



People business

Simon Tupman argues for people being put before profit in law firms – and shows how doing so can give you a helping hand in everything from recruitment and retention to your bottom line



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When I qualified as a solicitor in 1984, lawyers were mostly concerned with advising clients and ensuring they billed for their time. Profitability was a given. But not anymore. The world has changed. The global financial crisis, technology, commoditisation and competition have disrupted the status quo for good, and created a shift in social values. Business ideology is also changing, and so law firm leaders must change the way they think about managing their practices and planning their futures.

Since 1984, law firms have evolved in a world of free market economics in which shareholder value has become primary. As law firms emulated mainstream business and introduced management disciplines, profit also became the key driver; to this day, fees, profits per partner and firms' financial rankings are still regarded as the chief indicators of performance.

Yet, paradoxically, most lawyers would agree that making money has never been the primary purpose of a law firm, or indeed any business. As management guru Peter Drucker once observed: '...profit for a business is like oxygen for a person. If you don't have enough of it, you're out of the game. But if you think your life is about breathing, you're really missing something.' Even Jack Welch, renowned former CEO of General Electric, dismissed the concept of maximising shareholder value by describing it as 'the dumbest idea in the world... (it) is a result, not a strategy... your main constituencies are your employees, your customers and your products'.

Two recent surveys in the UK indicate that engagement is a major challenge for law firm leaders. The Law Consultancy Network's recent 'key issues 2017' survey reports that recruitment and retention is still the number one challenge for law firms. The Law Society's recent Career Satisfaction Report confirmed that performance management of people is ineffective in over 30 per cent of firms, and that the millennial generation of employees has very different expectations than previous generations. High among them is the need to align their personal values with those of their employers, to have work-life balance, to have meaningful work, to have a voice, and to be able to work flexibly. Competitive pay is a given, not a luxury.

Meanwhile, according to global HR consultants AON Hewitt, it actually pays to put people before profit. They suggest that the link between engagement and productivity is proven and that 'best employers' can expect up to nine per cent more profit per employee and double the revenue growth of other organisations. The message is clear: invest in your people, focus on your clients, improve your service(s) and the money will take care of itself.

So how can you put people before profit in your firm? This is not a 'checkbox' exercise to be left to HR or the practice manager. It is today's leadership challenge: creating a law firm in which all its people understand, and are committed to, the firm's purpose, direction and approach, a firm which is characterised by openness, trust, encouragement, learning, support, positivity and energy.

Here are five initiatives to get your people on board.

1. Perceptions

Ask your people what they think about the firm and its leadership, and invite suggestions for improvement.

2. Purpose

Articulate and communicate the firm's purpose, vision and values to both existing employees and new recruits, so as to reinforce the culture and integrity of the firm, and so that people understand more about the business, their role within it and the behaviours expected of them.

3. Place

Create a workspace which is a pleasure to work in and conducive to communication among the team. Consider the light, colour, furniture, layout and 'feel' of your workplace. Is it a place your team look forward to working in?

4. Professional development

Your employees want opportunities to progress, learn and grow. Broaden the scope of your learning beyond traditional training, to include programmes in business, technology and communication.

5. Praise

Watch out for people doing good things, acknowledge them for their efforts, thank them, and reward them appropriately. Create a method for others to let you know when they see similar examples – a 'colleague of the month' initiative or something similar. Some firms organise away days such as a day at art school, a cooking class or a mystery trip as a way of acknowledging contributions.

Historically, law firms have not been great at what they refer to as 'people management'. Sceptics often regard it as 'touchy-feely'. It isn't. It's actually hard to do, which is probably why relatively few firms have distinguished themselves in this field. With the wave of change affecting the profession, firms can no longer afford to turn a blind eye. Those that dedicate time and effort into making their firms great places to work will stand out and benefit as a result.