

People Management in an Economic Downturn

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Executive summary

WHAT A difference a year makes – a year ago, law firms thought they had it tough as they were facing significant challenges – market structures were changing, client expectations and demands were increasing, and staff and partner engagement needs were shifting. Now, just as law firms were beginning to tackle these forest fires, coal is thrown in – the impact of the economic downturn – the scale of which is still uncertain.

The year 2009 is envisaged to be a very difficult, if not impossible, year to predict. Already some firms have lost significant clients, and expenditure budgets are, at best, being scrutinised, if not significantly reduced.

Throughout this tumultuous period, law firms still need to produce and sustain a profitable service, and this can only be done through their people (at all levels and in all areas). As ever, the product of a law firm is based on the ability of its people to take their expertise and knowledge, and deliver valuable services to clients. To continue to do that against the background of an economic downturn will mean that law firms will need to effectively deploy a range of people management strategies and tactics to draw the best value and performance from their people.

Unfortunately in extreme cases, most firms will have already, or are considering making staff redundancies. The process of redundancy needs to be managed sensitively, and this report offers best-practice guidance on carrying out an

effective redundancy programme, as well as lessons learnt by experienced HR professionals who have lived through past recessions and have had to make tough people management decisions, which HR practitioners are currently facing.

This report outlines available people management strategies, and seeks to provide practical examples of their implementation through a series of case studies. It will examine and aim to answer the following questions:

- The role of HR and its scope and standing within the firm – in a downturn, how can HR demonstrate value and move to centre stage as firms address their people management challenges?
- Recruitment – law firms still need to recruit. How can firms ensure cost-effective recruitment and attraction of talent in a downturn?
- Strategic downsizing – how can firms select the most appropriate option to ensure that their resources are aligned to current and future needs?
- People resources – how can firms ensure that the performance of their people is enabled and managed effectively?
- Motivation and reward – how can firms ensure that in a downturn people remain motivated and rewarded?
- Leaders – what are the key people management strategies for leaders in a downturn, in order to maximise performance from others? and

- Focusing on talent – how can firms continue to effectively develop and focus on their talent in a downturn?

If a firm's most expensive asset is its people, then it needs to maximise their efficiency to ensure that the firm is not only responding and managing its business for today, but also building and protecting it for the future.

People management in a downturn presents a series of paradoxes – how can law firms both motivate and reward their people and save costs at the same time? How do law firms monitor and control productivity, while maintaining the engagement of their people?

While a downturn is challenging, it also offers huge opportunities, such as:

- Putting right some fundamental management disciplines within a firm;
- Providing an incentive to change where previously there was little; and
- Enabling the HR function to deliver tangible strategic value to a firm.

As a result of some important decisions made, the business can emerge from the downturn in better shape than when it entered it.

The practical and effective application of a range of people management strategies can help provide the answers to those (and the many other) paradoxes of leading and managing a firm effectively in a downturn. Key to that is the word practical. As firms consider their tactics and responses around people management strategies, it will be important to implement those strategies in a way that really changes behaviour, attitudes and, therefore, results. While it is important to design the right solution to people issues, it is equally important to make it happen.

About the Author

JULIE HARRISON is a consultant who works with a diverse range of professional service firms and other businesses providing a highly personal, pragmatic and effective consultancy in change leadership and successful organisational development. Julie spent 12 years, latterly as change management director with the firm Addleshaw Goddard and worked as a consultant in change management and executive coach with Portland International Consulting Group before establishing her own consultancy business. Julie brings a mixture of practical experience of bringing about effective change and up-to-date thinking on the role of internal professionals within law firms in achieving change.

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