

## VALUEDYNAMICS

# THE TALENT CHALLENGE

In the first article in this series, we introduced our ValueDynamics toolkit, a study with 25 leading in-house lawyers to identify and debate the new challenges that they face. The study seeks to share practical hints and tips from our participating clients and to suggest some models that can be used to work through day to day challenges.

In this, the fifth and final article, we consider in depth the last of four sections of our study: the Talent Challenge. The Talent Challenge follows the other three: the Value, Structure and Performance challenges and addresses the important area of identifying, developing and retaining the right people for your in-house legal team.

The vast majority (86%) of the in-house lawyers that participated in our study are already engaged in developing and implementing some form of overall talent strategy for their team. Many General Counsel (GCs) are finding the funding of talent initiatives difficult. They have tight budgets and the appetite for learning and development investment is low, with legal often finding itself at the end of the priority list for investment.

The basic tenet of ValueDynamics is the need for in-house leaders to align their planning and on-going operations with the commercial ambitions of the business. What does the business need from the in-house legal team, and how can the team demonstrate the value that it delivers?

All of our participants agreed on the importance of having a dialogue with their CEO or other senior leaders to create increased awareness of the balance of economic efficiency with performance efficiency and the development of the legal function. Without this dialogue, it is difficult to build and deploy the most effective team - and more challenging to argue the case for investment in learning or new organisational design.

### Where to begin: the biggest priorities

Successful GCs are able to think about how to translate their plans for adding and demonstrating value into practice by building effective teams. They are also able to establish a two-way approach from the start: it's not just about what an individual can bring to the team, but also how the team can contribute to that individual's career path and personal success.

A second area of interest for participants in our study was how to help team members develop the skills and competencies required to align the in-house legal team with the business. Most organisations will spend huge amounts of time ensuring that technical knowledge is up to scratch, but neglect the softer skills required to interact effectively with the business and to listen to their concerns or requirements.

This is hardly surprising: it's vital that in-house lawyers get the fundamentals right and deliver great legal advice. But it's not necessarily the obvious skills that are needed when trying to build value to the business. A wider set of skills such as influencing, intuition, interaction, relationship management, decisiveness and the ability to bring others' skills up to speed are all important.

Such skills are often regarded as being either naturally innate or absent. However, the truth is that they can be learned and can be built into the talent development process. This may lead to a rethink in how individuals are rewarded: should it only ever be the big hitters who move upwards in a team, or should those who enable demonstrable value be promoted instead?

It's also important to build this understanding into recruitment, ensuring that teams focus on assessing the broader commercial, consultancy and leadership potential of recruits. Successful GCs work hard to develop a culture that recognises that importance of building strong relationships and spend time in the business.

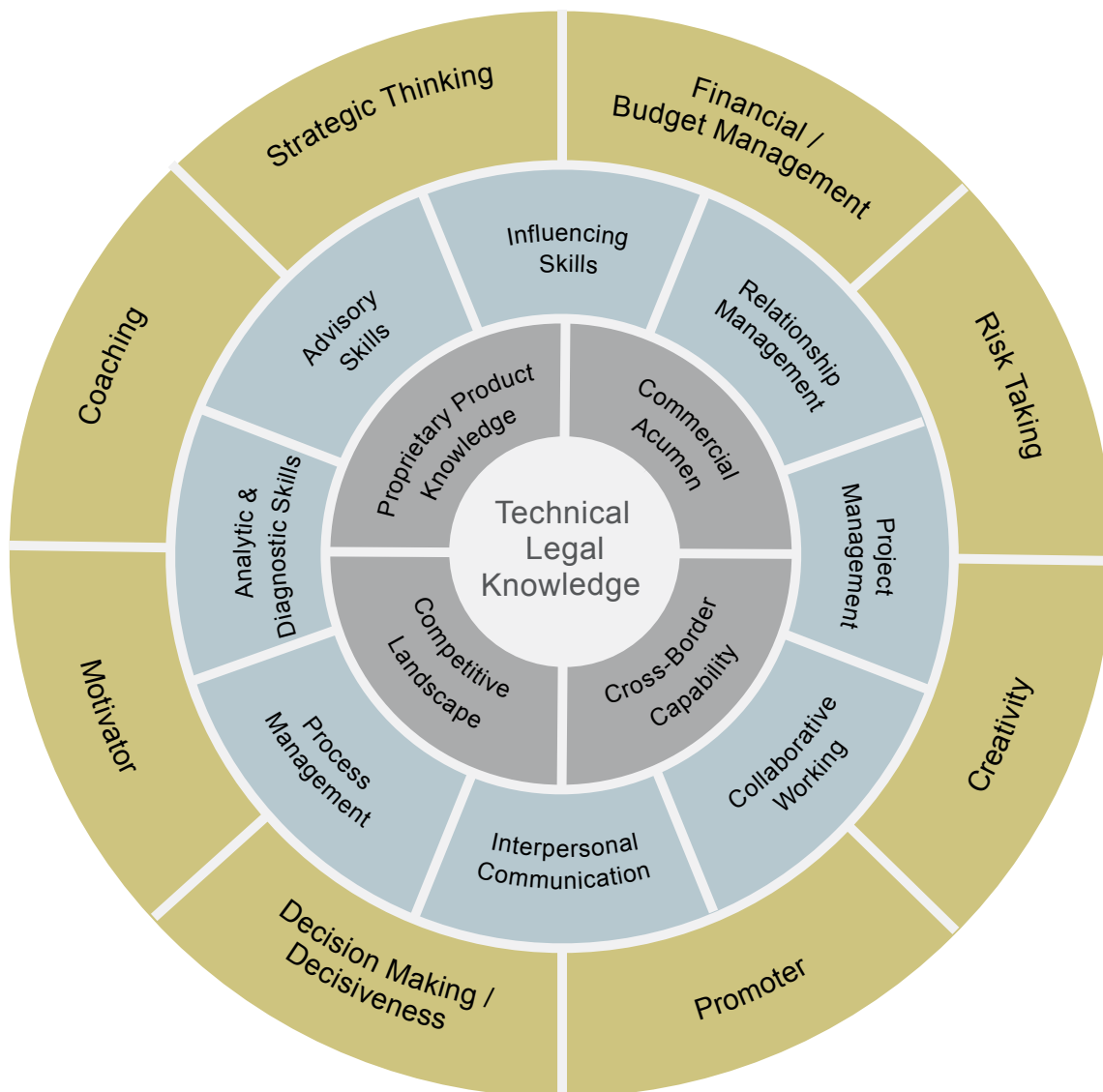
While most participating GCs have developed creative ways of continuing to develop the technical legal skills of the teams, often using courses delivered by their advisers, there is recognition of a greater need to focus on developing and nurturing the broader, leadership skills.

This places a greater emphasis on the coaching and leadership skills of the GC and the management team and on their ability to develop creative, low-cost ways to develop each other. For example, some use peer coaching and some encourage others in the team to take turns to develop and lead small development workshops.

## Mapping the team's DNA

As well as making fundamental decisions about recruitment and reward structures, some GCs consider whether they need to plug any gaps in the competencies of their current team. This involves plotting the strengths and weaknesses of the team according to the needs of the business, then building individual development plans.

### ADDLESHAW GODDARD'S LEGAL DNA MAP



Only half of our participants had a defined competence model that identified the non-technical skills required. We found that successful GCs look outside their immediate teams for assistance in building the DNA of their teams (once they have identified what is needed to ensure success).

As well as seeking support from the HR function, GCs can explore reciprocal 'partnerships' with other functions such as sales and marketing, for coaching and mentoring. This has the added bonus of increasing the appreciation of the value brought to the business by the legal team.

## Motivation and retention

It's important to note at this stage that "one size does not fit none" when it comes to motivation and reward. The vast majority (86%) of the GCs involved in this study say that they are grappling with the challenge of motivating and retaining good performers within relatively flat structures. The working environment for in-house lawyers offers limited opportunities for rapid progression and tends to offer reward structures that can offer minimal flexibility for additional bonus awards.

The GCs that cope best with this perennial problem are those who have taken the time to develop a clear and compelling vision for their team. They clearly signpost new initiatives and schedule more interesting work so that individuals can be brought into projects in a structured way.

The teams that achieve the most success in tackling the Talent challenge are those who set the right culture of openness and fairness from the top. An effective culture can be created when the team leader is open and able to give/accept feedback in an authentic way.

Our GCs shared experiences of situations where this has not been the case, and where the leader, while talented and charismatic, fails to build an effective team by showing favouritism to the 'A' players. Those with gaps in experience or skills are side lined or ignored, and fail to thrive. It's therefore important for team leaders to resist the temptation to surround themselves with the top performers only, and to spend more time mentoring weaker players.

Of course it's true that getting to know everyone in the team, along with their aspirations and concerns, is a time-consuming matter. Indeed, the biggest objection to implementing the Talent challenge that we heard from GCs was that they were too busy with day to day work to tackle it. On average the GCs we spoke to spent more than 80% of their time directly on their 'day jobs', which means that the talent agenda is managed in the GC's spare time.

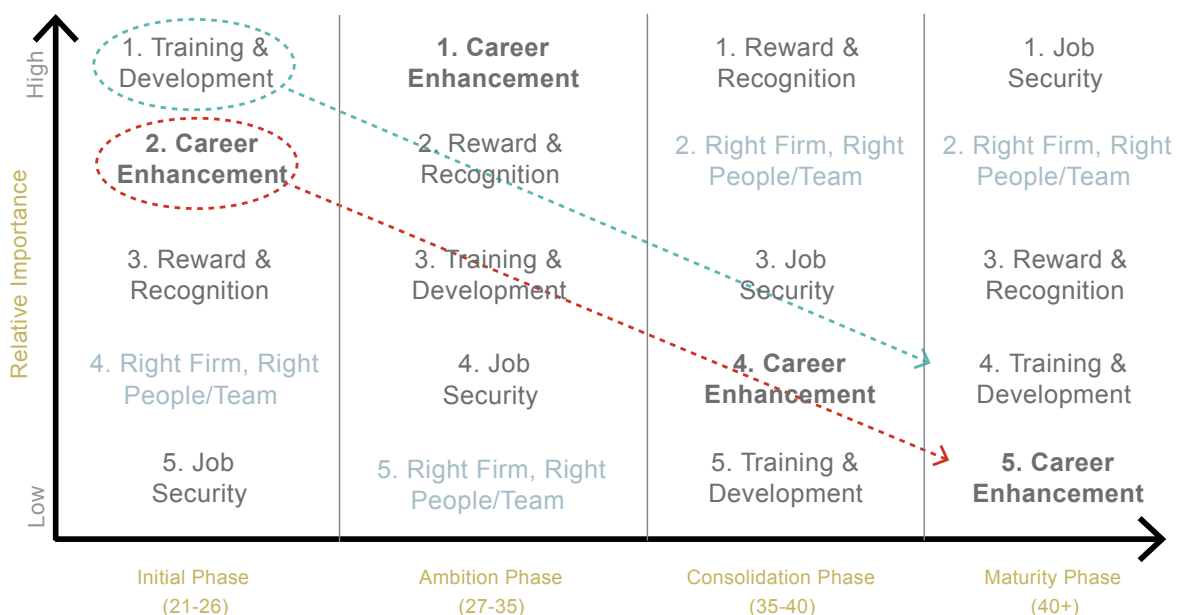
Consider, however, that those GCs who are able to concentrate their efforts on materially changing the performance and contribution of the weakest 15%, whilst continuing to motivate the 10 – 15% 'A' players in their team, will obtain the greatest productivity and performance gains year on year. They will also generate a culture of high performance that becomes self-perpetuating over time.

An important first step in this process is to understand the 'hierarchy of needs' within their team. This changes throughout a team member's career from the initial phase, when training and development is the most important motivator to the maturity phase, where job security becomes much more significant than career enhancement.

Ambition, energy, family pressures and professional maturity all change significantly during an individual's time with the team, and this needs to be reflected in development programmes.

### UNDERSTANDING THE TALENT POOL

#### Career Phase Analysis: 'A' Player High Priority Hierarchy of Needs



Retention may not be the desired outcome in all circumstances when considering this hierarchy of needs. In a world of changing structures, it may be better to let 'A' players leave to accelerate their development, retaining them as alumni/advocates post employment and leaving the door open for them to come back to the business in the consolidation or maturity phases of their career.

## Improving productivity

The Talent challenge is not just about individuals. The majority of the panel (90%) are focused on improving collective performance and driving greater productivity through the adoption of more efficient working practices, encouraging better knowledge sharing and reducing work duplication.

## Where to start?

Given the fact that so many GC are time pressured, and have to constantly do more with less, the best place to start is by breaking the Talent challenges down into four key areas: Source, Engage, Develop, Manage and Reward.

Our discussions with our GC panel yielded some pragmatic and highly practical suggestions for action in each area. For example, in the Source area, many GCs operated a 'find them when we need them' approach, but had not built a consistent way of tracking talent in the marketplace, either by sourcing the best recruitment agencies or by ensuring everyone on the team is using the same networking resource (such as LinkedIn) with consistent information about the firm.

In the Engage area, most GCs felt reasonably confident that they were doing a good job, with regular team meetings. However, two thirds of participants do not operate opinion surveys: a missed opportunity to generate regular and confidential feedback. Other practical tips are to encourage team members to make suggestions about how to make meetings more effective and to remember to walk the floor and show a genuine interest in those within the team.

Within development, it's interesting to note that while 96% of participants had effective technical training in place, only 27% provided internal consulting/client skills training. Some practical tips in this area were to ensure that those attending external training always summarise and communicate key learnings to the rest of the team; and to circulate relevant thought leadership material for discussion, then to ask each team member to summarise one thing they will do differently as a result.

Finally, in the area of manage and reward, less than half of participants operate an effective and proactive approach to managing under performers, although the majority maintain an effective performance feedback culture and performance management processes. More than three quarters (78%) do not have a clear methodology for assessing the leadership capabilities of team members.

Practical steps to take in their area include: asking the HR department to competitively benchmark the compensation mix for the in-house legal team against the market, thereby creating a realistic view of where the team currently sits and where the gaps are in terms of remuneration; build a reputation for being a 'tough marker' that works with the team to achieve their objectives in an empathetic and positive way; demonstrate that you really understand the team by developing a series of creative rewards for those who have gone above and beyond day to day achievements.

## Conclusion

Only disciplined and multi-skilled GCs will be able to bring long term balance to their activities and achieve effectiveness in their approach to talent. Ironically, it is often the talent agenda that is sacrificed first. Yet the answer to the most effective performance comes from leveraging the talent beneath the GC. It is this talent that will bring the capability to deliver exceptional performance in a fast-paced and complex environment.

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