

‘Lean, Mean, Fighting Machine’ – Lean Law: The next big legal revolution?

In the third and final part of our Innovation series, HBA Legal looks ahead in the legal industry and building a culture of Lean law within law firms.

It is commonly agreed that changes need to be seen within the practice of law. So why are law firms only hearing about Lean law now? If we are to take a look into any industry, we would find someone applying the principles of waste reduction and increased efficiency while maintaining quality¹. However, no matter how sluggish to innovate the legal industry might be, it has not completely escaped the Lean revolution despite being contrary to traditional law culture.

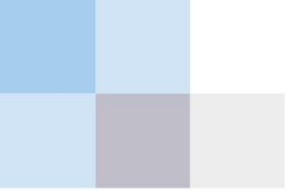
To appreciate the rise in Lean law, we must take a few steps back to consider what is happening in the legal market. For decades, lawyers charged their clients high hourly rates for legal services with no incentive to be efficient². The billable hour has been a key obstacle to change in law. However, in the past decade clients have started to treat legal services the same as any other purchased service. Legal services are now seen as a commodity which anyone can offer at the lowest cost, resulting in a downward pressure on fees.

A shift in power from the law firm to client has caused clients to demand lawyers to do a lot more for a lot less. This is the foundation of Lean methodology. Clients are the driving force behind the change in the legal industry³. The effect is a rising interest in Lean and how it would be applied in legal practice. Lean’s message to law firms is about adding value and reducing waste. This cuts a firm’s costs aiding profitability and competitiveness. In the first part of this series, we saw that it was in a lawyer’s historic makeup to be risk averse and resistant to change. However, it appears that today the tide is (slowly) turning and Lean law is the way of the future.

The Right Mindset in a Changing Culture

Just as a screwdriver solves a different problem than a hammer, the same applies in law. Every case is different. However, law firms do dozens if not hundreds of repeatable processes every day. Surely, some legal processes can be standardised and continually improved? Lean’s tune of ‘doing things better’ denotes that it is essential for firms to consider it from a cultural outlook⁴. That is, it has to be more than an arbitrary process, and actually be entrenched in the firm’s culture for it to work. From a legal secretary to a partner.

One facet of Lean that explores this notion is Kaizen. Kaizen, a Japanese word meaning ‘change for the better’, is now more commonly referred to as ‘continuous



Improvement'⁵. It uses originality and inventiveness to identify problems and then cultivate and apply these ideas to solve problems⁶. Its philosophy says that everything can be improved and everything can perform better or more efficiently. One of the most prominent qualities of Kaizen is that big results come from many small changes accrued over time. It looks to improve all parts of a business through regulation, boost proficiency and reduce waste by involving everyone. In that regard, it is a mindset as opposed to being a specific tool⁷. A culture that needs to be changed and adopted by organisations, in this case, the law firm.

The Not Too Distant Future

Today's law firms are faced with new challenges and opportunities to maximise efficiencies. They must develop and employ strategies and tactics based on the client perspective. The moment we begin to consider and quantify a process, we begin to appreciate things that could be improved, either in the client's eyes or the firm's eyes or both⁸. Although not all processes succeed at first, having the right conviction on improving it will benefit both the client and the law firm. What we must grasp is that each law firm and their clients are unique. Firms need to find their own way to employ management philosophies such as Lean. But with its emphasis on measuring value rather than time, Lean is one way to help deliver more for less. Approaching a system like Lean and utilising it with the right mindset can produce success and position firms with a competitive advantage.

Innovative approaches to the provision of services offer an opportunity for a massive shakeup to the legal profession. Astute law firm leaders partner with clients to fully understand their business operations inside and out. The race for survival and supremacy is perennial and all players must find ways to keep providing innovative solutions to customers in order to stay relevant. Will law firms adapt or become an endangered species? Mitch Kowalski, a front runner in the 'NewLaw' movement shares his vision on that question in his book, *Avoiding Extinction: Reimagining Legal Services for the 21st Century*. Kowalski states that "firms that do not change their business model and embrace innovation are dousing themselves in gasoline and marching along a burning platform to their own destruction." A sombre forecast.

This is part three of a three part series on innovation in the legal industry. Read parts one and two.





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Appendix

¹ "What is Lean", <http://www.lean.org/WhatsLean/>.

² Steve Mark, Tahila Gordon, "Lawyers' monopoly is in the spotlight", 2013, The Australian. <http://www.theaustralian.com.au/business/legal-affairs/lawyers-monopoly-is-in-the-spotlight/news-story/298b195c58b0c6bac2b2cff2c8d610ff>.

³ "Client Dynamics Driving Change in the Legal Profession", 2014. https://www.roberthalf.com/sites/default/files/Media_Root/Images/RHL-PDFs/RHL_FLO_2014_0.pdf.

⁴ Jennifer Clark, "Benefits of the Lean Six Sigma Methodology & Culture", 2015. <https://www.pddnet.com/article/2015/06/benefits-lean-six-sigma-methodology-culture>.

⁵ "What is Kaizen". <https://www.kaizen.com/about-us/definition-of-kaizen.html>.

⁶ Ibid.

⁷ Karn Bulsuk, "The Kaizen Mindset", 2011. <http://www.bulsuk.com/2011/12/kaizen-mindset-5-points-to-develop-it.html>

⁸ Catherine MacDonagh, "Law Firm Approaches To Process Improvement", 2012. <http://www.legalleansigma.com/sitebuildercontent/sitebuilderfiles/3approaches.pdf>.

