

The Next HR Challenge

**Building Firm Capability to Deliver Strategy
and Drive Internal Value**

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CHARLIE KEELING

Qualified as an Accountant in Industry

Moved to Management Consultancy

Became a Change Management Consulting in PW in 1989 – average revenue £10m p.a.

Moved into HR Leadership for Europe in 1993

Global Head of HR for PwC Consulting 1997 – 2000

Variety of other HR Leadership roles in Consulting/Technology firms

Moved into Legal Sector in 2008

- Field Fisher 2008 – 2012
- Clyde & Co 2012 – 2015

Now focused on Interim Management and Consulting Portfolio

Your Staff

You

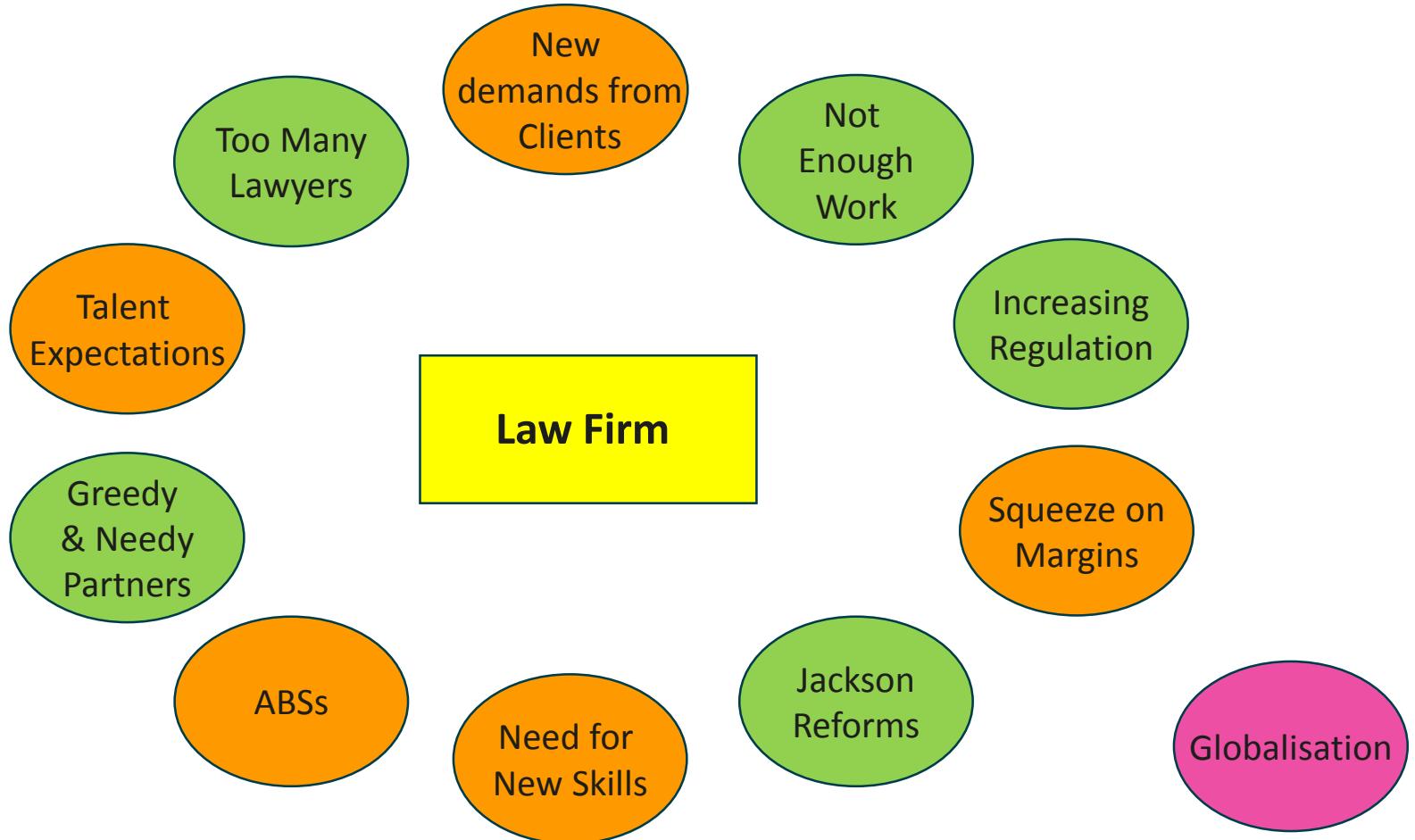
Your Competition



Your Problem

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Pressures on Law Firms today



Topics to cover today

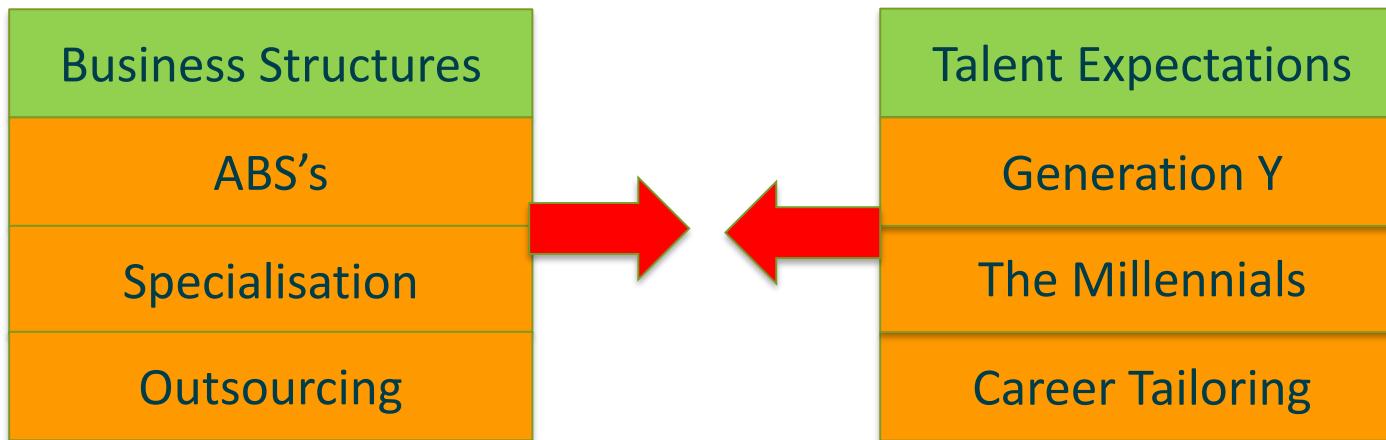
- Aligning talent with current & future business models
- Supporting new or changed business priorities
- HR as the Change Agents of the business
- HR Creating Value for the business



Aligning talent with current & future business models

Aligning talent with current & future business models

Two forces impacting on traditional service delivery and resourcing approaches:



Aligning Business Structure and Talent Expectations

Business Structures

- Commodity v Rocket Science
- Clients outsourcing volume processes
- Unqualified, lower-level resources
- Staffing structures & rewards
- Process over Content
- Technology enablers
- Rewards for the Leaders

Talent Expectations

- Different life drivers
- Love change & variety
- Hate one size fits all
- Money is not the key motivator
- Many roles in their career, low Employer Loyalty
- Need positive strokes and engagement....
- ...but lasting relationships

New Resource Models – Fee Earners

**Talent
Management**

Fee Earning Staff

“Fast Trackers”

“Secondee Junkies”

“Flexiworkers”

“Level Stayers”

“Homeworkers”

Graduates & Apprenticeships

Paralegals

Legal Process Outsourcing

**Talent
Development**

The Volume Insurance Claims Processor

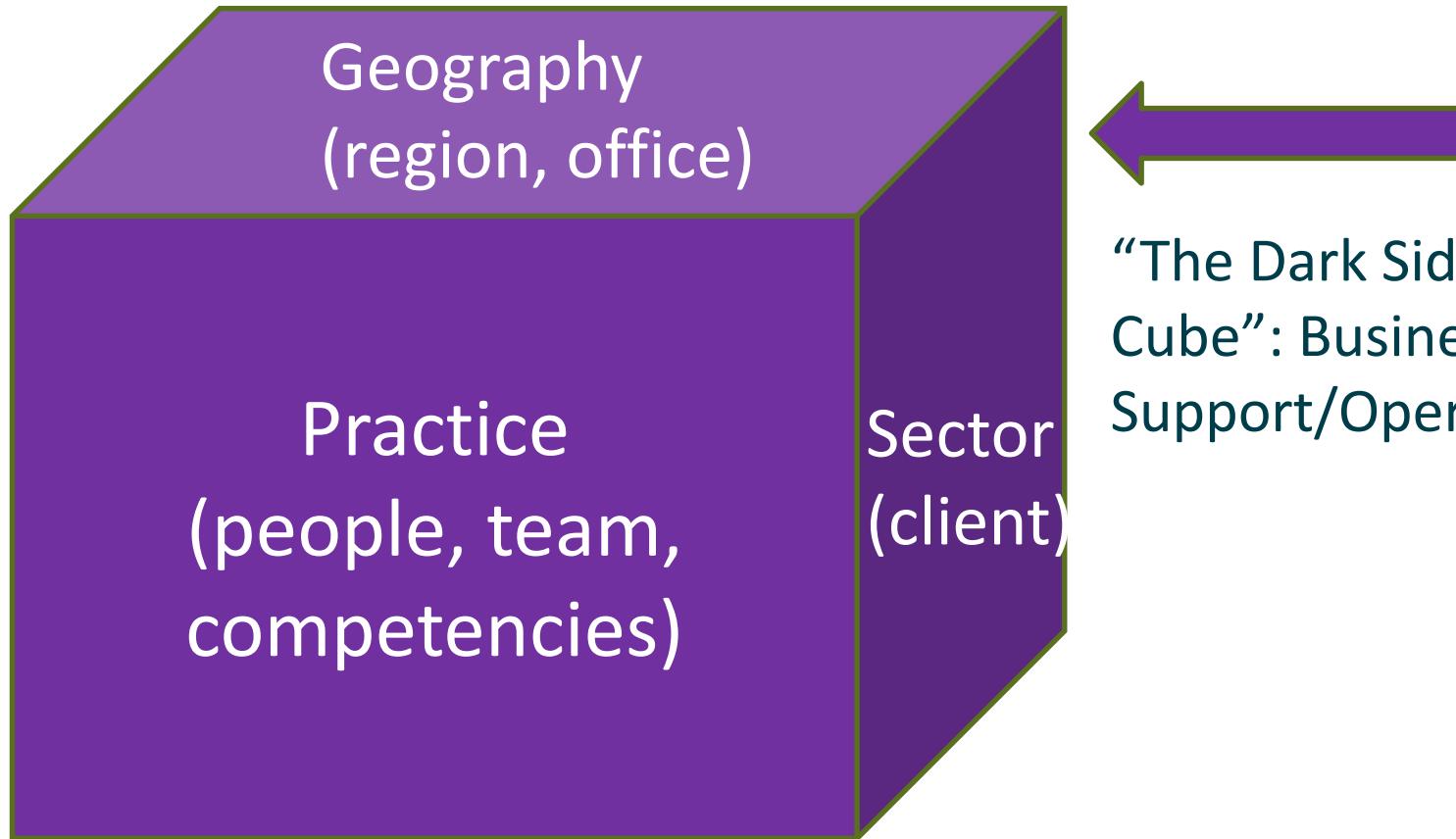
New entrant to the market four years ago:

- Turnover £25m
- Staff numbers:
 - 5 Executives, 4 of whom are Legal Partners
 - 25 other qualified Lawyers (10 Senior Associates, 15 Associates)
 - 220 Paralegals and Apprentices (aged from 16 to 20)
- Streamlined Business Processes enabled by Leading Technology
- Structured Career Development Model for Paralegals and Apprentices
- Operating out of a “shed” on a Bolton Industrial Estate
- Profits £7.5m or £1.5m per Executive

Happy Clients + Happy Staff = Happy Executives!

Supporting new or changed business priorities

The Professional Services Firm Cube



Reviewing the Brief: Our 4 Big Questions

How clearly articulated and endorsed is your strategy?

What is the appetite for change amongst your Partners ?

Is your balance sheet resilient enough to fund necessary changes?

Does your underlying structure & constitution need to change?



CHANGE READINESS

ALIGNMENT TO STRATEGY AND BUSINESS PLANS

IDENTIFYING CORE OBJECTIVES, THREATS & RISKS

SCOPE – PERF MGMT, AGILITY, GOVERNANCE, REMUNERATION, ROLES, PMO, PROCESS

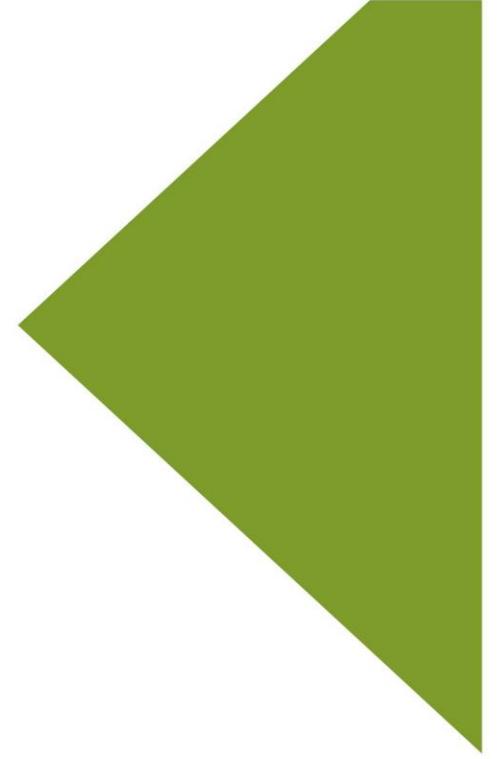
The KMS² Business Management Model



The glue: Performance Measurement Systems



ObjectiveManager.[®]



HR as the Change Agents of the Business

The Drivers for Change

We operate in two marketplaces with different needs/drivers:

Clients

- Same excellent technical advice
- Delivered more cost effectively
- Want to have more control on the delivery process
- Expect the use of LPO
- Different pricing models

Talent

- Changing Demographics
- Generation X, Y & Millennials
- Less Employer Loyalty
- More contact with Leaders
- Different career choices

You can't be successful in the Client Marketplace without being successful in the Talent Marketplace

HR develops to be the Change Agent

Core HR Processes

Attraction & Recruitment

Induction & Orientation

Retention & Development

Reward & Recognise

Engagement

**Keeping the lights on and
providing dial tone**

Change Processes

Stakeholder Management

Process Design & Innovate

Skills Transfer

Benefits Realisation

Communication

**Utilising full functionality
and enhanced features**



HR Creating Value for the business

Traditional (though largely unrecognised) HR contributions to Creating Value for the Business – mainly cost reduction oriented

The three largest HR-oriented business costs and the cost reduction goals:

Staff Turnover

Recruitment Costs

Staff Benefits

Reduce Attrition

Reduce cost per hire

Better Broking +
Flexibility

Very Operational, as opposed to Strategic Focus

The Cost of Staff Turnover

In Professional Services firms the cost of replacing a member of staff is typically twice what it costs to retain them!

PwC Consulting on merger in 1998:

- 3,000 Consultants and 1,500 Partners globally
- Average cost £70,000 p.a.
- Turnover 25% p.a. (7,500 Consultants)
- Cost of turnover - $7,500 \times (\text{£70,000} \times 2) = \text{£1bn}$
- Reduce turnover by 25% = £250m = £167k per Partner = 2 Ferraris per Partner

That gets their attention!!

Future Ways for HR to Create Value

Three different contributions HR can make to the development of the business:

Resource Planning

New Resource Models

Drive Benefits Delivery

Aligning resources to business structure changes

Aligning Career Development to Talent Needs

People-related focus for Process Improvements & Technology Investments

More Strategic, as opposed to Operational Focus

Summary

- It's time for HR to step up and build a value-enhancing focus and structure
- Move away from an Operational Focus to a Strategic one
- Increase the visibility of HR's role in the Business
- Justify being offered a seat at the Executive Table
- Can only be achieved if Business Leadership backs the shift
- “Ask not what HR can do for you, but what you can do for HR”