

Innovation, innovation everywhere, so let's all have a drink

Greek philosopher Plato once said that “out of necessity comes invention” and out of invention derives innovation.

In the first of a three-part series, HBA Legal looks at the current legal landscape and the recent demand for law firms to innovate in order to stay competitive.

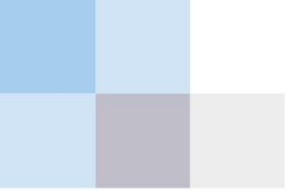
The practice of law has remained relatively untouched over the last century. A system established in the early 1900's¹, negligible changes have taken place in the practice of law when compared with other industries.

So why this lack of change? The underlying theme why law firms stutter in innovating their business is because of an 'all talk no action' approach. While lawyers may aspire to change, there are mental barriers instilled into the structure of the profession.

Lawyers are perfectionists². They care about the finest of details. A single word erroneously placed can change the meaning of a contractual agreement. We are required to be as vigilant as we are precise. But in business today, when the world around us is moving so quickly, being perfect doesn't have the luxury of time. Something that was once the embodiment of grandeur is now the enemy of a lawyer's survival in the legal industry.

In his magnum opus, *'The Origin of the Species'*, English naturalist Charles Darwin described evolution as “all species of organisms that arise and develop through the natural selection of small, inherited variations that increase the individual's ability to compete, survive, and reproduce”. Innovation is not revolutionary, it is evolutionary and developed out of small continuous incremental changes that differentiates us from our competitor. Innovation is risk. Risk instigates evolution. Lawyers, by nature are one of the most risk-averse professions out there³. Which leads us to the issue of fear. Many lawyers have a fear of change and a fear of failure. It is widespread and genuine. So how can we innovate in a culture that hates failure? It needs to be coerced. What law firms should fear the most is being left behind by not making the changes needed to survive in the new legal economy. The fear of a lack of future security is what should be used to drive innovation. This is apparent more than ever. Law firms now find themselves in a position where they are expected to demonstrate their worth commercially by delivering better, quicker and cheaper work.

So where did all this change come from? The 2007 global financial crisis and subsequent recession led to a major change in the way corporate entities purchased their legal products. This was coupled with operational changes in the legal industry like working smarter and being more cost effective which led to a competitive and complex market for legal services⁴. It is this change that has made law firms of all sizes look to technology. It is a law firms' aim that employing the latest technology will help them



uphold their competitive edge, distinguish themselves from their rivals and advance their working practices⁵.

But is the use of technology really that innovative in the legal industry? The new ruthless push towards cost-effectiveness in the legal market has placed great pressure on law firms, some adopting new-found technologies to make themselves seem more efficient. When asked, law firm leaders considered the biggest disruption to the future legal market would be technological innovation⁶. But is that really the case?

Legal software exists that is efficacious and economises the cost of legal work. We need to ensure we select the right tools to achieve purpose. Software that computes something with no substance is a waste of the firm's resources⁷, and would be regarded as having little value... The use of technological innovation has been seen as a means to an end rather than an aspiration. A 'tick in a box' in an ever-growing checklist that a client expects from its legal service provider. As technology improves we will be able to produce reports faster, but our concern must be with quality content and creating reports that genuinely add value to the client.

Partners of law firms who want to foster innovation should ask themselves how the risk averse nature of a law firm can culturally shift to innovation? Do clients want to see innovation, or do they just want cheaper services? Are these two concepts separable? What if there was a way to meet both challenges?

This is part one of a three part series on innovation in the legal industry. Read parts two and three [here](#)

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Appendix

¹ Frank Strong, “History and Origin of the Billable Hour”, Lexis Nexis, 2015.

<http://businessoflawblog.com/2015/06/history-origin-billable-hour/2014>² Jennifer Alvey, “The Lawyer’s Demon: Perfectionism”, 2011. <https://leavinglaw.wordpress.com/2011/06/10/the-lawyer%E2%80%99s-demon-perfectionism/>

³ “Law Firms – A less gilded future”, 2011. <http://www.economist.com/node/18651114>.

⁴ Jordan Furlong, “Why Lawyers Don’t Innovate”, 2013. <https://www.law21.ca/2013/08/why-lawyers-dont-innovate/>.

⁵ Trevor Clarke, “Australian law firms in quiet digital transformation”, 2014, Sydney Morning Herald. <http://www.smh.com.au/it-pro/business-it/australian-law-firms-in-quiet-digital-transformation-20140106-hv7jw.html>.

⁶ Ned Gannon, “Why Corporate Law is Ready for Technological Innovation”, 2015.

<http://www.lawtechnologytoday.org/2015/02/why-corporate-law-is-ready-for-technological-innovation/>.

⁷ Matt Ryan, “Case Management: Why Doesn’t Every Law Firm Use It?”, page 10.

<http://www.legalfiles.com/Portals/0/whitepages/Case-Management-for-Law-Firms.pdf>.

