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Paul Tilling, strategic projects manager for LexisNexis Enterprise Solutions outlines why integrating a strategic HR management approach with technology that reaches firm-wide is now vital for legal businesses with serious international aspirations

The UK's top 30 law firms spent almost half of their combined turnover on staff costs during the last financial year – £4.5bn (Legal Week). To put this into perspective, according to a recent TheCityUK report legal services contributes £20.9bn to GDP and employs 340,000 people.

It's not hard to see why staff costs are so high – in this most people-centric business, a firm's success to a large extent depends on leveraging experience, expertise and knowledge to deliver value and services to clients. But in spite of this, effective HR management has so far been of relatively little concern – typically, firms have been inundated with applications from potential hires and have cherry-picked the people they considered to be the best.

But how did they know those people were right for the job and the firm? For instance, did

they take into consideration softer skills such as attitude, leadership qualities, risk-taking abilities, emotional intelligence, and the like? It's more likely than not that they didn't, to any great extent; the traditional law firm pyramid structure did not require such an approach. Lateral hiring was also the norm, but in recent months we've seen many firms fall foul of this trend.

The majority of firms we speak to say that they need to internationalise their businesses in some way to thrive in the current economic climate. So, in this changed market landscape, law firms need to operate in ways similar to mainstream profitable enterprises.

To be fully commercial global enterprises, law firms need to appoint people in a wide range of roles, from CEOs and CTOs to compliance specialists and support staff.

Employing people with the right competencies and attitudes as opposed to selection based solely on professional qualifications is of paramount importance.

Recruitment to a football team is a good analogy – having the most talented football players in a squad does not guarantee team spirit or the right mix of skills required to win. Likewise, a law firm needs to have the appropriate mix of qualifications, softer people skills and attitudes to increase its chances of success.

As firms expand beyond national borders, HR management must become a business imperative. For example, a firm opening an office in Malaysia would need to assess: the best mix of lawyers with international and local expertise; how many staff must have prior business development experience; what staff motivation skills would be required; how the skills requirement will evolve as the operation gathers momentum, and so on.

In essence, law firms need to undertake workforce planning on an international scale – only then will they be able to identify and correct talent gaps and align staff requirements with the firm's strategic goals.

Reward and motivation are key

In a global landscape, attracting and retaining talent becomes increasingly challenging, because people with business skills have the option of many industries and geographies open to them. For law firms this necessitates a focus on reward and motivation, given that lockstep is diminishing as a viable option.

People are driven by different things, and these drivers change over time. Some are motivated by financial gains while others may be excited by position, power and authority. Equally, some employees may have aspirations

to progress their careers in a different area of business or law. How law firms deal with and manage these aspirations will be instrumental in creating their ability to attract and retain the best talent. In addition to an employment contract, law firms will need to also enter into a mutually serving 'psychological' contract with employees.

IT enables strategic HR management

All the above requires a heavier emphasis on strategic HR processes, including structured employee appraisals, skills and career development programmes and reward schemes that transcend geographies in a way that make them relevant internationally and locally.

This can only be enabled by the adoption of a strategic human resource management approach (SHRM) that is underpinned by IT.

SHRM provides a people-centric framework that helps businesses achieve their aspirations, and technology such as a business management system streamlines and links SHRM to all the critical functions of an enterprise, including client, matter, financial, resource planning, global accounting, procurement, reporting and business intelligence. Reaching this level of integration means firms can choose the right people management activities to invest in, then continually monitor them so that they are evolved in tune with changing business requirements.

Without such a tool, HR will remain a disjointed and ad hoc function that delivers very little value to an internationally aspiring enterprise.

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