

KNOWLEDGE MANAGEMENT FOR LAW FIRMS

PART III – The Barriers to Effective Knowledge Management

At a KM Forum, Legal Technology Consultant, Justin Szlasa states - "The goal of KM is to put your knowledge to work at the service of the client." Only when Law firms recognise the value of its intellectual capital can they use it as a key business driver, to win new clients and retain a competitive edge.

In theory, bigger law firms with a larger pool of intellectual resources at their disposal would have a competitive advantage over smaller firms. However, the reality could be quite different.

There are two levels of knowledge within your organisation - explicit and tacit knowledge. Explicit knowledge is articulated - the data that is stored in your documents, spreadsheets and databases. Tacit knowledge is embodied in your lawyers - made up of the stuff in our collective mindset – legal knowledge and experience combined; including "ways of doing things" that determines how the firm makes decisions. 90% of knowledge is contained in the heads of its people. Only when personal knowledge is converted to organisational knowledge, does it become valuable to the company as a whole. As the Founder of a major international law firm lamented "Our assets go home at night"; in fact, they not only go home at night, they are also free to leave the firm and join its competitors.

Mere recognition of the fact that knowledge is a renewable, reusable and accumulating resource of value to the firm does not translate into organisational learning and knowledge sharing without a radical overhaul of the knowledge equation (Knowledge = Power, so keep it to yourself). After all, Lawyers are paid to know things that others do not! Even within a law firm, it is not uncommon to discover lawyers competing against each other for the same client, hoarding model precedent documents and deploying other equally blatant methods to prevent a rival from benefiting from a colleague's knowledge and experience.

The American Bar Association's survey of 2002 found that the most successful KM initiatives was experienced by firms who had firm-wide (and particularly management support) for knowledge sharing. Many also had the benefit of a system that had been implemented several years earlier, enabling full firm-wide integration and a certain degree of learning through experience. The failures were significantly from firms who were either new to KM or who had failed to win this vital and active support from the firm as a whole. Successful knowledge management is a firm-wide phenomenon. It is characterised by a sharing and learning environment reinforced by the active involvement of management, fee-earners and support departments.

While many successful KM initiatives were driven by technology implementations, the ABA survey also reminds us that KM is about "harnessing knowledge" and not simply managing information with software. KM is ultimately a blend of people, process and technology. While it is impossible to imagine KM without the right tools to store, manage and give access to information; when these tools have been put in place and they are not effectively used to the benefit of the firm, you will have no choice but to address the cultural inhibitors to knowledge sharing that exist in your law firm.

Shift in Corporate Culture

The radical overhaul of the knowledge equation and the underlying tenet to effective Knowledge Management is "Knowledge = Power, So Share It and It will Multiply". Unleashing this knowledge; converting it from tacit to explicit so that it can be shared and reused constantly presents the biggest challenge to effective knowledge management within a law firm.

Peter Novins, Partner at Ernst & Young states "a company must redefine all its business processes to foster a culture that supports knowledge sharing. Successful companies are realising that it isn't just content that makes it work, you must have the business processes that allow you to leverage content - create an environment that encourages employees to continuously share what they know."

"A culture with positive orientation to KM is one that highly values learning on and off the job and one in which experience, expertise and rapid innovation supercede hierarchy".

After you have identified the hurdles to whole-hearted participation in the KM initiatives within your organisation, you may wish to consider the following pointers for overcoming these hurdles -

KM as Business Strategy

Firstly your KM goals should be placed in the context of an overall business strategy for the firm – how you plan to achieve competitive advantage – and how best to use your intellectual capital to get there. Attendant to this, how the strategy is to be deployed throughout the enterprise, how progress is to be measured and success to be rewarded. An articulated business strategy with clearly defined goals provides a good foundation for reaching an agreement on which KM activities should be implemented, while giving fee-earners an obvious connection between the desired goal and what is expected of them to get there.

David Maister in his book “Managing the Professional Services Firm” suggests four simple explicit goals to strive for in a successful law firm –

1. raise client satisfaction
2. increase skill building and dissemination
3. improve productivity
4. get better business

Each department or team should be encouraged to devise and introduce KM initiatives that will help them achieve these targets. As every department has its own starting point and business needs, they will adopt their own best KM initiatives reflecting those differences.

To begin the exercise, the first step may be to conduct a “knowledge audit” for that department, to find out - what knowledge comes in from outside sources, what knowledge it created, how it was recorded, how was it being used and by whom. The second step is to categorise the information keeping in mind that the more refined the categories the more easily data can be retrieved from the system by end-users.

Managing Change

Secondly, vital to the success of any KM initiative is the complete commitment of everyone as stakeholders; from partner level down to the receptionist who may not “create knowledge” but is constantly handling valuable information everyday. KM is a change agent and generally in every enterprise, people are resistant to change. Senior management must not only “buy in” to the concept, they must also prepare for change management.

If your KM initiative involves the implementation of technology applications, attendance at training should be mandated. Training itself should be targeted at the correct user level and focused to the trainees needs.

Law Firms may find that, in order to overcome the cultural barriers to knowledge sharing, they may need to offer incentives to participate in the KM initiatives. Incentives may take different forms – from stipulating a rate for recording time spent on KM activities such as categorising, profiling and inputting information into the Firm’s knowledge base; to making the degree of contributions to the knowledge base a function of the fee-earners performance review. Where the KM activity involves codifying standard contracts and precedents, Partners are able to “sell” the KM initiative as a path to more interesting work. Once the team can see the value in the exercise for themselves, resistance to change are more easily overcome.

KM as a Journey

Thirdly, the KM process takes time to show results. This is particularly true for large partnerships with several practice-specific departments all operating under different competitive pressures. Recognise that KM is not a quick fix in response to the urgent demands of the moment, rather an investment in the future success of the enterprise.

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