

Preface

By the time this book is published, I will have spent almost one-half of my life in the legal business, either managing it or consulting to it. It was only proper, therefore, that I memorialize some of my more significant experiences for those who follow me.

I'm not suggesting that everything I've done has been right or in the best of taste. However, my experiences do provide a starting point for the novice—and perhaps even the veteran—manager, if for no other reason than to present a differing viewpoint.

This updated version of my 2005 book (first published in 1993) on law firm financial management represents the accumulation of over forty years of knowledge acquired from working in and with the legal profession in a variety of capacities. Most if not all of the analyses and methodologies used in this publication come from actual experiences in my dealings with firms of all sizes and practice disciplines.

There have not been that many changes in the financial management area over the years. The debits are still toward the windows and the credits toward the doors. However, the advances in technology has now enabled managers to more easily and efficiently manipulate the debits and credits so that informed decisions can be made to better utilize the firm's resources and improve firm profitability.

After spending eight years at Price Waterhouse, in both audit and administrative capacities, I came to legal administration with my CPA certificate and very little idea of how a law firm operated. But I was convinced that it couldn't be much different than the accounting profession I had just left.

This was my first mistake. Lawyers have their own style of management, whether dealing with their clients, each other, or the problems they face in administering to the needs of the firm. If you learn nothing else from this

book, I hope that you recognize the significance of how law firms are different from other organizations.

In the end, I knew that making money for the firm would be the ultimate test of my success, so I concentrated almost exclusively on financial management issues. While I devoted many hours to personnel, equipment, technology, and general administrative problems, my focus on financial management gave me the most exposure in the firm and the most notoriety outside of it.

My first speech as a legal administrator was in 1974 at the Association of Legal Administrators convention in Florida. I remember about 150 people were there. (Now the convention attracts thousands!) I made a comment at that meeting that has been identified with me ever since. I stated that the successful manager will be the one who knows the numbers. This is still important today, and many of my articles and speeches have assisted administrators in this crucial area.

Many midsized law firms cannot afford a high-powered chief financial officer to handle their financial affairs. I've written this book to provide some "how-tos" that these firms can use to take advantage of more-sophisticated financial management techniques, either with their current personnel or with the help of outside accountants.

I have devoted the majority of this book to financial management in the legal environment, leaving to others such related issues as taxes, audits, pensions, and other heavy accounting problems. I also leave to others the task of imparting views on the best way to interview secretaries or buy the least expensive yellow pads.

The information in this book should benefit managing partners and law firm managers with varying degrees of experience. There are chapters on basic budgeting and financial planning that will assist those new in the field, and chapters on more-sophisticated areas for those who have been in the law firm management field for some time and now wish to advance to new levels of knowledge and understanding on how the financial management process operates within the law firm environment.

The chapters on compensation and equity accumulation will appeal to managing partners who are seeking to find new ideas on how to compensate its owners and to provide for a payout system for those who terminate the firm for whatever reason.

I hope that you will find this new version interesting and informative and that this book will better prepare those who come after me—not necessarily giving them all the answers, but at least a better idea of the questions. You may reach me at jgiezzi@iezzigroup.com.