



SIX INHERENT BARRIERS TO INNOVATION WITHIN LAW FIRMS AND IDEAS FOR OVERCOMING THEM

Introduction

Innovation can be *'an important catalyst for growth and help a firm evolve and adapt to a rapidly changing and increasingly complex marketplace'*.ⁱ

The legal marketplace is becoming increasingly complex. However, traditionally the law profession has been slow to adapt and embrace change. This is not surprising. It is with good reason the law profession is most often associated with caution.

Typically, there exist inherent barriers to change within law firms and indeed within lawyers themselves.

Some of these barriers contribute to why great lawyers excel. However, the same attributes may also constrain an individual's and firm's ability to be innovative.

For a law firm seeking change it is useful to recognise the inherent attributes that impede innovation and put in place mechanisms to overcome them.

Each law firm will have a unique mix based on its objectives, history, legacy, structure, strategy and the personalities involved. Examples could include measuring innovation purely by ROI, lacking capabilities (or conversely maintaining a DIY attitude), premature convergence of ideas (habit of seeking to go straight to the 'perceived' correct answer) and so on.

This article describes six inherent barriers to innovation within law firms and provides some suggested methods to overcome them.

Six inherent barriers

#1. Valuing efficiency over innovation

Efficiency's primacy in the traditional legal business model drives success and profitability. Most law firms are structured to be as efficient as possible with available resources.

However, a culture of efficiency may hinder innovative processes which require creativity and a readiness to explore ideas. At its core, innovation requires the generation of new ideas; some of which may be progressed and some of which will not.

The practises of '6-minute units', 'billable time' and 'fee grids' create tension between the freedom needed to generate new ideas and efficiency.

Idea: Create a sub-environment with a strategic focus on innovation within the firm. Communicate that strategy and the value of innovation to all employees and lead from the top down.

#2. Lack of time

Closely related to the efficiency constraint is the fact that the majority, if not all, lawyers cite a time deficit. Many lawyers are too busy meeting client deadlines, generating fee paying work, participating in CPD, marketing and completing administration tasks, to





participate in innovation; a somewhat seemingly nebulous concept.

At worst, lawyers do not allow themselves the space required to be innovative, in fear of not being busy (or in fear of being perceived as being not busy) enough to be successful.ⁱⁱ

Idea: Innovation is not necessarily about making large sweeping changes that require large investments of time. It can be about making small targeted changes that add together to have a significant impact. Putting in place an innovation program that creates a roadmap of tasks makes innovation achievable.

#3. Risk aversion

Lawyers are experts at analysing facts, identifying risks and advising on outcomes. Generally, the ability to identify risks and advise clients of their options considering those risks and business pressures, is what makes good lawyers valuable to clients. However, this skill can translate into lawyers who tend to prioritise risk as the primary focus of every situation.

When risk aversion and conservatism align, these traits can cause inertia within a firm.

Idea: Risk is a relative term. Understand the value chain within the firm. Explore with decision makers what defines acceptable risk from unacceptable risk regarding that value chain. Educate those involved in innovation about those parameters and welcome

innovative behaviours that fit within acceptable risk.

#4. Indoctrination into a loyalty and survival ethos

It is commonplace (and necessary to an extent) within law firms for their cultures to reward loyalty and survival. The personality of many lawyers may exacerbate a 'no mistakes' attitude. This is necessary in circumstances where a mistake can lead to negative outcomes: loss of cases and clients; insurance claims and rising premiums; negative publicity; and, in some situations, litigation.

However, a 'survival' culture also leads to risk aversion and homogeneity of ideas.

Idea: Create rules of engagement that celebrate success and failure equally but punish inaction. Encourage ideas to become 'our ideas' rather than 'my idea' to remove the personality behind the idea (thereby encouraging people to submit ideas without a fear of perceived personal failure and; removes ego from the exercise).

#5. Hierarchical Organisational Structure

A hierarchical structure, where employees of less experience report to team members of greater seniority who in turn report to partners and senior partners, may be efficient for the firm and clients. It is beneficial for control and risk management purposes.

However, this structure may result in situations where there is a dissipation of ideas





through the layers of the firm, or due to one person within the line being disapproving of ideas or innovation.

Idea: Cultivate dissent by providing an appeal mechanism. Encourage people to use the mechanism by rewarding success and failure equally.

#6. Rose Tinted Glasses

Individuals within firms may not see the need for innovation.

An example of these lawyers may be those who believe their *modus operandi* will be adequate to service clients in the future.

Another example may be those people within firms who believe that what it means to provide or receive legal services in the future will not change. Obviously, central to innovation is change.

Idea: Cultivate an environment that focusses on learning and on impressing employees and clients by fostering growth and improvement. Explore (gently) whether seeking to maintain

the status quo from a 'lack of market knowledge', 'fear of the unknown', 'lack of time' or some other factor. If so, the importance of that motivator may be rationalised or minimised via education or explanation. Engage with clients and 'interpreters'ⁱⁱⁱ about what it means to seek and receive legal services.

Conclusion

In some law firms, an increased focus on innovation may seem like a large transformation.

The key to implementing change successfully, is to firstly understand the main drivers of innovation within the individual firm and consider the barriers prevent it from occurring. From this examination, a firm can chart a roadmap of actions and tasks designed to aid progress.

Law firms that implement processes fostering innovation as a primary business strategy will be better prepared to meet upcoming challenges. In doing so, those firms will take better control of their futures.

For more information - see View Consulting's Blueprint Program, specifically designed for law firms seeking to understand and incorporate an innovation process.





See more @ www.viewconsulting.co.nz

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ⁱ *Australian Law Management Journal*, April 2015, N Humphrey.

ⁱⁱ Of course, the requirement of financial targets (typically based primarily on billing time) is essential to generate a requisite level of revenue required to result in profit and returns on investment.

ⁱⁱⁱ 'Interpreters' comprise those individuals and groups who may or may not be involved in the practise of law but are aligned in seeking answers to the same questions as your firm when asking what it means to seek legal services? This concept is taken from the work of Dr. Roberto Verganti on Design-Driven Innovation.

