



GROUP TRANSFORMATION

REPORT

2020 - 2021

phfirms.co.za

phatshoanehenney

GROUP OF ASSOCIATED LAW FIRMS

Member Firms Who Contributed to this Report

Phatshoane Henney Attorneys
Breytenbach Mavuso inc.
Kotzé Low Swanepoel Attorneys
Lange Carr & Wessels inc.
Van de Wall inc.
Van der Spuy & Partners
VDT Attorneys inc.
Kloppers inc.
Millers inc.
Tatham Wilkes inc.
DDKK Attorneys
Meyer Van Sittert & Kropman Attorneys
Wright Rose-Innes inc.
Neumann van Rooyen inc.
Oosthuizen Marais & Pretorius inc.
NEA Attorneys inc.
Wiesinger O'Dwyer inc.
Mosdell, Pama & Cox inc.
Drake Flemmer & Orsmond Attorneys
Seymore du Toit & Basson inc.
De Beer & Claassen Attorneys

Du Plessis & Van der Westhuizen inc.
Miller Bosman Le Roux
Schulz Attorneys
Tonkin Clacey inc.
TSP Attorneys
PSN inc.
Weich & Kriel inc.
MTB Attorneys
Johan Coetzee inc.
Blake Bester De Wet & Jordaan Attorneys
DBM Attorneys
De Jager Lordan Attorneys
Langenhoven Pistorius Modihapula Attorneys
Theart Mey Attorneys
Lowndes Dlamini
Du Toit Mandelstam Attorneys
Joubert Van Vuuren inc.
Jan L. Jordaan inc.
Venter & Associates
Van Rensburg Schoon
Maurice Phillips Wisenberg Attorneys

Firms



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Introduction

It is again my privilege to present this fourth Group Transformation Report for the periods 2020/21. These years will go down in history as the time of the Covid-19 pandemic and for many they represent a period of challenge, loss and struggle.

Yet, if one can look past the obvious consequences, the pandemic has also been a time of great change, innovation and a coming together to form new ways of working, thinking and interacting.

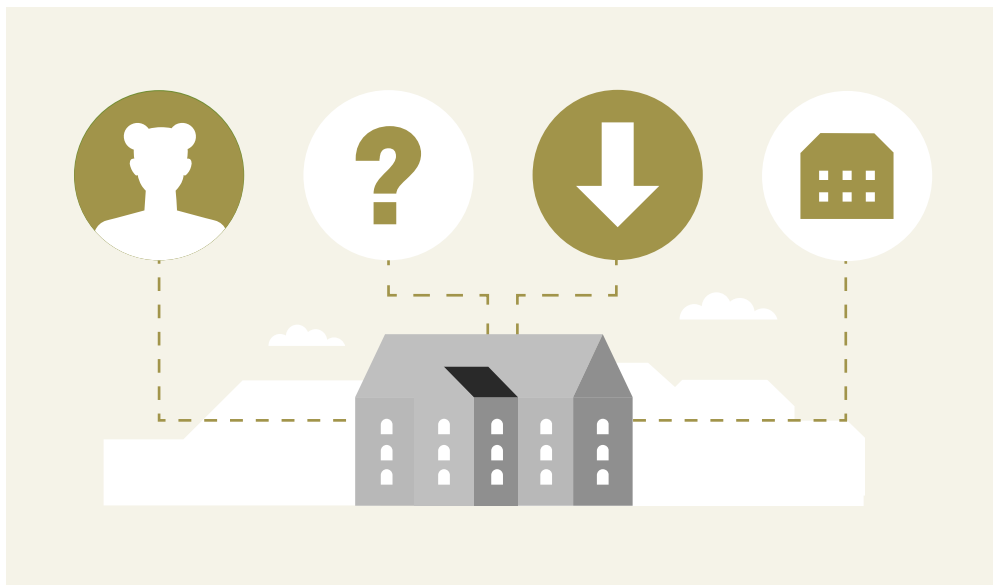
No profession has been left untouched by the pandemic, including the legal profession. Law firms were forced to a standstill overnight with many legal authorities like courts, master's offices, deeds offices, revenue services, etc. in lockdown or functioning with limited capacity. Law firms for the most part were ill-prepared for remote work and unable to effectively service clients electronically and continue their practices safely and securely in a remote working digital environment.

But, as the human spirit prevails, so too have law firms overcome many of these challenges and come to embrace change.

Firms have overcome their innate resistance to change and have implemented new technologies, reconsidered their traditional views on the workplace and generally deepened their understanding of the importance of work-life balance. The pandemic has in this way become a tipping point for firms to modernise their practices, rethink their use of staff and reposition their take on client service and marketing.



Introduction



Many firms took a financial beating these last two years, which has understandably influenced appointments and promotions as firms have had to prioritise the immediate need of keeping their doors open over strategic needs such as new hires and promotions. As expected, the pandemic has impacted firm transformation goals as firms were forced to reprioritise planned BEE expenditure, particularly in the latter part of the pandemic when cash reserves have all but been depleted. Add to this university lockdowns and delayed graduations, the negative effect on the appointment of new candidate legal practitioners at law firms has been tremendous, peaking in 2021 and extending even into 2022.

Despite these challenges to the legal industry, the contributions of our member firms to transformation over the preceding two years, have on the whole managed to eschew the trend with member firms demonstrating an impressive commitment to transformation despite their own pandemic challenges.

I believe the Group's long-held commitment to transformation has ensured that transformation is seen not only as an economic commitment susceptible to a firm's financial position, but is embraced as a social imperative able to weather the onslaught of events like the pandemic.

It is this imperative that enabled member firms to not just throw in the towel, but adapt and find new and possibly even more effective ways to continue the forward momentum of transformation in the Group.



Introduction

With universities in lockdown, the Group embraced digital technology and in 2021 hosted the first ever virtual Phatshoane Henney Group Open Week, attended by more than 1500 law students from all universities across South Africa. The virtual Group Open Week gave attendees exposure to 30 sessions and discussions led by member firms and representatives, allowing attendees the opportunity to learn, engage and interact with member firms in all reaches of the country. This simple yet effective initiative, coupled with our centralised graduate recruitment platform has ensured that the Group continued to attract interest and applications from graduates applying to member firms nationally, despite the impact of the pandemic.

With many young professionals restricted to remote work during the pandemic and thereby limiting opportunities for client and learning engagement, the danger existed that an entire generation of young professionals could be impacted in their career development. Recognising this danger, the Group established a programme of professional development webinars hosted by senior practitioners in the Phatshoane Henney Group to focus on technical training across all disciplines of the law for young Group professionals. The programme has been tremendously impactful, even attracting attendance by senior Group professionals, and has become a much-anticipated weekly fixture in the Group calendar.

Member firms have also been working hard over the last few years to implement our Group standards and best practices at their firms. I truly believe this has also helped firms be better prepared and able to weather the storms of the last two years than many of their competitors. My view is supported by the continuing growth in expenditure by Group firms on transformation initiatives, as this report will show, and underscores the importance of our Group focus on building New Breed Law Firms.

Considering the impact of the pandemic years, I am more confident than ever that the Group continues to set the standard for transformation in the legal sector for small and medium law firms. Without the benefit of a guiding Legal Sector BEE Charter, our Group BEE standards and member firm commitment support my view that a shared and supported vision can make a substantial difference when it comes to real transformation.



Douglas Henney
Chair, Phatshoane Henney Group
28 February 2022

New Breed Law Firms

The Group focus on building New Breed Law Firms has evolved from uniquely identifying member firms and driving a philosophy of change throughout the Group.

Built around core Group values, standards and Group best practices, the focus is on guiding firms to achieve the status of New Breed Law Firm™.

As a result member firms have powered through the upheavals of the past two years, while many competitors have floundered.

To become a New Breed Law Firm™ requires a continuous and measured adherence and commitment to standards and best practices and member firms annually undergo Group review and certification of their compliance.

To reward firms that excel in their annual Group review, firms are recognised through Group Achiever Awards. Such firms can showcase their achievement to staff and clients through the Group Achiever Logo for the relevant year of certification.

2021

19

Group Firms



PHATSHOANE HENNEY GROUP

**NEW BREED FIRM
AWARDS 2021**
PLATINUM

Obtained above **90% compliance** with the Group Standards and were awarded recognition through the use of the **Platinum Achiever logo**.

2021

12

Group Firms



PHATSHOANE HENNEY GROUP

**NEW BREED FIRM
AWARDS 2021**
GOLD

Obtained above **80% compliance** with the Group Standards and were awarded recognition through the use of the **Gold Achiever logo**.

Group BEE Standards

Central to being a New Breed Law Firm™ is a commitment to transformation and diversity. To give credence to this commitment the Group BEE standards were adopted in 2014 as part of the overall Group standards.

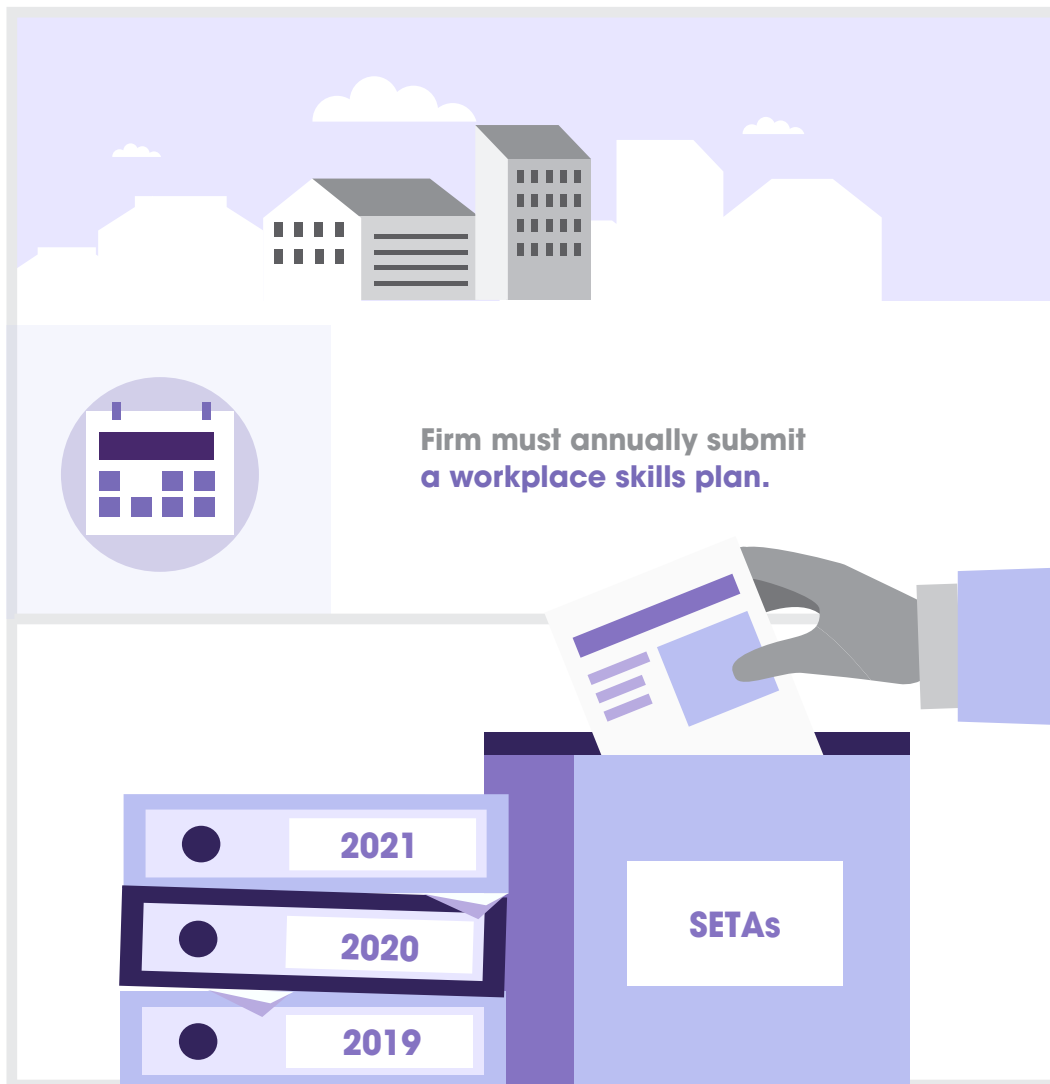


These Group BEE standards provide an internal BEE compliance gauge for member firms and address the vacuum that exists in respect of a sector-specific legal BEE charter. The Group BEE standards have also gone through iterations, with the latest update in 2019 setting higher targets for member firms.

THE GROUP BEE STANDARDS CURRENTLY COMPRISE THE FOLLOWING:

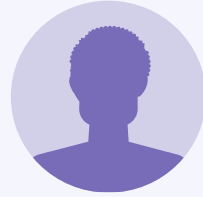


Firm must achieve at least a level 4 BEE certificate.



Firm must annually submit a workplace skills plan.

Group BEE Standards



Designated employer firms must submit an **employment equity report** to the Department of Labour.



Firm must have a **current employment equity plan** in place to transform its organisational environment.



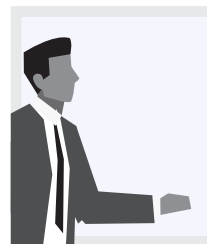
Group BEE Standards



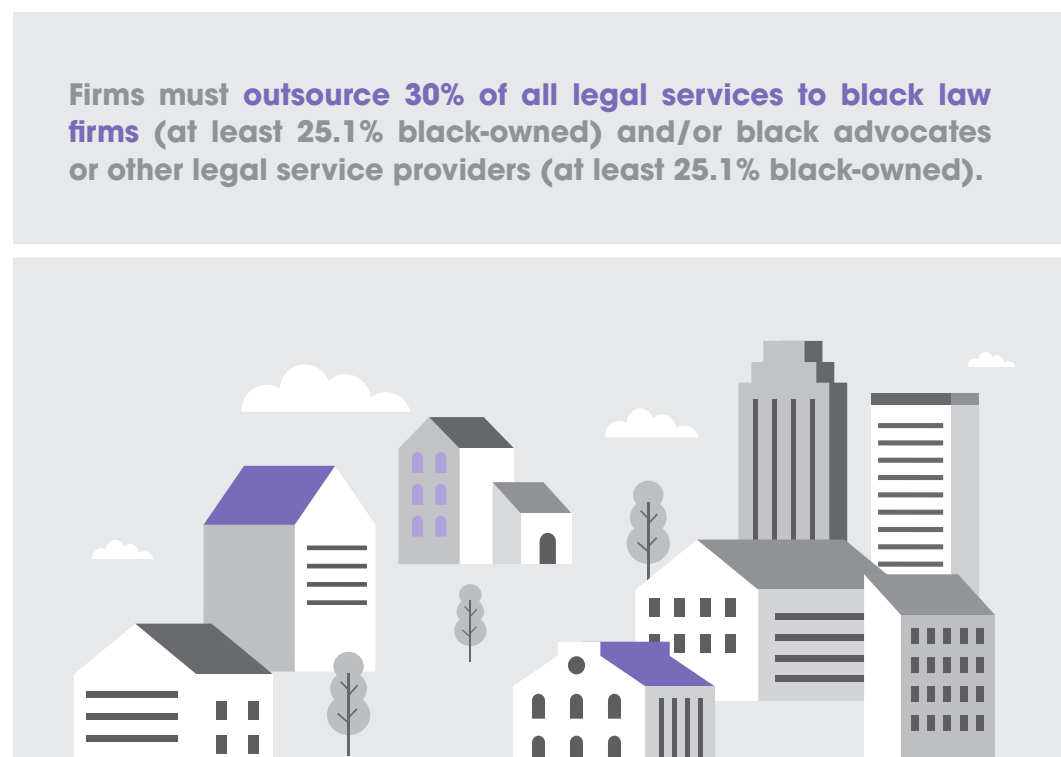
Firms have an annual target of **50% black candidate legal practitioner appointments** of all appointments made in the year.



Firms have an annual target of **50% of black director appointments** of all directors appointed in the year.



Firms have an **annual target of 50% black attorney appointments** of all attorneys appointed in the year.



Firms must **outsource 30% of all legal services to black law firms** (at least 25.1% black-owned) and/or black advocates or other legal service providers (at least 25.1% black-owned).

Group BEE Standards

Firms must have a functioning **pro bono programme** meeting the requirements for pro bono work of their relevant Legal Practice Council.



These Group BEE standards represent minimum standards, it being understood that the commitment of member firms spans wider than these standards. If these standards are to be met, firms must prioritise and develop best practices in respect of recruitment, professional development, career planning, skills development, supplier development, community involvement and more. Nothing more than a holistic commitment to transformation will suffice to meet Group BEE standards and evidence transformative change at member firms.

Candidate Legal Practitioners

56.65%



of all new candidate legal practitioner appointments in the Group in 2020 were black.

2020



35%

35% of all appointments were black females.

2020



66%

More than 66% of overall appointments were female.

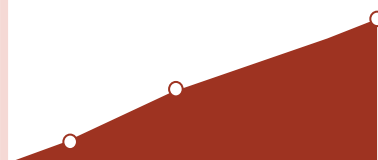
Not only has the number of black appointments on average exceeded the set Group standard requirement, but also demonstrated a positive upward curve in gender transformation.

In 2021 an all-time high of 67.27% black candidate legal practitioner appointments were made in the Group. 40% of all new appointments in 2021 were black females and nearly 60% of overall appointments were female.

2021

67.27%

black candidate legal practitioner appointments



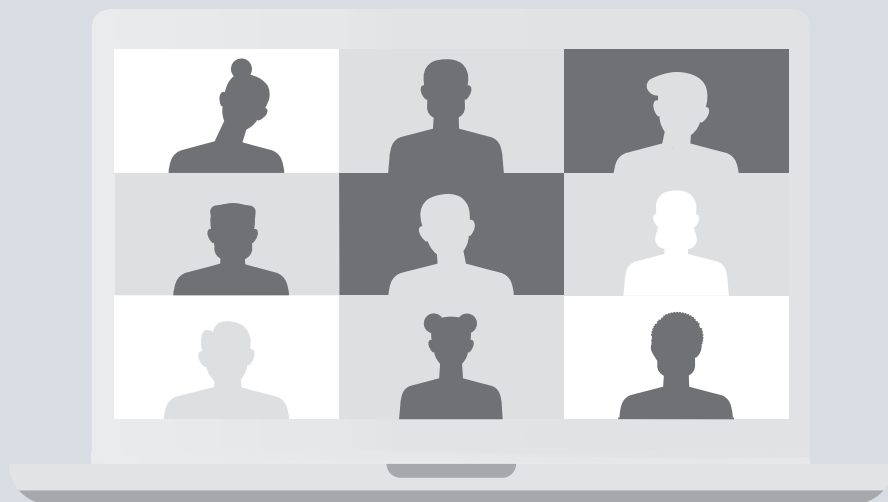
R20 million

Member firms have spent over R20 million on remunerating candidate legal practitioners the last two years.

R12 million was spent on the remuneration of black candidate legal practitioners serving articles at member firms.

Phatshoane Henney Group Open Week

NEW IN 2021



1500

**LAW STUDENTS ATTENDED
VIRTUAL OPEN WEEK**

9700

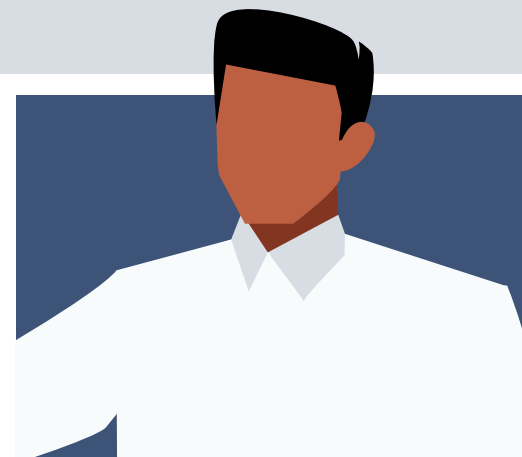
 **Applications for articles**

30

 **Online sessions**

43

 **Group Firm presenters**



Phatshoane Henney Group Bursary Programme

R 500k

in bursaries paid during 2020-2021 to black candidate legal practitioners serving their articles at member firms.



Total value of bursaries paid to 80 black candidate legal practitioners in the Group since 2014.

R 2.1m

2014

2021

Phatshoane Henney Group Honour Medal Programme

2020 - 2021

Honour medals awarded
bringing the total tally to

248

Established in 2010, the
programme increases
awareness and attracts
strong law graduates to
member firms.

1170



Phatshoane Henney
Group Honour Medals



awarded since the inception
of the programme.



The programme
recognises graduates
who achieve their



LL.B degrees
Cum Laude
& Summa Cum
Laude

Developing Black and Female Attorneys

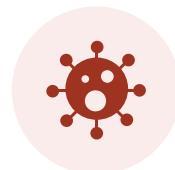
2020

50% of appointments in the Group were black attorneys. 35% were black female attorney appointments. 63% female attorneys appointed.

2021



40% black attorney appointments
60% female attorney appointments



Due to the pandemic, 2021 saw a drop in the overall number of professional appointments in the Group as compared to previous years. **Despite this, the number of black professionals in the Group continued to steadily grow year-on-year.**

30%

of all attorneys in Group
are black professionals

60%

of all attorneys in Group
are female attorneys



Professional Development

NEW IN 2021

20

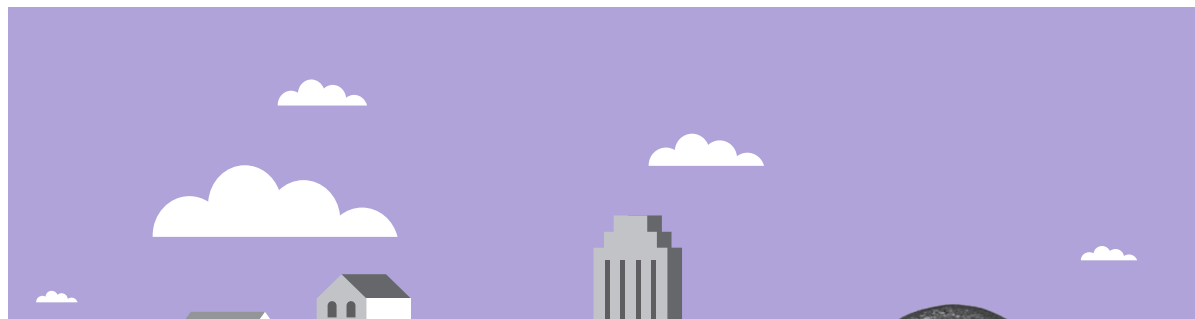


Professional Development Webinars in 2021

100

Group professionals on average attended each session.

20 Professional Development Webinars were held in 2021 with over a 100 Group professionals on average attending each session. 18 expert presenters provided technical training in corporate law, compliance, medical negligence, family law, taxation, estate planning, dispute resolution, labour law and more.



Growing Directors

Growing the representation of black directors at member firms is a culmination of the investment in transformation starting at candidate legal practitioner level.



With consistent year-on-year growth in black candidate legal practitioner and professional appointments, it is a given that the upwards trajectory will impact the positive growth of black and female directors at member firms.

2020 - 2021



35%

black female director appointments.



2020 - 2021



44%

black new director appointments.



Investing in Socio-economic Development



Member firm expenditure

2020



Member firm expenditure

2021

Beneficiaries had to be more than 80% black persons.

R3.5

million

R3.8

million

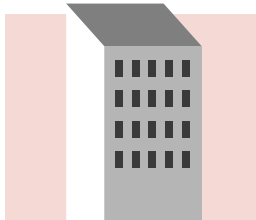
Caring for our Communities



Member firms support the Group value of caring for their communities and provided support and help to various community projects and initiatives during 2020 and 2021. Collectively over this period member firms have spent more than R3.5 million in corporate social responsibility projects in their communities where the beneficiaries were not only black persons.

Member firms expenditure

R3.5m



**corporate social
responsibility
projects**



Developing the Skills of our Staff

Another Group value is caring for firm staff and investing in their development.

This is essential not only to transformation but also to ensuring member firms have the necessary expertise needed to deliver quality services to clients.



skills development expenditure



R16.3m

2020

Formal skills development expenditure on black male and female staff.



R16.7m

2021

Formal skills development expenditure on black male and female staff.

Enterprise Development



Member firm contribution

2020

R 14 million



Member firm contribution

2021

R 16^{.8} million



to the development and support of black-owned suppliers and service providers

Pro Bono Work



To assist members of the public to obtain access to justice and legal support, member firms support pro bono initiatives within their firm to the value of:



2020



R4m

2021



R3^{.8}m

Supporting Black Legal Service Providers



As a legal **network**, member firms make extensive use of other legal service providers.

As part of the Group BEE standards, member firms prioritise where possible the use of black-owned legal service providers such as sheriffs, tracing agents, law firms, etc.

Expenditure on black-owned legal service providers

2020

R70.3m

2021

R66.6m

Briefing Black Advocates

Briefs referred to black counsel **2020**

R3.5 million

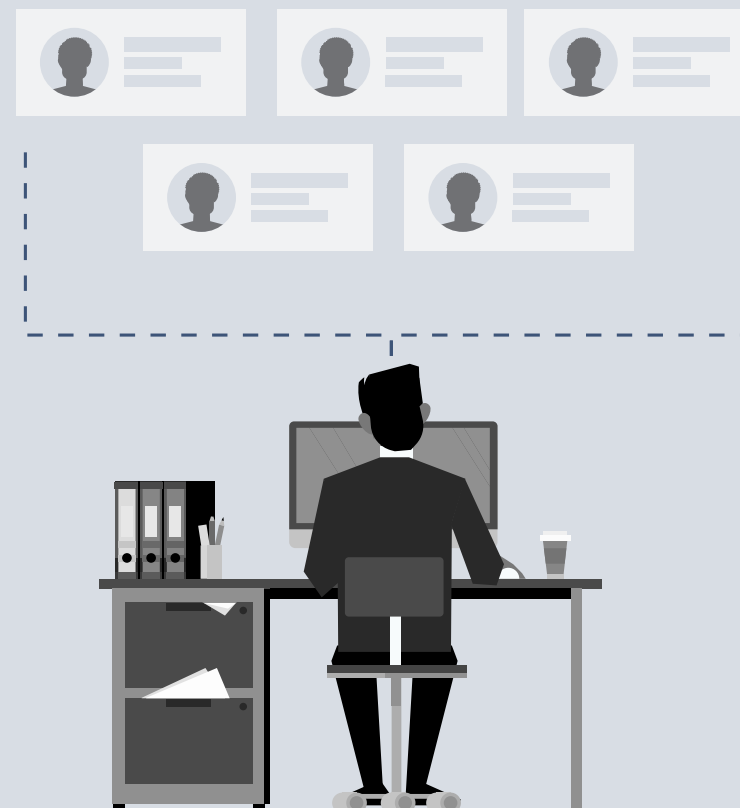
Briefs referred to black counsel **2021**

R4.1 million

Despite rural firms infrequently briefing counsel directly and generally working through correspondent firms in urban centres, their commitment to briefing black advocates grows year-on-year.



To complement this commitment, the Group has established an internal register of recommended black advocates that can be referenced when briefing black male and female counsel at advocate bars nationally.



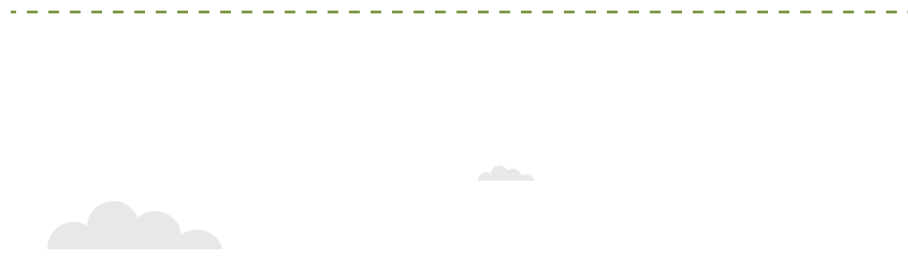
Preferential Procurement



Conclusion

This report covers the periods 2020 and 2021, and although remarkable when seen in isolation, it is even more impressive when viewed against the upward trajectory of the Group across all facets of transformation.

I believe this provides ample evidence of the impact that member firms are making on transformation, even more impressive considering that member firms do not have the financial clout of a large law firm.



2021 2020



When the various initiatives introduced to advance transformation is considered, it provides credence to member firms being promoted as New Breed Law Firms – firms that are not only forward-thinking but also aware of the need and importance of contributing positively to the development of South Africa and the legal profession.

As always, the job is never done, and the expectation to improve and grow the Group's transformation impact within our member firms is stronger than ever.







I look forward to presenting our continued efforts to you in 2024.

Transformation Expenditure

Transformation expenditure by Group and member firms during 2020/21*	2020	2021	TOTAL
Annual Verification Cost of Firms	R460 000.00	R520 000.00	R980 000.00
Annual Verification Support provided to Firms	R750 000.00	R780 000.00	R1 530 000.00
Annual Employment Equity and Skills Development Support to Firms	R345 000.00	R320 000.00	R665 000.00
Group Graduate Recruitment	R190 000.00	R160 000.00	R350 000.00
Remuneration of Black Candidate Legal Practitioners	R6 100 000.00	R5 900 000.00	R12 000 000.00
Phatshoane Henney Foundation Bursary Programme	R255 000.00	R245 000.00	R500 000.00
Skills Development Expenditure	R17 280 000.00	R17 520 000.00	R34 800 000.00
Socio-economic Development Expenditure	R3 500 000.00	R3 800 000.00	R7 300 000.00
Community Support Expenditure	R1 900 000.00	R1 600 000.00	R3 500 000.00
Enterprise Development Expenditure	R14 000 000.00	R16 800 000.00	R30 800 000.00
Pro Bono Support	R4 000 000.00	R3 800 000.00	R7 800 000.00
Support of Black Legal Service Providers	R70 300 000.00	R66 600 000.00	R136 900 000.00
Support to Black Advocates	R3 500 000.00	R4 100 000.00	R7 600 000.00
BEE Procurement Expenditure	R126 000 000.00	R128 000 000.00	R254 000 000.00
TOTAL	R248 580 000.00	R250 145 000.00	R498 725 000.00

* Costs have been rounded off for ease of use. Most costs have been drawn from formal BEE verification results of firms during 2020 and 2021.

Values

-  **New Breed Law Firms**
-  **We Care**
-  **Innovation**
-  **Standards**
-  **Expertise**
-  **Diversity**

