

Practice Management Part 1: What Works Best -- Practice Groups? Industry Groups? Client Teams?

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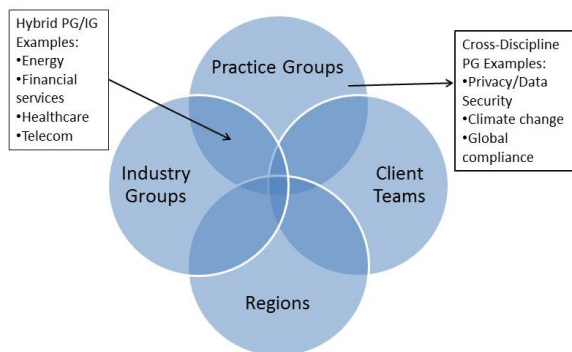
It's complicated! The easy answer to this question is "all of the above, and then some." Firms are not sure how to best structure, manage and market their lawyers and their services. The larger firms have become, and the more complex the areas of specialization, the more difficult it is to oversee practice management fundamentals including financial oversight, conflicts and intake, quality control, hiring, training, advancing and compensating. Added to those basic requirements, firms have had to introduce much more sophisticated methods for project management including scoping, staffing, pricing and budgeting. Clients now demand that their lawyers have a track record of proven success in a service niche, understand their business in a much deeper way, understand their industry, and deliver value, so law firms have had to add the key dimension of how to market and promote their services from a market-driven, outside-in perspective.

Twenty and thirty years ago, many general practice law firms were organized into two, three or four departments. Almost always there was a Corporate/Business and a Litigation department. Then, depending on a firm's strengths, there might have been one, two or three additional departments, e.g., tax, intellectual property, labor and employment, bankruptcy, real estate, international or trusts & estates. In the last ten to twenty years, the nature of legal practice has changed dramatically. First, legal services have become much more specialized and complex, driving the need for specialized training, hiring and in some cases, certification or advanced degrees. Second, clients began unbundling their use of outside law firms and started hiring on the basis of practice expertise and track record in previous, similar types of cases or transactions. Third, law firms began to recognize what consulting firms and investment firms have known for decades, that sector/industry knowledge and marketing was

essential as a go-to market strategy and one that clients increasingly began to expect. Even in practice groups, niches and service specialties have become more easily distinguishable and marketable.

What types of practice structures are most commonly used today?

There is no single or best practice structure. Most firms today are developing and instituting a matrix type of organization which includes multiple types and numbers of different teams and groups. It is essential that firms have a primary practice structure and in most instances, this is a departmental or practice group framework. Other groups then intersect with practice groups, although there are some instances where an industry group, client team or office will not include representation from every practice group. The core groups or teams are as follows:



Firms often try to get ideas about what other firms are doing by looking at their peers' web sites. These sites rarely reflect the management structure actually in place since web sites are intended to draw clients and prospects in to view their various areas of expertise. This has resulted in service, practice and industry lists that are expansive and in most cases, far more extensive and numerous than any firm could formally manage.

How are the various groups and teams different from each other?

From an overall management perspective, practice leaders are responsible for implementing the strategic and financial goals of the firm through their groups. Much of the day to day oversight and execution of service delivery and resulting profitability is done through practice teams and therefore requires effective planning, goal-setting, execution and coordination of all aspects of running a business unit. Each of the following types of teams have different characteristics and composition of membership.

Departments: Departments, as umbrella structures for functional practice groups, have less day to day management function than practice groups although they often have overall responsibility for finances and profitability management, pricing, hiring and professional development and input on partner advancement/compensation. Departments usually are less involved in tactical administration, project management and quality control, and marketing/business development. The focus on the financial and profitability priority that now is assigned to departments can be evidenced by the number of firms that have hired Department Operating Officers.

Practice Groups: These are smaller (although many may have 50+ lawyers in larger firms,) functional, horizontal service units, often under the umbrella of departments. PGs have taken on responsibility for much of the practice management previously "owned" by departments. The primary role is service delivery, project execution and resource management -- hiring, training, work assignments and performance reviews -- since the skills needed are specific to a niche practice area. PGs facilitate the sharing of expertise and skills, work product and precedents, allow for collaboration both on strategy development and the delivery of creative or efficient legal services, and monitor and maintain quality control. As smaller niches and "service solutions," many practice groups also develop new "products"/service offerings and focused marketing strategies.

Cross-Discipline Practice Groups: These are less numerous and often less formal groups in which multiple areas of service expertise, and lawyers in different practice groups, come together. One example is Privacy and Cybersecurity, which usually includes lawyers from litigation, employment and sometimes corporate and IP. Increasingly, it may include an international trade or EU expert and someone with compliance expertise. Another example would be Climate Change, which often includes lawyers from environmental, energy, regulatory, litigation and government relations/public affairs. It could also include corporate and IP lawyers who work with alternative energy tech companies and VCs.

Industry Groups: These practice entities function both in a marketing and client service context and typically reflect the needs of a vertical industry, sector or market group. Accounting firms and [investment banking firms](#) decades ago organized themselves into strategic business units and industry groups. Analyzing the firm's clients by industry clustering and/or identifying industries that present opportunities based on firm locations and practice specialties, firms form groups that can develop industry knowledge, track trends, and develop and execute marketing strategies. These teams are multi-disciplinary in nature, pulling lawyers in from various practice areas to serve the needs of an industry. See the chart below for a few examples of vertical industry teams.

Hybrid Practice Group/Industry Groups: These are groups that historically have been horizontal, functional practice groups and/or industries that are highly regulated and therefore have a heavy regulatory component. Once firms began to understand the value of growing business through industry groups, these practice areas now straddle both types of groups. Examples include health care, financial services, insurance, energy and telecommunications. These groups are probably the most complex to manage since they often function administratively as a practice group but now include multiple lawyers from other practice groups in order to expand business.

Client Teams: These groups are most similar in composition to industry teams in that the members of the team are from multiple practice areas which often makes them more effective in identifying multiple client needs that may lead to cross-selling. Client teams that are managed effectively achieve three important goals: (1) institutionalize clients by more formally organizing the internal team that serves clients, (2) provide a structured framework for coordinated account management to monitor work, client satisfaction and service improvements, and (3) provide a systematic approach to learn more about client needs and their industries and to explore opportunities for cross-selling and growing these clients.

Regional Teams: Some law firms still do marketing and management on a local basis, i.e., each office has a partner that runs the practice group for that office. More often, however, the groups described above operate on a firmwide basis. Where regional planning and execution occurs is more at a marketing level. For example, the Silicon Valley area naturally lends itself to multiple industry and practice niches: start-up corporate and IP, VCs, Executive Comp and non-competes, technology industries of various sorts, etc. New York has become a center for the digital media industry, and enjoys many other obvious industry strengths: financial services, international trade, media and entertainment, shipping and distribution, and retail. Marketing plans can be formed around the nexus between the region's strengths with a focus on where economic development agencies are investing money and where the firm has practice and industry group strengths. More recently, some firms have formed regional teams that focus on building practices in emerging or global markets.

Sample Horizontal/Functional Practice Structure

With so many different structures running concurrently in law firms, it is no wonder that firms struggle with how to best set up and manage their practice. Among the most commonly asked questions are:

- How many of each type of group should we have? How many is too many?
- Can partners join as many groups as they want or should we limit them to a maximum?
- What are the responsibilities of partners who lead these groups? How do we train, evaluate, compensate and hold them accountable?
- How do these groups coordinate between and among themselves?
- How much time does it take to manage these groups? How often should groups meet?
- How do we budget for these groups?
- What type of support should we allocate to the management and marketing of these groups?

We will explore these issues in the next blog post on **Practice Management Part 2**.

Tags: [Budgeting](#), [Client Service Teams](#), [Cross-Selling](#), [Industry sectors](#), [Key Client Teams](#), [Law firm management](#), [Market Opportunities](#), [Practice groups](#), [Pricing](#), [Project Management](#), [Traditional Law Firms](#)

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Departments and Practice Groups (Functional offerings)						Hybrid PG/IGs	
Department	Corporate & Finance	Litigation & Dispute Resolution	Intellectual Property	Government & Public Policy	Hybrid or Cross-Practice Service	Communications	Ac
Practice Groups	Bankruptcy Workouts & Reorganization	Antitrust	Advertising	Government/Affairs/Lobbying	Climate Change	Energy	
	Capital Markets	Complex Business Litigation	Copyright	Government Contracts	Global Compliance	Financial Services	C
	Executive Comp & Benefits	Environmental Litigation	Patent	Investigations & Enforcement	Privacy & Cyber-security	Health Care & Life Science	S
	Environmental	Labor & Employment	Trademark	International Trade/Export	Public & Private Partnerships		
	Labor & Employment	Product Liability	Trade Secrets				
	Mergers & Acquisitions	Securities Litigation					
	Real Estate & REITs	White Collar					Sp
	Tax						Er