



FROM THE PRESIDENT

Welcome to a new fiscal year for SCALA! First of all, I want to thank Kim Maddux on her successful year as president. Under her reign, our chapter achieved Gold Status under the President's Award of Excellence. On behalf of the entire Chapter, thank you, Kim, for your leadership.

I have been reminiscing to four years ago when I attended my first ALA annual meeting in Montreal. Being my first annual meeting, I found myself anxious about what to expect. But after meeting the SCALA members in attendance, I was immediately embraced. They "showed me the ropes" of navigating around my first annual meeting and the benefits of being a member of ALA and SCALA.

Time after time, I have been amazed at the benefits that ALA and SCALA provide – educational opportunities, business partner relationships, and friendships.

Speaking of educational opportunities, several SCALA members will be attending the ALA annual meeting in Boston during the week of May 2. For those of you not attending, be sure to register for SCALA's June 10, 2010, "ALA in Review," where SCALA members who attend the annual conference share their favorite educational session information. We have found this meeting to always be popular with members.

Also, mark your calendars for our annual Vendor Fair on August 19, 2010, at the Columbia Metropolitan Convention Center. It is a great time to interact with our business partners and vendors to show our appreciation for their support. Prior to the Vendor Fair, there will be an educational session highlighted by former ALA President Dick Nigon, on "Where is the Tipping Point When Cutting Expenses to Increase Profits."

Friendships that I have formed as a member of ALA and SCALA have been instrumental in support of my professional development. It is nice to know other administrators who share common issues/educational needs. Be sure to participate in one of the social events planned in Charleston, Columbia, or Greenville during the year. It is an excellent time to get together with other SCALA members to relax and socialize.

Please remember to stay in touch with SCALA through our website, www.scalanet.org, which should be your first stop for the latest meeting information, bar relations news, and general chapter and ALA information. Please contact our webmaster, Shawn Payment, if you ever have news or information to post to the website (or if you spot any errors).

In closing, I want to thank our officers, directors, and committee chairs for their commitment to SCALA. We look forward to an exciting and successful year!

Jane Todd

President, 2010 - 2011

SC Chapter News



Immediate Past-President Kim Maddux was presented with a plaque by President Jane Todd in recognition of her past year of service. The SC Chapter received Presidents' Award of Excellence "Gold Level Chapter" recognition thanks to Kim's leadership!



SCALA officers for 2010-2011 were sworn into office at the SCALA meeting on April 14, 2010, as follows:

President, Jane Todd
President-Elect, Clara Godshall
Treasurer, Heather Niemi
Secretary, Julie Tuzzolino

Additional members who have volunteered to serve on the Board include:

Directors-At-Large: Brenda Stewart,
Rhonda Amick, Larry Mack
Past-President: Kim Maddux
Programs, Teresa Powers
Bar Relations, Clark Reifsnider
Vendor Relations, Carol Cummings
Newsletter/Webmaster, Shawn Payment



Many thanks to all our new officers for volunteering to lead our chapter in the upcoming fiscal year!

Get Involved by Supporting the 15th Annual FALA Silent Auction!

ALA's annual silent auction raises money for the Foundation of ALA (FALA), the Association's charitable arm providing education and research dedicated to the advancement of the legal professional and legal community. Choose from priceless collectibles to well-deserved vacation packages. Fine jewelry, state-of-the-art electronics, sports memorabilia, heirloom-quality gifts, and much, much more. (Including SCALA's donation: a basketball signed by College of Charleston Head Coach Bobby Cremins!)

[Bid Early! Bid Often!](#)



Job Coaching and Accountability: Lessons for Trusty

By Judy Hissong, CLM

Ever notice how playing the blame game hits all of us? First your receptionist, Trusty, shows up late – but it's not his fault: Traffic was terrible. Then you learn the coffee is gone and the big firm deposition is starting in an hour. You talk with your assistant, Dusty, who is in charge of supplies, but it's not her fault; no one told her they used the last bag. You sit back down at your desk and already your morning is making your smile become a frown.

You ask yourself, 'How does this keep happening?' This discussion leads you to wonder if you have the right people in the right places, and the number of times you've experienced problems with both supplies being out and the reception desk empty until 20 or 30 minutes after the office opens.

Stop. What if the problem is a little closer to home? Whoa. What if you are caught in the position of being nice to everyone and holding no one accountable? Let me explain.

As an administrator you strive to be liked. You work hard to be perceived as fair, and as nice. And likely you are. That's fantastic. The difficulty is that a majority of the time we stop there. We are loved by all, feared by some and abused by anyone who can get away with it! Do you know this feeling?

If so, it's time to develop a culture of accountability. The easiest way to do that is employing job coaching. It's time to shed the embracing of blame, and pass the responsibility to the firm back into the lap of the employee.

When hiring a new employee, you explain the nuts and bolts of the position for which they are interviewing or are accepting. You offer a very tangible description of the duties and the re-

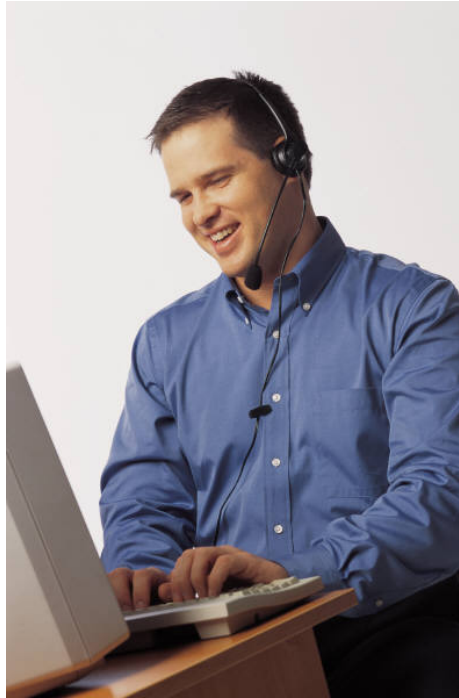
porting lines, and now you also begin explaining that accepting this position is accepting a responsibility to the organization, to the firm by which they are being hired. You, as the manager of the business, are holding the accountability around this responsibility. Your employees are not responsible to you; they are responsible to the firm itself. You create the necessary tension for the tightrope that the employee walks between job responsibility and duty to the firm.

Let's go back to the tardy receptionist for a good example of this in action. Trusty has been late before, and almost always has the same story – traffic did it to him. You listen each and every time, and offer the same understanding and advice – please get here on time, don't let it happen again, or whatever your mantra is for this sort of behavior. You see, Trusty is otherwise a good employee, and can be counted on for any variety of odd-jobs that arise during the workday. You don't want to lose him, but you are at your wits' end with this lateness issue.

It's time to employ some job coaching and put accountability in

place, so that Trusty completely knows the consequences to tardiness in the future. You begin the next tardy conversation with an open-ended question, "what is necessary for you to be to work on time?" and you listen to the answer. Really listen. You don't form another question until he is done with his answer. And, if he's not answering but merely spinning a tall tale, interrupt and ask the same question again.

Once you have an answer, build it in to your next question. "I understand you have difficulty rising in the morning, and the firm trusts you to open the doors and be the voice on the phone when the day begins. What can be done to re-create the responsibility you have to the firm SO THAT everyone knows you will be that voice on the phone when the business day begins?" Two things are in this question: First and foremost, you establish that the responsibility is to the firm. Trusty reports to you; that means it's your job to hold him accountable to his position. And,



Job Coaching and Accountability: Lessons for Trusty

(Continued...)

Trusty is responsible to the firm for his daily duties. Second, and this one is important, you have built a “so that” into your question. “So that” creates a tie between the behavior you are seeking to modify and the successful outcome that results. It also connects the job performance requirement with the reason for it. And, in very simple language, it creates a direct link between performance and pay. Performance of the job Trusty was hired to do, and the pay he receives as a result. And, pay can be compliments, salary, benefits or not having to be in your office every day because he’s tardy!

Now Trusty gets to answer again. You continue creating questions and listening for answers until you have some statement that will provide built-in accountability. Your closing comment may sound like this: “So we are in agreement that, beginning tomorrow, you will get up 30 minutes earlier so that you will be here on or before your assigned start time?” Trusty replies with a ‘yes’. You continue, “And, in the instance that you are unable to meet your job responsibility of timeliness, you will receive a written warning so it is clear to everyone where the accountability for this action resides. Are we in agreement?”

In coaching conversations the ideal question is open-ended and not biased. A terrific way to start any conversation is with the word “what.” It’s open-ended and doesn’t prejudice the answer ahead. If you begin with, “Why are you always late?” you get a barrage of excuses and defensive behavior that doesn’t address any of the real issue, and you’ll be asking again in a few days. A reframe of the question, “What is the obstacle to your timely arrival?” or “What has to change for you to be on time for work?” has a different sound to it, without really aiming at a different answer.

In a performance coaching situation, as this example personifies, you have already identified the outcome before you started on the discussion. You have a specific result you wish to achieve, and you want to create open-ended questions that will help the employee co-create the solution. Coaching applies in many other situations. Like the partner meeting when the owners are stuck for ideas on solving a particular problem. Put on your “what” cap and toss out an open-ended question that strikes you curious. Then sit back and let them talk. Again, you’ll likely be surprised at the outcome!



Coaching isn’t a new profession, but it is growing at a rapid rate! There are over 14,000 coaches who belong to the International Coaching Federation, and are accredited and licensed. Using coaching skills is a fantastic way to distinguish yourself from others, and is also a wonderful skill to build connections in your organization, in your home and in your volunteer communities. Asking the open-ended question will give you tremendous insight into whomever you ask, and it’s fun too!

Let me know how it works for you.

Judy Hissong, CLM, is the Principal of Nesso Strategies. She facilitates offsite retreats for strategic planning, develops and implements policies and procedures for growing firms, and assists in development of personnel through programs including teambuilding and communication training. She is an Accredited Executive Coach working with Managing Partners and Administrators to maximize their potential. Contact her for more information on how she can best partner with you and/or your firm.

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Business Partner Spotlight
Thaxton Barclay Group:
Professionals Maintaining your Peace of Mind!

Thaxton Barclay Group (TBG) specializes in the evaluation, assessment and placement of professional liability insurance for law firms. TBG, founded in 2001, has built a national reputation as one of the premier specialists in lawyer's professional liability insurance.



With over 1,200 law firm clients which includes many South Carolina firms, we are a true independent broker with no contractual obligations to any particular carrier. This unique advantage allows us to provide multiple solutions for the firm with respects to both premium and coverage for each policy year. TBG currently represents all of the nation's top insurers that have the highest financial ratings and proven claims handling capabilities.

Thaxton Barclay maintains a dedicated service team that allows us to handle most of the necessary work, such as tedious applications, without burdening you and

your support staff. We believe your time is best spent performing other, more productive tasks. TBG has built its reputations on service and that is our guarantee! We are proud to support the South Carolina ALA as Gold Sponsors and have been fortunate to work closely with many of the members.

If you have any interest in learning more about Thaxton Barclay or specific questions pertaining to your current professional liability program please contact Mike Shea directly at (813) 251-2609 or mshea@thaxtonbarclay.com.



The SCALA Scoop

The "SCALA Scoop" is the newsletter of the Association of Legal Administrators, South Carolina Chapter, and is published 4-6 times per year and distributed to over 50 legal administrators, Business Partners and other legal professionals throughout South Carolina.

Direct questions or submissions to:

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ADVERTISING

Advertising space is limited and advertisers are urged to submit ads as early as possible.

Advertising Rates: (Per issue)

Full Page: \$250
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Checks should be made payable to: "SCALA". Payment must accompany ad copy.



IS YOUR EARLY LEASE RENEWAL TOO EARLY?

By Judson Wambold, Martin Bond and Glenn D. Blumenfeld

The front page of the Sunday, March 14, 2010, edition of *The News Journal* contained an excellent article on the pending real estate credit crisis facing landlords in Wilmington [DE] and in the country as a whole. Demand for real estate is down, which is pushing rents lower. Lenders are using more stringent underwriting standards, resulting in lower refinancing amounts, which is forcing landlords to invest fresh equity into their buildings when their loans mature.

It's the "perfect storm" of real estate. And in this storm there is nothing of greater value to landlords than long-term leases from stable tenants. If your law firm hasn't already been approached by your landlord or a broker proposing an early lease extension in return for immediate rent relief, you will be.

And you will be tempted to quickly sign up for an extension to reduce your 2010 rent load - undoubtedly your largest component of fixed overhead. But things are not always as they seem.

While an early lease renewal accompanied by an immediate rent reduction can provide a "win/win" outcome for the landlord and tenant, the question that every tenant must ask before committing to such a transaction is "Over the long term, will I pay less if I do a deal now or if I wait until closer to my lease expiration date and compete my requirement in the open market?"

Unfortunately, in many instances, the early renewal deal does not make sense over the long term. The initial rent relief provided by some early lease renewals is often at the expense of a significant rental premium over the balance of the term, thereby rendering any overall savings illusory.

THE COMPETITIVE PROCESS

Some commercial real estate brokers will insist that it's never too early to start negotiating an



early lease renewal. From their perspective, the earlier they can get their foot in the door, the less likely it is that they will have to compete with other brokers for the tenant's business. However, in certain circumstances, there is such a thing as "too early." By agreeing to an early lease renewal, the tenant, by definition, sacrifices the ability to compete its requirement in the marketplace as a "free agent" - the most certain

way of securing the best pricing. Because there is little or no chance that a tenant will commit to move to another building when a significant amount of term remains on its current lease, the incumbent landlord often has no compelling reason to make its most aggressive proposal to the tenant at such time. Making matters worse, because no real competition exists for its requirement at that time, the tenant has no relative benchmark for evaluating whether the landlord's early renewal offer is a good one.

RENT-SHIFTING

All too often the rent relief provided in early renewal transactions is more than offset by a rental premium in the later years of the lease extension. Determining whether there are genuine savings or merely rent-shifting requires honest financial modeling and important assumptions about future market conditions.



An example will help illustrate the required analysis. Assume that a 100,000-square foot tenant is currently paying rent at \$28/sq. ft. (with \$.50 annual increases) and has three years left on its lease. Assume further that the landlord makes the tenant a present renewal offer that would immediately reset the tenant's rent to \$26/sq.ft. with \$.50/sq.ft. annual increases, and provide \$15 of tenant improvement allowance for a seven-year extension (i.e., a ten-year term from the current date).

The offer would provide the tenant with an immediate rent reduction of \$200,000/yr. for each of the

IS YOUR EARLY LEASE RENEWAL TOO EARLY?

(Continued...)

next three years and \$1,500,000 for refurbishing its space. Because we are assuming that the tenant's ultimate objective is to minimize its total occupancy costs over the long term, the tenant should do this deal only if it reasonably believes that the total cost of this deal is less than what it would pay if it kept its existing lease in place for the next three years, and then negotiated a seven-year market renewal deal when it could threaten to move, thus making the landlord compete for the renewal.

This analysis requires some speculation about future market conditions. While this is certainly an inexact science, through proper financial modeling the tenant can at least define where the market would need to be in the future to equal or improve upon the net present value cost of the early renewal proposal. In the case of the foregoing example, if the tenant stayed with its current lease for the next three years and then, in a competitive environment, secured a seven-year renewal (the "Future Renewal") at \$24/ sq. ft. with \$.50 annual escalations and a \$20 improvement allowance, it would save a total of approximately \$760,000 on a net present value basis as compared to the proposed early renewal deal. Thus, if the tenant and its advisors believe that the Future Renewal deal is well within the range of possibility given current market trends, the early renewal on the terms offered is probably not wise. In essence, the \$600,000 of rent relief provided over the first three years of the early renewal proposal would be more than offset by the above market rental for the balance of the renewal term (as compared to the Future Renewal). In addition, the tenant is foregoing a \$2,000,000 tenant improvement allowance in exchange for \$1,500,000 allowance three years earlier. In this example, the tenant ends up paying a premium for the privilege of its early renewal.

EARLY RENEWALS CAN DENY TENANTS THE LUXURY OF TIME

Not only does a tenant sacrifice the competitive process with an early renewal, but it also deprives

the law firm of the luxury of time to better assess its long-term needs. Because lease terms are often five years or more, tenants must project future staffing requirements so they don't take too much or too little space. With the fluid legal environment, the longer a firm can defer a long-term real estate decision, the more accurately they will be able to project their future needs. Thus, a law firm considering an early renewal should ask itself not only whether it really is saving money over the long term by doing the transaction now, but also whether these savings justify the risk of an accelerated decision.



CONCLUSION

In weak real estate markets, law firms are bombarded with proposals from landlords and brokers to enter into early lease renewals. The conventional wisdom of grabbing current savings in exchange for a longer-term commitment is flawed in many instances. If a law firm is looking to minimize its total occupancy costs over the lease term, it must carefully evaluate the proposal and secure guidance on future market trends before accepting a landlord's proposal and foregoing a competitive process. Further, law firms must carefully consider whether any projected savings from an early lease renewal are sufficient to justify the acceleration of a long-term lease decision with incomplete information.

The authors are with Tactix Real Estate Advisors, a national tenant representation company. Prior to joining Tactix, both Jud Wambold and Glenn Blumenfeld were partners at Dechert, LLP, and Martin Bond was a shareholder at Klett Rooney.

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