

Law Office Management Chapter 1

Chapter 1

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Chapter 1

The Legal Marketplace

OBJECTIVES

After completion of this chapter, you should be able to:

- Describe the structure and organization of small, medium, and large firms.
- Explain the autocratic, democratic, managing partner, committee, and combination management styles.
- Discuss the differences between a sole proprietorship, partnership, professional corporation, limited liability company boutique firm, office sharing association, and legal clinic.
- Discuss the differences between corporate legal departments, private companies, and government agencies.
- Identify the changes that have affected the legal

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Key Terms

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1. **Autocratic:** Relating to government by one person with unlimited power.
2. **Autonomous:** Being self-governing, independent, and subject to its own methods of management.
3. **Boutique:** A law firm that offers services in one area of law only.
4. **CLA:** Certified legal assistant. A certification that is granted after a paralegal passes an exam given by the National Association of Legal Assistants.
5. **Contract attorney:** An attorney who works for a law firm on an assignment basis or as an independent contractor.
6. **Contract basis:** Working as an independent contractor on a per case or assignment basis. The person is not an employee of the firm.

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on a per case or assignment basis. The person is not an employee of the firm.

7. Culture: The working environment of a law firm, consisting of intangible elements such as the social environment, employee relationships, and attitudes.

8. Cybercrimes: Crimes committed on the Internet, including hacking and fraud.

9. Cybertorts: Actions for damages resulting from, libelous material posted on the Internet. Also included is posting material that is protected by copyright or trademark, such as magazines and photos.

10. Dividend: A payment according to the profitability of a firm and the number of shares of stock owned by an attorney.

11. Executive committee: A committee comprising the heads of the various committees in a law firm.

12. Freelance paralegal: Contracts his/her services out to law offices and works under the supervision of an attorney.

13. General counsel: An attorney in charge of a corporate legal department; often an officer of the corporation.

14. General practitioner: An attorney who does not specialize but accepts cases in all areas of law.

15. Independent paralegal: A person who does law-related work for the general public without the supervision of an attorney.

16. Indigent: Poor or needy.

17. In-house counsel: An attorney who is an employee of a corporation and works in the corporation's legal department.

18. Legal administrator: Experienced manager who is hired to manage a law firm. Has the authority of a Managing Partner.

19. **Legal clinic:** Low-cost firm with standard fees for standard services.

20. **Limited liability company:** A company formed to shield its owners and their assets from liability arising from the misconduct of other owners or employees.

21. **Megafirm:** A firm that employs more than 300 attorneys and has branch offices throughout the world.

22. **Merger:** The union of two or more law firms to form one law firm.

23. **Multidisciplinary Practice:** A Firm that offers its clients nonlegal services in addition to legal services

24. **Nonlegal subsidiary:** A company that is owned by a law firm but provides nonlegal services.

25. **Office manager:** A person hired to assist a managing partner or legal administrator with management functions of a firm.

26. **Outside counsel:** A private law firm retained to do legal work for a corporation

27. **P.C.:** Professional Corporation.

28. **Preventive law:** Legal information designed to avoid legal problems before they occur.

29. **Sole practitioner:** An attorney who practices law alone. A sole practitioner does not employ other attorneys.

30. **Sole proprietorship:** A business that has one individual owner who operates the firm. A sole proprietor may employ other attorneys.

Internet Projects



The screenshot shows a software interface with a sidebar on the left containing six buttons: 'Key Terms', 'Internet Projects' (which is highlighted), 'Answers to Chapter Review Questions', 'Examples for Discussion', 'Possible Answers to Assignments', and 'Quiz'. The main content area on the right is titled 'Internet Projects' and contains three paragraphs of text.

Internet Projects

The Cybersites sidebar on page 13 lists law firm Web sites. If you look up some of these, can you observe what differences are between the Web sites of U.S. firms and foreign firms, if any? What are the similarities?

Research the Freelance and Independent Paralegal Web sites found in the Cybersites sidebars on pages 27, 28 and page 183. What are the qualifications of the paralegals? What are their specialties?

Research how to apply for a federal job by contacting the Federal Jobs Cybersites sidebar.

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Answers to Chapter Review Questions

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Key Terms

Internet Projects

Answers to Chapter Review Questions

Examples for Discussion

Possible Answers to Assignments

Quiz

Answers to Chapter Review Questions

Following are answers to the Chapter Review Questions found in the text.

1. The four things that determine the structure and organization of a law office are size, specialty, management style, and form of office (p. 2).
2. The growing complexity of the law and frequent changes in the law have forced attorneys to specialize (p. 3).
3. The five management styles used in most law firms are autocratic, democratic, managing partner, committee, and combination (p. 5).
4. The difference between centralized and decentralized management is that a centralized form of management is when a firm is managed from one source as opposed to a decentralized form of management that is managed in segments (p. 9).

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management that is managed in segments (p. 9).

5. The most common management style found in law firms is managing partner (p. 7).

6. The three types of attorneys in a partnership are partners, associates, and nontraditional attorneys (p. 12).

7. A legal clinic is different from a private law firm because a legal clinic's services cost less and they do not take complex cases (p. 20).

8. Outside counsel is a law firm that is hired to do work for a company that employs attorneys in its corporate legal department (p. 23).

9. The head attorney in a corporate legal department is called General Counsel (p. 24).

10. The reasons for the demise of legal clinics were that they were forced to raise rates so that private law firms were competitive in pricing, attorneys were underpaid, and the clinics were mismanaged and had internal disputes (p. 21).

11. The two managerial areas are administrative and governance (p. 5).

12. The difference between a freelance paralegal and an independent paralegal and an independent paralegal is that a freelance paralegal works for attorneys and an independent paralegal does work for the general public (p. 27).

13. The federal government's General Schedule is the government's compensation schedule for federal workers.

14. A nonlegal subsidiary is a nonlegal business owned by a law firm (p. 30).

15. An LLC is a limited liability company (p. 17).

Examples for Discussion



The screenshot shows a software interface with a sidebar on the left containing six buttons: 'Key Terms', 'Internet Projects', 'Answers to Chapter Review Questions', 'Examples for Discussion' (which is highlighted), 'Possible Answers to Assignments', and 'Quiz'. The main content area is titled 'Examples for Discussion' and contains the following text:

1. The Books Are in the Safe
This example illustrates the liability of all partners in a partnership situation. This example also illustrates the problems that can arise if sound management principles are not followed. It also illustrates that some lawyers are reluctant to participate in management and would rather delegate that responsibility to another. In this case, the two partners suffered a severe financial loss because of the fraud of the third partner and poor management systems.

A. Many things went wrong with this partnership. David and James did not participate in management and left all decisions to Edward. While this is often done in partnerships, it is important that all partners have knowledge of the actions and decisions of the managing partner. All partners should have been familiar with the financial accountings of the law firm.

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A. Many things went wrong with this partnership. David and James did not participate in management and left all decisions to Edward. While this is often done in partnerships,

it is important that all partners have knowledge of the actions and decisions of the managing partner. All partners should have been familiar with the financial accountings of the law firm.

B. David and James had to pay the \$3.1 million judgment because the partnership, including each partner, is liable for the debts and obligations of the partnership even though they did not personally participate in the fraud. Edward was ordered to pay restitution to the partnership but does not have to pay the judgment.

C. The situation could have been avoided if all partners were familiar with the financial accountings of the firm. If a system was in place where the partners reviewed the billings before they were mailed, a problem could have been found in Dresser's billings.

D. This question will produce a discussion of review mechanisms. Many students may answer that they would require that the bills

2. Too Many Lawyers

As the numbers of lawyers increase, society will see changes in the delivery of legal services. Some possible consequences are as follows:

A. The growth of lawyers will affect the legal profession by making the practice of law more competitive which will bring the cost of legal services down.

B. There will be fewer opportunities for partnership and an increase in permanent associates and staff attorneys.

C. There will be more private industry attorneys working in small private companies.

D. The number of specialties will increase as more lawyers are available to focus on the various areas of law.

E. As the number of specialties increases, there will be more specialty opportunities available

for paralegals.

F. More attorneys mean more positions for paralegals.

G. Society will have more access to legal services.

H. More private companies will have an attorney on staff.

Possible Answers to Assignments



The screenshot shows a software interface with a sidebar on the left containing six buttons: 'Key Terms', 'Internet Projects', 'Answers to Chapter Review Questions', 'Examples for Discussion', 'Possible Answers to Assignments', and 'Quiz'. The main content area is titled 'Possible Answers to Assignments' and contains the following text and list:

Following are possible answers to Assignments provided in the text. The responses below are a guide to what an instructor would look for within the student's response. Some assignments are based solely on individual experience and/or opinion, and a general response for such questions is not provided.

1. Individual student response.
2. This assignment is designed to assist students in determining their ideal place to work. To do this, students must identify their needs. Students are asked to list their needs and desires for an employment situation. This assignment is Part 1 of a two-part assignment. The second part is Assignment Number 3.
3. In this assignment, students are asked to apply chapter material to their employment needs and desires. They are to choose the type of office,

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1. Individual student response.
2. This assignment is designed to assist students in determining their ideal place to work. To do this, students must identify their needs. Students are asked to list their needs and desires for an employment situation. This assignment is Part 1 of a two-part assignment. The second part is Assignment Number 3.

3. In this assignment, students are asked to apply chapter material to their employment needs and desires. They are to choose the type of office, management style, and culture that best suit their needs. Even though it is too early for many students to choose a specialty, they should indicate what area of law interests them the most. Students should keep this assignment until they have finished the program to see if their ideal work environment has changed.

4. Individual response.

5. Individual response.

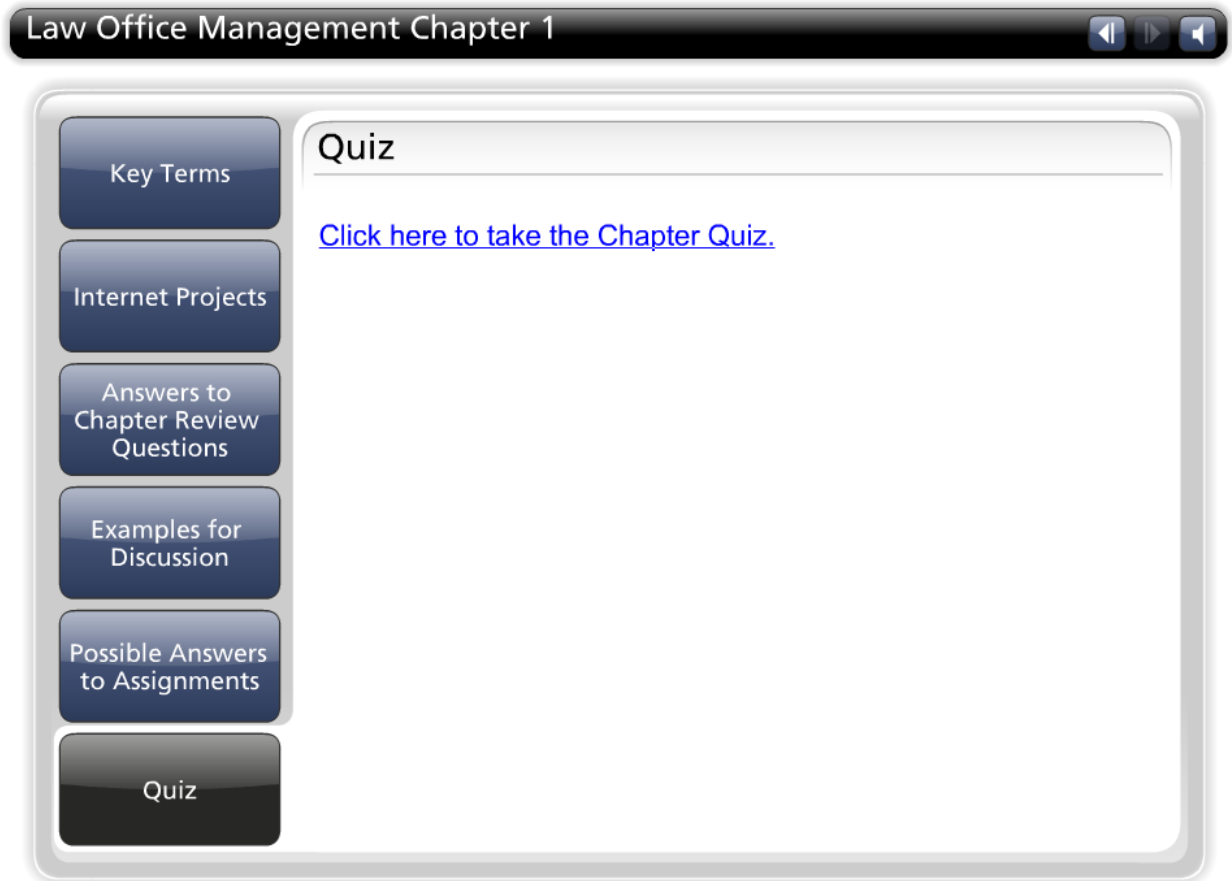
6. Individual response.

7. A decentralized form of management would be effective for a firm that has large branch offices located in other states. It would be ineffective for a firm that has one location; for example, a firm whose departments are managed independently. A centralized form of management is effective in these instances.

8. Individual response.

9. A corporate legal department has only one client: the corporation. Therefore, it is not concerned with client cultivation like a private law firm. A corporate legal department is not autonomous in its management decisions and is more concerned with budget constraints than a private law firm.

Quiz



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[Click here to take the Chapter Quiz.](#)

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