

The Future of Law Firm Business Services



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INTRODUCTION

During July and August 2020, in the midst of the COVID-19 pandemic and the subsequent disruption to the Australian economic and business landscape, we engaged in a series of high level conversations with HR Directors in the legal industry to explore how the business of law is changing and how that affects the leadership teams that assist in the running of law firms.

Seldon Rosser has a unique position in the market, having recruited business support roles for the majority of the top fifty law firms in Australia for over 20 years. We saw this as a good opportunity to use our network for the benefit of our clients, pulling together the collective experiences of HR Directors in one place.

GENERAL SENTIMENT

The business of law firms is changing and so too is the business services structure that supports them.

The enormous disruption of COVID-19 has, for most law firms, transformed the way they work and do business. At the top of any law firm's business success agenda will be rigorous client acquisition, financial control, employee attraction and engagement, learning & development, business improvement and physical and remote working strategies.

More focus will need to be given to both employee and client experience. Innovation of business processes, work practices and sophisticated technology will require investment in change management and as one HR Director said *"everyone in the business will need to become expert project managers, be technologically savvy and client focused"*.

The success of law firm business will be as reliant on the skills and experience of HR, IT, Business Development, Innovation, Business Management and Finance staff working collaboratively as it will be on the technical skills of lawyers. Gaps in the business services leadership structure will have a detrimental effect and the recruitment of replacement skills will be business critical.

Finally, how law firms differentiate themselves to future employees will be as much about the experience of work and investment in learning & development as it will on the work itself.

Key Takeaways

1

Business services structures have been too focused on internal process and not external market forces

2

Resourcing and recruiting for key business service roles will require focused and strategic succession and talent acquisition strategies

3

Business Services Leaders will need to possess high level strategy experience

4

Remote working can lead to a location agnostic talent sourcing strategy giving firms a bigger candidate pool to search

5

Technology, Innovation, Client Development, CX, Legal Project Management and Business Improvement roles will become more prolific with these skills in demand

6

Law firms will need to enhance the experience of both office based and remote working and training to retain and attract talent

Business Services Leadership structures

“Sometimes we miss a trick in mapping structures by looking to internal first and really it should all start with the client, how we solve the clients’ problems, and be outside-in not inside-out.”

It is interesting to see a lot of diversity in the structure and roles making up the Business Services Leadership teams in various firms.

In putting together the below summary, we went beyond our HR Director interviews and analysed the leadership teams of the largest 25 law firms based in Australia.

- Over 95% of these firms have a CMO/Director/Head of BD&M as well as a HR Director/CPO based in Australia. (Where they did not, a senior manager reported into an Asia based Director.)
- The majority of these firms also have both Directors of Finance/CFOs, and, IT Directors/CIOs.
- The rise of the COO has continued and now circa 60% have a COO in their structure.
- Almost a quarter of firms have a Chief Communications Officer/Comms Director, the same is true of Directors of Knowledge.
- After that, the structures then get quite disparate and there are approx. 15 other Director / C-Suite titles that exist in the market. Some of the more interesting ones are:
 - Chief Experience Officer
 - Director of Innovation
 - Director of Productivity and Realisation
 - Director of Learning & Development
 - Director of Diversity
 - Director of Legal Operations
 - Director of Legal Project Management
 - Director of Risk / CRO

In global structures, it is typical to have a global C-suite layer supported by regional Director level leadership. There is no industry-wide norm of titles with varied firms using C-level / Director with roles that are equivalent in the market. There is also a diverse split of who the leadership team reports into with a minority of firms citing a CEO as opposed to the Chief Executive Partner / Managing Partner.

Some analysis of these Business Services Leadership groups show us that the average tenure across all of these disciplines is 4.4 years. The only notable difference to the average is COOs where the average tenure is 8.8 years.

▶ We would suggest that post the immediacy of the COVID-19 crisis, when career opportunities come back to the market, based on this tenure there could be a shift in the market as some senior leaders may start to think about their next career opportunity. Those firms that have a plan in place for when a member of the Business Services Leadership team resigns will be better placed for a smooth transition – whether succession or knowing where to go for the best external hire.

Another interesting point is where firms have hired these Business Services Leaders from.

- Almost 75% were hired into their role from the legal industry; and of this group, over 60% were internal promotions.
- Accounting and Consulting together only made up 5%.
- Financial Services rated at 10% (specifically related to Risk and Finance roles).
- The remainder were sourced from a broad list of ‘other’ industries.

It is clear that for most firms their Business Services Leadership structure is organic and has not been the result of top down planning. Most law firms undergo a leadership change every 3-5 years resulting in little lasting change to business support structures. This point was evident when a respondent shared that, when voting in a new Managing Partner recently a survey of partners said *“they want evolutionary change not revolutionary change”*.

Many respondents saw leadership skills as being a main priority of L&D plans and these skills will be required for all business services disciplines. Most participants described an elevation of the entire Business Services Leadership team over the last 2-3 years positioning them more commercially and strategically in the business.

There has never been more importance placed on business services and this will result in the elevation and evolution of this leadership group.

The elevation of business services as leaders

“This experience has shifted the dial within the partnership and we are not seen as an admin function rather a strategic function to contribute to success.”

“Leadership has never worked as well – we are now running better as a business.”

As law firms navigate the future it is clear that the function of business services teams and their place at the leadership table will continue to be critical for years to come.

▶ The Business Services structure of law firms is often lean and does not often provide for succession planning. Retaining and attracting senior talent is therefore imperative and as law firms who lack skills in these areas seek to invest – the market for experienced business services professionals will be very competitive and result in a need for sophisticated and highly focused recruitment strategies.

Future investment in business services teams

“The challenge was not the crisis in the first 3 months – the crisis is what will come next.”

Participants displayed a cautious approach when asked about future investment in business services with the majority consensus being that, whilst team sizes may not increase, development of new role descriptions and new skill acquisitions may occur.

This sentiment was shared by one HR Director who actually predicted an increase in team size in order to *“move to a more sophisticated Marketing & BD model, and, to build out security and risk capability in our IT team to meet increasing client expectations”*.

It was clear that participants did not expect investment to be uniform across all areas of business services. Even those predicting a decrease in overall size often felt that there would be investment and growth in some strategic parts of the team. Additionally, many felt business critical roles would continue to be replaced as and when people left (larger businesses will have more ability to redeploy others to ‘cover’ roles in the short term than medium sized businesses that will likely need to go external immediately).

▲ KEY AREAS MOST CITED FOR INVESTMENT

- Technology
- Business Development
- Innovation
- Client Experience
- Business Improvement

▼ KEY AREAS ON THE DECLINE

- Events
- Recruitment/
Talent Acquisition
- EA/Secretarial support

Several participants anticipate a remodelling of the EA/Secretarial function with COVID-19 having put the microscope on how this function supports the firm, likely a shift from WP to project management.

“The way this service functions in the business is ripe for change and disruption.”



Resourcing & recruitment strategies

“New and forward thinking roles will be required and some existing roles will no longer be required.”

“It is critical to the business to work out which roles will be redundant, what will be automated and outsourced, and, which new roles and skill sets will need to be recruited in.”

Views varied on resourcing & recruitment strategies on whether they would go straight to agency or look directly first, based largely on the size of their own talent acquisition team and extent of their Business Services Leaders' networks. Many firms continue to seek to utilise internal referral models where possible and redeployment is often considered before making the decision to recruit externally.

That said, all participants agreed that when they are able to recruit, they would still expect to use Recruitment Agencies for senior level roles.

“I see a huge amount of value in using an agency considering the better quality we get and the huge workload needed to properly manage a campaign.”

“I would typically engage a specialist recruiter – someone who has a relationship with and/or knowledge of our firm.”

Most participants expected to vary their recruitment strategy depending on the role type, abundance of candidates and business pressure – most would utilise an exclusive search solution from a trusted specialist for the Business Services Leadership roles.

As remote working becomes standard there is also the opportunity for roles to become location agnostic putting added pressure on internal recruitment teams if they have to search in multi-locations to ensure they have the best candidate.

▶ In a recent example of a senior BD role that came to market during the pandemic, the firm agreed that the role's original Sydney location could be extended to Melbourne, & Brisbane, tripling the workload for the internal recruiter and resulting in them briefing us to manage the entire campaign.

One factor worth noting is that when recruiting roles such as BD, HR and Business Improvement the majority of firms still consider hiring candidates from the legal industry as being preferred, with more general professional services experience being highly regarded.

“Moving into a partnership feels culturally jarring when you come from a corporate.”

Areas like technology and digital strategy elicited broader talent acquisition strategies as the general view was that there was not enough talent in the general legal profession to meet demand for new ways of working.

“I would never hire an IT person from another law firm as our experience of hiring from outside has been very successful and lifted our capability more than expected.”

Most HR Directors believed that Innovation, Business Manager, Legal Technology and Legal Project Management roles were a challenge to recruit. Many referenced a lack of information about the trends in some of these newer areas when it came to team structure, strategy and talent pools.

HR Directors at global firms found it easier to anticipate the direction of these newer functions given they could look to their colleagues in the UK where many of these newer roles are more prevalent.

▶ Roles in BD, Marketing & Communications also prove challenging for most firms to hire themselves, especially at senior level. A combination of an increasingly passive candidate market and the move to firms hiring very specialist roles mean that firms tend to engage recruiters in this space.

The new differentiation challenges

“We used to differentiate on work/life balance but now flexibility, as a competitive advantage, is no longer relevant.”

Law firms have always struggled with differentiation. With the future of the workplace changing so dramatically some of the participants predicted that there will need to be new emphasis put on the following key areas:

- The experience of work (both at home and in the office)
- The learning & development benefits of work
- More emphasis placed on broader D&I initiatives

All of the participants we spoke to said that a future working model would involve a mix of remote and office working, with some suggesting their firm would reduce office space globally by as much as 50%. As firms work out their ‘return to office’ strategies and consider how the office works from a health & safety perspective there is also consideration being made in the planning of the physical space.

There will be more emphasis placed on ‘on-site collaboration spaces’ and smarter technology to enable seamless collaboration between those working in the office and those working remotely.

Consideration also has to be given to clients and their preferred meeting requirements. Initiatives like using sensors on desks and the tracking of office traffic are being used by some UK law firms to determine the best use of the office space of the future. One law firm HR Director’s view is that *“the office will have to become a venue”*.

Training of all staff on areas such as “back to basics IT” and “project management” will also be key to ensuring productivity and efficiency is maintained.

▶ For many law firms L&D strategies for non-lawyers has been “underinvested” and whilst most firms encourage all staff to take part in training aimed at well-being and productivity key skills training is often focused on legal skills. We foresee a need for law firms to invest more in the career development skill of business service teams to meet employee demand.

Many in this study agree that *“the burden of L&D will need to be more on team leaders (especially for new starters)”* with *“better and longer induction plans”* and a *“transition to learn virtually”*.



Questions to consider

“Law firms don’t like change” – but change they must and there are more questions than answers?

**We pose the following as discussion points
for Business Service Leaders:**

- Is the firm’s current leadership structure set up for success in the future?
- Does the firm have a plan for sourcing and recruiting critical business service roles?
- Has a resourcing plan been agreed for each current business services leadership role?
- Does the firm offer a physical and remote working experience that will play a part in attracting talent?
- Is the firm investing in the right learning & development to maximize the business service skills it currently has?



About Seldon Rosser

We are a specialist recruitment agency and have been at the forefront of helping professional services firms build their business services teams since 2000. We are highly regarded in the industry for having an expansive domestic and international candidate network and can offer a tailored, campaign based end to end recruitment service.

Partner with us to recruit business critical roles such as:

- CMO
- COO
- Business Manager
- Director of Communications
- Director of HR
- Head of Innovation
- Senior LPM
- Head of Digital
- Head of Marketing
- Senior Client/BD Leaders

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