

Briefing Magazine
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SMARTER LEGAL BUSINESS MANAGEMENT

CV AND BELIEVE
How Osborne Clarke improved itself for the future talent pool

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SIMPLY INVEST
Brabners on getting to grips with what clients really think



Can we fix it?

The pace of change is changing. Who knows what their legal business might look like in 10 years' time. No, seriously. Does anyone know?



THE BIG IDEA

Hit the roadmap

In a world of relentless uncertainty, is talk of your law firm in 2025 admirably visionary or somewhat wishful thinking? Richard Brent investigates

In 2016, the charity Barnardo's announced a new 10-year strategy – its first to look so far ahead – designed to make it a more agile, diverse and digital organisation, better prepared to meet its changing challenges.

Adam Pemberton, corporate director of strategy and performance, says: "It's highly unusual for any charity to have a strategy that looks further ahead than three to five years. But Barnardo's is in the business of finding long-term solutions, not sticking-plaster, short-term fixes, for the problems faced by the most vulnerable children and young people in the UK. That demands we look beyond the immediate horizon for sustained, impactful interventions that transform the lives of those we serve – and do even more to prevent these life

challenges arising in the first place."

It's striking that this new direction coincided with another shift, the benefit of which legal businesses might also recognise (at least in theory). "Work on the strategy coincided with a top team restructure that create teams better placed to work together collaboratively to break down organisational 'silos,'" says Pemberton. "We fully expect the changes in culture and ways of working that will deliver our ambitions to be a continually evolving piece of work over the life of the strategy."

But for all of the talk of 'the law firm of 2025' a 10-year strategy is surely quite a rarity in the legal profession as well. A few months before Barnardo's Mishcon de Reya unveiled it had one (admittedly, itself sliced into "three-year plans" for target revenue increases). Elsewhere, however,

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many are probably around half-way through their respective visions to take us to the end of this decade. Indeed, it was only last issue that **Briefing** covered ‘project 2020’ as underway at Norton Rose Fulbright.

And yet, you’d imagine law firms, no less than charities, are in the business of finding “long-term solutions” for those who need their services.

Moreover, perhaps the precise horizon of a strategy might assist with the way it’s received and bought into internally. Jan Heuvels, international senior partner at Ince & Co, says: “A long-term overarching strategy, provided there’s an opportunity to review it on a periodic basis, can be an advantage, as it shows commitment to your direction of travel. However, as part of this there should be shorter-term strategic goals, which can be measured, reviewed and revised to be responsive to market conditions.”

At Ince & Co, he says: “There’s no set time frame, but candidates for the role of international senior partner are asked to set out their strategic vision for the firm as part of the selection for the role, which takes place every five years. This may be a case of reaffirming the firm’s existing strategy or setting a new course.”

Dynamic enterprises

One trend we’ve clearly witnessed in recent years is the rise of people with titles such as strategy director – which must point to something afoot in how these decisions are reached.

Don Clarke is director of strategy – and a partner – at Keoghs. However, partners do not decide strategy. “We’re not a traditional partner-led firm,” he says. “We adopted what most people would call a corporate structure over a decade ago.” The firm is an alternative business structure, and has already welcomed some external investment. And the culture has had time to evolve such that although partners are shareholders, they

don’t expect the same ‘say’ that might be the experience in other firms. “Their roles are probably more clearly defined,” says Clarke.

“An executive has responsibility for the day-to-day running of the business, and a separate strategy board formulates strategy, which is only passed on to partners for approval.” The strategy board will meet a few times a year to discuss whether anything needs amending, and that amendment, he says, will be approved at the next partners’ meeting. “We have a five-year plan, but I think you’d do well to plan accurately more than three years ahead. Most focus is on the next three years, because of how much the market is changing, and the way that technology is impacting so much of what we do.”

For Keoghs, ‘organic growth’, ‘diversification’ and ‘disruption’ are strategy keywords. “If the market dictates, we’re prepared to acquire as well – we want to be a consolidator, not consolidated, and our alternate business structure, which enables us to reinvest 100% of profits every year, puts us in a strong position to realise our strategic ambitions,” says Clarke. “Our main focus is that we’ll only act for compensators, so we want to provide as many services they may need as possible. In essence, we’re driving efficiencies in some of our areas, and diversifying into others less susceptible to either reform or commoditisation.” In November 2017, the firm launched a marine, ports and offshore team as part of the diversification drive.

Richard Hinwood, head of strategy and chief of staff at law firm Withers, says: “There’s certainly no harm in having a long-term vision, but strategy is fundamentally dynamic. It’s not only what you plan, or what you try to execute; there’s also what’s changing around you. In a dynamic market, every so often reality coincides with your plan.

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"In a dynamic market, every so often reality coincides with your plan. Few would disagree that technology is developing rapidly, but sometimes it evolves quicker than those involved in developing it realise that it will."

Richard Hinwood, head of strategy and chief of staff, Withers



quicker than those involved in developing it realise that it will. Strategy needs to take account of this." In a case such as the recent interest rate rise, he adds, economists are increasingly recognising that the market is reacting most to the 'signal' that the rate is going to rise, with arguably less reaction than to the rise itself. A hard-and-fast plan is far less relevant in such a dynamic market, he says.

Lloyd Snowden, associate at integrated business planning specialist Oliver Wight (EMEA), says: "Organisations generally need to consider a minimum of five to 10 years for strategy." However, he agrees that it's the intersection of long and shorter-term planning that's likely to be the bigger headache (and perhaps even absent).

"One of the biggest issues is that many organisations lack a process to actually deliver the strategy," says Snowden. "Statements such as 'grow the business by 30% in five years' are simple, but they don't tell an organisation how to get there.

"Although they may have strong strategy-creation teams and plenty of processes to deliver short-term, there is no process to link the short-term with the long-term. Integrated business planning is this link. It's interesting to note that 75% of deployed strategies fail because there's no

process to deliver them."

Oliver Wight has a four-phase "maturity model" for planning that derives from an efficiency model based on the evolution of Italian weapons manufacturer Beretta since the 1500s (it's a Harvard Business School case study after Beretta dramatically beat the incumbent gun Colt to a contract for the US government in 1983).

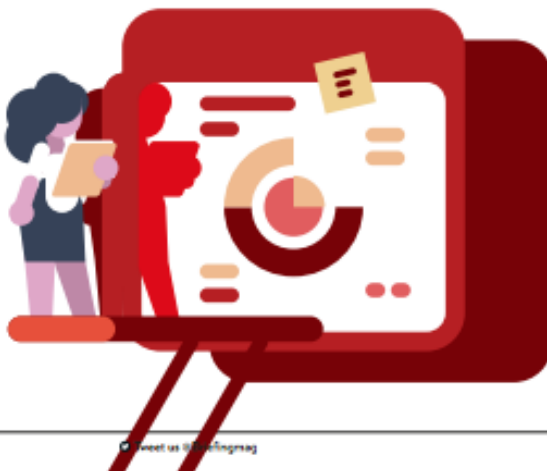
What hope then for lumbering legal to react to rapid change in good time in 2018? It can't be denied, says Hinwood, the cost of implementing large-scale technology-based change is an increasing challenge for the traditional business model that has turned so well on paying out a significant proportion of its profit annually.

"Is the traditional business model fundamentally broken? Not necessarily – it still works. But is it the right model for the future? Arguably not. A lot of firms might need to change the model that has been highly successful for them in the past because it may be more of a hindrance in the future."

So, enter the in-house strategy director? "When you're handling such changes and maintaining consistency in a service industry – where it comes down to the service delivery of different individuals – that is then a whole additional dynamic and challenge," he says. "It has to be a healthy thing to have more people shaping strategy internally, bottom up as well as top down."

Engage successes

That last comment should also resonate at Irwin Mitchell – where Victoria Brackett, partner and CEO of business legal services, believes it's critical to people engagement that more junior team members are involved in developing the business strategy. She says: "First, you don't achieve good engagement unless you're sharing as much information as practically possible, and



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highlighting what you want to achieve.

"You also need to link the impact of day jobs to the strategy, so everyone understands their role in getting there. And, frankly, those aged 20 to 30 probably have better insights into technology and digital progress than many of us in management."

Now Brackett has introduced some groups for junior employees – both lawyers and in business services – to get more deeply embedded in some relatively long-term strategic projects.

One of these surrounds the client-onboarding process from the perspective of customer experience. "Partners aren't removed from the project entirely, but it's devolved to those dealing with the work area every day," she says. "People are moving something forward, and they also feel more engaged." Separately, the firm's also pulling people together to thrash out innovation in client experience via a 24-hour hackathon-style activity.

Snowden at Oliver Wight points out that organisations should have three horizons – execution (just 0-3 months), integrated business planning (everything from 4-24/36), and the strategic view of 5-10 years. "However, the entire organisation's focus is often compressed into the execution horizon. Decompressing the organisation must be a key aim to ensure the right people are both empowered and focusing on the most appropriate horizon for their role.

"It's also vital that companies make available the information required for each of the three horizons, otherwise people will have no motivation for this decompression."

Happy mappy

Irwin Mitchell is currently less than a year into the five-year 'IM 2022' strategy. "I expect there'll be technology in 2022 – and certainly in 2025 – that hasn't even been dreamed about yet," says Victoria Brackett. "But while it might sound unambitious, I also think many technologies for changing legal services delivery probably already exist in other industries. Law is still so far behind. Frankly, the next five years are to drag ourselves into a new world of technology already here. Beyond that might just be too much for a profession that barely changed for 20 years.

"We still sit at a desktop and do most things by email – we even write letters! However, the generational demand will force the issue, as without change we won't get the talent in. It'll be:

'I'm not doing law – it's just too fuddy-duddy!'"

If a law firm's core products are still its people, some firms perhaps also need to consider each individual's strategic development within that system more fully. Brackett, for example, is now six months into a new "talent-mapping exercise" to create greater awareness of people's current performance, compared to their potential.

"Unless it's absolutely clear, one person's view of a team can be very different to another's – then the 'unfairness bug' pops up." That can then hit productivity. "People see recognition happening, and they feel they haven't worked any less hard. If you struggle to explain that, you lose engagement. So, we're mapping people's trajectories out alongside issues such as support and mentoring needs to fulfil potential, plus strategic business cases and succession timeframes."

In 2017, Ince & Co has worked up a new progression system for its London lawyer community, alongside some new mechanisms for the feedback that ought to drive talent up it. Heuvels says: "Lawyers now progress up a four-step career programme of trainees, associates, senior associates and managing associates. They can move to the next stage once they've demonstrated a set of competencies focusing on legal skill, client management, business development, working with and leading people, business and financial awareness and ethos."

For those reaching managing associate, Ince has also opted to introduce the new 'legal director' role as an alternative to partnership. "Importantly, pay is now linked to performance so that we're able to recognise outstanding performance within a particular role too," Heuvels says.

Also, appraisal process is now electronic "where partners provide feedback to associates, with records reviewed at regular intervals throughout the year. At the end of the year, all feedback is formally reviewed by an associate's mentoring partner to assess whether they're ready to move up." This change is set to go global in May 2018.

The 'millennial' urge for more – and more immediate – performance feedback we hear so much about is but one example of pace of change picking up. The future's heading toward traditional legal business fast from all sides, and as the uncertainty of the broader business landscape also rolls on by, a fairly reliable roadmap ought to be a pretty obvious travel essential. ▶