

Managing people and organisation assignment

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Managing People and Organization Assignment: Baker & McKenzie (A): A New Framework for Talent Management Content Executive Summary 3 Part I. External environment of global legal industry 4 1. 1. Political4 1. 2. Economic5 1. 3. Social5 1. 4. Technological5 1. 5. Part II. Internal environment of Baker & McKenzie6 2. 1 The Hard 3S's (Structure, Strategy, System)7 2. 2. The Soft 4S's (Style/Culture, Staff, Skills, Shared Values)8 2. . 1 Style/Culture8 2. 2. 2 Staff9 2. 2. 2 Skills10 2. 2. 3 Shared Values10 Part III. Development Framework analysis11 3. 1 Globalization11 3. 2 Performance management11 3. 3 Talent management12 Part IIII. Recommendations13 Appendix 114 Bibliography15 Executive Summary The report is based on the case study Baker & McKenzie (A): A New Framework for Talent Management. It examines different issues faced by Baker & McKenzie law firm during war for talent in the legal industry while creating a professional development program – the Development Framework for ts employees. The success of an organization depends on how it interacts with its external environment, therefore the external environment of Baker & McKenzie law firm has been analyzed by means of the PEST framework. The internal environment of Baker & McKenzie law firm has been also critically evaluated with regards to McKenzie 7S framework analyzing the hard 3S's (Structure, Strategy, System) and the Soft 4S's (Style/Culture, Staff, Skills, Shared Values) of the company's internal environment.

Bearing in mind Baker & McKenzie's diversity of national cultures analysis of The Development Framework has been conducted and the following conclusions for successful future management of Baker & McKenzie and its employees have been drawn: * All the participants of the Baker & McKenzie

network should have common understanding of the company's values and stay loyal to the organization's principles, feel involvement and belonging to the organization's overall strategy. * More intrinsic motivation of the employees should be achieved. Motivation should be taken into consideration for achieving an individual's performance * The compensation system has to be changed * Talent management requires strong executive support * The firm should provide a more motivating workplace and manage in a way that changes the relationships employees have with their work, their line managers and the organization. * Baker & McKenzie firm should consider how their employees' career goals and objectives meet corporate planning and goal

Based on the analyses the following recommendations have been carried out: * To create a family-type atmosphere in the firm, developing relationships across the firm, organizing cross-national meetings several times per year in order to spend more time & networking with fellow partners and their family * Baker & McKenzie firm should use closed merit-based payment system of compensation * Baker & McKenzie firm should become a learning organization using intentional learning system combines the strengths of social networking and knowledge management systems with the planned learning focus of mentoring relationships * Implementation of the Development Framework throughout the whole firm is advised * Baker and McKenzie firm needs to develop a more structured recruiting strategy and select employees according to established criteria * Baker & McKenzie firm should use "bottom-up" approach to succession planning * Baker & McKenzie firm should put into practice transferring its employees throughout

offices worldwide, job rotation programs and other lateral developmental moves for career development of an employee. Part I. External environment of global legal industry Multinational law firms have their business spread over different countries across the globe, which makes their operations and conduct of business subject to various different political, economic and social issues. In the case of Baker and McKenzie, the company's scope of operations is across 38 countries with 70 different offices.

The structure of the company is geared towards achieving economics of scale and to provide cross boarder legal needs for their client base. In order to break down and analyze the external environment of Baker & McKenzie, A PEST analysis is used. The analysis outlines the key factors, which the company faces, with respect to the external environment and its implications for people and organizations management. 1. 1 Political Any countries legal system is based on its political system and it's ability to enforce certain basic rights such as property rights, a strong contract enforcement law and a stable and working legal structure. Without these pre-requisites the law itself becomes meaningless and so become the law firms, which are operating in these regions.

Once, this basis has been established, various other political factors have direct impact on the ability of law firms to grow in a certain country. The governmental organizations as well as the attitude of these organizations determine the ability of international law firms to gain a footprint in a given region. In the case of Baker & McKenzie for example, the expansion into China only became such a big success because the government gave the

company access to various state owned enterprises (SOEs). Once Baker & McKenzie started to work with these SOEs they were able to build up a reputation within the country and get access to a wider spectrum of clients. Other important aspects in the political (legal realm) are issues such as employment laws and compensation regulation.

Baker & McKenzie is working in a highly competitive market, in which young and older star lawyers are offered very attractive compensation packages and bonuses. The global structure of the company means that they are not only competing in local labor markets but they are also competing in the global labor market. Assuming that a certain country, in which the company is operating, has restrictions on compensation, Baker & McKenzie would find it difficult to attract talent from the global labor market. From the perspective of the company, restrictive employment laws (such as in France for example), would make it difficult for Baker & McKenzie to replace old employees and attract new talent without significant costs.

Finally, it is important to notice, that in the US and many other legal jurisdictions, law firms such as Baker & McKenzie are not allowed to finance themselves via an initial public offerings (IPO). The reasons for that are clear, as the legislator wants to ensure that interests of the clients are not in conflict with interest of the shareholder. However, this restriction makes it more difficult for a law firm to attract money for growth and investment, which implies that the barriers to enter at the scale at which Baker & McKenzie is operating are rather high. 1. 2 Economic The impact of economic

growth and performance has probably less impact on law firms than on other industries such as manufacturing for example.

The reason for that is that legal disputes and as a result, legal advice, is needed in a growing economy as well as in a shrinking economy. While legal disputes and advices might not be affected too much by an economic contraction, other business lines such as advice to corporate and investment banks with respect to merger and acquisition might suffer significantly. In Baker & McKenzie's new strategy "...the core practice areas were prioritized for additional investment [in] mergers and acquisitions, securities, banking and finance, tax, litigation and intellectual property". While tax, litigation and intellectual property cases are less related to economic activity, mergers and acquisitions as well as securities, banking and finance are heavily dependent on a growing market.

The new strategy, which is more profitable, also makes Baker & McKenzie more vulnerable to possible economic contractions. 1. 3 Social Within the sector, a strong trend has become visible in 2004 and employees were frequently moving within the sector from firm to firm. This pattern was most visible with associates and employees in lower positions (low-degree-holding employees in law firms – case study). According to the case, the main reasons for departures were: " long work hours, a lack of meaningful assignments, unfriendly work environment". While organizations invested hundreds thousands of dollars in training their staff, they have not been able to keep them due to a lack of motivation.

The inability to properly retain newly trained staff resulted in losses in terms of further training, replacements costs as well as reputational damage. In the competitive legal labor market the importance of retention of staff is vital.

Loosing effective staff cannot only be destructive and costly, but also destroys motivation for other staff and corporate image. “ War for talent” has exploded in the legal industry, while the system was good for “ lateral hires” (stars from competing firms), it threatened partners, who were not meeting the expectations, to potential demission. According to Handy (1989) a and his Shamrock theory, in the future, companies will focus only on employing those staff who add value to the organization’s core business. 1. 4

Technological

As law firms continue to expand across borders, collaborate with foreign counsel and form global mergers, traditional boundaries on the geographic scope of law practice are fading. Although globalization is not new, it is gaining momentum due to the growth of the Internet, the automation of legal processes, advances in data security and the creation of new technology tools. Nowadays many organizations are struggling with silos of HR processes and technologies. The future of talent management is embodied in solutions designed from the ground up to provide business-centric functionality on an incorporated talent management platform. Part II.

Internal environment of Baker & McKenzie

In this section the internal environment of Baker & McKenzie is to be analyzed. The company’s strategy, organizational structure & culture, management & leadership have to be understood before an appropriate

management system can be implemented. According to McKenzie 7S framework the organization consists of seven elements, which are divided into two types: Hard (strategy, structure, system) and Soft (skills, style, staff, shared values). Hard elements are easy to identify and they are feasible. The soft ones are often hard to describe, they are a kind of intangible, and thus it is more difficult to plan or influence these elements. Source:

<http://shashishankar.blogspot.com>

Effective organizations achieve a fit between all these seven elements; if one element changes then this will adjust all the others. In any change process in an organization, more focus is given on hard S's and often – soft S's are ignored. It is difficult to build new structures and strategies upon inappropriate cultures and values. In our case, Baker & McKenzie global management team is fully aware of the importance of the soft S's factors and pays much attention to culture, value and style while implementing a new strategy. We consider 7S McKenzie model as an effective tool in initiating change process in the organization and going to analyze the current status of these seven elements in Baker & McKenzie firm. 2. The Hard 3S's (Structure, Strategy, System) Baker & McKenzie was founded in Chicago in 1949. From the beginning the company had a clear vision of what it was to be truly global and definition of values based upon an entrepreneurial client-centric business model and mutual respect for the skills and talents of excellent lawyers in the firm's offices around the world. The company has never had a colonial approach, but “ multilateral” mindset from origin. According to Burns and Stalker (1961), the current Baker &

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McKenzie network may be described as organic organizational structure, more suitable for firms operating in continuously changing environment.

This type of organizational structure is characterized by decentralization of authority, loosely defined tasks, extensive horizontal communications, strong individual authority and high degree of flexibility and adaptability. Being a global firm, Baker & McKenzie was historically quite decentralized, which has both positive & negative effects on the firms' lifecycle. Positive: * Decisions are closer to the operational level of work * Responsiveness to local circumstances is increased * Improved level of personal customer service * Developments in flatter and more flexible structures Negative: * Difficulties in implementing common policy * Complexities in development and sustainment of consistent/new strategy * Global management team has varying degrees of control and doesn't always have enough authority to influence different processes

Nevertheless, the Chairman of Baker & McKenzie, John Conroy, focused on achieving the strategy's emphasis on improving profitability, was confident that a standardized and shared approach across all the offices was crucial to strengthening the firm's collective performance. In support of the strategy all offices were requested to produce three-year financial plans and then specific and highly visible targets for profit per partner – at a global and local levels. The firm also has made tough decisions regarding certain practices worldwide and core areas prioritized for additional investment were chosen: mergers and acquisitions, securities, banking and finance, tax, litigation and intellectual property.

Following a “ Convergence Plan” 2000-2003 some new objectives were introduced: (i) transition the business model based on individual office profit centers to a region-wide profit center, (ii) phase-in a new discretionary compensation system involving subjective criteria, (iii) consolidate and restructure administrative functions throughout the region. In the heart of the strategy was the Development Framework with focus on recruitment, developing and retaining employees with highest potential, as the global team believed that superior talent management was the key to successfully implementation of the overall firm strategy. The way of approaching the formulation of the new strategy in the Baker & McKenzie was not from the top down – it was spent almost two years in consultation throughout the whole firm in order to develop a rock-solid consensus on this.

2. The Soft 4S's (Style/Culture, Staff, Skills, Shared Values)

2. 2. 1 Style/Culture As Baker & McKenzie

As Baker & McKenzie is a global organization with a great number of employees in different parts of the world with their own peculiar features and unique national characteristics, the Baker & McKenzie can be described as an organization with a large number of cross-national communications. Other core elements of Baker & McKenzie culture, except multiculturalism, are equality, strong sense of independence and consensus building. The style of leadership of Baker & McKenzie suits perfectly to its culture and it is highly consultative, transparent and respectful of different perspectives.

For example, consensus-building element of the firm's culture was a crucial component of the firm's decision-making process. The leader of Baker & McKenzie convinced that leadership should be in a flatter, more horizontal structure, and even it can be more challenging, it has to be performed in

accordance with the firm's culture. For the company with organizational structure like Baker & McKenzie talent management was extremely important. First, standardization of such processes as evaluation of associates or interviewing potential lateral hires across all 70 offices was more integral. Second, the nature of the firm's structure in which hierarchy was organized in terms of both practice group and regions – made teamwork essential.

Organizational culture is also supposed to be a key weapon in the war for talent. In The Harvard Business Review, Goffee and Jones (1996) compare business communities to social communities. The practice of holding organizations together and retaining talent is therefore similar to those used by these other communities within towns and villages. Source: MPO lectures, Oksana Bereznyak, Moscow 2009 According to Coffee and Jones Grid (1996), Baker & McKenzie belongs to the mercenary type of culture, which is characterized by separation of work and social life. The hard heartedness of a mercenary organization does not produce loyalty from employees.

To somehow create a family-type atmosphere in the firm, developing relationships across the firm, organizing cross-national meetings several times per year in order to spend more time & networking with fellow partners and their family. It is also important for all the participants of the Baker & McKenzie network to have common understanding of the company's values and stay loyal to the organization's principles. The Baker & McKenzie's employees have certain gaps in this understanding, which has a corresponding impact on creation of the " Development Framework". 2. 2. 2

Staff Organizations are made up of humans and it's the people who make the real difference to the success of an organization in the increasingly knowledge-based society.

Baker & McKenzie put extraordinary emphasis on hiring the best staff, providing them with precise training and mentoring support, and pushing their personnel to limits in achieving professional brilliance, and this forms the basis of these organizations' strategy and competitive advantage over their competitors. Motivation is a very important component of managing people. In Baker & McKenzie firm motivation is of more extrinsic character (Mullins, 2005), which related to tangible rewards – such as salary, promotion, security, condition of work etc. At the same time Herzberg's research (1992) makes it clear that monetary rewards don't motivate and don't compensate for ineffective management.

Real motivation comes from work in the form of achievement, recognition, meaningful work, responsibility, advancement and growth, those qualities that management of Baker & McKenzie should develop in its employees. People should feel their involvement and belonging to the organization's overall strategy. Using the concept of Herzberg's hygiene factors and motivators (1975), the following motivation factors are recommended to be used: * Feelings of Achievement * Exciting tasks * Recognition and feedback * Responsibility * Autonomy * Personal growth (gaining new skills, knowledge, experience) Another motivation system for Baker & McKenzie can be based on Equity Theory of motivation (1963, 1965), which proposes

that an employee's motivation is highly determined by their perception of being treated in fair or equitable manner.

The theory attempts to explain behavior on the basis of social comparison of rewards (pay and recognition in our case between associates and partners) and contributions (time, efforts, ideas). The key managerial implications here that it is not always about the work itself but a social behavior at the workplace. In the context of Baker & McKenzie, a global organization with developed information technology, the subject of perception caused by the accuracy of information. It would be recommended for Baker & McKenzie to use closed system of compensation as for such big firm with many locations around the globe it will be difficult to maintain the similar pay standards; it may additionally create angst among partners when high-profile & well-compensated lateral hire is brought in.

2. 2. 3 Skills

Skills are the capabilities and competencies that exist within the company. The transformation of skills into performance is affected by motivation. If an employee is not motivated to perform, their skills are of no significance to the organization. Thus motivation is a key factor in the individual performance balance. The strategic ambition of Baker & McKenzie is to take what has been developed and built in the company for the last 60 years and to leverage it by focusing on people. Ideally the firm wants to be the leading global law firm as seen in the performance of their people: as trusted advisors to defining client relationship, lead counsel on high profile transactional and disputes engagements.

Being poor at client service Baker & McKenzie took a move towards improving the soft skills and emotional intelligence of an employee, developing clients relationships and “ value-added” service. The Baker & McKenzie would be recommended to become a learning organization, which, according to Pedlar et al (1991), has the following features: * A climate in which individual members are encouraged to learn and develop their full potential * Extending this learning culture to include customers, suppliers and other stakeholders * Making training and development central to business policy * Being involved in a continuous process of organizational transformation

This type of organization will fit perfectly to overall strategy of Baker & McKenzie and create a solid ground for developing talent management. 2. 2. 4 Shared Values The values and beliefs of the company ultimately guide employees towards ‘ valued’ behavior. All members of Baker & McKenzie have to share some common fundamental ideas or guiding concepts around which the business is built. These values and common goals keep the employees working towards a common objective as a coherent team and keep the team spirit alive. The organizations with weak values and common goals often find their employees following their own personal goals that may be different or even in conflict with those of the organization or their fellow colleagues. Part III.

Development Framework analysis Initial steps in developing the framework were setting professional developments standards such as orientation and training, mentoring, annual evaluation, performance feedback. Also periodic

surveys of associates were conducted to determine how well offices around the world were living up to these standards. However, by early 2000 it was becoming clear that these efforts were deficient and unsatisfactory.

Therefore, in 2002 Baker & McKenzie decided to move beyond traditional approaches to professional development in law firm and seek some high professionals specializing in talent development at other professional services firm.

From results of interviews with employees and the new associate surveys; Coward and other partners came to the conclusion that Baker & McKenzie lacked a common language for discussing excellence in performance, which led to creation of the Development Framework – a “tangible manifestation of the firm’s commitment to its vision and values”. 3. 1 Globalization Bearing in mind Baker & McKenzie’s diversity of national cultures, most partners believed that the performance expectations, as well as attitude and approaches towards personnel recruitment, development and retention would be very different from office to office. In order to answer the raised question whether a single professional development framework can be applied to lawyers across many different countries and cultures, the globalization process has to be taken into consideration.

As Baker & McKenzie is a global company and working in the global business environment, it has international clients with its demands and expectations, which are more or less the same throughout the globe, thus the company has to level out all the grains and unify the firm’s performance. Moreover Baker & McKenzie from birth had a multinational mindset, hence they are

required to build up talents for company's global business, rotating them and developing them according to organizational culture, which becomes here a kind of "glue" for keeping all the components together. Therefore, the implementation of the Development Framework throughout the whole firm is advised. 3. 2 Performance management Newly designed Development Framework was supposed to serve as the basis for the interview and hiring decisions, assessment and development of current employees, determining compensation and improving retention of key attorneys.

While structuring the Development Framework Baker & McKenzie should remember the important "building blocks" of performance management: *

- * Shared vision of the organizational objectives which is communicated to all employees
- * Employees contribute towards to the development of organizational objectives and are clear about their individual roles, responsibilities, accountabilities
- * Individual performance objectives are related to wider organizational objectives and regular review of performance against these targets are conducted, so that this process can serve to identify training and developments needs, as well as reward outcomes
- * Evaluation of the whole process is conducted to establish the extent of its contribution towards outcomes.

While covering some of the mentioned points, the Framework is lacking a clear rewarding performance system. Having been using a lockstep compensation system and being aware of its drawbacks such as it rewards only seniority, lacking in accountability, no rewarding for hard work, new client business generated, firm management, legal expertise, and etc, the

Baker & McKenzie has to implement completely new system of payment. Merit-based pay would be advised for future payment system for the Baker & McKenzie as it fits perfectly to its overall strategy. Merit pay refers to the process of determining employee compensation on the basis of how well each employee performs at work.

It makes sense to reward more productive employees for their increased contributions to the organization, in the interests in fairness, but also trying to retain the best employees in a company. 3. 3 Talent management The talent management was extremely important for Baker & McKenzie as superior talent drives exceptional business performance. In 1997, a McKinsey work introduced the term: war for talent. These days in the new era a company found itself in the talent age. Now the competitive battlefield is for the best people because they are the true creators of value. In this new model instead of being the owners of processes, forms, and compliance – HR becomes the strategic enabler of talent management processes that empower managers and employees while creating business value.

With this view, talent management may be defined as the implementation of integrated strategies or systems designed to improve processes for recruiting, developing and retaining people with the required skills and aptitude to meet current and future organizational needs. Therefore, the Development Framework represented an approach to talent management that could guide the company hire from the recruitment and initiation process through as an attorney to the partner level. The basics of the talent management strategy of Baker & McKenzie were the following: *

Recruitment - identifying and selecting right people to meet challenges of the firm's strategic goals * Development - growing the firm's people, both professionally and personally * Career management - coaching and supporting the firm's people throughout their careers with the firm

Talent management requires strong executive support, along with systems and processes all directed towards having the right talent doing the right work at the right time. That's when talent truly drives higher business performance. In case of Baker & McKenzie, attention should be paid on the line managers, who should not only be committed to support their employee, but also have the time for it. Part III. Recommendations In present talent-hungry marketplace, one of the greatest challenges that organizations are facing is to successfully attract, assess, train and retain talented employees. Talent Management is the end-to-end process of planning, recruiting, developing, motivating, managing, and compensating employees throughout the organization.

The following recommendation would be recommended to implement for successful future management of Baker & McKenzie and its employees.

Recommendation 1: Recruiting Baker and McKenzie need to develop a more structured recruiting strategy and select employees according to established criteria. Recommendation 2: Performance management It is crucial for Baker & McKenzie to develop a performance management strategy. The key is finding the right person for the job (associates or partners) with the goal of aligning the skills, experience and professional goals of current employees with the firm's current and future business needs. Baker & McKenzie should

consider how their employees' career goals and objectives meet corporate planning and goals.

The company should use “ bottom-up” approach to succession planning as it gives employees greater control over their careers and allow them to actively participate in developing and charting their career path. As per career development, Baker & McKenzie can implement transfers throughout offices in different countries, job rotation programs and other lateral developmental moves to meet the need. Recommendation 3: Motivation management Baker & McKenzie should consider that real motivation comes from work in the form of achievement, recognition, meaningful work, responsibility, advancement and growth. The company is advised to provide a more motivating workplace and manage in a way that changes the relationships employees have with their work, their line managers and the organization. Recommendation 4: Learning management

Baker & McKenzie is suggested to become a learning organization, which should start with innovations in social, not content, components for mentoring and learning systems, as new forms of social learning connection technology will lead the way to actual employee performance improvement. The Baker & McKenzie firm is recommended: * To use technology to increase access to knowledge in a relational context * Facilitate intentional learning relationships in a goal- and competency-centered process * Create a growing network of social learning opportunities * Expand the use of one-to-one mentoring as a productivity tool This kind of flexible, intentional learning system combines the strengths of social networking and knowledge

management systems with the planned learning focus of mentoring relationships.

It will provide the flexible, just-in-time learning environment critical for all workers to maximize both their own performance and their contribution to the learning needs of others. Recommendation 5: Compensation management Baker & McKenzie should implement a merit-based payment system. Cash compensation has to be a component of a total rewards strategy, which is part of a company's talent management strategy.

Appendix 1 The implementation plan of future successful management of B ?| Activity| Group in charge| Timing| 1| New recruiting strategy| HR department| 3 months| 2| New merit-based payment system implementation| Finance department| 6 onths| 3| Top Management trainings| HR department| On a monthly basis| 4| New forms of social learning connection technology implementation| KPDC, IT Director| 6 months | 5| Job rotation programs| KPDC| 12 months| 6| Clients surveys| Regional offices| 18 months | 7| Succession planning| Regional Director| On an annually basis| 8| Teambuilding (local & global level)| Regional offices| Every 3 months| 9| Leadership developments| KPDC| On a monthly basis| Bibliography 1. C Butler, ed. , (2009), Managing People and Organizations, Kingston University Business School 2. D. Ulrich and N. Smallwood, (2004), Capitalizing on Capabilities, Harvard Business Review 3. M. Magura, M. Kurbatova (2007), Motivation secrets. Personnel development, N 13-14 4. L Mullins (2005), Management and Organizational Behavior, London 5.

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