /large partnerships.
- 25% answered “no” they did not believe that the course prepared them.

Assessment and outcomes

The only form of assessment at present is mandatory attendance, which is not deemed to be sufficient. Some measurement of outcomes is necessary to ensure the courses are meeting their objectives and ensure providers are delivering quality programs (however, a formal examination is not recommended at this stage).

It evident that the introduction of a simple self-assessment tool can improve performance of law firms. According to the results of a research study\(^2\) of incorporated legal practices (ILPs), on average the complaint rate (average number of complaints per practitioner per year) after self-assessment was well under half the complaint rate before self-assessment. This is a huge drop in complaints.

Preliminary recommendations of the Review

The Review has given some guidance as to the way forward for law practice management training.

Firstly, support for a course was surprisingly strong. Lawyers recognised the benefits of a preparatory program to assist them with practice management.

Secondly, the format is important. Face to face teaching resonated strongly, whilst identifying that limited aspects could be taught online.

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\(^2\) Conducted by the Office of the Legal Services Commissioner (NSW) in 2008, together with Dr Christine Parker, of the University of Melbourne, The study involved analysing 620 initial self-assessment forms from ILPs
Thirdly, one set of guidelines does not suit all. Tailored guidelines to suit various segments are recommended where possible.

Fourthly, the practice management guidelines must have a stated purpose that is comprehensive and relevant for today’s legal services market which includes a range of new structures from virtual law firms to multi-jurisdictional/multi-disciplinary listed practices.

Lastly, regular independent evaluation of course providers is recommended as providers were found to be adhering to only part of the guidelines and the course content was quite out of date.

**Looking ahead**

The Review of the existing system considered at many other aspects, including the rationale underpinning both the requirements and course as well as the history of the system. This has given us a strong platform to work from as the process was conducted openly and transparently to ensure buy-in from the profession.

Going forward, we believe that the clearly identifiable benefits of effective practice management guidelines for lawyers will assist us not only with course design but with creating a persuasive argument for lawyer attendance.

Some benefits include:

- ensure lawyers are trained in business and managerial skills
- assist them to move more easily through practice to role of principal
- equip them with tools to remain competitive in a changing legal environment
- improve the efficiency and cost effectiveness of their legal practices
- increase client satisfaction through the use of quality practice management techniques
- risk management tool

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24 June 2014