PROFESSIONALS AND ADMINISTRATORS:
TWO MODELS OF ORGANIZATION

By Ted Kolderie for the Public Services Redesign Project
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These are the notes of a discussion March 11, comparing the basic organizational models for professional services, as between law and medicine on the one hand and education on the other.

It was the second discussion of the subject. The first was a couple of years ago, with school administrators. This one was with teachers. There were eight teachers present: considerably experienced: men and women: mostly suburban: members of both unions (one a negotiator). They'll be anonymous in the notes that follow.

To describe the organization of a law practice we got the help of Dick FitzGerald, managing partner of Lindquist, Vennum and Bob Newell, formerly their administrator (and later administrator of a medical clinic). To describe the organization of a medical clinic we had the help of Dr. Norman Sterrie, now retired from the St. Louis park Clinic, and of Roqer Asplin, its former administrator and Jim Stolhanske, his successor and now its administrator.

We began at 7:30, and ended the discussion at 10:30. It went about as follows.

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The Partners’ Perspective

(FitzGerald talking) Originally the lawyer was a solo practitioner. You hung out a shingle, and some people came to you with their business. You paid your bills, and whatever was left was yours. This last is still the principle on which the system operates: Whatever is left is yours.

Now there are multi-specialty partnerships. We have about 60 lawyers: about 40 of them partners. We have about twice as many in staff: secretaries and clerks and computer operators and para-legals and messengers, etc. we are in most lines of law -- labor, real estate, tax, corporate. Not criminal.

We sell our time and our knowledge. So we keep track of our time. Rates in law firms around here today range from about $40 to as much as $200 an hour for really specialized work. It would be considerably higher in New York. A lot of the charges would be at about $100 an hour. We bill our clients directly. It is a competitive business.

There is a big incentive to get highly gifted people. You want your partners to be the best. Recruitment is intense. Law firms are now paying $30,000 to a lawyer to start. The hiring decision is the most important decision we make. We must do it well. Your own future depends on the quality of your partners.

After seven years a lawyer (on salary) is eligible to become a partner; which means s/he will then share in the "what's left". We make the offer to some; to others, not. The latter usually leave. Sometimes they later do very well; we have made some mistakes.
Q: How do you decide who is a good lawyer? A: The evaluation is by one's peers, every year. By the same committee that recruits. Usually, the younger partners. They talk to those with whom a lawyer has worked. They look at the numbers -- on hours billed in relation to the norm; and whether the rate of billing is below or above the norm. But essentially we just know who the good lawyers are. I'll bet that in the same way you know who the good teachers are. The quality is visible. So is the change, and growth. We also look at how much they share in the work in the firm: committees, etc. Seniority is a factor, but one of the last. Q: How often do you go and watch one of your lawyers at work in the courtroom? A: Probably never. We can tell from the results.

Q: How far is a lawyer responsible for getting his own clients? A: It varies: In a small firm, probably more. We are all involved in marketing the services of the firm. Advertising is now beginning. We do not use it. We would consider it an undignified act. But there was marketing long before there was advertising. It is good to have a lawyer writing articles for the journals; or making speeches; or doing work in the community.

Q: Does any lawyer ever prefer to remain on salary? A: Never. Becoming a partner is the biggest day in a young lawyer's life. It is also a big jump in income.

(FitzGerald, resuming) We do most of our work in our own offices; a small part in courtrooms or in the offices of clients or other lawyers. We are not much regulated; less, certainly, than doctors or teachers. We are licensed. There is a Board to hear complaints about professional responsibility. We are required to do continuing education.

Q: How do you ensure quality? What is the accountability? A: One partner is in charge of our operations and procedures. Quality has to be extremely high. We are selling a service. If we are wrong we have nothing. We cannot be wrong. We have in-house training going constantly. Noons, some partner will update the rest on some area of the law. We use tapes, films, cassettes. The attorneys come. They want to be good.

(Norm Sterrie talking) There are a lot of similarities, and some differences, with medicine. There is solo practice. There are single-specialty groups and multi-specialty groups; all of various sizes. Specialists are trained before they come. As with a law firm, we own our own space.

The St. Louis Park Clinic began in 1951, with a surgeon who persuaded 10 others to come together, believing the future lay with clinic medicine. This collective practice was controversial at the time: We were referred-to in some medical circles as "the pinks in the Park".

At the beginning all the partners met together. There was an executive committee for use when 'quick signatures' were needed. We put our building in a separate arrangement: We are not personally in the real estate business, and do not profit through capital appreciation. Fairly soon we realized we needed an administrator to handle the business affairs.

We offer partnerships after one year. There is a rising scale of salaries, over seven years. Compensation is set by a committee. Salaries vary: Perhaps a range of 3:1. Partly, over the years, this has reflected the supply/demand for certain specialties.
The Perspective from the Administration

(Roger Asaplín) Medicine is different from law in the method of payment. Doctors are paid mainly not by their clients directly but by third parties: insurance companies, government. More and more they are paid in advance, on a contract. But, as in law, the client decides where s/he will go. There is “free choice of vendor”.

We do a lot of quality-assurance work. The people who pay for our care increasingly watch our work. We run our program in-house. We have nurses who check with patients about their care. Q: Bow typical is this of the profession? A: It is harder to do these quality-assurance programs in a smaller group, certainly. Q (a teacher): We do similar reviews in our district. Teachers do. We would like to try running a school without an administrator in it. Q: If you find some teaching that is not up to standard, who “takes a walk”? A: That is a question.

(Sterrie, resuming) The partners elect a board. The board chooses a partner to be the principal officer. They select an administrator. The administrator reports to this executive. (Bob Newell): The administrator in a professional organization serves the professionals. Our job is to make the system work so the professionals can do a better job. I do a little college teaching on the side. As a teacher I go to administrators hat in hand to plead for what I need. The administration controls the professionals. I end up spending my own money for copying, books, etc. (Jim Stolhanske): We work for the professionals, and with them. It is a collegial relationship. My mission is to bring management expertise to complement their professional expertise. It is very participative. Incidentally, and interesting to me tonight: I was a high school teacher (business; Hopkins Eisenhower) before coming to the clinic.

Q: Both law and medicine seem to differentiate the staffing. Stolhanske: We wouldn't use an MD for everything that has to be done. We want to maximize the doctor's skills. So we use other levels of skill. The trend toward equipment and technology simply extends this principle. Asplin: There are "physician assistants". Newell: Smaller medical groups have about 3.7 non-doctors per professional; smaller law firms have about 1.3. This is one reason the income of doctors is higher than that of lawyers. Doctors have accepted help with both their professional work and with administration longer than lawyers.

Q: Is an administrator paid less than a top professional? In a medical clinic the administrator gets a salary that is about the median for professionals. FitzGerald: In a law firm an administrator may make about the same salary as a starting lawyer.

(A teacher): In education the superintendent makes twice the salary of the top teacher.

The View from the Teaching Profession

(A teacher): In law and medicine you do not have a political model. There is no counterpart of the School Board. Q: What if the 'board' just represented the people who pay, and did not supervise your teaching organization?

(A person who has organized a 'teaching business'): I'm more like a law firm. Our clients represent their own interests I started this math-teaching business two years ago as a sole proprietor. I get referrals, of kids who need additional work. Some adults, too. The clientele grew. I brought some other people in. We've now incorporated as a non-profit. It's like you say: I pay the bills and keep what's left. It is a risky business. There is no third
party payment. I have no wealthy firms as clients. A bill over $150 is likely not to get paid. So the people who work with me prefer salary. I now have five 'tutors', and will add three more for the summer. We went nonprofit for the image: There is a prejudice against being 'for-profit'. And to provide a way to raise money for scholarship help, since many of the people who need extra work really cannot pay the fees. Asplin: Essentially you've taken the 'foundation approach, the way the Mayo Clinic is set up. Q: How many of your teachers appreciate what you've done? A: I think some do. They are paid well, by the hour. But they are not a part of the business; not involved in attracting clients. It probably hurts not to have a location. We are not a group.

(Continuing) I have good relations with the private schools. They have high standards and want their kids to succeed. It's not the same with the public schools. I can't get the kids' files; or, rather, the schools won't let the kids see their own test-papers. (The teachers present uniformly said this would not be true in their schools; and it did appear that her comment applied to one particular school district.)

(Addressing one of the public school teachers): Would you feel threatened if a student sought outside help? A: No. I recognize I'm a generalist, not a specialist. There is a lot we cannot provide. But we are expected to do a lot. We have to take all the kids: we cannot be selective. We have to deal with all their problems. We deal with kids in groups. And we have a range of kids in every group. We have not differentiated our schools in our district: There are no choices. FitzGerald: This is quite different. We would not think of trying to deal with the whole person. We deal with the legal aspects only.

(Another teacher): When I came in, teachers were intimately involved in everything that went on. . . in the hiring, in the building planning, in class assignments, in budgeting. Since then -- and perhaps as a result of the changes in the late '60s and early '70s -- there has been a total change. We are now virtually not involved at all. It is impossible to get input, though we would be willing to give much more time than we do, if we could have it. Literally, I cannot get in the building after hours any more, and it is our building! I loved that kind of teaching we used to do. And now it's gone. (A different teacher): It is an adversary relationship. The administration works against you. It's not for teachers any more.

FitzGerald: At our office meetings the administrator never says 'no' to our lawyers. If it is something the partners want to do the administrator will say, "We'll find a way". Stolhanske: As soon as a we/they mentality develops anywhere, you've got a problem. Q (to the teachers): Would it be possible for you to show the school board what is going on, and that it's wrong? A: That's simply not done.

(A teacher): We're in an adversary role. There's none of us that wouldn't like to be in the role you (doctors and lawyers: are in. But that's not the situation we've got, realistically. We try to increase our participatory role, but that is very difficult to accomplish. Much of my time is spent on teacher-rights issues. We try to influence the selection of board members, politically; but as soon as they're elected they change, and do what the administration tells them to do. Sometimes you wonder: Why bother?

(Another teacher): Absence from work is getting to be a problem. This weekend (the fishing opener) I can guarantee you there will be more absences than there are substitutes to fill them. That's not what you're supposed to use your 'personal business days' for, but it's done. Our day starts about 7:30. We can leave at 3. The parking lot is pretty empty soon after 3.
(A different teacher): We serve administrators. And they are isolated from what is happening in the classroom. Decisions -- as, for example, about desks -- are made by central-office bureaucrats who have no real idea what we need.

FitzGerald: It seems to me that all these troubles are just symptoms of the basic system in education. Instead of struggling With these symptoms wouldn't you be better off to go 'at risk' in a different system? A: We don't have any opportunity to select our clients. FitzGerald: Doctors and lawyers aren't completely free in that respect, either. (Another teacher): No group of administrators knows how to evaluate us. FitzGerald: I'm not suggesting administrators: rather, a peer-review process. A: I'd love that. But it's not the system that exists.

McClure: We keep going back and forth between what exists and what might exist. Let's think about the possibility of a basic change. Look, for example, at the changes in the medical care system. When this began to be advocated about 1970 this was also attacked as radical. But gradually we are coming to a new and very different system. Similarly, there could be a basic rethinking of the relationship between teachers and administrators: from being assigned your kids to having the kids select you. Why should we have to drug a kid to keep him in school? Maybe you should be able to 'fire' a kid. Maybe, if you did, he would then find he wanted to be in school more than he'd thought. Perhaps the kid's dissatisfaction results partly from having no choices.

(A considerable discussion followed, in which several of the teachers said that the trouble in the classroom is not necessarily the fault of the kids. It results from bad health or from parental neglect and abuse, combined with the policy of 'mainstreaming'. They spoke with real compassion, and with obvious pleasure, too, about the satisfaction of finally being able to 'reach' one of these troubled kids. )

(A teacher): In my district we do have a vision. We are trying to reconceptualize and reconstruct education, going toward school-based management. We're doing pretty well. McClure: I sense, though, in what's being said, a real structural problem. A: Yes, there is that. If the key people changed everything would depend on similar people replacing them. (Another teacher): If we could start the system all over again we'd all probably do it along the lines you describe. But in the present situation the only group that can make changes is a strong teacher union. McClure: The system should not have to depend on the presence of a single person. A properly structured system would maximize what people really want maximized, or it would become extinct. Most professional organizations are built on this model. Education could be, too.

Q: What is your reaction to the current push for 'school improvement' . . . toughening-up requirements, and all that? A: Schools don't do all the educating of a kid. We have got to get parents and the kids themselves involved. What the public wants seems to keep changing. Stolhanske: This is like health. Our clients also have multiple problems, and we are becoming gradually a more comprehensive system. Maybe schools should be something like a 'family practitioner' doctor, handling the basics and referring individuals to others for more specialized services. (O: Are a school, a medical clinic and a large law office all essentially a 'multi-specialty group practice'?)

(A teacher): School boards are now saying "We need a math requirement". But 90 per cent of the kids in our school are taking math without a requirement; and we are doing pretty well. (Another teacher): But there is no question we can do a better job. We could restructure the whole thing and make it work really well, if we could pull it off politically.
McClure: When we started to restructure the health care system InterStudy was a small outfit. But it was clearly focused on the central question: What is the system, and what is the structural arrangement that will reward people for the desired behavior? That's the question that's now got to be asked about education. In every system there is a question about who is responsible for performance: the individual or the 'system'? In education all the blame seems to go to the system. You have got to make both responsible. In health care we now emphasize more and more responsibility of individuals for their own health. In education, too, we need now to increase the element of responsibility carried by the individual: Teachers should not take it all on yourselves, that you have not 'reached' every kid. It is unfair to the kid to say that he or she is not also responsible.

(At this point the discussion was shut off. Those present said they would like to resume and continue it, as soon as the school year is over. It was agreed we will do that; beginning with a look at the basic changes in the health care system and how these have been brought about.)

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The discussion of the education/law/medicine models a couple of years ago was with school board members and superintendents. The reaction of those in education that day, to the model of the other professions, was generally negative. Two key paragraphs from the notes of that meeting follow:

"One of the superintendents tried to summarize his sense of the basic differences this way: In education the people own the schools; they elect some individuals to direct this enterprise; those persons hire a superintendent who then sets up an administration and hires teachers. Legally, the State Department of Education is established to supervise all this apparatus. The system is not owned and operated by the teachers: It is owned by the public. The teachers may sometimes think they own it, or act is if they owned it, but formally they do not.

"Roger Asplin mentioned a somewhat different model that exists in California, for medicine. There, you will have a community, say, setting up a medical care system and owning the clinic facilities. You will also have the medical group -- consisting of some doctors and the administrators they hire -- which will then contract with the community owning the clinic to organize and run the medical services within it. This would be a way to bring together the two models, for education: You could have the public maintaining its overall responsibility for education and having a school board to set the policy and to raise the revenues; and even have a superintendent. . . and still have a group brought in actually to do the teaching that was organized on the model on which medicine and law are organized."