

Law Firm Innovation: Insights and Practice

EDITED BY LAURA SLATER



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Executive summary

THE LEGAL services market is evolving at pace, driven by new technologies and a greater variety of service providers, and perhaps even more so, by clients who are more demanding, discerning, and selective than ever before about the way their legal services are delivered. In addition to all of this, a new generation of lawyers with very different attitudes and ambitions to those that went before them are emerging in the legal marketplace with different expectations about how they want to work and the type of organisation they want to be a part of. Innovation is springing up not just from new arrivals shaking up the market, but increasingly within in-house legal teams who are finding novel ways to stretch tightening resources to balance a growing workload, and from traditional law firms who are feeling the pressure to differentiate.

None of this should be news to law firm leaders, however, and 'innovation' is a word that is undoubtedly used more than ever in the legal market. But what is innovation in a law firm context? In what ways can an undeniably traditional industry demonstrate innovation, and how do individual law firms show what innovation means to them? *Law Firm Innovation: Insights and Practice* not only answers these questions, but it also provides an overview of innovation options and practices in a changing legal marketplace. It offers practical advice for firms that are looking to become more innovative in the way they work, and it provides first-hand examples of innovation within the legal industry from around the globe.

The book is divided into two parts. In the first section, a series of articles from experts and practitioners explore the way the market is changing and provide practical guidance and frameworks designed to help law firms and departments to introduce innovation as a core business activity. In the second part of the book, case studies from some of the most innovative legal service providers allow the reader to explore some of the ground-breaking approaches already being taken by their peers, and to potentially benchmark their firm and innovation abilities against what is already being demonstrated as innovation in the market.

Part one opens with an overview of disruptive innovation in the legal service industry, based on the authors' in-depth research in this area. The authors find that, while new market entrants do in some cases have the potential to replace at least parts of the traditional law firm service offering – a threat to 'traditional' providers that is only going to increase – it is the companies who foot the bill for both 'traditional' and 'alternative' providers who will ultimately be responsible for driving the future of innovation in the legal industry.

Whether working in-house, at a legacy firm, or as part of an alternative provider, as one contributor to this report remarks: 'Innovative people will always have good ideas. The real challenge... is to cultivate innovation better'. This key challenge is the subject of the second and third chapters. One chapter describes the foundations on which a firm can build a more systematic and intentional approach to innovation, the

barriers firms are likely to encounter, and how these may be overcome. The second looks more specifically at how knowledge management – which in most law firms is geared towards improving access to knowledge or expertise – can instead be leveraged to create a culture where innovation is part of the fabric of the firm.

The article that follows this then introduces several powerful frameworks of strategic innovation and explains how they can be mixed and matched in a variety of unique combinations in order to suit an individual organisation.

Part one then concludes with a discussion of pricing innovation, and, in the final chapter, an exploration of the next logical step for law firms: technology that will allow firms to easily track the profitability of these new pricing structures, and to track client and matter fees more generally. The report continues with specific case study examples of law firm innovation in Part two.

Innovation within any organisation cannot exist without employee engagement, and one firm that has understood this remarkably well is Baker & McKenzie. The first of the case studies in Part two describes Baker & McKenzie's approach to personnel management, the current initiatives that have seen the global firm widely recognised as one of the world's most innovative law firms, and the steps it is taking to ensure that its people continue to define and drive its culture and working practices.

For employees to feel truly engaged with a business, their values must be aligned with those of the organisation so that they derive meaning from their work – so says the managing partner of Marque Lawyers. In the second of the case studies, the MP of the Sydney-based firm candidly talks about the pressures in the legal marketplace, the values that drive Marque Lawyers and set it apart, and explains why it's an exciting time to be a lawyer – for those who can see past the threats to the

opportunities of an overcrowded market.

Another legal services provider that places a high value on well-rounded, engaged employees is AdventBalance, which, since contributing to ARK Group's first innovation report in 2011 (in its previous incarnation as AdventLawyers), has gone on to become the fastest-growing alternative provider of legal services in the Asia Pacific. In an in-depth interview, the company's managing director for Asia, John Knox, contrasts the Asian and Australian market with the US and UK in terms of appetite for innovation, and he provides in-depth advice on why an innovative and alternative model such as theirs offers a win-win for firm and client.

Another firm with a truly client-centric approach is gunnercooke. A case study from the senior-lawyer-only firm explains why its pioneering approach, combining quality assurance and a more flexible, transparent approach of a young firm is so attractive to commercial clients.

Finally, Part two concludes with an insight into Riverview Law from the company's chairman, Karl Chapman, who talks about the features of the legal market that make it unique with respect to other industries, why legislative changes have made the UK a great place to embrace technology-led legal services, and the dangers of failing to move with the times.

With 'appetite for new service delivery models' increasing,¹ change and innovation is not something law firms can shy away from. It is clear that the market is changing, and that those that fail to move with the times will be left behind. This report highlights some of the approaches that can be taken – and many that are already being successfully employed – by law firms of various sizes. In using the guidance in this report, law firm leaders can discover how to build a true culture of innovation and work towards creating a more agile, inclusive, and prepared firm to meet and

respond to the unexpected challenges and opportunities of a future where innovation will no longer be optional.

Reference

1. According to Allen & Overy's 2014 Law Firm Survey. For the full survey, see: www.allenoverly.com/SiteCollectionDocuments/global-survey-lsm.pdf.