

Progressive Evaluation: Trends and Practices Affecting Law Practice



'Lola Esan
Director, People and Organisation
EY West Africa

“We stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another. In its scale, scope, and complexity, the transformation will be unlike anything humankind has experienced before”

World Economic Forum, 2016

... those that seize the upside will see a wealth of opportunities. Including Law Firms

25–50%

Typical cost savings from RPA enabling automation 24x7x365



4 years

for Airbnb to reach the same inventory level as Hilton Hotels built in 93 years

35%

New P&G products come from outside the company via its open Innovation approach

75%

At the current run rate 75% of companies in the S&P 500 will be new entrants by 2027

\$2_k

Offered to every Zappos customer service employee who doesn't buy into their "delivering happiness" philosophy

5 days

For a drone capturing and analysing high definition video of off shore oil rigs to capture more data than a traditional "rope lift" team can capture in 8 weeks

20

Years to catch up with the cyber-security skills shortage

2bn

Jobs will be displaced by 2030 as a result of technology advances

The Future of Work

In 2025, 75% of the global workforce will comprise digital Natives

EY: Megatrends report

By May 2018, over 75% of EY's Employees are Millennials

EY

By 2020, 85% of a customer's brand experience will occur without any human interaction.

- Centric Digital: How Omni-Channel Customer Experiences Drive Brand Transformation

Over 60% of Millennials and Gen Z profiled in Nigeria in 2017 identified as active Moonlighters

Independent Survey

Industrial companies are planning to invest 5% of their revenues annually to digitally transform their enterprise, with 55% of their investments expecting a payback in two years or less.

- PwC, Industry 4.0: Building the digital enterprise

A confluence of technological, socioeconomic and demographic drivers will displace 5.1 million jobs across 15 major economies by 2020.

- World Economic Forum

75% of Millennials would take a pay cut to work for a socially and environmentally responsible company.

- Cone Communications: Millennial Employee Engagement Study (2016)

By 2030, the largest company on the Internet is going to be an education-based company, with smart bot instructors able to personalize lessons for every individual student.

- South China Morning Post

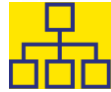
By 2030, 43% of the workforce will be freelance.

- Forbes (2018) The future of work continues to be rewritten

Historically, law firms were largely structured as the proverbial “One man and his dog”



The practice typically comprised of a brilliant lawyer (i.e. the *moving spirit*) and a handful of support staff and lawyers, if any.



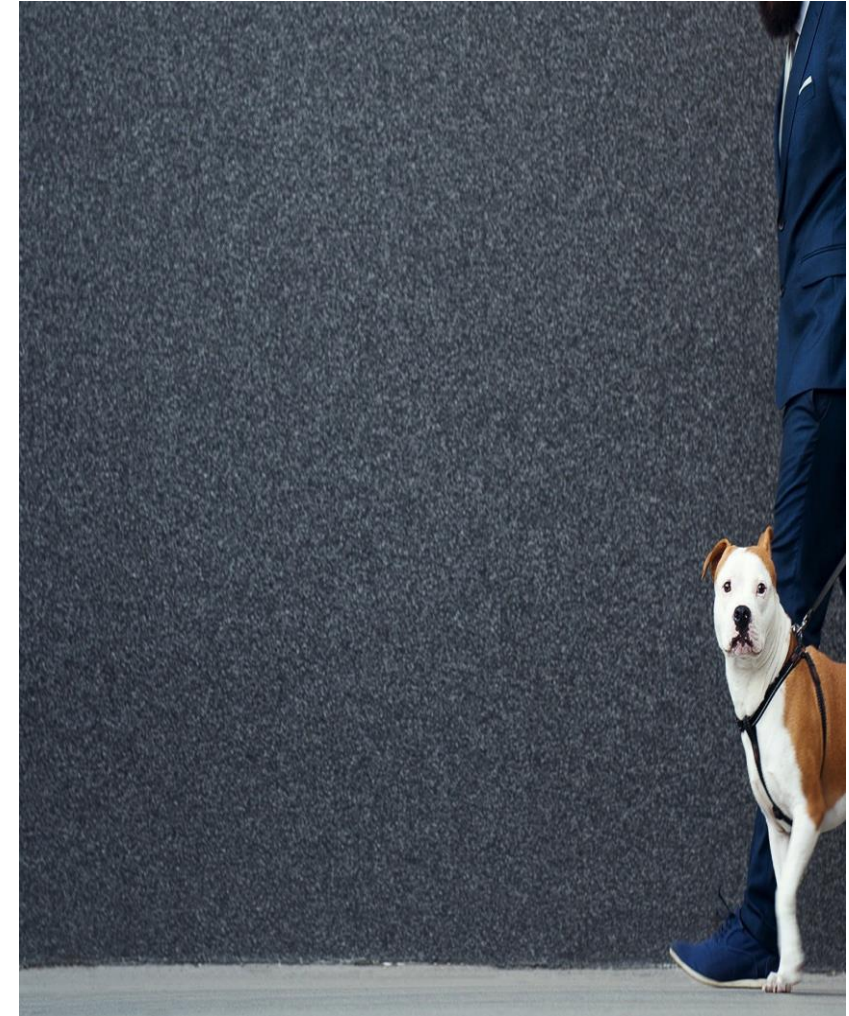
Practice was very rudimentary and largely unstructured.



Work was attracted on the basis of the reputation of the moving spirit of the firm.



The firms lived and died with the moving spirit.



The New Face of Law



Practice of **law is being re-imagined**. The traditional business model is changing.



Law firms are now being **managed like corporations**, such that law firms now have officers like *Chief Executive Officers, Director of Operations, Chief Business Development Officers* etc.

\$3bn

Law is now a big business. Lathan & Watkins and Kirkland & Ellis crossed the **\$3billion revenue** threshold earlier this year.



Law firms are now very **innovative** and are using a lot of **business tools** to enhance their practices. **Orrick now resources transactions and cases with project managers. Analytics are now being used for due-diligence and contract review.**

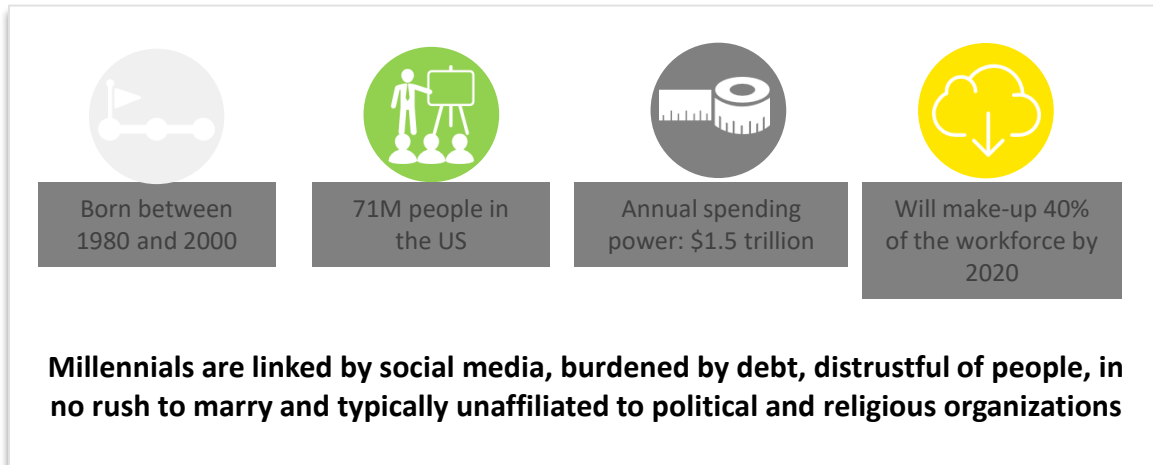
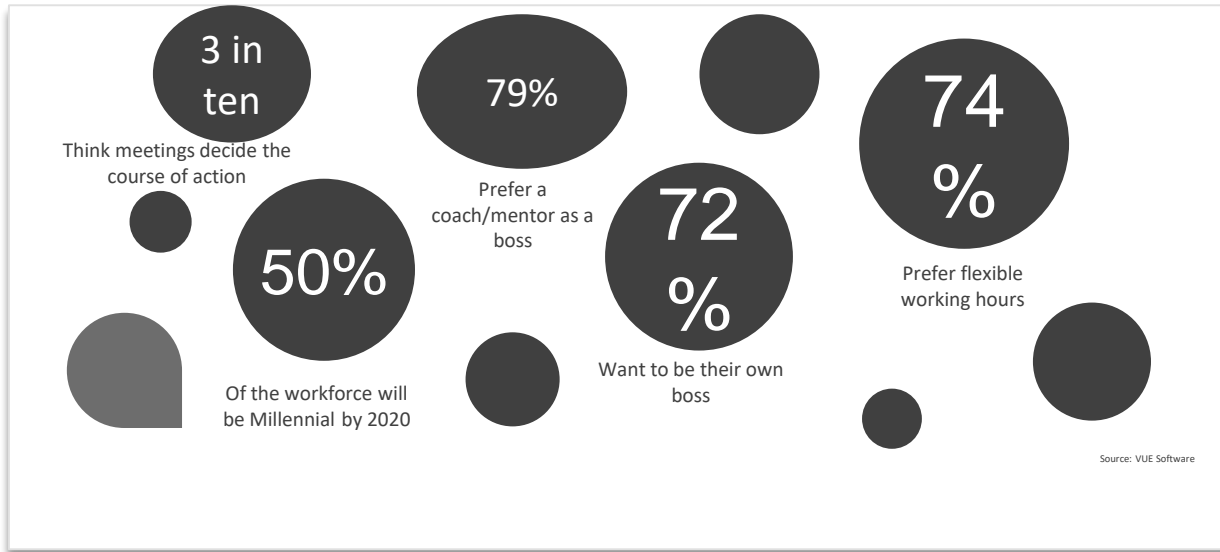


Firms are **'bulking-up' because size matters**. Nigerian law firms now routinely exceed 50 lawyers and international firms now average thousands for headcount. Dentons has over 7,000 lawyers now.



Law firms are becoming deeply **specialized**. Firms now have practice groups for **Fintech, Entertainment** etc.

Who is at Work Today?



The Millennial Mindset



So, now what?

- > Embrace the strong entrepreneurial mindset and short average tenure – accelerate their careers by incorporating these factors into the roles of your organization
- > Remuneration is still important, but so is lifestyle and job satisfaction – strengthen loyalty through stronger relationships (e.g. mentor programs), greater work flexibility and a focus on outcomes

Millennials Have Unique Job Considerations

2025

The year when Millennials will account for $\frac{1}{4}$ of working-age people



Millennials like companies that host **social events** for employees



9 out of 10

Millennials consider a company's social impact when joining a company

Lack of **career and professional development** is a top reason as to why **millennials leave companies**



Strong appetite for working overseas and majority expect and want to do an overseas assignment during their career



65%

Of Millennials seek financial planning and retirement benefits from their employer

Management must adopt work **culture** in line with **millennial preferences**



64%

Of Millennials say they want their job to make the world a better place

it's all about that work-life blend

work-life balance

The Evolution of Evaluations

Reactive

WW1

The U.S. military created the merit-rating system



1940s

About 60% of U.S. companies used appraisals to document workers' performance and allocate rewards



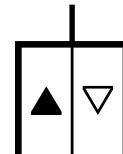
1970s

Inflation rates shot up and accountability became the priority in the appraisal process



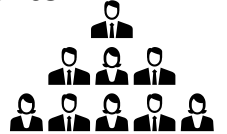
1980s-90s

The 'Bell Curve' Model made created by GE was preferred evaluation model



2000

Organisations got flatter, direct reports of managers increased, making it harder to invest time in developing them.



Proactive

2010

EY and other Big Four's started adopting developmental feedback systems



2015

Tech Companies like Adobe, Google ended annual performance reviews and focused on regular 'check-ins'

Performance Evaluations: The New Reality

70% of organisations do not think line managers prioritise performance management conversations

58% of HR executives consider reviews an ineffective use of supervisors' time.

Only 3% of companies believe that their overall performance management system delivers exceptional value

41% of the millennial workforce prefer to be recognized for work through monthly feedback

Most organisations are de-emphasising the mid-year review meeting to encourage more regular feedback.

Drivers of the Change in Professional Service Firms

Changing Nature of work	<ul style="list-style-type: none">• Changing work styles• Increased emphasis on network of teams• Virtual and flexible work arrangements
Increased Collaboration	<ul style="list-style-type: none">• Conventional ratings systems deter collaboration, making a business less customer-focused and agile.• Current system may breed unhealthy competition
Changing Demographics	<ul style="list-style-type: none">• Multi-generational workforce with diverse expectations on performance management• Millennials in particular crave learning and career growth
Limited Talent Supply	<ul style="list-style-type: none">• Need to attract and retain talents within the organisation• More frequent communication helps with employee engagement, development, and fairer pay
Influence of Technology	<ul style="list-style-type: none">• Automation of key business processes• Leveraging technology in real-time performance management
Focus on development	<ul style="list-style-type: none">• Employees are motivated by development opportunities• Frequent dialogues are sources of motivation for employees

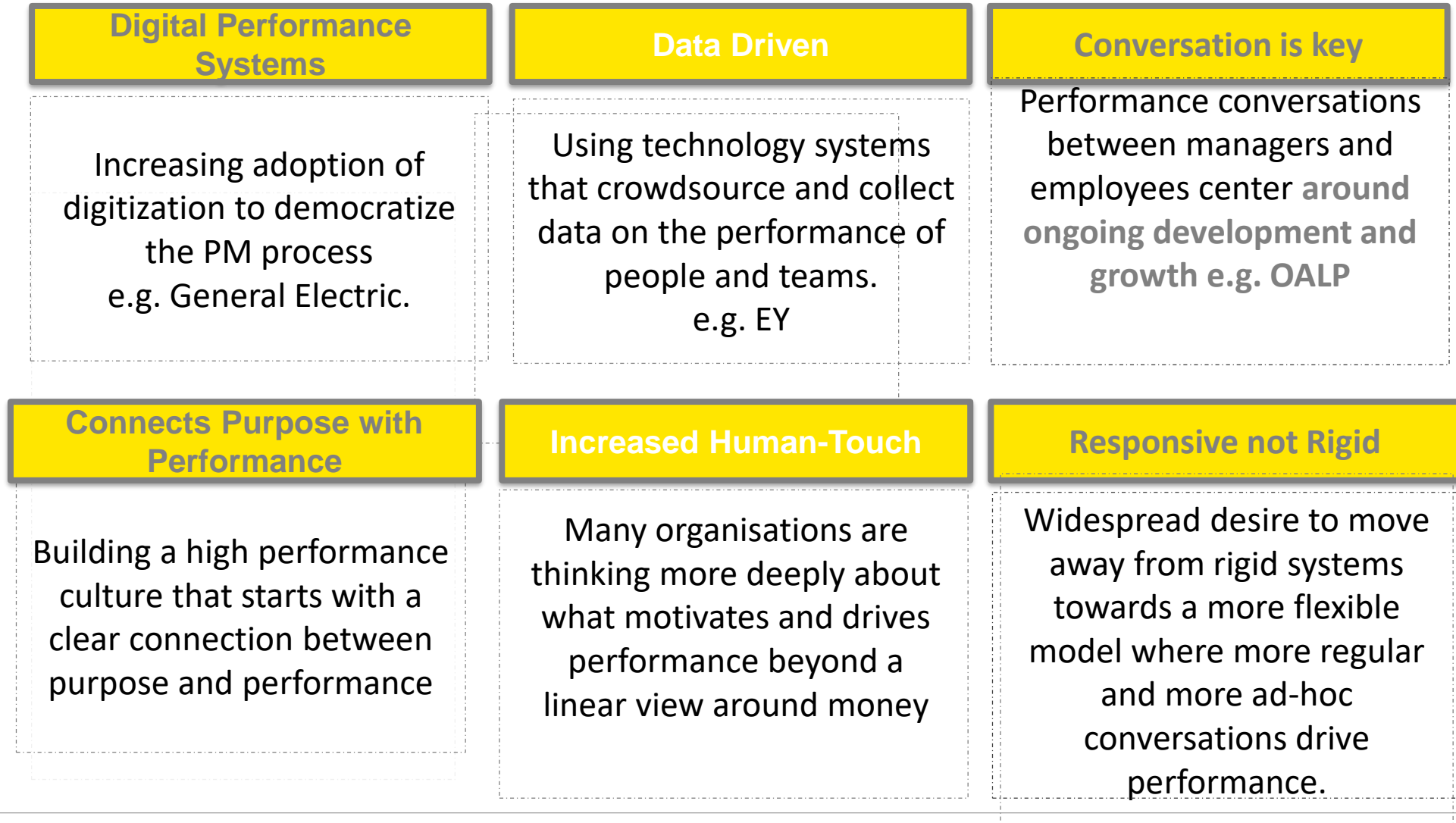
Shifts in Performance Management

From	To
Mid and year end formal reviews	Monthly check-ins
Focus on Ratings and Rankings	Focus on Development goals
Pay for performance	Performance for pay
Financial rewards	Multi faceted rewards
Process Driven	Conversation Driven
Top down objectives	Strategy aligned objectives
HR Owned	Business Owned
One approach fits all	Localized approach based on needs
Inconsistent paper process	Automated enterprise wide process
Backward Looking	Future Focused

The Future of Performance Evaluations

1. Ratings Free
 2. Regular Check-in
 3. Technology Driven (App-based)
 4. Multi-dimensional (Crowd sourcing feedbacks)
-

Features of the new trends



What organisations are doing....



Zalando, a leading European e-retailer uses a *real-time* tool that *crowd-sources* both *structured and unstructured* performance feedback from meetings, problem-solving sessions, completed projects, launches, and campaigns.



Adobe instituted “check-ins” ongoing discussions between managers and employees to set expectations, offer feedback on performance, and recognize strong work”



Using a mobile app called *PD@GE* enable frequent feedback. Managers are expected to have frequent conversations named “*touchpoints*”, with their employees on how far they are from their goals.



IBM is now using an app-based performance review system named Checkpoint. Employees can set short-term goals throughout the year and receive feedback from their managers at least every quarter.



Across EY globally, a technology enabled realtime platform called *Gold Standard*, enables employees through an interactive format see how their total work activities contributes to the achievement of the desired behaviours and how they compare with their peers across geographies and regions



OALP has a multi-tier appraisal system based on the grade level and seniority of its tenants. They have an online portal that enables real-time submission of performance data and also a formal coaching system that ensures all employees can access continuous feedback/guidance from more experienced colleagues on how to address any identified performance/non-work related challenges.

Unlocking Organisational Benefits from Effective Evaluations



Key Drivers of the future of Legal services

According to various research reports, the following will be some of the key drivers of the future of legal services:



Sources: EY , PwC, Law Society of England
Harvard Business Review

Millennials and the Future of Law

Supply glut of lawyers

- Nigerian Law School produces about 4,000 – 6,000 lawyers annually

Limited opportunities in top law firms

- Only 76 (law firms) in aggregate are ranked in Nigeria
- At most, 760 will make it to the ranked law firms after Law School

Poor Compensation

- Some young lawyers earn as low as N30, 000

Diminished chances of making partnership

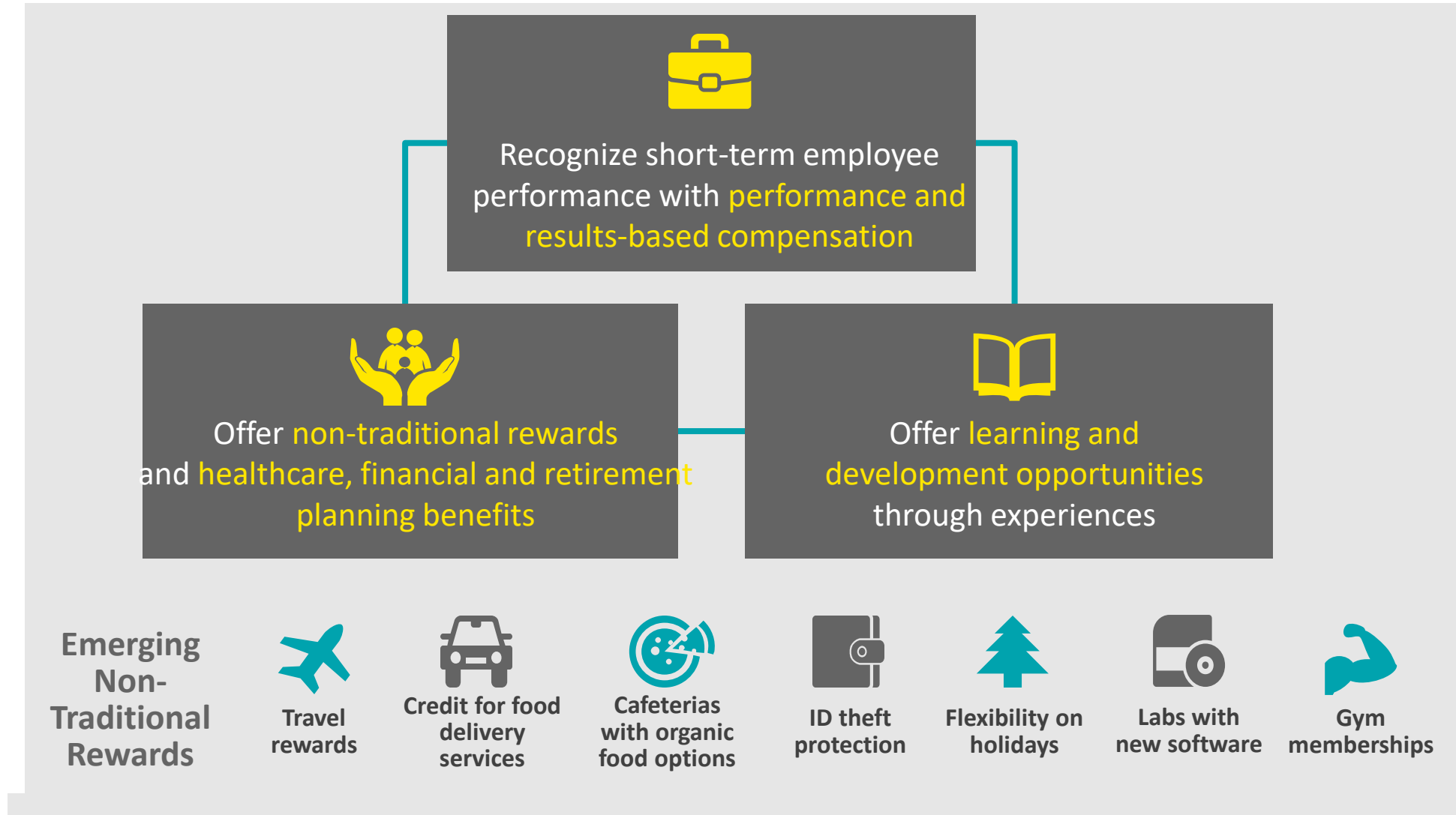
- Partnership track has become elongated

Increasingly difficult to fly-solo.

- Flying solo is more difficult than ever



Attracting and Retaining Millennials



Embracing the Future

1. Flexible working culture
2. Go Digital
3. Promote Convergence
4. Promote Comfort and Innovation 'Dress for your Day Movement'
5. Increased transparency around compensation, rewards and career progression
6. Hot Desking
7. Moonlighting, Freelancing
8. Flexi Policies; Leave Banking, Telecommuting, Career Sabbatical, Working Hours
9. Customisation
10. Go Gaga for Data



Critical Success Factors

1. Management and leadership support and buy-in
2. Equipped Practice Management Teams with right capability to drive the change
3. Mature technology systems
4. Availability of HR Data
5. Focus of employee development
6. Ongoing coaching conversation
7. Regular Training for Line Managers and Appraisees

In Conclusion

- 1. Performance Evaluation isn't a score. It's a frequent, ongoing coaching conversation**
- 2. It isn't an annual meeting. It's a development opportunity that occurs as necessary**
- 3. It isn't bound by technology but is a conscious attempt to put the employee at the center of Organisational Growth**
- 4. Performance Evaluation is not just managing performance. It's the leader's responsibility to help build up and then release the enhanced performance of an employee**