

Case study – Auxilium Legal

October 2015

From best to
good practice HR:
Developing principles
for the profession



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Auxilium Legal case study

Context

Auxilium Legal are costs consultants who provide costs advice to the law profession and those using legal services. A micro business which has been trading for four years, the organisation has a profit margin of over 50% and is performing strongly.

For Auxilium Legal the list of stakeholders is relatively small, but the value of them to the firm is incredibly high. With a small customer base, the organisation prioritises activity for its high-performing team by delivering either realised or potential financial value to the firm in the form of active or future case work. Integral to delivery for customers/clients are suppliers, who are viewed as being a crucial enabler to winning cases. Further out from these two core stakeholders are Auxilium Legal's competitors and regulators, who provide the intellectual stimulation to drive their business model forward. Within the constantly changing base of knowledge, the team focuses on developing their client solutions directly from the knowledge and expertise of the team.

The nature of the service they provide means that they cater for a broad selection of clients within and outside of the legal profession, including solicitors, in-house counsel, businesses or private individuals. Rapid evolution of the legal landscape, for example widespread reform to the industry and law/finance models, means that the business is constantly having to be agile in its approach to case delivery. As a result, the

organisation provides advice and guidance to the providers and clients of legal services in a flexible and adaptable way.

The structure of the organisation is flat, with individual expertise recognised in roles which at times require multi-skill capability. The company consists of four individuals: an operations director and three senior highly skilled technical experts in the area of legal costs. The small workforce is required to do everything in the organisation when necessary, as resource is limited, and for the operations director, HR is just part of her role, and one which she doesn't often focus fully on. Instead, she will draw on HR expertise when a significant issue occurs, and so far this hasn't happened frequently. As the business is so small, the culture and environment is one in which all team members know about other operations in the firm, and if required are able to assist with activity beyond their job description:

'I am the operations director but that's nominal only, I would say. It's a very flat organisational structure, principally [because it] makes other people feel more comfortable. That means it would only work in a very small organisation. I appreciate that you need hierarchy in larger firms and so I am responsible for all operational aspects of the business, which range from HR right through to negotiating with suppliers; dealing with the finance; health and safety regulatory issues and everything else. ... Being a small business ... you have to do everything.'

The value of expertise

As a result of the rapidly changing legal landscape, and the pressure to remain in front of their competitors, the firm invests significant sums of money in the training and development of their workforce. This investment in human capital is seen to be a priority for the firm if it is to remain up to date with current case law and maintain its position as an innovator in its niche area of the legal profession:

'We spend an awful lot of money on training. Probably about 12-15% of the annual turnover equivalent actually goes on training courses to make sure we're absolutely up to date with everything. We try and be innovative in the solutions that we provide for our clients.'
Operations director

Given the high value attached to the expertise of the three lawyers at the firm, there have been incidents whereby high stress from cases and relationships has generated tense environments. This is seen to be partly a result of the profession in question: the law tends to require highly articulate and intelligent individuals able to communicate and influence. The result of this is that during complex cases the team can be divided in their approach. For the operations director, this constructive clash never steps beyond professional opinion, and while tensions may rise, the integrity of the organisation is never questioned. The size and culture of the firm is seen to be an enabler to positive disagreements of this type, and in most circumstances the operations director has not had to intervene:

‘While rare, instances whereby the firm represents both sides of a large case do provide an extra level of complexity the legal team must manage.’

‘Personal and professional respect is key. One of the team has nearly 40 years of experience; they’ve seen it all twice over. ... [The profession] gives that dimension but there is also the dimension of individual professional skill as well as long-term experience and personal respect. ... Another facet of being in a micro business is that there’s very little room for mistakes.’ Operations director

While rare, instances whereby the firm represents both sides of a large case do provide an extra level of complexity the legal team must manage. Their expertise and experience in this area of law does mean that when these scenarios arise, the team is able to provide advice to both sides in a professional and expert manner. This does, however, mean that the business relies heavily on expertise developed through many years’ experience, and as a result does not look to hire younger people into its workforce:

‘Everyone within the organisation is particularly highly skilled. It’s not an organisation which lends itself to apprenticeships or very young people, [largely] because of the nature of the clients we deal with, who are quite forward in their requests and their responses. This can mean they [the clients] need careful management, which, unless they have a lot of self-confidence or experience to be able to answer their questions, is not a situation I would want to put a junior employee in. It wouldn’t be fair to them and it wouldn’t be fair to the clients, who are paying a lot of money.’ Operations director

Managing expertise: contractual arrangements

The nature of case-based work with very specific and time requirements lends itself to more flexible contracts, both on the part of the organisation and its employees. For this reason Auxilium Legal uses zero-hours contracts for their legal professionals, who are able to work on cases in a way which is flexed according to the volume of work available:

‘The business model works better when we have zero-hour/freelance [contracts]. ... It suits people better, certainly within our business, to be able to do that because I’ve got absolutely no control over the way that the volume of the work and the nature of the work comes in. ... If we change the business model and started taking on a different style of case, a lower-value case which was churn work, then yes [we would change the contract], but we don’t want to do that. Without fundamentally changing the direction of the business, we couldn’t actually change the strategic business model.’ Operations director

What this adds for the workforce is the autonomy to choose the cases they wish to be involved with and the flexibility to take on work when they have capacity. This self-government creates an environment in which they are able to work towards the goal in their own way, within the boundaries of legal practice (for example completing case work to specific deadlines set by the opposing counsel):

‘They are free to run the cases they think best. They’re [the staff] largely determined by the nature

¹ It’s not really correct to say the profession, because larger firms can carry the slack, or operate different business models which give greater predictability in volume – it depends on the nature of the cases you handle.

of the work and the regulatory environment which we have to work in anyway, so they know what the rules are and they stick with them. The rules aren't set by us; the rules are set by an external environment.' Operations director

Reconciling professional and personal principles: the organisation as the priority

The intellectual thrill of 'making law' that can have wide impact on law and practice is a significant motivating factor for those at the firm. And while there may be some cases whereby personal opinion is at conflict with the professional stance being taken, it is the merit of the case both financially and intellectually which drives the team to take cases on:

'There are two cases we're actually working on at the moment [in] which I personally do not think that the claimants should have brought their claim. ... They're [taking a chance] ... but there's intellectual value in that you make law. It sets a precedent, [and] it's intellectually challenging. There is also, let's not forget, the financial incentive to do so. You have to make a wholly subjective assessment on whether or not you think that case will run. It's new, there is nothing to benchmark it against, and you can only do that with experience.' Operations director

This does put the team in what may appear to be a difficult moral dilemma. However, this impasse is one which legal professionals (and the staff that support them) are challenged with many times during their career, which demands of them to take a realistic and logical stance, approaching the decision according to its merit to

the firm, and not its alignment with individual beliefs or opinions: *'If a piece of work has merit, that is, it will run, we'll run it. I'm pragmatic about what we do.'* Operations director

Key findings

An exciting period for Auxilium Legal as it grows and matures beyond its initial start-up phase, the highly successful micro business is now entering a new period whereby it is formalising some of its HR and people management processes. In doing this the business faces a number of challenges and opportunities, the majority of which are related to the highly individualistic and relationship-focused community of the business:

- Invest in the development of human capital through expert training and high-quality legal learning and development programmes – this is seen to be directly relevant to the creation of value through the consultancy and engagement work that the organisation's law team do on highly specialised cases.
- Continue to maximise the value generated through the use of flexible contracts, including the provision of zero-hours contracts, which provide both the organisation and contractors with the flexibility they require when working on knowledge-intensive jobs like legal case work.
- Support the team to develop its culture of collaboration and performance, to ensure that the firm is able to continue to deliver its high-quality individualised service offering to its clients on a consistent basis.

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² You can make law, that is set precedent, without necessarily winning a case, so this needs to be carefully phrased.



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