

# Training for the Talent War

As the business environment begins to show signs of recovery, the process of attracting and retaining profitable employees increases in strategic importance. **Kate Fleming** examines how firms can manage the talent of their people more effectively to add value to their business

**T**alent management is a term that simply did not exist in the personnel manager's dictionary back in 1990. However, over the past two decades, it has emerged to refer to that part of the HR team's activity dedicated to hiring, retaining and nurturing those employees recognised as contributing significantly to the business.

For many law firms, as with companies across many other business sectors, talent management has tended to be defined rather narrowly, in concentrating on staff employed within the

who, with effective management and development, can add tangible value to the business. At the same time, such firms also include effective skills development initiatives as part of an integrated programme designed to recognise, nurture and reward key employees.

## Everything changes

As we move out of recession, firms are continuing to adopt a "what we have we hold" attitude in focusing on client loyalty strategies

to maximise levels of client retention. And, as tangible supplier differentiation switches from product to service support across many sectors, so training client-facing staff across the business to understand and improve their ability to influence and build relationships moves from a "nice to have" status to one of critical importance.

No surprises there perhaps. Yet as the economy improves,

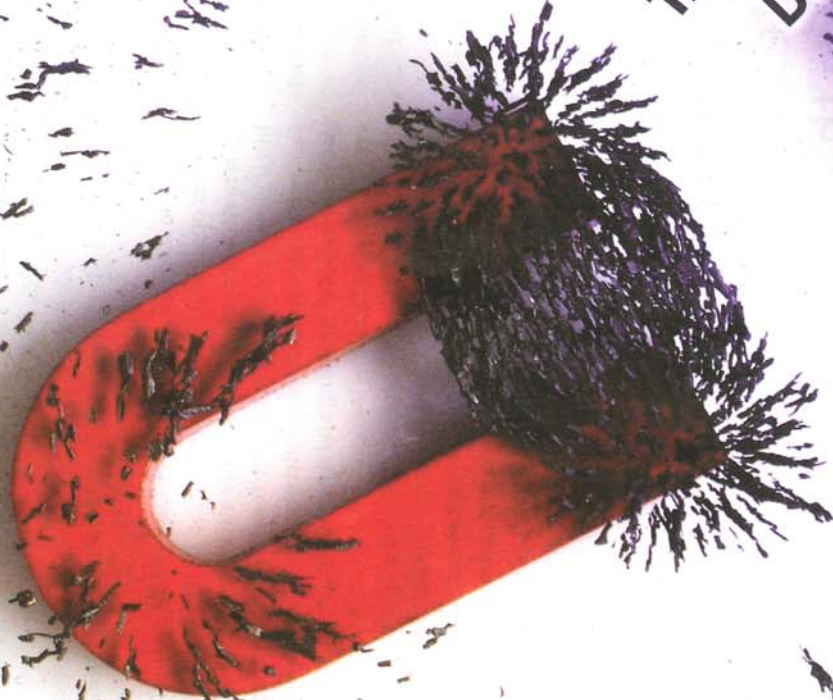
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organisation's core competence. In the case of a professional services business such as a legal practice therefore, the result has been an often exclusive focus on those individuals bringing in a high level of new business – historically known as "rainmakers".

Yet more enlightened firms have recognised that, to be properly effective, any organised process of talent management should not be so restrictive and instead apply to staff across all departments

another less publicised, yet no less important, retention issue is emerging closer to home. Staff who in a tough economic climate may adopt a "safety first" approach to job retention, for example, in accepting a period of relative stagnation in salary or promotion prospects, will be more willing to flex their negotiating muscles post-recession, as confidence increases in a more buoyant jobs market.

# Talent management



REWARD

TALENT

VALUE

SKILLS

DEVELOPMENT

SKILLS

NURTURE

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# Talent management

Employment is generally recognised to be a lagging economic indicator which means that, even though the global financial situation may appear more positive, this will take time to feed through to improved employment prospects. However, there is a growing recognition within the legal sector that issues of staff retention will become a matter of increasing concern over the next six to nine months and so the time to take positive action is now.

Equally clearly, experience of recent recessions has shown that, even when the good times return, the firm is unlikely to adopt an “as you were” attitude in reverting back to previous business process.

During an economic downturn, firms look hard at those activities they could do without, or could undertake differently using technology: once in place, these structural or organisational changes are frequently retained.

In such cases, it requires a significant step-change increase in business volumes to cause a reappraisal or reinstatement of previous higher levels of staff-related activity.

At the same time, it also reinforces the importance of retaining your best people. In a business development environment, there is only so much that can be achieved in streamlining routes to market and driving efficiencies through the client attraction and

## Talent management strategy

**Step one:** get *all* staff to accept they have a role in creating value and to develop an understanding of the role that client service plays.

**Step two:** is to create a willingness within the firm to become more business development-orientated.

**Step three:** is to equip the whole population with the skills and tactics it needs to have a positive impact on business development.

transition into the new role with the minimum disruption to broader operational performance.

It may not be possible to directly attribute cause and effect, but it is surely no accident that the best performing firms are also those who demonstrably commit time and resource into planned programmes of identifying and developing talent in this way across their business.

A brief look at the top organisations featured in the recent *Sunday Times* “100 Best Companies to Work For Report”, demonstrates how employees feel both engaged and empowered by organisational initiatives which show they are valued and contributing to the success of the business. And, longer-term, this helps create a virtuous circle, as “great businesses attract great talent”.

Some take a simple

view as to how firms can improve specific areas of the business: for them it is a straight fight between “change your people, or change your people”. In response to such a stark choice, with the exception of having to meet an immediate skills shortfall in responding to a specific demand, “firing and hiring” is typically more

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retention process. Once secured, it becomes even more important to have high-quality staff, armed with the right skills, behaviours and experience, to drive and secure the high-margin deals essential to successful growth.

Yet this extends beyond the business development team and key fee earners. During a recession, client organisations looking to cut expenditure across the board are noticeably less keen to see anyone with “sales” or “business development” in their job title. This puts greater pressure on other client-facing staff throughout the practice to understand the importance of adding and capturing value from every client interaction.

### Spotting potential

This has clear implications for firms. Here, effective talent management is not simply about supporting and encouraging those who are already conspicuously good in their current role. Rather, it should focus on identifying and understanding staff, be they business support or fee earners, with potential – those who, with the right skills and behaviour training, can absorb, assimilate and implement new ways of working – and so deliver a rapid return on any training investment.

Having identified the potential that the firm wishes to develop, another key aspect of talent management is to ensure a smooth

expensive and carries greater attendant risks than nurturing and improving existing skills and behaviours within the practice. In short, in enhancing the talent pool, it is better to “grow your own” than to buy in.

That said it is also true that the ultimate in talent management is not to have 100% staff retention. It is essential for the health of the organisation to have a regular flow of new ideas and approaches, in order to avoid falling behind more dynamic and forward-thinking competitors.

### The role of training

In addition to the more overt signs of a firm’s commitment to an individual employee, such as a salary increase, bonus or promotion, training has a critical role to play showing that the firm believes in their future with the business.

Yet to be genuinely successful, training must be treated by the firm as more than a series of isolated one-off events – a sheep dip approach that simply ticks the talent management team’s “trained and done” box.

Training should ideally form part of an integrated programme of personal development in which training not only meets the development needs of the individual but also those of the broader business. Equally, classroom training should sit within an ongoing

# Talent management

programme of reinforcement and coaching which relates directly to the specific skills being trained.

To achieve this, training needs to be embedded as part of the firm's culture, valued and encouraged by senior management and with the right level of time and resource dedicated to its execution. It also means that the firm has to view training, not as a cost centre but as an investment of strategic importance, which delivers a valuable return for the firm, the employee and, not least, the client in terms of a better and more consistent experience.

## Client touch points

This raises an important issue for the talent management team. Historically, responsibility for revenue creation has sat with the more senior fee earners or business development. Yet what happens in tough economic times, when clients simply stop seeing these people other than for transactional work? If those directly responsible do not have the opportunity to create value, the answer must be the firm's "service personnel".

Almost every selling organisation has some group of external-facing people who are not in a business development role and, in most cases they will employ more of these "service" people than "sellers". When times are tough, these are likely to be the people with the most regular and frequent client access.

With this in mind, it is important to remember that it is not only senior managers or procurement professionals within the client firms that influence buying decisions. When every pound spent is being scrutinised, it is the day-to-day contacts – the clients your more junior fee earners or secondees meet – who are the real judges of quality and value and, as a result, the real key influencers when it comes to buying. However, opportunity is only one of the aspects of value creation. Whilst junior fee earners and secondees may have opportunities in abundance, they may lack the other necessary attributes. So what else do these people need?

## Recognition, willingness and ability

Understandably, many business support staff and junior fee earners see their role as simply that – support. They deliver the services wanted by the client, for example giving legal advice, to a pre-agreed level. They deliver value in this way but see creating additional value as the responsibility of the partners or business development team.

So are we advocating that law firms turn their support and junior fee earners into business developers? Not at all. The reason many people work in their area of expertise is precisely because they enjoy client contact but they do not want to "sell". They have often made a conscious decision not to move into a business development role and are completely happy with that choice, so there is little or no likelihood of turning these people into sellers.

Fortunately however, service/business development is not a binary state. You do not have to be one or the other, as there are shades of grey. This service/business development continuum progresses from service, through outstanding service and greater sales awareness to a more explicit "increased fee income through service" approach to, ultimately, an overt sales role. As client service delivery progress along the continuum, they create more value for both client and firm.

The key is that each firm – and, if necessary, each individual – can progress as far as their capabilities and willingness allow.

Service delivery does move closer to sales, but only as far as each person is both comfortable and willing to go.

The benefits of this approach is that, by equipping people throughout the firm with the willingness, recognition and skills to create greater and more relevant fee income as they move along this continuum, this builds a seamless organisation which creates real client and sales value at every touch point, every time.

## Operational disconnect

However, such a practice-wide training approach will have limited impact if the over-arching talent management strategy is not linked directly to the reward mechanisms within the practice. And this presents a problem for those law firms that remain firmly wedded to a narrow reward structure based on billable hours, in which the spotlight continues to focus solely on a partner's or associate's fee-earning capacity.

Practice staff with short or longer-term aspirations to partnership are increasingly recognising that, in order to achieve this goal, they need to develop a broader skill-set, including other elements of client management such as the ability to negotiate and develop client relationships, as well as aspects of administration and management within the practice itself.

These broader issues of client management have become critical in recent years, in the face of a demanding and promiscuous client base more willing than ever before to "vote with their feet" and switch to another provider of legal services if they are dissatisfied with key aspects of service delivery. In response, the manager of each client relationship may have to resist downward pressure on fees, perhaps for the first time, and be able to present a compelling case for the firm's competitive offering and how it best meets the challenges faced by their client.

This takes time, both in training to develop these capabilities and in undertaking and building on them as part of the employee's ongoing role. However, if the firm does not address this within its reward structure, this will cause frustration for the ambitious employee who may look elsewhere for a practice that does more than pay lip service to this key aspect of staff development.

As a result, forward-thinking firms have started to address this potentially serious disconnect by adopting a more flexible approach to employee remuneration and reward, in order to ensure that the talent management programme delivers against the practice's broader marketing and sales objectives in a much tougher and more competitive legal services marketplace.

## Supporting skills development

From the employee's perspective, training in itself is rarely the motivating factor. Indeed, in certain departmental environments it can result in a negative reaction, in taking up valuable time which could be better spent doing the job. However, where training is properly developed and positioned by the firm – and perceived by the employee – as directly helping to achieve the individual's targets and personal objectives, it acts as a powerful incentive. So, as those firms leading the way out of recession have recognised, improving behavioural and operational skills through training is no longer a financial burden to be avoided wherever possible. By contrast, it sits at the heart of the future success of the practice, by helping retain and nurture their best people – as well as their best clients.