

Change with Purpose

Our report, *Legal Reset: Why Law Firm Culture Must Change Now*, released earlier this year, called not just for change amongst law firms but a wholesale cultural reset of their values.

The report identifies four key ‘pillars’ for change, namely: the need to practise with purpose; embracing genuine flexible working; moving away from a partnership model fuelled by billable hours; and driving innovation through technology.

We know that change is not easy. Management guru Peter Drucker wrote: “The greatest danger in times of turbulence is not the turbulence – it is to act with yesterday’s logic”.

I am sure that many businesses can identify with that.

Sustainable change takes time and also much trial and error. It isn’t enough to identify what needs to happen, you must know how to do it at scale and how to get others to engage with it. This is often the difference between the short-term tick box mentality versus those set on bringing lasting transformative change.

Law firms can be forgiven for thinking they have enough on their plates without having to think about making significant structural changes to the way they operate. Challenges such as juggling a hybrid workforce and attracting lawyers amid a talent war, with sky-rocketing wages being offered to the junior ranks. The challenge of managing a quiet mental health crisis that is taking hold, as many staff struggle in the face of much uncertainty, particularly on the economic front, alongside continual pressure to deliver. All are significant issues for law firms right now.

“Sustainable change takes time and also much trial and error”

The Ukraine crisis exposed yet another novel challenge in the shape of societal and staff pressure to cut ties with Russia and Russian clients, irrespective of their individual circumstances.

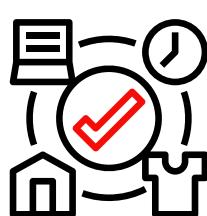
Individuals and businesses expect more from the law firms they instruct, and if they are not already making demands and asking for transparency on your approach to ESG (environmental, social and governance) matters, they soon will be. Defining your law firm culture has never been more critical as actions and decisions in times of uncertainty hang off culture.

Microsoft, for example, has announced that law firms they instruct will be eligible for a bonus of up to 3% of their annual fees this year, if they meet its eight diversity targets.

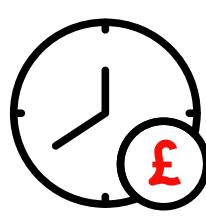
Drinks giant Coca-Cola announced in February 2022 that it was to start penalising its panel law firms with reduced fees if they failed to deliver on diversity commitments. It said that diversity of talent was a critical factor to driving better business outcomes.



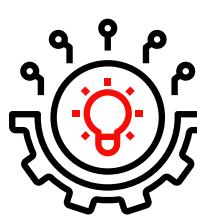
PURPOSE



CHANGE IN BILLABLE HOURS MODEL



FLEXIBLE WORKING



INNOVATION THROUGH TECHNOLOGY



“Defining your law firm culture has never been more critical as actions and decisions in times of uncertainty hang off culture”

The direction of travel is abundantly clear. It feels like we are at a critical juncture for law firm culture, and firms are under the spotlight like never before.

#HumanFirst

When I set up Obelisk 12 years ago, I had a clear purpose - to honour the principle of '#HumanFirst'.

I started my career as a solicitor in a magic-circle law firm, but I was unfulfilled. The pace was relentless, and the expectation was that you were on call all hours of the day and night. As a married junior lawyer, the traditional legal model was simply incompatible to me.

It was a trip to India that changed everything and gave me a fresh perspective. I was struck by the number of businesses setting up offshore outsourcing models. I challenged the need for offshore solutions when so much talent was being underutilised and pushed out by the traditional law firm model. There had to be more people out there like me who had invested significant time and resources training and had a passion for the law - but didn't want to spend every waking hour in the office.

It turns out there were - and in particular, many City lawyer mums who were leaving the workforce because raising a family and being in the office all night were just not compatible. For me, it's akin to law firms leaving money on the table - why lose talented lawyers just because they can't fit into the traditional model?

And so, Obelisk Support was born – the first legal business to pioneer flexible legal working.

Our vision, which still stands today, was to make the world of legal work more accessible for all who wanted and needed to work in a different way. Why? Because it's the right thing to do *and* makes commercial sense. Flexible work supports keeping exceptional talent in the legal profession – during all life stages, especially those from underrepresented demographics. Diversity delivers better, faster problem resolution and creates a legal profession more representative of the society it serves.

“Champion flexible working and keep great talent in the industry”

Today, we support over 2,000 lawyers to work flexibly - ranging from NQs to senior lawyers, barristers, general counsel, and paralegals, working across 20+ sectors. 15% are returners and 65% women. They are working in-house, in law firms, in SMEs, and in multi-national businesses. One thing unites them, and that is the desire to continue following their vocation.

The advantage is summed up by one from our consultant community: "Working through Obelisk has provided me with a wonderful opportunity to remain in the market as a legal professional in a model that is flexible and beneficial for both the client and me".

For our clients, it helps them deliver better results, manage their costs and be more productive. Plus, it allows them to champion flexible working and keep great talent in the industry.

Goldman Sachs, one of the first organisations to embrace our new model of working explains: "We have been impressed with the Obelisk business model, which optimises the interim talent pool and enables people with varying capacity to work flexibly whilst still delivering against our expectations and needs".

Practising with purpose

For firms thinking about how they might change with purpose, knowing where to start can be the biggest blocker, and often where any well-intentioned efforts stall. But a back-to-basics approach will serve firms well; start with why your law firm exists.

It's no longer enough to say simply that law firms exist to provide legal services. More is expected of organisations, especially those that make the kinds of profits many big firms do. Ask, what is our purpose?

This is not just about being seen to do the right thing. If working in large firms is to remain an attractive proposition to Gen Z and those who follow behind, it has to offer more than just money.

"Diversity delivers better, faster problem resolution and creates a legal profession more representative of the society it serves"

Thompsons – a major consumer law firm whose roots are in the trade union movement – may well be alone in long having had a partnership deed that explicitly says its purpose is not to maximise profit.

And there are signs of change. There is a criminal law firm, Commons, set up as a not-for-profit business, and other small practices are operating as social enterprises. The biggest step among larger firms has been taken by the handful that have become a B Corporation (standing for Benefit).

In 2015, London-based Bates Wells was the first law firm in the UK to become a B Corp, changing its partnership deed to provide that the firm is not just run for the benefit of the partners.

As a B Corp, it is committed to making a "material positive impact on society and the environment" in what is called a 'triple bottom line' approach to business. The partners are also required to consider a range of 'stakeholder interests' – including employees, suppliers, society, and the environment – when making decisions.

Ultimately law firms have to truly live their values. Firm culture won't genuinely evolve if change is made only because of pressure felt from the outside.

Tackling 'inflexible flexibility'

Another core area for the profession to consider is 'inflexible flexibility'. By that I mean an inflexible approach to flexible working, perpetuating a culture which is less inclusive and more likely to disadvantage working parents and those with caring responsibilities, for example.

According to recent research from employment law firm GQ Littler, the number of employment tribunal cases

"Ultimately law firms have to truly live their values"

relating to flexible work has doubled as businesses revert to pre-COVID patterns of working. This is reflected in the legal sector as management voice fears about the erosion of culture and look to mandating fixed hours back in the office.

Lawyers are not being given autonomy on working patterns. Even where flexibility is offered, it's often within clear boundaries, perhaps two days at home, three days in the office. People are not being given true flexibility in how and when they get the work done.

Law firms, as ever, should look to the Big Four if they want to see what the future might look like.

Deloitte announced last year that it would let staff decide 'when, where and how they work'. Chief Executive Richard Houston said: "We will let our people choose where they need to be to do their best work, in balance with their professional and personal responsibilities".

Clearly such a model requires a significant degree of trust. As an organisation that has long championed flexible working models, we have seen that to make it work, leadership and consistency in flexible working policies is critical. It should not be left up to individual managers and partners as to how much time their teams spend in the office – there will always be some who object. It requires a change in the culture of organisations that must be driven from the top.

Law firms need to train their managers to focus more on wellbeing, to trust their employees and give them more autonomy. It will not come naturally.

But change can start small. A fifth of staff at Kent-based law firm Thackray Williams already work part-time. Their new 'You day' initiative is aimed at full-time staff – if they can do 10 days of work in nine, they get the last day off. Magic-Circle law firms Freshfields, Clifford Chance and Linklaters have all allowed their lawyers to work away from their desks for up to 50% of the time, while Slaughter and May lets lawyers work remotely for 40% of the time (20% for juniors), according to the LexisNexis *The Laws of Organic Growth* report.

It's not quite breaking the pattern of inflexible flexibility currently favoured by the profession, but it is a start in the move towards monitoring output rather than input – and trusting staff.

Prior to qualifying as a solicitor, I worked in journalism, an industry where the focus is all on the outcome, not when you clock in and clock out.

It is an approach that law firms, with their focus on billable hours, have struggled with even as they have sought to build lower-cost offshoots for certain types of work.

Legal reset

The law firm of the future must be values-driven in a way that supports diversity and inclusion, be eco-conscious and responsible, creating a platform for motivated staff to deliver for their clients.

Getting to this point will not be easy for tradition-bound law firms but they will find a real hunger among their lawyers to embrace transformative change that puts the organisation's people first. The important point for law firms is not how they start to change, but that they try.

More analysis on transforming law firm culture can be found in Obelisk's 'Legal Reset' report.

Photograph by Rosie Parsons Photography



Dana Denis-Smith
is Founder & CEO of Obelisk Support