

Talent Development—How Law Firms Can Build For the Future

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Summary: Peter Scott and Phil Gott explore the ways that law firms should be building for the future by investing now in the next generation.

When firms talk about partner performance issues, it is often from the point of view that it is only the partner who is underperforming. Yet perhaps it is the partner development process (if one even exists) that is mainly at fault. Observation of what has happened in a number of law firms tends to indicate that some firms could take steps now to prevent partner performance issues arising in the future.

Even though law firms are now increasingly showing a greater willingness to invest in people development, there are signs that this investment is sometimes being misdirected and squandered. Firms are as a consequence failing to see significant benefits from their investment in training and so will not realise the substantial benefits that they otherwise could.

Firms need to ask themselves how much value they really obtain from their current investment in training.

If we consider the real cost of partner underperformance, it goes far beyond the direct financial loss, although that may in itself be very serious. Consider the:

- cascading loss of morale throughout a firm;
- high turnover and loss of good partners and staff;
- debilitating effect it can have on the smooth running of a firm;
- amount of management time that is wasted;
- difficulties in recruiting talented lawyers;
- spiralling associate salary hikes.

If a firm could reduce its attrition rate by just a few percentage points, or if it could improve the performance of each of its people to the same extent, the improvement to profitability would be enormous.

Given that a firm's people are its most valuable resource, would it not be better to make greater investment in the firm's people with a view to developing a higher performance culture consistent both with its values and helping it to gain competitive advantage?

This is not a plea for firms to spend more on developing people. Rather it is about channelling the investment firms are already making more thoughtfully to gain better outcomes.

Some firms already subscribe to such a vision and have taken the view that if progress is to be made, the process needs to begin *before* their people become partners. Without such a programme, where is the next generation of partners going to come from?

If firms are to do this then it may assist them in developing a higher performance strategy if they begin to address a number of issues.

For example, one important issue will be: Does each person in the firm have a clear "career plan"?

For those with the ability, ambition and commitment to progress to partnership, there is often a need for them to be groomed using Partner Development Programmes. Firms can help their people (and the firm) to become successful. One of the large accountancy firms used to ask its recruits "what do you want to be famous for?". This is a powerful question implying that the firm can help someone build their reputation and achieve their definition of success

Some firms are very good at this and will run career planning workshops and will offer coaching and mentoring.

Others may have less developed and transparent processes so that, for example, associates are not made aware of the road to partnership or the criteria which need to be met if they are to become partners.

Another pressing issue for many firms will be: Is there a defined path to partnership?

If firms have associates currently "knocking on the door" or likely to be doing so shortly, or have salaried partners who are likely to be seeking equity, a number of issues may urgently need to be addressed:

- Is there an admission process and, if so, is it adequate for the task in hand?
- Are there specified admission criteria?
- How are potential partners assessed?
- Is there a business case for making this person a partner?
- Are potential partners in any way prepared for this process and the roles they will be required to perform as partners?

"Tell us, why you should become a partner in this firm?" is very often the opening question in a partner appointment interview and many potential partners will be unable to provide a good response unless they have been groomed for partnership and understand at the very least what roles they will have to fulfil as partners.

This touches on the issues of whether and how a firm is prepared to invest in its people, particularly those who may have been identified as likely to become the next generation leaders of the firm? Is there training for such people to aid the transition to partnership and what does it/should it cover?

Of course not everyone wishes to or can become a partner, and these issues can create difficulties within a firm when considering possible alternate career paths for associates. For those without the ability or desire to become partners, career mapping can help them carve out an alternative fulfilling career in a firm instead of losing them because they are regarded as failures.

And the issues do not end when associates become salaried partners. It can be argued that it is even more important to a firm to ensure that it has the most appropriate processes in place for seeing salaried partners through to equity, given that equity partners are the owners of the business.

An issue with which many firms are currently struggling is: How to measure performance?

Continuing partner performance measurement needs to be in place and covering a range of criteria designed to help a firm achieve its agreed objectives. Performance indicators and performance management will therefore need to be aligned with the firm's key strategic priorities. Then a firm can use coaching and development to support higher performance to achieve its strategic goals and to become more competitive in its market.

And these processes should ideally continue throughout a partner's career, so that succession planning strategies can be put in place and implemented which will benefit both the firm and those partners who are moving towards retirement.

However, if a start is to be made in developing a higher performance culture designed to meet the longer term needs of a firm to become and remain competitive in its chosen market place, then that process most likely needs to begin with the development of a new partner development programme.

Potential new partners should not just be selected, but need to be supported and groomed for their future roles. This can be a process that may need to begin several years before possible elevation to partnership. New partner development programmes will usually need to be tailored to the culture and

needs of a particular firm. Ideally these should be planned as programmes spread over several months rather than as one-off events, in order for the potential new partners to be able to assimilate as much relevant knowledge and as many new skills as possible, as well as allowing on-going assessments of their progress to be made.

The skills a new partner development programme is likely to cover, depending upon the needs of both the firm and the potential new partners, may include business development and leadership as well as the management of client relationships, finance and relationships within an office. Such programmes can also be valuable in introducing aspiring partners to what may be required of them in relation to their future behaviour and attitudes within a firm. This may include, for example, learning how to work as team players and how to share with and support other partners and as well as being accountable in the sense of putting the firm's interests ahead of their own personal agendas.

Depending upon needs and objectives, programmes to bring on new partners can be organised on a one-to-one basis or group sessions as well as providing assessment centres. Such programmes can be extended to helping firms formulate objective criteria for partner admittance.

The benefits of developing your own talent can be enormous (as can be the cost for your firm of not doing so). Those firms that have invested in their people in this way are now reaping the fruits of their investment.

Is your firm likewise investing for its future?

Sweet & Maxwell are running a Talent Management Conference on 11 December 2007. For further details on the programme and how to book your place, please [click here](#).

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