

Any Bright Ideas? Innovation in the Legal Profession

by Shelley Dunstone

“We’re suffering margin squeeze - expenses rising faster than we can raise our fees.”

“Clients are demanding fixed fees and better value for money.”

“Legal services are increasingly being viewed as a commodity.”

“Clients shop around more than they used to.”

“We need to find new sources of work.”

These aspects of legal practice are in urgent need of innovative solutions, according to my recent survey of the legal profession. For this project I interviewed leaders in fifteen law firms of varying sizes, to ask them about their approach to innovation.

Innovation means different things to different firms. For some, it is mainly about improving internal processes, whereas for others it is about how to differentiate the firm or how to meet their clients’ evolving needs. It was a surprise to find “innovation” included amongst some firms’ core values (along with “fun”, which also featured occasionally!).

Technology is often the first thing that springs to mind when thinking about innovation, and for some firms, technology is currently the main focus. But technology is not the whole story, and sometimes it is not sufficient to automate existing processes. Instead, the process itself should be reviewed, and sometimes technology itself makes a new process possible. One leader described the way in which his firm had fundamentally re-engineered one of its service delivery processes, questioning the necessity of each step, renegotiating the methodology with the client, and producing a more streamlined service with a lower cost base.

Innovation involves looking at familiar things in new ways and questioning the status quo. This presents a challenge for a profession which is steeped in tradition, and which operates on adherence to precedent.

Innovation requires thinking time. How can firms find the necessary time, given the continual pressure to generate billable hours? A popular response is to employ management staff whose job it is to drive the innovation process, leaving the lawyers to generate the billable work. However, this runs the risk of the lawyers abdicating their role in the innovation process, whereas they could provide a valuable contribution to it. The principal of a small practice stated “You must get organised to give yourself more time – but it’s the chicken and the egg, because getting organised in itself requires innovation!” A common solution was to use lunchtimes for discussion, although this may be counter-productive, because it takes away leisure time - ideas usually come when the mind is relaxed. “Build innovation into your business processes” and “Reduce the billable hours to reflect time spent on productive non-chargeable activities” were further

suggestions. One manager commented “To say there is no time is just an excuse. In every industry there are budgets to meet”.

One partner stated “Lawyers must unhinge themselves from the billable hours routine. This system has driven inefficiencies. We have to re-shape the lawyers’ day so that most, if not all of what they do is value-added. Improving the process makes it more efficient and more attractive to clients.”

The “billable hours routine” presents an impediment to generating innovative ideas. It requires lawyers to spend most of their day working alone in their offices, and while they are doing this they are not sharing their knowledge and experience or bouncing ideas around. It may also prevent lawyers from learning about clients’ needs, which hinders their development of “business acumen” (which was identified as often lacking in lawyers). One manager asserted “The main driver should not be fees; it should be service quality and the needs of clients, and then the fees will follow.”

Everyone in a firm should contribute to the innovation process, not just managers, not just partners, not just lawyers, not just senior lawyers. One manager said “We need to leverage the freshness and enthusiasm of our young people. They come in with wonderful fresh ideas, fresh eyes and fresh thoughts, not constrained by existing paradigms, then we seem to spend a lot of time shaping and moulding them into clones of what has gone before”.

What conditions and environment are most conducive to innovation? Getting out of the office environment helps to break the connection with the everyday. It is also crucial to create a “safe” environment where all ideas are listened to with open minds and respect. “You have to feel that what you say will not affect the way you are treated”, said one manager. Good ideas come from casual and wide-ranging conversation rather than formal, tightly-structured meetings. One manager commented that discussions would start in a meeting and continue in a coffee shop, or the participants would bounce further ideas around when they met in the corridors. So whereas an office design which avoids through-traffic may be good for productivity, it is probably not good for innovation!

What is the best type of forum for obtaining ideas? Some leaders felt that people were most forthcoming at a one-on-one meeting. Others favoured small groups. One manager felt that large groups were best because it was “more energising”, and people felt more anonymous and were therefore more willing to contribute. Another felt that a group process would be too time-consuming, and “People would worry about making a fool of themselves”. Mixing up the groupings helps to trigger new ideas. One manager commented that the homogeneity of the partner group can lead to “groupthink”. Some firms hold separate meetings for junior lawyers and for support staff - “You have to strip away the hierarchy, or people will think it is not their place to speak up, and junior staff will defer to more senior ones.” One leader stated that some of the firm’s best ideas come from its Advisory Board, which is made up of representatives from a range of industries – “They are people who live in the real world”.

There was little use made of creative thinking techniques. Some had used brainstorming (where all ideas are received and recorded without immediate judgment). One firm had used Edward de Bono's "Six Thinking Hats" technique (which requires participants to think about a single issue in six different ways sequentially). One had used the Team Management Systems profiling wheel (which identifies individuals' preferred roles such as "creator/innovator" or "producer/controller"). One had used mind-mapping, but only amongst the marketing staff. Creative thinking techniques may seem "silly", but they are designed to fight the tendency of the brain to structure information according to familiar patterns. Legal thinking is linear in nature, and sometimes you need to move away from the well-trodden path and explore some side roads.

The culture of a firm plays a big part in how innovative it is. Firms where partners know each other well and like each other are very open to discussing new ideas, and are willing to toss around "silly" suggestions which might lead to a good idea. There needs to be a flexibility and willingness to try things out, and a tolerance of trial and error. One manager said they will try something for a month, see how it works, and then review how it is going – "Nothing is as black and white as success or failure". Effective leadership is particularly important – if leaders set a strong course and communicate their vision, staff know where the firm is going, and are more willing to make suggestions as to how to get there. For an initiative to be successful, there needs to be a "champion" from amongst the partner group. Partner support is vital. Innovation requires time and resources and needs to be seen as a long-term investment.

How do you motivate people to come up with ideas? Some firms have a suggestion form or a suggestion box (although it was also said that this can become a "whinge box"), and others have formal systems for reporting problems which prevent them from doing their job properly and could lead to process improvement. One held an innovation competition. Other suggestions were: recognising and rewarding good ideas that are implemented; allowing people to have fun at work; including innovation amongst the key performance indicators used in staff performance appraisal; and being honest about the challenges facing the practice, and asking people to contribute solutions. Don't waste the talent you've got, by assuming that people can only contribute ideas in a narrow area. Asking people directly for suggestions, particularly as to how to implement an idea, or how to improve one that is already successful, spreads the load and increases the chances of a breakthrough solution.

What discourages innovation? Some responses were: an attitude of "If it ain't broke, don't fix it"; the need to be "right" and not being open to other views; adverse judgment if something does not work straight away; if suggestions are made but nothing changes; intolerance of differences; and short-term thinking. Ideas don't present themselves fully-formed; they develop with experimentation, trial and error.

More conversation, and better quality conversation, is needed in firms, to bring brilliant ideas to the surface. An innovation conversation differs from the discussion that usually takes place in business meetings. It is more free-ranging, and you are not held to what you say, so it is not necessary to work out a position before you speak. Just make a

contribution. An idea may be just a step along the way and develop into something else. You don't have to be "right". Lawyers are trained to object, refute and win the argument, but this approach is not conducive to the development of new ideas. What have you learned recently, and how else could you use it? Can you leverage the clever things that people are doing, to create value for clients in other contexts? Here is a key to finding new ways of meeting clients' needs, and doing more of the work you enjoy most.