

2001/2 Global Law Firm Knowledge Management Survey Report

This 2001/2 Global Law Firm Knowledge Management Survey Report contains the results of interviews conducted by Curve Consulting with 16 leading law firms from the United States, the United Kingdom and Australia on their approach to knowledge management.

Survey questions covered a broad range of topics, including:

- Knowledge management strategy and objectives
- Knowledge management organisation
- Knowledge management culture
- Scope of knowledge and knowledge management
- Knowledge management technology
- Knowledge management and client service delivery
- Knowledge management and learning and development
- Measuring the value of knowledge management.

Curve Consulting invited participants based on their demonstrated commitment to knowledge management.

Gretta Rusanow, Principal Consultant and CEO of Curve Consulting, conducted survey interviews with the head of Knowledge Management or its nominated representative at participant law firms during October and November 2001.

Curve Consulting analysed the results of survey interviews during December 2001 to March 2002 and released the survey report in April 2002.

Average Size of Participant Firms

- 1019 lawyers (median 838)
- 2139 total staff (median 2000)

United States

- 678 lawyers, 1675 staff

United Kingdom

- 2033 lawyers, 3833 staff

Australia

- 957 lawyers, 1866 staff

KEY FINDINGS

The Knowledge Management organisations of leading law firms in the US, the UK and Australia recognise that knowledge management is a key business driver. Main knowledge management objectives are providing a better client service and creating a more rewarding work environment for lawyers and staff. The typical law firm knowledge management vision is to achieve market differentiation through leveraging its knowledge.

However, most participants lack full management support for knowledge management. Knowledge management is still regarded as an isolated function at several law firms, where management does not recognise the value of knowledge management to the firm's business. As a consequence, these firms have not made adequate investment in knowledge management, or committed to cultural change necessary for the long term effectiveness of knowledge management.

Knowledge Management organisations typically do not measure the value of knowledge management. As a result, Knowledge Management organisations cannot demonstrate the value of knowledge management to management.

Knowledge Management organisations typically do not apply business methodology to identifying and implementing knowledge management initiatives, limiting their ability to achieve knowledge management objectives.

Participants place a strong emphasis on the relationship between knowledge management and client service delivery. Most participants promote knowledge management in business development activities and in several cases, provide knowledge management related services to clients. However, few participants have formal e-business/knowledge management strategies or generate revenue from existing client knowledge management initiatives.

Participants have not yet addressed cultural barriers to knowledge management, including the time based billing model. Revenue and therefore performance, are based on volume of billable hours at most participant firms. This creates a disincentive to work more efficiently and spend the necessary non-billable time on developing knowledge management initiatives.

- **Knowledge management is a key law firm business driver.**
- **Main knowledge management objectives are better client service and a more rewarding work environment.**
- **The typical law firm knowledge management vision is to achieve market differentiation through leveraging its knowledge.**
- **Most participants lack full management support for knowledge management.**
- **Participants do not typically measure the value of knowledge management initiatives.**
- **Participants place a strong emphasis on the relationship between knowledge management and client service delivery.**
 - Many firms provide knowledge management related services to clients, though few generate revenue from knowledge management.
- **Participants have not yet addressed cultural barriers to knowledge management.**
 - The law firm revenue model is based on hours billed and is the greatest barrier to knowledge management.

KEY FINDINGS

- **Participants have a narrow knowledge management focus:**
 - Little focus on managing client and industry knowledge
 - Limited focus on capturing and sharing tacit knowledge
 - Internal, practice group centric view of knowledge, rather than a client and industry centric view of knowledge.
- **Knowledge Management organisations are embryonic at many participant law firms.**
 - Focus is on the appropriate size and composition of the Knowledge Management organisation
 - Little focus on the appropriate position of the Knowledge Management organisation in the firm
 - Heavy reliance on informal relationships with other key functions.
- **Learning and Development is viewed as a critical knowledge management function, though most Knowledge Management organisations must rely on an informal relationship with Learning and Development.**
- **The typical knowledge management technology strategy is to implement a web-based single user interface into multiple systems and applications.**
 - Valuable repositories of knowledge such as the human resources information system, client relationship management system or financial management system are typically not included.

Participants have a narrow knowledge management focus. Law firms tend to limit their knowledge management efforts to managing core explicit legal knowledge. There is little focus on managing client and industry knowledge. Law firms have barely addressed tacit knowledge, including skills and expertise of staff, processes and methodologies, and lessons learned from past matters. Law firms tend to take an internal, practice group centric view of knowledge, rather than a client and industry centric view of knowledge.

Knowledge Management organisations are embryonic at many participant firms, with a focus on the appropriate size and composition of the Knowledge Management organisation. Participants have not yet focused on the appropriate position of the Knowledge Management organisation in the wider firm. Most Knowledge Management organisations have not yet formalised relationships with other key functions, limiting their ability to implement all encompassing, firm-wide initiatives.

While participants overwhelmingly agree that learning and development is a critical element of knowledge management, many Knowledge Management organisations must rely on an informal relationship with the Learning and Development function. This restricts efforts to implement key knowledge management initiatives involving this function.

Most participants agree on a knowledge management technology strategy to implement a web-based single user interface into multiple systems and applications. Core components include the document management system, databases, intranet, e-mail and library and on-line services. Many participants do not yet include the human resources information system, financial management system and client management system, in their definition of the knowledge management system – though these systems contain valuable information about clients and staff.

ABOUT CURVE CONSULTING

Curve Consulting is a global management consulting firm, providing law firms and law departments around the world with a full range of knowledge management, technology and management consulting services.

Curve Consulting defines knowledge management as the process of identifying, capturing, disseminating and using the knowledge possessed by all staff in an organisation.

With offices in New York and Sydney, Curve Consulting advises law firms on:

- Developing a knowledge management strategy aligned with the firm's business strategy
- Implementing knowledge management initiatives that help a law firm achieve its business objectives
- Creating a culture of knowledge sharing
- Building a knowledge management organisation
- Designing the knowledge management technology system
- Leveraging knowledge management with clients
- Defining criteria for measuring success of knowledge management initiatives.

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