

## KM strategy

# New routes to knowledge

Approaches to knowledge management in law firms are changing, but they still need to be better aligned with overall business objectives. Progressive firms are exploring more innovative forums for knowledge exchange, as well as bringing lawyers and business support areas closer together.

By Joanna Goodman

“The last two years has seen more change in law firm knowledge management (KM) than in the last 15,” observes David Jabbari, global head of know-how and training at Allen & Overy. He is referring to a transformation that has been accelerated by rapid developments in information technology, attitude and culture, which has led forward-thinking law firms to realise the value of adopting a strategic approach to KM.

“You can’t have a knowledge-management strategy that’s distinct from your business strategy,” adds chief knowledge officer at Linklaters, Matthew Parsons. Parsons sees his role as providing everyone in the firm with the knowledge resources they need to deliver the firm’s strategic objectives. But Linklaters and other leading firms also recognise that legal KM involves a lot more than sophisticated document-management systems. Firm-wide knowledge sharing, supported by cutting-edge technology and a collegial culture, helps Linklaters maintain the global focus of the business and provide a seamless, integrated service to the firm’s international clients.

Although this holistic approach is shared by an increasing number of firms, however, the 2006 Global Law Firm Knowledge Management survey conducted by ALM Research and Curve Consulting reveals that KM in the majority of legal practices still concentrates on the practice, rather than the business, of law. Its findings also suggest there is insufficient alignment of knowledge management with business objectives.

On the other hand, firms are increasingly acknowledging that sharing client, market and financial information – as well as legal knowledge and expertise – among practice groups and offices, as well as between fee-earners and business-support professionals, produces clear benefits in terms of market awareness, business development and client service. This realisation has moved KM up the list of many law firms’ business and investment priorities, with nearly two-thirds of them implementing a formal KM strategy.

## From capture to creation: ‘knowledgeability’

Business development consultant Andrew Hedley neatly encapsulates



the ideal KM strategy as benefiting from “knowledgeability” – the ability to transform the knowledge embedded in the firm into business development assets that can be used to enhance client relationships and drive profitability and growth.

Jabbari also reflects on the importance of developing closer links between KM and strategic business objectives. “Until recently, the know-how function tended to be disengaged from the business and clients,” he says. “However, over the past couple of years we have deployed a KM strategy focusing on thought leadership: developing fresh insight and producing innovative content that we can share with our clients. Consequently, the focus of KM at Allen & Overy has shifted from capturing and storing information – although that remains

important – to creating new knowledge that we can leverage to develop and enhance client relationships.”

### Technology as enabler

Knowledge managers from different firms agree that technology needs to be an enabler rather than a driver of KM strategy, providing instant access to information, know-how and expertise. At Allen & Overy, cutting-edge technology facilitates knowledge sharing among the firm’s internal and external stakeholders. In an effort to move beyond what he describes as the static role of KM, Jabbari has pioneered the introduction of collaborative and social software, such as blogs and wikis, to connect lawyers with each other and their clients. This enables them to share knowledge, thoughts and opinion in an unstructured and open way. “A key KM objective is to create online communities for revealing

tacit knowledge. It’s a form of business intelligence,” he explains. “These are dynamic forums where lawyers can post a development and invite views on it.” The support and involvement of the managing partner and senior leaders has also helped to develop ongoing dialogues with senior people in client organisations. “The aim is to produce authoritative commentaries on key legal and market developments with the purpose of cementing the firm’s position as a trusted advisor on those issues,” Jabbari adds. He has also applied the same innovative approach to KM itself. “We have created a KM blog/wiki site that we share with our clients. Some 50 knowledge managers among our clients now participate in an online dialogue with us about KM, discussing trends

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and developments and sharing best practice.”

Catherine Flutsch, head of knowledge management at international firm Bird & Bird, uses the firm’s strategic priorities as the starting point for developing the firm’s KM strategy. As the firm owes its market position and rapid expansion to its specialist sector expertise, KM has always been a high priority. Flutsch works closely with the firm’s IT department to ensure that the KM strategy, closely aligned to the business, is enabled and supported by technology. “Although technology is indispensable in enabling some key aspects of our KM strategy, for us KM is primarily about people – our lawyers or our clients – ensuring they are quickly and easily able to access the business, legal and sector knowledge they need to work as efficiently as they can.”

### The professional support lawyer

A more holistic approach to KM is also transforming the role of the professional support lawyer (PSL), shifting the focus from research to development. Allen & Overy recently conducted a fundamental review of the roles of know-how lawyers and PSLs with the aim of incentivising them to develop higher levels of insight underpinning client-focused projects. “We have redesigned the PSL role and instituted a new three-tier career structure for PSLs: PSL, senior PSL and PSL counsel,” explains Jabbari. “The commoditisation of knowledge means that rather than expecting PSLs simply to broker and source knowledge, we now recognise and reward the ability to tease out specialist

knowledge from senior partners and others and develop insightful material that we can share with our clients.”

Lucy Dillon, director of knowledge management at City firm Berwin Leighton Paisner, agrees that the PSL role is broadening to combine knowledge-sharing and business-development activities. “Rather than focusing solely on legal technical issues, PSLs now work closely with the marketing department so that we can design and deliver products and services that match our clients’ expectations and needs,” she says. “For example, when the marketing department is organising seminars and events, they regularly talk through content with PSLs, who are aware of the latest legal and market developments.” She adds that practice groups’ growing appreciation of the contribution of PSLs has led to her team doubling in 18 months.

### KM leadership is critical

The ALM survey found that a firm’s head of KM typically reports to the executive director or the managing partner. These senior level appointments reflect the fact that KM is rapidly gaining importance as a strategic priority, with law firm leaders recognising its potential to add value to the firm. This also flags up the key role of managing partners in driving the firm’s KM activities and fostering a firm-wide knowledge-sharing culture.

Hedley observes that a firm’s managing partner can either be a huge asset to its KM strategy, providing vision, inspiration and support, or a challenge, questioning the value of

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investing in expensive KM resources. He highlights two key considerations for managing partners. “Leaders need to recognise that law firms are fundamentally about managing knowledge and relationships and their business is driven by knowledge and expertise. Therefore, sustainable business development – and growth – depends on effective KM. Unfortunately, many firms define KM far too narrowly and therefore miss the opportunity to use their key assets to best effect,” he says. “They also need to understand the key difference between leadership and management. Management is about dealing with complexity, while leadership is about gaining people’s buy-in to change.” A leader’s role is to communicate the vision and value of a knowledge-sharing culture while the head of knowledge needs to work with other parts of the business, notably IT, to develop practical, user-friendly ways to turn that vision into reality.

According to change-management guru John Kotter, leadership is a prerequisite for successful organisational change: consensus and engagement depends on leaders walking the talk, providing a vision and setting an example. Hedley argues that the same principle applies to KM. “The managing partner needs to be committed to knowledge sharing in order to gain the buy-in of everyone else in the firm and work in partnership with the head of KM to develop an appropriate strategy and support its implementation.”

Jabbari agrees. A key element of his role involves engaging with the

managing partner, senior leaders and partners throughout the firm to develop a KM strategy that addresses the issues that really matter to the leadership. “Our associate directors, who represent key functions in the firm, attend regular leadership forum meetings with senior partners where we discuss key strategic aims and objectives,” he explains. “The firm’s knowledge strategy is based on the issues raised at these meetings. Consequently, it needs continual adjustment to pick up on the big strategic drivers at any particular time. For example, the initiative on thought leadership supported the clear aim of our senior partner, Guy Beringer, to change the style of communication with major clients.”

Flutsch adopts a similar approach, maintaining a continuous dialogue with the leadership and senior partners via formal and informal channels. “We develop our KM strategy alongside the business strategy,” she says. The KM team reports to a KM committee, which is led by a senior partner and is directly accountable to the CEO. Flutsch also has regular meetings with the senior partners who lead different practice areas – as well as informal discussions with partners and fee-earners at all levels – to obtain feedback and input on KM programmes and tools.

Berwin Leighton Paisner’s strong knowledge-sharing culture is driven from the very top. As director of KM is a board-level appointment, Dillon is in a position to remind the senior leadership team of the importance of KM. She also plays a key role in strategy development. She explains that managing partner Neville Eisenberg

takes a personal interest in KM and came up with the idea for the firm’s innovative ‘twinning’ initiative, enabling lawyers and business-support professionals to get to know their colleagues in other parts of the firm and learn about their services.

### Working with business support

There is growing recognition that business-support functions also need to be involved in knowledge-sharing activities. Although the KM function regularly works closely with IT, marketing and business development, additional efforts are required to involve departments such as finance. These people are not generally linked to business development, but routinely collect valuable client information such as the services key clients use and how much they regularly spend.

Berwin Leighton Paisner’s ‘twinning’ initiative was originally designed to promote collaboration and ensure that lawyers’ knowledge of the firm was not confined to their own specialism. One legal practice is ‘twinned’ with another for a month or two, during which time lawyers and PSLs get together for a social event, an information exchange that includes presentations about each practice group’s work and clients, and a workshop session, where they identify new ways in which they can work together. The fact that PSLs are included in these activities enables them to get to know the people and processes in different practice areas, thereby extending their understanding of the knowledge and information requirements in various parts of the firm.

Twinning has proved so successful in terms of cross-selling and collaboration that it has now been extended to business-support functions too. For example, knowledge managers already work closely with marketing, but through the ‘twinning’ process they are now also getting to know the people and processes involved in HR and finance. “These sessions are invaluable,” says Dillon. “They provide

an opportunity to meet in an informal environment and find out exactly what other people do and how we can work together to provide a better service to the firm and its clients.”

### People power

The ALM survey highlights the need to harness informal relationships and

### 2006 survey results

The 2006 Global Law Firm Knowledge Management survey conducted by ALM Research in partnership with Curve Consulting examines the current state of KM in major law firms throughout the world. Its findings are based on responses from 71 firms with an average of over 610 full-time lawyers per firm.

The survey covers a variety of aspects of law-firm KM, including strategy, budgets, staff compensation and technology products. It examines these issues from a global perspective, reporting and analysing responses by group, country and region, as well as by firm size.

Highlights of the survey results include the following:

- The top three objectives of KM were identified as improving the quality of client service (71 per cent), leveraging expertise (49 per cent) and gaining a competitive advantage (48 per cent);
- Almost 40 per cent of firms spent more than \$1m on KM in 2006;
- The average KM organisation in a European law firm is more than ten times the size of the average KM organisation in a US law firm;
- The scope of the knowledge managed within law firms has broadened, although there is still a strong emphasis on managing knowledge related to the practice of law and little emphasis on managing knowledge relating to the business of law.

provide a framework for knowledge sharing between different practice areas and business-support functions. Jabbari believes that Allen & Overy's social software achieves precisely that objective. “People are at the heart of KM,” he says. “Nowadays, people are generally less happy interacting with polished, static content. They prefer forums where they can share views and opinions. This is how we reveal the tacit knowledge which is all around us.”

For its part Bird & Bird aims to attract people who are passionate about what they do and want to share their knowledge. Flutsch explains that she regularly encounters groups of lawyers discussing legal issues and sharing insights. “I really love the firm's culture and how willing even the most senior partners are to take the time to share their expertise with the junior lawyers,” she says. “I've noticed that even when partners are very busy, they will take the time to discuss an interesting legal issue or explain a difficult point. It's a very collegiate environment.”

Flutsch explains that it is not just about working with lawyers and clients, however, but is also important to work with the other support teams in the firm. She regularly consults the marketing, business development and finance teams as well as working closely with the IT department. She considers herself lucky as many of the firm's IT staff have significant KM expertise, so are well positioned to devise technological solutions that deliver its KM goals and objectives. She has an equally productive relationship with HR, learning and development, which helps maintain the culture, not only by recruiting people who value sharing knowledge and expertise, but also by delivering training programmes that cover the importance of KM. Developing a true knowledge-sharing culture also requires formal recognition of the value of knowledge sharing through investment in resources, training and staff, and by rewarding participation.

### Beyond the letter of the law

Moving KM from the practice to the business of law means shifting the KM function from providing information resources to developing more efficient ways of delivering knowledge and know-how – and transforming that knowledge and expertise into a key differentiator that helps to sustain the firm's competitive position. Jabbari believes that knowledge sharing has become more a matter of understanding what knowledge is important and needs to be shared. “My vision is that the knowledge function will transform into a research and policy function, creating the conditions for sharing insight and valid, valuable knowledge and material that our senior partners can share with their clients,” he says. “It's akin to creating a consultancy division within the firm.”

Dillon agrees that a common KM challenge is to avoid information overload and ensure people across the firm have the right information at the right time. “KM has moved beyond the letter of the law,” she says. “It has become a matter of selecting the most relevant information, both legal and commercial, from a plethora of tools. It is also important that people understand and use the tools that we provide – we regularly assess usage through statistics and feedback.”

Ultimately, really effective KM depends on the firm's culture, which is both led and driven by the leadership. It decides what to invest in KM in terms of time, commitment and resources, and where it should sit in relation to the firm's vision, values, strategic objectives and knowledge managers, whose role includes promoting the cultural acceptance of knowledge sharing as a driver of profitability and growth. ■

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