Strategic Human Resource Management for Law Firms

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Chapter 1: The role of HR, and its scope and standing within the firm

Most of the solutions to the challenges currently facing law firms in a changing legal landscape involve the talents, capabilities, engagement and performance of their people. Firms need to continue to build these capabilities and talents, while achieving high levels of performance and delivering their services profitably.

This offers an opportunity for HR professionals within law firms to consider how they provide their service to their firms, and to ensure that this service is delivered in a way that both raises their profile within the firm and enables the firm to achieve its strategy. For the purposes of this section and subsequent chapters, the term HR is taken in its widest sense to include all professionals who operate within human resources, learning and development, talent management and other people management teams within firms. Although job titles vary, a focus on the people agenda within the firm remains the constant feature. The following section outlines the key roles which HR should be playing in a law firm, particularly in this period of commercial challenges.

Aligning fully and flexibly to the strategy of the business

Most law firm leadership teams will have been spending time re-examining their vision, strategy, plans and budgets in light of current commercial challenges, depending on the markets in which they operate, the clients to which they provide a service and their current/future business model. Changes will have been made to their plans and budgets, so as to be able to still achieve their visions and strategies. In a number of cases, it may be that the strategy itself, and indeed the vision, have changed in response to market changes.

As those plans change, it is imperative that HR understands these new priorities, and aligns itself structurally, behaviourally and attitudinally to the new plans. Kotter\(^1\) says that: “Nothing undermines a vision more than the behaviour of senior people.” In challenging economic times it is critical that the behaviour of HR professionals is seen to be supporting new or changed business priorities.

For example, we may find that a department, which was previously seen as a key contributor of growth (where the HR input may have been building the skills and capabilities of the partners to grow their client relationships) now has to be supported to achieve profitable financial performance (with HR input on building the skills to manage transactions more profitably, charge appropriate fee levels and manage underperformance). In this case, a very different and business critical response is needed from HR.

HR professionals need to understand changing priorities and be seen to support those priorities by focusing on the outcomes that will most assist the achievement of them, while caring about the individuals affected; rather than focusing on HR processes per se.
Partnering with the key business leaders

The concept of operating as business partner is not a new one for HR professionals. However, the challenge in an uncertain economic landscape is how HR can truly become close partners to the business leaders. This is with regard to how it operates with those leaders and how it structures the delivery of its services.

The CIPD Report ‘Business Partnering: a new direction for HR’ traces the origins of the term ‘business partner’ within HR. Dave Ulrich, professor of business at the University of Michigan researched and identified four key roles for HR to play, alongside its requisite skills and competencies:

- A partner with senior and line managers in strategy execution;
- An expert in the way work is organised and executed, so as to increase efficiency and reduce costs;
- A champion for employees, representing their views and working to increase their contribution; and
- An agent of continuous transformation, shaping processes and culture to improve an organisation’s capacity for change.

In other words, HR should link closely with, and understand the fundamental aims of a leader, and focus on ensuring that policies and decisions enable the people within the department or firm to fulfil those business aims. To operate in this way, it is important that HR professionals:

- Meet regularly with the key business leaders and ask them about what they are trying to achieve in their department/business unit, what the challenges are and what help they need to ensure that their people are capable of performing as required. It is then possible to use these meetings to gain an in-depth understanding of their business and the actions that will help them achieve their aims;
- Seek to become involved in decisions and discussions at an earlier stage. For example, HR professionals are capable of implementing a downsizing programme, however, if they are involved at the outset when the decisions to downsize was taken, they could understand the fundamental business challenge and provide advice on other appropriate solutions. It is the difference between just implementing a decision that has already been taken and being able to influence the decision itself; and
- Support those leaders – Leading a department or unit in an economic downturn is very challenging, and can be a lonely task. Those leaders will need support themselves as they make and implement decisions. HR professionals can care about and understand how those leaders are feeling and if necessary, take action to ensure that those leaders remain resilient.

Structurally, many HR teams have adopted elements of Ulrich’s business model. Research by the CIPD into ‘The changing HR function’ found that the most common developments to HR structures were:

- Shared services – Establishing a single unit handling all routine transactional HR services to the business. The unit is to provide low cost effective HR administration typically for payroll, resourcing, absence monitoring and simple routine advice;
- Centres of excellence – Usually small teams of HR experts or individuals
providing centralised advice and projects in specialist areas. Typically, these may be reward, talent development, learning and development, and employee engagement; and

- Business partners – Senior HR professionals working closely with business leaders to influence and steer people strategies to meet the needs of those leaders. These roles are often divisionally aligned, with a shared reporting line to central HR and the divisional business leader.

The challenge in implementing any of these structures effectively is in the understanding of the business, the different roles in the business and the boundaries/communication breakdowns that can occur between the different teams.

The advantages are deemed to be cost efficiency, competitive advantage (by the deployment of cutting-edge thinking on key people strategies) and delivery against increased expectations of HR to add real value to the business. It can also be very challenging to recruit or appoint effective business partners, and it is important not to neglect their skills development in that role or their involvement in central operations as they can become isolated from other HR professionals in the business.

Managing the strategic and the operational

In smaller firms the challenge can be the breadth and depth of people management interventions that are needed or perceived versus the level of resource within the team. There are often resource pressures in HR teams of all sizes, but the typical structure in smaller firms of one or two HR professionals, and possibly an administration assistant, makes the breadth and depth of requirements a real challenge. One minute they are recruiting a trainee solicitor, the next, handling a discipline within the finance team, then acting as a sounding board for the managing partner in terms of the behaviour of a particular partner.

In these circumstances HR professionals need to be skilled at making great time choices and in particular, at choosing to focus on activity at three levels – namely strategic, managerial and operational. If HR professionals review their ‘to do’ list and what they are achieving on a daily basis, they are likely to find the majority of their time being spent on operational issues – these are nearly always more urgent and demanding of their attention in the short-term. To ensure their continued effectiveness, it is important that the HR professional in smaller firms:

- Plans what they ‘need to do’ at all three levels of strategic, managerial and operational;
- Organises their diaries to contain activities in all three;
- Invests ‘chunks’ of time to the strategic;
- Invests regular time in the managerial; and
- Delegates, does quickly or ignores the operational.

In organising themselves in this way, and establishing a regular way of reviewing the effectiveness of this organisation, the more general HR professional in smaller firms can ensure that their attention is given to all three areas. Experience has shown that if more time is invested in activities at the strategic and managerial level, there should be less to do at the operational level.

Equally it is important that HR professionals in smaller firms thrive on and relish the breadth and depth of
challenges that present themselves each day. This is very different to working in a larger HR team, with the opportunity to influence the business and the leaders of that business on almost a daily basis.

**Demonstrating financial and non-financial value**

HR can be seen as, feel like, and indeed is, an overhead when there are pressures on costs. It is important that HR professionals target their contribution, efforts and time into areas that will yield real benefit to the business in terms of its plans. If an activity does not assist the business to achieve its strategy, then simply do not undertake it or get it achieved in another way.

There may be areas in which savings can be made by identifying other solutions. Think about different ways of providing services, which are still fit for purpose, but have a lower expenditure to them. It can prove very cost effective to utilise and develop the skills of internal resources, rather than use external expenditure. This may mean that HR professionals and other in-house resources need to develop new skills that offer a great opportunity, as well as a challenge.

Where possible, HR needs to demonstrate an awareness of the need to identify a return on investment for expenditure. For example, identifying when a key individual is under high levels of pressure and likely to leave, and measuring possible expenditure on internal and external coaching, as well as mentoring, against the cost of recruiting a replacement – and then making a commercial recommendation for action.

**Providing the motivational ‘glue’ to key individuals**

A changing legal landscape creates a great deal of uncertainty (as well as opportunity) for people. This uncertainty lies in the future of the business, career and development options, security of employment, and doubting one’s ability to perform the role the business now requires of such a person.

Where there are high levels of uncertainty, it is important that someone is caring for the emotional wellbeing of the key individuals concerned. HR can perform that role based on existing relationships, and develop new ones as required, by spending time with people, asking the right questions, spotting issues and remaining positive about the forthcoming challenges and available opportunities.

**Coaching and leading managers to build their skills and resilience**

Law firms have historically lagged behind in meeting the people management and leadership skills development needs of their leaders. In times of economic downturn, this need is more prominent than ever, as effective leadership and team guidance will determine whether a law firm can withstand the storm they are currently facing and will face in the years ahead.

HR professionals are ideally placed to develop those skills of leaders by spending time coaching and developing them. Working with individuals to understand how they approach various situations, the impact they have on others, how they develop as leaders and what their immediate plans and decisions are will be very beneficial to the business. It also builds excellent relationships for the future as HR professionals become a key sounding board and source of advice.

HR professionals need to invest in their own skills to do this, however. There may not be a budget for external training, but reading widely on coaching and sharing best practices with others can be useful in developing highly practical coaching skills. Teams can run in-house masterclasses to
review coaching scenarios in which they have been involved and build the skills of others to do the same.

**Maintaining high visibility in the business**

It is often the cry that in times of change and uncertainty, it is important that leaders maintain high visibility, yet in reality often those leaders are taken off the scene and drawn into meetings and important discussions with various groups and individuals.

HR professionals can help that by maintaining leaders’ level of visibility within the firm. As heads can tend to drop in difficult times, HR professionals can help leaders by working with them to manage their time and identify key opportunities for them to be visible, assisting them in clarifying key messages to be passed on to people within the firm and reminding them of the importance of their visibility. Leaders can then be seen around the firm working on key activities and maintaining a positive approach and presence.

There is also a second opportunity for the HR manager to maintain high, positive visibility within the firm. Of course, this can be as challenging for the HR manager as it is for the leaders (there are plenty of meetings to attend, notes to draft, difficult discussions to be held), however, it is vital to maintain that presence in the business, and the HR manager should seek to make the appropriate time choices to achieve that.

**Promoting and nurturing engagement**

Engagement does not naturally prosper with uncertainty and change, yet it is key to a firm’s ability to perform in challenging economic times. HR can take responsibility for promoting thinking about engagement within a firm and for nurturing processes and activities that will help build it, or indeed, avoid those that will unnecessarily undermine it.

The Institute for Employment studies found that the main driver of engagement is a sense of feeling valued, and belonging. The main components of this were:

- Involvement in decision making;
- Freedom to voice ideas to which people will listen;
- Feeling enabled to perform;
- Having opportunities to develop the role; and
- Feeling that the organisation is concerned for its people’s health and wellbeing.

Different strategies for maintaining engagement in an economic downturn are examined in detail in Chapter 5, however, for the purposes of this section, HR professionals can consider how they can raise the awareness of these needs to business leaders as they implement decisions, and what practically can be done to protect engagement wherever possible – it is quite likely that they will be the only senior managers considering that aspect of the businesses plans/decisions.

**Delivering creative simplicity**

As musician Charlie Mingus once commented: “Anyone can make the simple complicated; creativity is making the complicated simple”, and for HR professionals that is a key role they can play.

In some cases, it may be the first time that the leaders of the business have faced some of the decisions or activities they will now need to take. There can be a tendency for leaders (especially those with a legal background) to over complicate the communication and implementation of these decisions.
When a restructuring programme is being planned, it is possible for HR teams to be asked to spend days analysing and planning for every eventuality (while being absent from the business), or it is equally possible for the HR team to plan for success, develop an effective overall project plan, and then begin the communication – dealing with detailed problems as they present themselves and then allocating time to deal with them. In other words, the HR team remains focused on the overall objective, is creative about solutions, takes some risks, keeps simple and clear plans in place and responds to reactions in the business – rather than delves immediately into all of the detail.

Being a role model within the firm
The importance of good role models within firms cannot be over emphasised. People who behave maturely and appropriately, who understand the current priorities and who remain calmly and positively focused on the activities that will achieve those priorities; people who empathise with how changes impact others, but who are still willing to take tough decisions and implement them well; and people who are willing to concentrate on what the business can achieve and the opportunities the current economic climate presents.

It is imperative that the leaders of the business appreciate the need to behave in this way (and indeed do so) and it also represents a huge opportunity for HR professionals to:

- Deliver real value to the business if they choose to behave in this way; and
- Develop the leaders’ awareness and skills to behave in this way.

Inherent in this is the time choices that HR professionals make on how they spend their time (rather than allow it to be spent).

Developing exemplary influencing and internal consultancy skills
Either through existing or new relationships, HR professionals have a huge opportunity to influence how activities take place in a changing legal landscape. Given the likely number of decisions that will need to be taken and the difficulties that some of these may present to the leaders of the business, it is important that HR professionals develop excellent influencing skills in order to direct, support and impact on the decisions the leaders are making.

If they develop these highly-influential relationships when economic circumstances are difficult, they will remain at the centre of the decision making and strategic implementation of the business.

They can use internal consultancy skills to challenge, question and support the actions and decisions of leaders. Inherent to that is that they learn to view themselves and behave as an internal expert on people management strategies and develop the working structures and patterns to use that expertise for their internal clients. This involves:

- Diagnosing the situation;
- Understanding the options available;
- Making recommendations for action; and
- Assisting their clients to implement agreed solutions.

Ensuring the route map is clear and all activities are planned and linked
Either overtly or covertly, each HR team should develop a change strategy, which
considers the key challenges for the business and maps the appropriate people management strategies to deal with those challenges. This should not be done in isolation of the key business leaders, but has to establish a clear and concise route map for all priority activities.

During challenging economic times HR teams will have a high level of operational demands, and it is important that they identify (in consultation with the business) key activities. The business does not always demand the ‘right’ things to be done.

The risk of over complication is high – in 2008 one HR team developed a change strategy that had 17 different work streams within it. When challenged on which of those 17 work streams the business had asked for, the answer was only two, and when further challenged as to how many work streams they could practically deliver and which ones would make a real difference to the firm’s ability to survive and flourish in the current climate, the answer was only four. An actual plan of five work streams was established and communicated, and members of the HR team felt more of a sense to buy into, and less overwhelmed by, the new plan. Deliver the ‘vital few’ activities, rather than the ‘noisy many’.

It is also important that HR professionals communicate and talk about this plan, as well as share best practice on what is being done and how challenges are being overcome. It can be tempting to cancel HR team planning days and meetings at this time as it can be perceived to be significant time away from the office. But planning and discussion on business-focused issues is probably more important at that point when there is less to spend, than at other times as the range of challenges to be dealt with is likely to be more urgent and complicated than in more settled times. There is more to do, with less resource at hand and there is a real danger that HR professional waste time and energy through not sharing best practice, or failing to make consistent decisions if they do NOT spend time together discussing their plans and their activities.

**Being an active part of the communication chain**

If one thing is to be criticised in how a firm is handling change, it will be communications. HR can be an integral part of the communications chain as they have firm-wide and/or influential business relationships and can use those to influence leaders to communicate more – and also find out information and form part of a communication chain (complying to confidentiality and legislative requirements, of course).

It is more often than not the communication on small details that people miss, rather than the complicated communications on the big decisions. HR can play a useful role in ensuring that the informal chains of communication remain open. It can also play an important role in ensuring that information is sought out to increase understanding and that this information is shared amongst others.

**Placing HR at the centre of the business**

The challenges of a downturn are becoming clearer and firms need their HR professionals to want to play a key role in the business, to deliver sound commercial, strategic advice and to action people management strategies.

By choosing to operate in a way that is perceived to deliver strategic and commercial advice and actions, HR may no longer be seen as an overhead of the business, but as an invaluable part of that business and its future.
References

5. The Institute for Employment Studies, see: www.employment-studies.co.uk/main/index.php.