

This month

- **Recruitment and Retention Crisis**
- **Management and methodology**
 - **Alternative or added value**

Over the last few month's we have covered many aspects of staff management and communications and developments. What is very apparent in many law firms is the loss of ability for retaining and developing staff and the shortage of potential candidates – so many firms are lacking staff that is seriously impacting on client demands, revenue, gross profit and cash flow. There are going to be more people moving away going forward so it is becoming a very critical priority.

In May – Law Firm Ambition ran a webinar event www.lawfirmambition.co.uk/events and the statistics in the opening video really make you think..... well worth a look

- % thinking of leaving even with nowhere to go – dissipation of loyalty
- % looking elsewhere – some coming back
- Headhunting
- Attrition rates
- Very few applicants per job
- 10-15% salary increases, combined with stress and undelivered promises
- Homeworking impact

During June I have been in dialogue with recruitment guru Peter Manners peter@petermanners.co.uk and also available here <https://www.linkedin.com/in/peter-manners-9471a010/> and *this is very much his view*

RECRUITMENT – A Perfect Storm

Employers across most industry sectors are currently frustrated at their inability to recruit due largely to a lack of candidates. However, a shortage of candidates is only part of the problem. The candidates available for work, lack the skill sets required to fill the employer's vacancies.

The staffing crisis at the airports and airlines will help us to understand the problem.

During the pandemic the airports and airlines were closed. Whilst some staff were furloughed, large numbers of others left their employment for a combination of reasons including ill health, to find alternative employment, retirement and redundancy. However, the people leaving included a high proportion of experienced staff who, in many cases had worked long and unsociable hours for many years. These people had a detailed understanding of a large complex business were proficient in their roles and could work under pressure when the airports and airlines were busy.

When the airports re opened and tourists returned the airports and airlines needed to recruit and discovered, like all other businesses, that the pool of potential candidates was very small. One airport recruited 18 people earlier this year and 3 months later only 2 were still in their job. Part of the problem is the long unsociable hours and once training started others decided it wasn't for them. However, the biggest issue for the company's was that they were unable to provide the new employees with the understanding of how everything works and bring them up to speed quickly enough to cope with their role once the tourists started to flood in. Training is an ongoing process and replacing the skill sets & knowledge of the experienced leavers will take years not months.

The airport scenario is easy to understand and believe it or not the increase in skills shortages were being talked about seven years ago. I recall attending a seminar for the legal profession at a high

street bank in 2015 where a senior FTSE 100 HR consultant outlined the recruitment market and demonstrated how all industries would suffer a skills shortage.

Peter believes that the legal sector however has been contributing to the latest recruitment crisis for years. The biggest one-off contributor in recent years occurred during the Banking crisis of 2008. Law firms reduced lawyers working hours and salaries causing good lawyers to move on and they made numerous redundancies in many cases stripping out the upcoming associates and middle management; often preserving older long-established Partners many of whom were not justifying their income through either fee earning or business development. 2008 coincided with the advent of the 'virtual law firm'.

I certainly remember the number of younger, higher performance lawyers who observed the performance and attitude of senior management staff towards staff who made decisions that they were going to leave the firm as soon as the market picked up – and they did.

The "virtual law firm model" required experienced lawyers ideally 10 years plus qualified who could support themselves with a client following which they were capable of servicing without support. As these firms grew over the next 14 years the traditional law firms were losing many of their better associates and junior Partners leading to a further loss of experience and also some clients. Added to this following the Banking recession certain types of work i.e. commercial property development, construction and corporate work took several years to return. During this time many junior commercial property and corporate lawyers gained no experience in these types of work. This was exacerbated by the senior lawyers who were busy hoovering up this work to ensure they could attain their own fee targets.

The outcome was a raft of lawyers some almost 6 years PQE with little or no real in depth commercial property experience. By the time the property development and sizeable corporate deals return a number of firms were finding they lacked the people internally with the skill sets to do this work.

The Covid Pandemic 11 years later has resulted in a further 'skills gap' being created. A new raft of junior lawyers who were not sufficiently experienced to run a file were working from home, some for 2 years with no recourse to a mentor or a structured online training. In many cases they were being given specific tasks to do on files leaving them with limited experience when lockdown ended. Now we have a profession that is trying to recruit in a limited candidate market, individuals who for no fault of their own do not have the required skill sets to work at the level the vacancies require. On top of this the younger generation see life differently so businesses are having to adapt their own systems, work styles to accommodate this new approach. The result of this crisis has caused a massive increase in salaries as firms fight to retain or recruit the lawyers with better and more relevant skills.

All law firms need a plan around resourcing going forward and many of the required actions have been covered in articles over the last 12 months

<http://professionalchoiceconsultancy.com/articles.php>

A clear strategy, perpetual forecasting, staff accountabilities and development, the right MI & BI, good supervision and communication, handling the emotional factors of the working environment.

It is also a very difficult time, despite a strategy to actually fully understand and forecast the state of the economy going forward and therefore the level of resource that is needed for just about every function within the firm.

The firm may be doing 200 conveyancing transactions per month now but in 6 months-time will it be 100 or 500. What will the M&A or Commercial Property be like. I predict a growth in Wills and LPAs and Family activity and Crime????????

Therefore, a much more flexible approach is needed in terms of resourcing and management. Regulation and compliance is mandatory, as is risk management including security and Pii. Profitability and working capital is essential. All at the same time of meeting client expectations and demands.

Irrespective of the size of the firm all of the demands have to be met with resource and appropriate skills – not just completing legal files and getting paid but also compliance, security and appropriate IT and Business development. The key is to pay only for the skills and hours that are needed which again is another major reason for all activities to have outsourcing considered but with the right potential supplier.

Potentially covering – lawyers (all work-types), consulting Business Development, Compliance, Security, HR, IT and Telecomms), NEDs (Chair, Marketing, IT, Finance, M&A, HR), hosted IT, Brokers (PII and Working Capital), Accounts and Book-keeping, Transcription and Document Production, Web content, Web chat, Telephone answering, Enquiry conversion.

I don't think that firms can afford to wait until September but the build up to this could be interesting <https://lawfirmambition.co.uk/topics/law-firm-outsourced-operations-now-and-future>

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