

# Stimulating Innovations In Your Firm



*The following represents an excerpt from comments I made during a Webinar entitled **Stimulating Innovation In Law Firms**, hosted by the Ark Group and featuring: Andrew Smulian, Chairman & CEO at Akerman LLP; Ken Grady, CEO of SeyfarthLean Consulting; and John Paris, Partner and Chair of the Williams Mullen Innovation Committee.*

## QUESTION :

*“From your experience, what one key thing is central to stimulating innovation in law firms?”*

If I had to choose only one thing, and at first blush it may seem simplistic, it would have to be shaping your firm’s culture to embrace innovation. And obviously, it has to start at the top – with the firm’s leadership.

The way I think about culture is that it’s all wrapped up in our habits (meaning, what behaviors are we prepared to tolerate) and our language (specifically, how do we use language to shape our collective thinking).

For example, in an earlier life, I was a Vice-President and Director of a Canadian-based, public company in the telecommunications industry. I had the good fortune of working with a rather progressive, very successful CEO who held some very strong beliefs. One of those beliefs, that he preached to all of us on his senior team, repeatedly, was that upon first being presented with any new idea or proposed course of action – he would say, “You have ‘no intellectual integrity’ voicing a personal opinion that suggests that you know whether it will work or not – because the reality is that you do NOT know for certain – and even if that same idea has been tried before – say, only last year – in this firm or some other firm and failed. That still is not determinative of whether the idea will fail here and now”

He taught us that you only display intellectual integrity by asking and answering three sequential questions:

**#1 NOT:** Will this work? **BUT: How do we make this work?** (which you will notice provokes a whole different mindset). He believed you start with a focus on “possibility” before “profitability”

**#2 What’s the worst that could happen?** (let’s be realistic, where might the crap hit the fan); and finally,

**#3 Where is my backdoor if the worst that could happen, happens?**

Unfortunately, winning the debate, arguing well, finding the slightest little flaw in the ideas of others is often the behavior that seems to be held in great esteem within our firms. And allowing that behavior rarely builds trust or inspires innovation. So to shape a culture that embraces innovation, I believe starts with the firm leader making it socially unacceptable to EVER offer an immediate opinion on whether any new idea will work.

And I have also seen this in action at the Practice Group level. Some may know that I’ve been involved, over the years, in helping practice leaders learn how to better manage their groups. And one of the things I’ve learned is that the very best performing practice groups set for themselves some written, formal guidelines on how they will operate as a team.

So, for example:

- Is it acceptable in our group to come wandering into a practice team meeting 20 minutes late?
- Is it acceptable to make a promise to your fellow partners about some task you will work on for the group’s benefit, and then not follow through?

These written guidelines that I’m referring to are

intended to address the fundamental question of – what do we, as members of this group, have a right to expect of each other?

And one of the brilliant guidelines, that I’ve seen work and have encouraged every practice group that I’ve ever interacted with, to adopt, states simply that: “In our practice group, one of our operating guidelines and cherished beliefs is that we will love every new idea . . . for five minutes.”

And think about that one for a moment.

We forget about the tremendous ‘influencing effect’ that respected or senior practitioners have in our firms. I remember fondly a story at one firm wherein the Senior Litigator, a very respected statesman in the firm, made it a habit, as he was working at his desk, to throw his tie over his left shoulder – I guess to get it out of his way. Well, he could often be seen wandering the hallways, in search of coffee, with his tie still thrown over his shoulder. Guess with me how many associates in the Litigation Department of that office, walked the halls with their ties thrown over their shoulders? A good number of them and I’m not exaggerating.

Now take that same behavior to a practice group meeting where a junior offers up an idea – only to observe some senior partner rolling their eyes or giving everyone the familiar lecture on the thirteen reasons why that isn’t going to work. I think I can guarantee . . . You won’t hear another idea coming out of the mouth of that junior for some time to come.

**SO CONSIDER:** In your practice group, is it acceptable behavior to allow someone to display their intellectual superiority by crapping on a fellow attorney’s idea?

**AND one last point** on this culture thing and one other lesson that this CEO taught me was that it you are really serious about innovation

you make a point to:

- Reward efforts – not just successes
- Attempts - not just outcomes; and
- Behaviors - not just results

In that company we actually gave sincere and serious acknowledgement each year, to the one best idea, as selected by our senior team . . . that didn’t work.

It’s all pretty basic - but Mission Critical Objective #1 for me is that WE NEED to work on shaping our firm’s culture to embrace innovation.

**QUESTION: What is the proper framework and support for innovation in law firms today?**

One of my most startling revelations was that, the innovations I see, do not usually come about because of any direction provided by your firm’s management committee or your written strategic plan. They came about largely from, as Peter Drucker (the late father of modern management) first expressed it, “they come about most often from having a mono-maniac with a mission!” In other words, the harsh reality is that the overwhelming number of innovations evolve from the efforts of **mono-maniacs** within law firms who pursue ideas that may even initially be regarded as irrelevant or even illogical.

For my part, I’m reminded of at least a dozen different partner retreats wherein I’ve had the opportunity of posing a question to the entire group to respond to, via those little electronic voting machines (that look like TV channel changers and allow everyone to cast votes anonymously)

The question I posed was this one: “How many of you have thought of some new idea, potential new practice niche or some new initiative, that conceivably could generate entirely new revenues for this firm?”

Now Press 1 if YES and 2 if NO.

The usual affirmative answer that I've received from all of these different partner retreats is somewhere in the range of a low of: 69% to high of: 83%.

So, Terrific News – I've discovered that you have a good number of potential mono-maniacs in your firm – and the good kind of mono maniac in that at least 2 out of every 3 of your partners have ideas to generate new revenues!

Ahh, but there is a follow-up question that I always ask . . . and it goes like this: *"For those of you that answered yes to that question, how many of you have shared your revenue generating idea with someone in the management of our firm?"*

Once again Press 1 if YES and 2 If NO.

And anytime I relate this experience, everybody laughs, because you all know the punch line. The answer, unfortunately, is always NO.

And the question has to be asked – why is it always NO.

I've often joked with firm leaders . . . "Why is it that interesting, seriously "cool" ideas - about new services, new approaches, new methods, new niches, new ways to collaborate DO NOT bubble up with great regularity from every nook and cranny of your firm?"

The sad reality is that most firms do not have any formal system to nurture their new ideas and potential new innovations.

Now, please notice that I did say "most." Today, I'm aware of a handful of firms – from a Baltimore-based firm of about 120 lawyers to an international 1200+ lawyer firm who have

instituted internal Venture Funds – investment monies in excess of \$100,000 made available for lawyers to put forth their ideas and have them encouraged and financed.

So, I believe we need a call to action. A call to set aside a modest, special R&D budget to fund new experiments. Then assign a couple of partners

*"How many of you have thought of some new idea, potential new practice niche or some new initiative, that conceivably could generate entirely new revenues for this firm?"*

to help their fellow colleagues put forth good submissions, and get the word out, that our firm welcomes new and innovative ideas.

FINALLY, my observation is that many firms seem to assume that doing more of the same – only perhaps doing it better, cheaper, faster is all there is to being innovative. I want to seriously challenge that notion. Even if you manage to figure out how to project manage and process improve better than other firms – or utilize big data, pattern recognition systems, cloud computing and predictive intelligence, it is only a matter of time (and usually not much time given our propensity to mimic each other) before competitive firms catch up; before seemingly innovative approaches become commoditized; and you eventually get forced into a pricing war. If the future of this profession rests ONLY on seeking ways to be more efficient at doing commodity work – in other words, "making better buggy whips" I have grave concerns for what this pro-

fession is going to look like in another ten years.

In my little mind, Innovation is not merely the generation of new ideas; it's the actual creation of new services that your existing or prospective clients are eager to pay for. What gets me really excited and I see that same excitement in the eyes of the lawyers I have the privilege of working with, is when you see them investing some portion of their time into developing entirely new niche areas. I'm seeing exciting and potentially lucrative new practices in areas like:

- Personalized DNA-based medicine
- Unmanned vehicle systems / Drone law
- Social media defamation
- Additive manufacturing / 3D printing
- Shale play restructurings
- Genetically altered agricultural products
- Brand and digital governance
- M-health Apps and monitoring appliances
- Biometric recognition technology

The list goes on and on . . .

AND just look at what's happening with CyberSecurity and Data Protection. New regulations expected this year and law firms working to attain their ISO 27001 international security certification. The issues of security, data breach and risk assessment is on every corporate board member's agenda.

I believe the strategic innovation imperative in every law firm is to **"Have each practice group identify 2 to 3 new and emerging areas where they can develop a niche dominance and become the go-to service provider"**

I'll advance a contrary view to some, in stating that I firmly believe that true Innovators side-step the price-value discussion, by recognizing that the best way to meaningfully differentiate your firm is by creating new markets, new services, dominating lucrative niches and seeking to make your competition irrelevant.