

Understanding Knowledge Management in Your Law Firm

Some firms are still trying to figure out what knowledge management (KM) means and how it relates to their business. Leading firms have long recognised it as the key to their future success and have been working at it for years.

Most firms are somewhere between these two extremes. Those firms in the middle may wish to consider the following common myths and realities about KM as they consider how to proceed.

Myth 1: technology is the key to making KM happen for our firm

The reality behind this myth is highlighted by Tom Davenport, one of the founding fathers of KM, when he says: "If you are spending more than 30% of your knowledge management efforts on technology, you will fail."

To succeed at KM, an organisation must have not only the right technology, but also the right organisational infrastructure, the right business processes and the right culture to ensure that knowledge creation, capture and sharing is embedded in everything that everyone in the organisation does on a daily basis.

Law firms that subscribe to the myth that technology alone will make KM happen will find themselves buying technology solutions, implementing them without paying sufficient attention to the remaining 70%, and then blaming the technology for their lack of success. These firms will not achieve success until they realise technology is only part of the equation for success.

Myth 2: KM is all about improving the services we deliver to our clients

Law firms adopting KM quickly see ways it can help them improve the efficiency and quality of services they deliver to clients. Leading firms are finding ways to extend their KM initiatives and deliver new services to clients. Richard Susskind's book, *Transforming the Practice of Law*, contains an excellent, detailed discussion of these areas.

KM disciplines, once mastered, can be focused inwardly on the firm's business to great advantage. For example, these disciplines can help the firm learn more about its clients and its business. It can leverage this knowledge through marketing and business development programmes. It can apply what it learns about the business to understand which clients and what types of business are profitable and to improve its margins overall. Few firms are pursuing this aspect of KM as aggressively as they are pursuing client-driven initiatives.

Myth 3: once our firm decides to actively pursue KM, we can easily catch up with the current leaders

Firms are beginning to understand the importance mastering KM will play in their future. They have observed the methods and success of competitors that excel in KM, including the Big five accounting firms, leading London and Australian firms, and a few leading US firms. Many new adopters seem to think an all-out effort will let them quickly catch up to the leaders. The reality is more sobering.

Successful KM pervades every aspect of the business.

It is not something that can be turned on as easily as tap water. Yes, implementing technology can be done relatively quickly. But it takes much more time to change a firm's business practices and culture, not to mention changing the way lawyers think and work.

The Big Five have been working at KM aggressively for 10 years, making it a management priority and pouring in resources and funding. The magic circle firms have been working at it much longer, having instituted paper-based KM systems as much as 50 years ago. They have long recognised and rewarded knowledge sharing as a valuable attribute in their firm cultures and have continuously adopted technology to

enhance their core knowledge management processes. Law firms that are just now deciding to embark on KM initiatives should understand that this will be a significant undertaking.

It will take sustained commitment and investments. Pessimists would say it might be impossible for new entrants to ever catch up with the leaders. Optimists would say that leaders inherently have blind spots and there are always ways to leapfrog the leaders with innovation and energy. Either way, it makes for an interesting race.

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[*How to Hire a Legal Recruiter for Your Law Firm: How Law Firms Recruit Attorneys Using Legal Recruiters*](#)