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Human Capital Management Can Be a Strategic Value Driver

The rise of the knowledge economy has placed a premium on human capital. As technology continues to evolve, employees’ ability to learn, collaborate and solve problems creatively becomes increasingly important. Law firms that can attract, retain and develop top talent are better positioned to innovate, adapt and thrive in an ever-changing marketplace.

Historically, human resources has been a necessary but costly back-office function. But today, HR’s ability to drive value in professional services industries — including legal — should not be underestimated. To harness the critical skills and key capabilities needed for the future, firms that recognize their people as strategic assets can optimize operations, elevate employee and client experiences, and deliver competitive advantages.

Firms committed to making employees valued assets are investing in strategic HR programs and technology platforms supporting advancements. These programs focus on developing employee skills, fostering a positive work environment and promoting employee well-being. They also leverage tools functioning as a conduit between key people, financial, experiential and operational data that are not a burden to use. This is the essence of human capital management (HCM).

Successful law firm HCM programs have several things in common, starting with a clear alignment between HCM strategy and overall business strategy. HCM programs should be designed to support the firm’s overall goals and objectives and include:

- » A commitment to a positive and inclusive work environment valuing diversity, equity and inclusion (DEI).
- » A strong focus on employee development, including investment in training employees in new skills to grow their careers.
- » Tools that facilitate connectivity with the broader firm technology landscape.

HCM systems are becoming increasingly important in professional services. Law firms can leverage them as value drivers, rather than mere line items within a technology budget.

BUSINESS PROCESSES AND STANDARDIZATION

Law firms operate within a complex ecosystem of projects, teams and clients with success hinging on efficient processes, which can be a challenge given the variety of projects and personnel in the legal environment. HCM systems offer a methodical approach to streamlining HR processes such as recruitment, onboarding, performance management and resource allocation.

By automating and standardizing these processes across the organization, firms can achieve several benefits, including scalability as the firm grows or takes on more complex projects; efficiency, as reduced administrative overheads will allow an HR team to focus on more strategic initiatives; and more straightforward compliance with regulatory requirements.

DATA: YOUR STRATEGIC ASSET

In today's world, data can be a gold mine. But for it to be truly valuable, data must be accessible, robust and cleanly gathered. Leveraging HCM systems to collect, analyze and utilize data can lead to more informed decision-making, optimizing both talent management and project outcomes. For example, progressive firms are using DEI statistics as well as current resource allocation data to determine the best fit when applying resources to a particular client or matter.

Good data produced by HCM can be leveraged in other practical ways, including talent development and project performance. With access to data on employee skills, performance and training needs, firms can tailor development programs, fostering employee growth and expertise. And linking HCM data to project outcomes allows firms to identify high-performing teams and replicate their success, driving project efficiency and client satisfaction.

LEVERAGING HCM AS A VALUE DRIVER

The modern professional services ecosystem is highly interconnected, with firms relying on various platforms for project management, client communication, financials and more. To deliver return on investment, an HCM system must be fully integrated and embraced throughout the firm as a critical tool for improving outcomes. And it must seamlessly work with other platforms to ensure continuity and interoperability.



Modern, cloud-based platforms with robust analytics capabilities, mobile access and scalability are best suited to support evolving needs. Once they are in place, lawyers, support staff and other employees should be empowered with self-service functionality to manage their information and development plans, fostering a sense of ownership and engagement. Collaborative leadership is required for any HCM initiative to be truly successful. Firm management must not only champion the endeavor, but also encourage real partnerships between HR and each department and practice area to align talent management with the firm's core business goals.

HCM systems are no longer mere administrative tools but have evolved into strategic assets. By optimizing processes, harnessing data and ensuring connectivity with other platforms, firms can unlock their full potential, transforming HCM systems from cost centers into value drivers.

As law firms continue to focus on operating more like businesses, more sophisticated HCM systems will become invaluable for maintaining a competitive edge and improving employee retention and satisfaction. Those who embrace this transformation will be better positioned to thrive in the dynamic landscape of legal services.

ABOUT THE AUTHOR

Drew Blazaitis is Senior Vice President of Product and Strategy at Fulcrum GT. He leads the company's corporate and product strategy teams, focusing on the overall business platform, emerging technologies, go-to-market activities, partnerships and value engineering practices. Blazaitis has deep experience with cloud platforms and expertise in leveraging modern technologies like machine learning to optimize law firm operations.

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