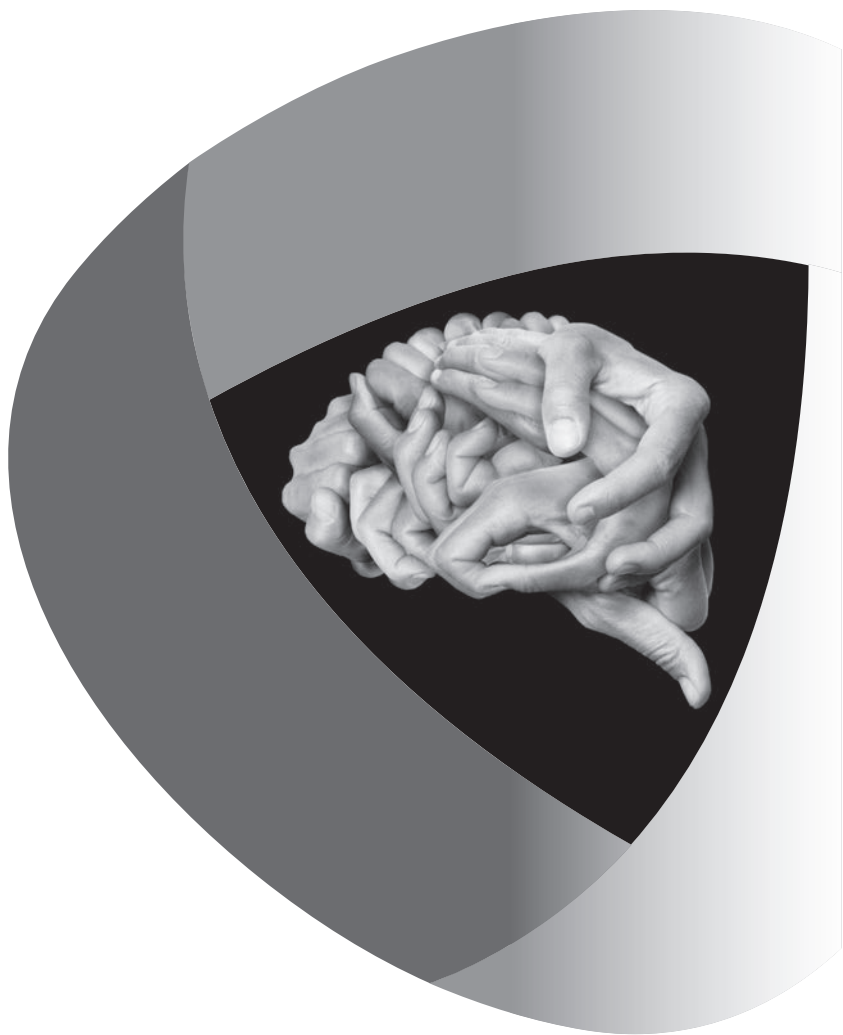


Innovating for competitive advantage in the legal profession



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Executive summary

Innovation – it’s the word on everyone’s lips. How to go about it, what it can do for your business – what even is it? Can innovation be applied in the legal environment?

Such is the interest and appetite for legal innovation that, in the last 18 months, ARK has published over a dozen titles with innovation in their remit, covering everything from knowledge management to pricing, from marketing to recruitment, and everything in between. This compilation deep-dives into the key areas that drive innovation forward in the legal profession, combining the views and experiences of 14 leaders in their fields.

Why do we need an innovation agenda? Where and how do we start? What are the common scenarios which drive innovation and what should determine our approach? The opening chapter of this book, by barrister Duncan Hart, aims to answer all these questions, including determining the values, behaviors, and processes that provide the foundations of innovation for the leadership team to build upon to bring such an agenda forward.

Chapter 2, by Markus Hartung and Arne Gärtner at Bucerius Law School, Hamburg, provides an overview of disruptive innovation in the legal service industry. 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.

While law firms strive to extract more work from their clients, general counsel are under greater pressure to keep more work inhouse and to prove their value through visible revenue growth. In chapter 3, Deepa Tharmaraj, legal director at Dell, looks at why creativity and innovation are the key to value enhancement for legal departments, and provides the in-house perspective on innovation and growth in a lean in-house legal department.

Chapter 4 describes the foundations on which a firm can build a more systematic and intentional approach to innovation. Adam Billing and Abigail Hunt from Møller PSF Group describe the barriers firms are likely to encounter, and how these may be overcome.

Duncan Hart returns to author chapter 5, looking at the tangible and intangible aspects of a law firm and its people that encourage innovation. Chapter 6 then explores the reasons why law firms fail to meet client expectations, and how this can negatively impact the firm's performance and profitability. Drawing from inside experience from both in-house counsel and law firm departments, Chris Howe, director at Raedbora Consulting and a lead advisor at DealScoper.com, looks at how clients are beginning to force the pace on innovation, and what it will take for firms to be a winner rather than a loser.

Chapter 7, by Mark Gould, founder of Mark Gould Consulting, looks 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.

Moving on to the theme of technology, chapter 8 looks at the role of technological innovation, and how it has played an important role in slowly reshaping the way in which lawyers conduct their profession. Emerging technologies, says J Stephen Poor, chair emeritus at Seyfarth Shaw, promise a deeper and more fundamental change in the way in which lawyers operate. This chapter reviews the historical context of the industry's relationship with technology, and discusses the current stage of technological innovation. Stephen then offers perspectives on how new technologies can augment the role of people and work to reshape or enhance the attorney/client relationship.

Simon Nash, director at Insight Limited, discusses in chapter 9 how the law has evolved over time leading to lawyers preferring innovation in small increments. However, in every generation there are one or two individuals, or firms, who redefine an area of practice with a bold paradigmatic change of the sort one more commonly expects to find in sectors such as tech or investment banking. When those changes are successful, they set the scene for the next phase of incrementalism within that new paradigm. This chapter shows how practices of different sizes have sought to innovate their reward structures, demonstrating how solid management outcomes can be achieved, whether in terms of the Maister model variables of margin, pricing, utilization, and leverage, or through a psychological analysis of extrinsic and intrinsic work motivators.

This chapter leads nicely to a series of three case studies on innovation in law firms. In the first, Scott Rechtschaffen from Littler Mendelson, argues that a true innovation strategy “envisions dramatically and comprehensively changing the way firms interact with and serve their clients”. The case study describes how Littler Mendelson has used innovation as a game-changer over the past two decades and how KM can be the foundation of a comprehensive content marketing strategy.

In the second, Oz Benamram and Kathy Skinner reflect on how White & Case became a hostage in a vendor relationship and used innovation to find a solution. With reference to the suppliers of legal information and change management, Benamram and Skinner describe how White & Case has optimized its research tools to deliver value through increased efficiency and – interestingly – reduction of costs to clients.

For employees to feel truly engaged with a business, their values must be aligned with those of the organization so that they derive meaning from their work – so says Michael Bradley of Marque Lawyers. In the third of the case studies, the managing partner 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.

Two final chapters complete this compilation on innovation. John Alber, legal futurist at the ITLA, dives deep into Design Thinking and explains how this empathy-based approach to innovation can be applied to legal service design, illustrating his chapter with successful examples from within and outside the legal sector. Finally, Duncan Hart concludes the book with practical lessons for law firms wanting to engage in innovation.

About the authors

John Alber serves as futurist for the Institute for Future of Law Practice. He was also the first futurist for the International Legal Technology Association. He writes, speaks and consults widely, focusing on finding practical ways to reshape the delivery of legal services to suit a future demanding excellence far beyond substantive legal skills. Prior to his current role, John was a transportation industry CEO. Thereafter, he led Bryan Cave LLP to become one of the most innovative firms in the world, serving as its strategic innovation partner for more than 16 years. While at Bryan Cave, he also served for seven years on the firm's operating group (its management committee). At Bryan Cave, John created one of the first Practice Economics consulting groups, one of the client facing technology groups and one of the first in-firm legal process outsourcing (LPO) organizations. The groups he created developed innovative web-based, client-centric applications that delivered legal advice to clients, managed complex workflows and even created pleadings automatically. They also developed client-facing knowledge management, project management, project estimation and business intelligence systems and highly technology-leveraged alternative staffing solutions for engagements of all types. John is an Emeritus fellow of the College of Law Practice Management. He has received a number of awards, both in the legal field and in information technology generally. Among other awards, he received ILTA's first ever Premiership Award, was named American Lawyer Media's first ever "Champion of Technology", was given a Lifetime Achievement Award by Law Technology News and recognized as one of the Top 25 CTOs in the world by Infoworld. In addition, while under his leadership, Bryan Cave received recognition as a CIO Magazine "Top 100 Company" and was twice recognized as ILTA's Most Innovative Firm.

Oz Benamram is chief knowledge officer at White & Case, providing the firm with strategic direction on the use of KM and technology. He leads the knowledge department in developing and implementing the systems

and processes that enable the firm to use its collective knowledge to benefit clients worldwide. Oz is a globally recognized thought leader and a frequent speaker on legal IT and KM subjects. He has won numerous awards for leading innovation in legal KM, including the creation of an enterprise search system.

Adam Billing is the founder of Treehouse Innovation (www.treehouseinnovation.com). He works with leading corporate and professional service organisations, helping them to develop new products, services, and strategy, and to build their own internal innovative capacity.

Michael Bradley is the managing partner of Marque Lawyers, a boutique commercial law firm in Sydney which he and some fellow refugees from Big Law founded in 2008 with the stated intention of completely revolutionizing the way law is practiced. Anyone who has had anything to do with Marque will attest that it really does do law differently. Apart from continuing to explore how much fun a lawyer can have while pretending to work, Michael writes regularly on public interest issues, the legal industry, and whatever else he gets excited about. He also wrote a book called *Kill all the Lawyers*, which pretty much sums it all up.

Dr Arne Gärtner is a senior legal project manager at Linklaters. As manager of the firm's German Business Improvement team, he is also generally responsible for Legal Project Management (LPM) and Legal Technology (LT) in Germany. In his role as a senior LPM he supports the practice in the management of large and complex matters and advises on the use of technology for handling such transactions. Furthermore, Arne is a member of the global Innovation and Efficiency working group of Linklaters and responsible for Innovation and Efficiency in Germany.

Arne studied Business Administration at the University of Potsdam and Mediation at the European University of Viadrina Frankfurt (Oder). He also holds a PhD in Business Administration from the University of Potsdam. In addition, he is an IPMA (International Project Management Association) certified Project Management Associate and Fellow of the Bucerius Center on the Legal Profession where he worked as a Research Assistant from 2012 till 2015.

Mark Gould is the founder of Mark Gould Consulting, a business focused on helping law firms use their knowledge more productively. He works with firms of all sizes, helping them to stand out in their markets by acting as a catalyst for improvement, combining his understanding of

the legal sector with the firm's deep knowledge. He was head of knowledge management at Addleshaw Goddard LLP between 2006 and 2014, and a PSL at the same firm from 2001. Prior to that, he spent 13 years teaching law at the University of Bristol.

Duncan Hart practiced as a barrister and solicitor for over 20 years before becoming the regional managing director of one of Australasia's largest firms with over 2,000 employees. He became a full-time consultant in 2002. His various consultancies have taken him from Silicon Valley to Shanghai, and his clients include not only law firms, but a wide cross-section of industry groups, including manufacturing, health, education, and IT.

Duncan's first book, *The Strategic Law Firm* (Ark Group, 2010), argued the case for a more strategic approach to law firm management, and in particular the adoption of the types of strategic planning tools and methodologies that he had seen in operation in many of his clients' industry sectors.

More recently, his background in intellectual property has led him to explore more closely the role of disruptive technologies and business models in various sectors, including law, patent attorney, and other professions. Many of his recent assignments involve the so-called "start-up" sector, and larger more mature industries where clients are seeking to develop innovation-based strategies in fields as diverse as bio-tech and logistics.

In all his assignments, Duncan draws from a rich palette of industry and professional experience, and he is committed to the belief that law firms, like any other business, have much to learn from other sectors, particularly in the area of innovation-based strategy. In short, they should be encouraged to experiment to find new, and hopefully better, solutions for both the firm and their clients.

Markus Hartung is a lawyer and mediator. He is director of the Bucerius Center on the Legal Profession (CLP) at Bucerius Law School, Hamburg. His expertise in the framework of the CLP lies in market development and trends, management and strategic leadership, as well as corporate governance of law firms and business models of law firms with regard to digitalisation of the legal market. He is chair of the committee on professional regulation of the German Bar Association (DAV).

As a lawyer he focuses on conflict management, regulatory matters and professional indemnity issues. In addition, he advises law firms in strategy and management questions and coaches partners in management