

# Does your law firm need an innovation team?

By Jessica Lim, Managing Director of Strategic Planning at Lenczner Slaght



*There's a lot of hype out there about innovation. Innovation-related roles, teams and events are on the rise as are articles, conferences and education programs. But is this really necessary? If you don't have an innovation group, should you create one? If you have one, should you keep it? And why?*

To answer these questions, I referred back to literature by strategy and innovation thought leaders and interviewed a small population of senior legal industry professionals from around the globe. None are strategy or innovation consultants or have innovation in their title. I was on a mission to gather objective views from people who understand this space. And, conveniently, the end result of this research would also help to influence the path for the Lenczner Slaght Innovation Hive.

This article is focused on whether law firms need some form of an innovation

team, what we mean by innovation and the rationale behind the answer. It does not aim to address the questions that naturally follow, which are typically centered around how the innovation team can realize its purpose. That is a whole other topic.

## **Yes, you need some form of an innovation team**

Unanimously, the answer was that you do need some form of innovation team, whether you use those two words or not. You need resources committed to this aspect of running a business. As Peter Drucker put it:

*"There is only one valid definition of business purpose: to create a customer. And because its purpose is to create a customer, the business enterprise has two – and only these two – basic functions: marketing and innovation."*

There are rare firms that don't need to strike an innovation team because it's in their DNA. They've been the first-movers for years and often started with focus on areas such as project management and process improvement, applying ideas typically only seen in the corporate world.

Angela Tancock, Chief Strategy Officer at Norton Rose Fulbright, made a good point: "The days of doing innovation off the side of your desk in addition to your day job are over. You won't truly move the needle unless you have individuals doing this as a full-time job - the market is simply moving too quickly. Firms can't stay on top of developments if they don't have a role focused on this. Someone needs to connect all the dots. That takes time and thinking, and it can't be accidental."

Norm Letalik, involved in the Canadian Bar Association Futures project and former Volkswagen Group Canada GC, commented: "Absolutely, law firms should be investing a lot more in innovation - it's an important area. In

my experience MPs spend 80% of time putting out fires." Although, to be fair, spending too much time in fire-fighting mode is a global phenomenon.

Before we carry on, we should clarify the definition of innovation.

## **Innovation is about your firm's renewal and creating value by changing**

Globally and across all industries the definition and scope of innovation varies. This was further reinforced when, in the two most recent meetings of the Toronto Law Firm Innovation Group, this became a topic of discussion. So let's take a look at some definitions and confirm what we mean here.

Consider these definitions of innovation:

- "The introduction of something new." - Merriam-Webster
- "The effort to create purposeful, focused change in an enterprise's economic or social potential." - Peter F. Drucker
- "The creation of substantial new value for customers and the firm by creatively changing one or more dimensions of the business system." – MIT Sloan, 2006, Mohanbir Sawhney, Robert C. Wolcott and Inigo Arroniz
- "To "innovate" means to "regenerate" – and most companies decline or fail because they fail to regenerate." - Randall S. Wright

Regenerate sounds a little too Doctor Who, so let's go with "renew," which was inspired by a law firm strategist on another continent who shared her view that "to innovate is to adapt in the face of change."

With that in mind, I'm suggesting that innovation is about **renewing your firm** by creating something **new** and of **value** internally or for your **clients** by **changing** some aspect of the firm.

Now let's clarify the scope of what an innovation team should consider focusing on.

### **Your scope should be broad and holistic**

Particularly in the legal sector, the focus of innovation teams differs among firms and – at least on the surface – is often quite narrow and limited to technology projects, client-facing processes or perhaps internal business processes, including matter pricing.

I favour the broad, holistic - albeit amorphous - definition to ensure we keep an open mind to opportunities. Otherwise, it's easy to gravitate towards internal processes only or to abandon innovation because it sounds like something only the Apples, Amazons and Big Law giants can and should do.

My recommendation is to consider internal and client-facing processes, products/services and business models.

### **The end results can be big or small**

Innovation includes a mixture of the small and incremental as well as the big and radical. Or at the rare, but not impossible, end: disruptive.

Cynics may look at the small changes from formal or informal innovation teams and dismiss them as obvious, claiming that you don't need an innovation group to do that. But, as Peter Drucker suggests, the greatest praise an

innovation can receive is for people to say, "This is obvious! Why didn't I think of it? It's so simple!" Further, effective innovations start small. They are not grandiose.

Law firms are gold mines for the small and obvious right now, and that's okay. You have to start somewhere and these little changes can help firms lay the foundation and open the door for radical changes that may be considered in future. So make those changes, celebrate and keep going.

Now that we've established what we mean by innovation, let's go back and look at why a law firm should have some form of innovation.

### **Law firms need innovation to maintain or grow their positions in the marketplace**

Like every business in every industry, law firms do require innovation if they want to retain their current positions or aspire to grow. Until recent years, law firms could get by without business renewal because few, if any, had resources dedicated to some form of innovation. With more and more law firms now building their capabilities and trying new things, those standing still will fall behind.

### **Small and niche firms also require some form of innovation**

At innovation-related events, where I'm surrounded by senior Big Law professionals, I've been asked why a leading corporate litigation firm is interested in innovation. What are we looking to get out of it? My answer is that we're there for the same reason: we need to continually focus on renewing the firm;

if we stand still, we fall behind.

As Jim Hannigan, Senior Manager of Product Development and Project Management at Allen Matkins, pointed out “Every business needs to evaluate at what level it wants to commit to innovation and change initiatives, and dedicate resources as necessary; the key is assigning ownership and responsibility.”

Kelli Wight, Chief Operating Officer at Koskie Minsky, brings the small firm perspective and agrees, adding that “it is what all firms need to do, regardless of size. But there are obvious challenges to innovating in a small firm. Resources are limited, so you have to be so much more laser focused on setting priorities that have the most positive impact on driving your long-term strategy. You don't have the time, people or money to do everything, so choose wisely so you can implement well.”

Small firms have fewer resources and infrastructure and sometimes less opportunity to innovate, particularly when the work is more bespoke, as it is where I work. But there are probably many changes that could be made, even if internal only, that would save people at the firm time, enable them to focus on higher value work and pass that value on to the client in the form of better service, better work product or reduced cost. These are the incremental changes.

We certainly have a long list of changes we are working on. And with small firms being more agile and having the ability to move more quickly, the challenge has become not figuring out what to change but having enough resources, managing the change fatigue and - at

the same time – being patient with how long these changes take.

### **A diverse, focused and persistent team must be committed**

It will not be sufficient to create an innovation team comprised only of full-time fee earners doing it part-time. They will never make the time needed. They will not have the time to attend many of the meetings and they will too often show up without their undivided attention. As Carla Swansburg, Vice President & General Manager at Epiq, points out, “these groups need someone looking externally and identifying opportunities observed in markets, competitors, clients, technology and the future. They also need someone evaluating ideas.” That requires time and commitment.

Another issue with the all-lawyer team is the broken twig analogy, as coined by Toby Brown, Chief Practice Management Officer at Perkins Coie: a homogenous group of lawyers are likely to go around the table on any topic then decide why the firm should do nothing after they find every flaw possible, like spotting a broken twig on a tree branch and declaring the tree dead.

As talented and knowledgeable as lawyers are, that is simply not enough to build and maintain momentum. Non-billable resources must also be committed.

Again, Peter Drucker stated it best: “What innovation requires is hard, focused, purposeful work. If diligence, persistence, and commitment are lacking, talent, ingenuity, and knowledge are of no avail.”

The innovation team also needs to be diverse. And by diverse I'm not just referring to gender and race; I am also referring to age and vocation. It should include those involved in a firm's technology, strategy, knowledge management, process improvement and marketing and business development functions. They all bring different skill sets, knowledge and perspectives that, with the right people and format, will result in a stronger team and better ideas.

### Conclusion

Every business should be committing to some form of innovation and dedicating a diverse team of people who, together, are able to focus internally and on clients, look outwards and ahead, and evaluate ideas.

At Lenczner Slaght, we have proudly headed down that path with the creation of our Innovation Hive, a diverse and focused team committed to purposeful change and with keen,

strong support of firm management.

### About the Author

[Jessica Lim](#) is the Managing Director of Strategic Planning at [Lenczner Slaght](#), a corporate litigation firm recognized by many as Canada's best.

Jessica collaborates with the firm's Management Committee and business function leads to build out and execute the firm's strategic plan. Originally focused on marketing and business development, Jessica now leads the firm's client listening, innovation, process improvement, project management and pricing functions.

Before joining Lenczner Slaght, Jessica worked for nearly a decade at national law and accounting firms, progressing through a series of roles focused on providing value to clients and showcasing specific capabilities and services.

