

March 2017

# Briefing

SMARTER LEGAL BUSINESS MANAGEMENT



## GIANT STEPS

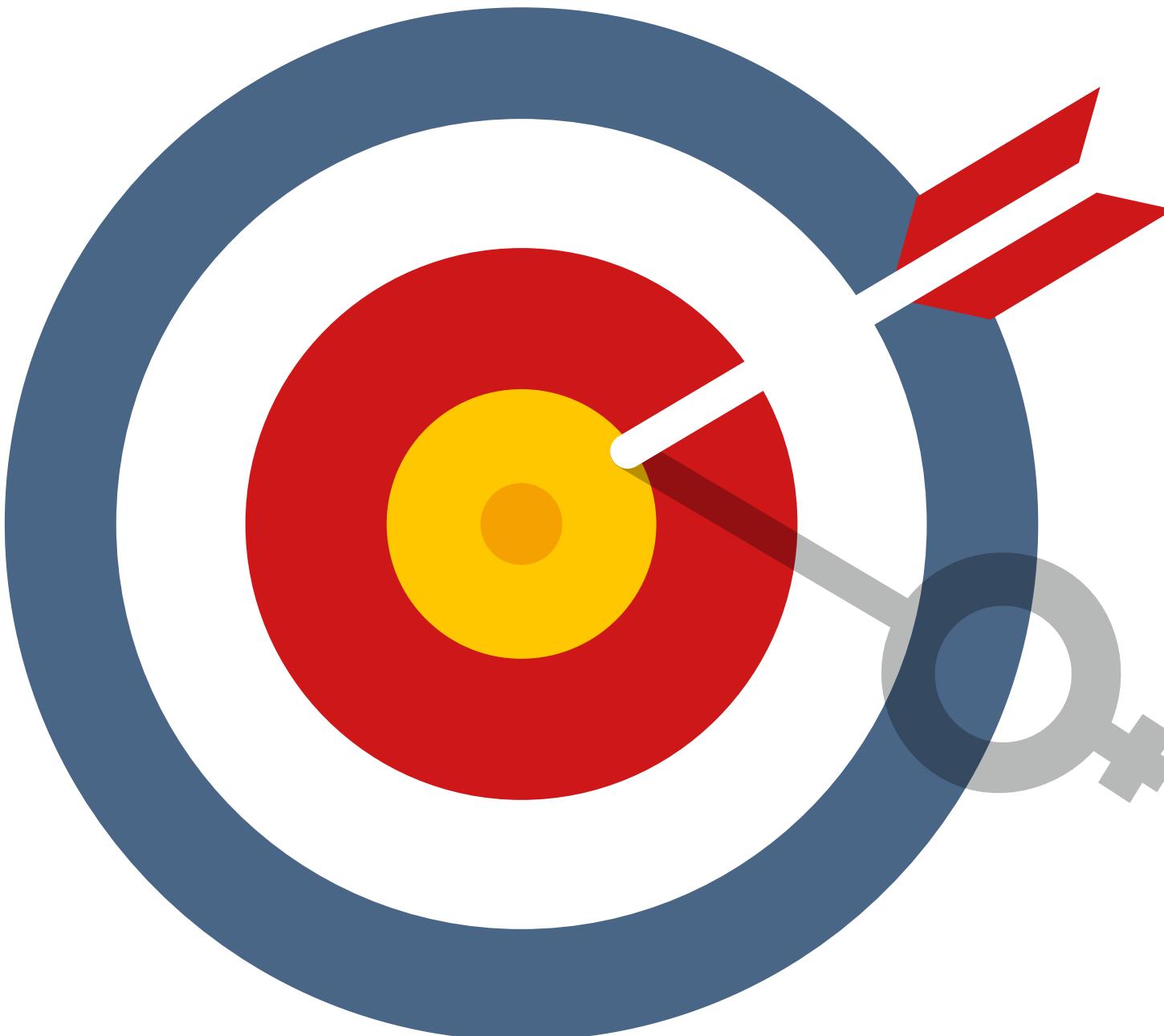
Dentons' global CEO on managing rapid transformation

## BOT STUFF

Briefing Frontiers rides the wave of artificial intelligence

## TRAINING TIMES

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## *Aiming for inequality?*

*Women are still not winning their share of the top jobs in law firms – we ask those who have cracked the glass ceiling how it's done*

**INDUSTRY ANALYSIS**

# Human touchpoints

James Hammond, product manager for human capital management at LexisNexis Enterprise Solutions, says underpinning strategic succession planning with new technology could lend competitive advantage



**T**he UK legal sector today must perform and flourish in an already volatile global economic environment, intensified by the uncertainty of Brexit. Against this scenario, while partners who are expected to retire in the next few years dominate many firms today, those firms may still have no formal succession plans in place. This potentially puts the future wellbeing of the firms at risk. In the meantime, it overburdens HR departments trying to support recruitment drives and career development plans.

And succession planning doesn't just apply to law firm leaders – it's an important exercise to follow for incentivising junior partners and up-and-coming lawyers alike. To survive, thrive and increase market share, many firms are resorting to mergers and acquisitions. In doing so, they acquire staff from the merging organisation – and unless there's a clear future career plan for every one of the incoming employees, the merged entity risks losing both talent and clients.

## Thinking inside the box

Succession planning is all about ensuring that the right skills are in place, at the right time, such that the business remains on course, continuously meeting objectives. A long-term approach to talent management is needed at all levels. For partners and business leaders it may be leadership skills development. For more junior lawyers it could be

client relationship development capabilities.

In the current environment, however – where HR departments need to be agile and reactive to the fast-changing resourcing needs of their firms – manually undertaking succession planning is getting harder. By contrast, technology such as enterprise resource planning (ERP) systems can enable the continuity of such programmes, ensuring that firms appropriately manage their 'rising stars' and plan leadership succession in a structured, timely and centralised fashion, often across offices in multiple countries.

For example, the HR department might decide to turn to McKinsey's nine-box talent matrix, which is widely used by organisations around the world. Here the business identifies talent by plotting employees' leadership performance (X-axis) against their potential (Y-axis) in a simple graph (p35).

There are nine boxes to which individuals could be assigned, based on assessment of performance. Partners could be categorised as underachievers, inconsistent performers, core talent, high performers with limited potential, or exceptional performers – those with the potential for business leadership roles. Similar grids can be created for junior lawyers and other operational employees.

This single view of the aptitude, skills, performance and potential of employees is essential to aligning the

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weaknesses of the workforce collectively, as well as individually. Graphic tools offer an accurate view of the overall skills gap, based on which HR professionals may take appropriate action.

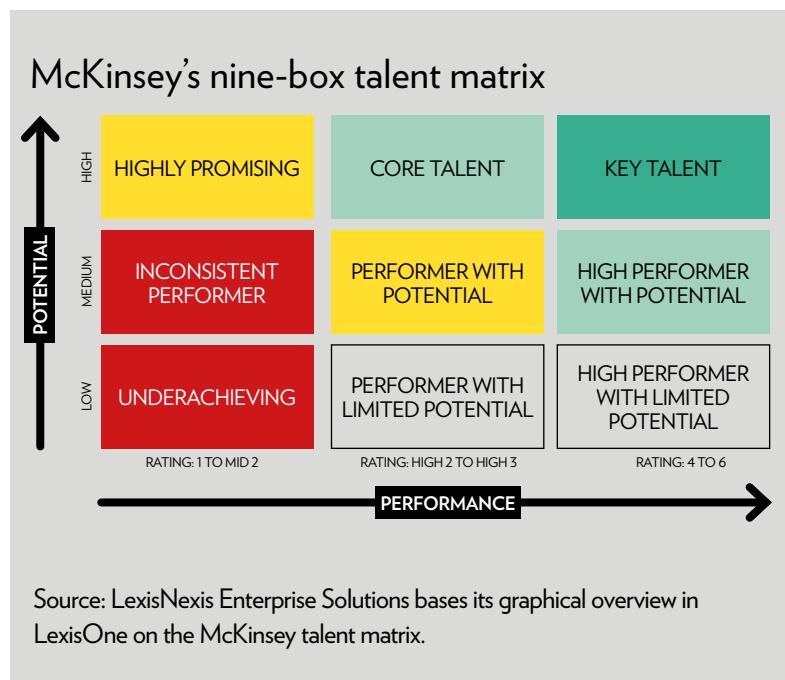
HR data visualisation can also benefit from the analytics provided by ERP systems, enabling managers to link employee compensation to actual business results. Reward models can be made commensurate with the performances of individuals, which of course is also efficient for the business – rewarding top performers to retain them and avoiding overpaying underachievers.

### Enterprising activities

Learning and talent development activities are another key component of succession planning. But with the right technology, employees can be empowered to take responsibility for their own development needs.

Take the SRA's Continuing Competence programme. ERP systems provide the capability to offer every employee their own interface – a portal where they can record all the activities they undertake against the programme. Based on role, the portal offers a single view of professional, business and training goals to form personal development plans.

This kind of self-service tool encourages employees to proactively manage their own skills profile. At the same time, it gives the HR department full visibility of those efforts (which may feed through into the nine box matrix).



Not only that – the system delivers all manner of holistic employee insight to the HR department, pulling data from the portal to deliver customised views of information pertaining to recruitment, retention, skills-gap analysis, leave and absence analysis, flexible working, probation, extension, disciplinary actions, family leave, grievances and so on. Technology ensures that talent management and succession planning becomes routine in the organisation. For the individuals, it starts from the very first day they're recruited into the firm.

System automation also relieves HR of some administrative tasks. For example, by integrating the ERP system with third-party recruitment systems to export employee-related information directly into the employee portal, all information pertaining to identity checks, qualifications, pay and so on is automatically recorded in the portal from day one.

Succession planning always needs to be a key focus area for firms, but especially so in the current business environment. Strong staff retention is just one route to safeguarding the firm's future. A planned approach allows the firm to identify – and promote – new business leaders to drive the firm forward, while also optimally leveraging the skills and expertise of existing partners.

And most crucially, in a business model where client relationships are the most precious intangible assets, a more automated approach to HR management ensures a smooth and phased handover and continuity of client care, whether lawyers are moving to new positions or making an exit – dramatic or otherwise. ▶