

What does KM mean for Law Firms?

By Patrick Lambe

One of the biggest myths about knowledge management is that it is a spanking new methodology to help organizations gain more advantage in the new economy. It's not.

Knowledge management, and knowledge work, have always been with us. To manage at all, is to manage knowledge, in the sense that the manager must use information, collaboration and the application of her own acquired experience in making good decisions. And lawyers, above all, know how to manage their knowledge. From the Code of Hammurabi almost four thousand years ago to modern law reports and Lexis-Nexis, the practice of law has been a practice of knowledge, requiring accurate, effective and objective use of information.

The rise of knowledge management over the past seven years is less about the discovery of a better way of doing things, than it is symptom of ineffectiveness in the face of change. Technology is largely responsible, but not in the way that KM solutions providers would have you think. The multiplication of the means by which we communicate, collaborate, code and store information, and the increasing speed with which we do so, has broken down all those consistent conventions by which we managed our information and our knowledge work in the past. We had conventions for formal meetings, the taking of minutes, written business communications both internal and external, and the proper means of storing and retrieving this information. The conventions limited the types of information used, but they made our access to knowledge predictable and hence efficient.

From the arrival of the fax and then the PC in the mid 1980s, these conventions began to break down. We have multiplied the means by which we communicate, collaborate and store information. Standard conventions haven't caught up yet. The networks we built also helped enterprises get bigger and faster. The result? Rapidly increasing complexity in information management and in collaboration across distances.

Knowledge management is simply an attempt to alleviate some of the problems of access, confusion, poor control and poor use of knowledge and information resources in the face of increasing complexity.

Typical problems KM deals with are:

Knowledge transfer: very experienced employees are increasingly mobile, either between different offices in an organization, or very frequently, leaving the organization entirely. What happens to all their expertise when they go, if there is no way of capturing and storing what they know, and trying to contaminate others with the benefits of their experience and insight while they are with you?

Best practices: big organizations scattered across the globe are constantly reinventing solutions to problems that have been solved elsewhere in the organization. How do you make sure really good practices are shared rapidly, so that people can focus on the real cutting edge?

Intelligence: big, scattered organizations also have problems with making good decisions in complex environments. Are they collecting enough information about their markets and their customers, and are they processing and analysing this information in robust and reliable ways?

Innovation: innovation process involves a peculiar mix of affording good environments for talent and creativity to flourish, supplied with information and knowledge, and also supplied to the potential for innovations to be piloted and operationalised. How do you get your people to collaborate creatively, identify how to get ideas operationalised, and make sure status quo cultures don't get in the way?

Human capital: the success of an organization increasingly depends on the intangible contributions of its talent. This is more obvious in law firms than in other organizations – like consumer banks, for example – but it's becoming a feature of most lines of work. How does the organization get to measure and therefore see its human capital strengths and weaknesses, how does it decide where to build and focus resources to greatest effect? How does it ensure that what its talent knows gets translated into value for the firm?

Knowledge assets: many organizations own knowledge assets whether they be patents, trademarks, brands, trade secrets, proprietary methodologies and processes. How are they valued, effectively deployed, and grown?

The Legal Challenge

Most large law firms are taking knowledge management very seriously. They recognise that theirs is a knowledge business, and they too suffer from the challenges of connectivity, globalization and speed. Law firms pose especial challenges to knowledge managers, however. Law firm cultures tend to be “star” or expert cultures. The main source of income is the performer's time, spent in deploying knowledge in the service of clients, not internal efficiencies.

Knowledge-sharing, capturing or coding time is non-billable, and it's hardly a performance. It's hard for lawyers to see the intrinsic value of many of the practices that knowledge managers try to enforce – at least, when placed against the need to get a client's work done and put the billable hours in. It's also an exclusivist profession: it reaps value from being able to deploy specialist knowledge that is not generally accessible. The KM mantra that says indiscriminate knowledge sharing is good, just doesn't make sense to this culture.

This is not because lawyers don't understand knowledge management. They understand it too well. But at the law firm level, it's increasingly becoming clear that it's hard to maintain consistency and reliable performance across large firms if some form of knowledge sharing and capture is not better managed. Law firms need to find new conventions for working with knowledge – or they will be overtaken by the firms that succeed in doing so – or worse, competing service providers from outside the legal profession itself.

Patrick Lambe is Principal Consultant of Straits Knowledge, a Singapore-based consulting and research firm focused on how Asian organizations use their knowledge. Straits Knowledge published a report, Knowledge Management in Singapore Organizations in July 2002, available from www.straitsknowledge.com