

Building “Change” into Law Firm Operation

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As the UK legal services sector undergoes market liberalisation, “change” must be embraced as the “new normal”. However, change is rarely comfortable or without conflict. Italian philosopher Niccolò Machiavelli famously said: “Whosoever desires constant success must change his conduct with the times.” In the same vein, firms that display an openness to adopt new ways of working are likely to better positioned to take full advantage of the evolving legal market landscape.

Law firms must therefore consider building continuous change into every aspect of their operation – from organisational and structural to pricing and billing models, performance management, staffing, talent management, remuneration, decision-making, service delivery and more.

Creating a pro-change mind-set

Leaders and strategic managers of law firms will need to be the driving force behind the management of change. Their own appetite for continuous innovation and change will be instrumental to success. Creating a “pro-change” mind-set starts with leaders convincingly communicating the firm’s strategy – supported by hard facts and insight derived from client data, profitability levels, market scope, availability of relevant employee skills and competencies, and so on.

Strategic Human Resource Management (SHRM) will play an important role in facilitating continuous change too. Employing an increasingly diverse workforce that brings with it broad business insight that goes beyond traditional black letter law is essential. With law firms operating in a manner increasingly similar to mainstream enterprises, they will require a more commercially aware talent pool to compete in a wider

range of industry sectors and geographies.

Streamlined and focussed recruitment processes, structured employee appraisals, skills and career development and competency analysis for the entire organisation will need to be undertaken on an on-going basis to satisfy the constantly changing needs of employees, customers and the firm itself.

Regional firms already embracing innovation

Interestingly, regional firms in the UK may be ahead of the curve in recognising the importance of SHRM with many already collectively collaborating with industry bodies in their local areas to devise ways to develop new skills and competencies in the legal sector. This approach will not only help them to identify new talent, but also assist the firms in adopting best practices from other business sectors, innovate and develop new ways to deliver a quality service.

A recent survey by PwC in the Midlands shows that half of the firms in the region expect to merge with another by 2015. It is reasonable to assume that this trend is likely to be true for other regions across the UK too. Regional firms today have a distinct advantage that they must leverage for business success – they have the local knowledge, relationships and relative size, allowing them to be agile and nimble at the same time. Assisted by enterprise-grade technology, this will help them to more easily accommodate new ways of working, which will make them extremely attractive partners for national and international legal services providers. Many are already at the forefront of implementing new working practices.

Change improves efficiency

Today, the entire commercial ecosystem is under the greatest pressure it has ever been to achieve efficiencies,

predominantly driven by customer organisations demanding unprecedented reductions in costs from their supply chains across the board – and legal services providers are no longer exempt. Firms that see this as an opportunity to be more creative with fee arrangements and adopt innovative approaches to service delivery – rather than considering it a commercial millstone, are more likely to succeed. This will require firms to actively replace older, less efficient ways of working with leaner, contemporary and more effective processes – not as a one-off effort, but as a matter of course.

Disciplines such as client relationship management, legal project management, best practice legal and business processes, business intelligence and financial management, alongside the adoption of fresh thinking to accommodate new technologies, skills and competency analysis and an understanding of outsourcing mechanics are all key to achieving the highest levels of efficiency as well as embedding ‘change management’ within the DNA of a law firm.

Leveraging technology for continuous innovation

There is no silver bullet to inculcating an ever evolving mind set to working, but adopting technology to facilitate and support new ways of working is a tried and tested approach. Professional services firms outside the legal sector who have adopted technology as an enabler of a change-led, business-centric approach to operation persuasively demonstrate the benefits of flexibility, agility, better utilisation of resources and greater client retention – culminating in increased revenue and profits. Business management systems (BMS) are widely used in the private equity and financial services sectors as enablers of reliable business operation, expansion



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and facilitators of change, which in turn allows them to rapidly respond to evolving market conditions. Such systems provide best practice processes for finance, procurement, asset management, expense management, human resource management and flexible invoicing. To illustrate, law firms can gain the ability to critically evaluate every billable hour – at client, matter or lawyer level; on region and practice basis, to ascertain what works best in different circumstances and amend their approach as required in near real-time, to ensure profitability and customer service. This is near impossible to do manually.

Considering how the market is developing, law firms must achieve a state of ‘change readiness’ – which is essential to continuous improvement. Change readiness allows firms to purposefully alter course or simply fine tune existing processes to achieve strategic business goals. As so often is the case, utilising the right technology for the individual business is vital.