

‘Waste not, want not’ – the modern lawyer: a garbage collector?

In the second part of HBA Legal’s three-part series, we take a look at the management philosophy Lean Six Sigma and how it can operate in law firms.

Henry Ford believed that *“it is not the employer who pays the wages. He only handles the money. It is the product that pays the wages”*¹. Ford, who eponymously formed a manufacturing company in 1901, pioneered integrating an entire mass production process. After the Second World War, we saw a small auto manufacturer in Japan named Toyota transform its company into the largest car company in the world. ‘Lean manufacturing’, a management philosophy, is much of what was behind this change. In essence, Toyota separated every component of the manufacturing process to discover what could be streamlined or removed without diminishing its quality².

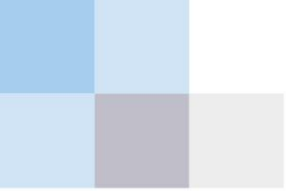
This methodology is not alone. Six Sigma, the well known management strategy, also emphasises process quality and the removal of discrepancies and flaws from products and services³. Developed by Motorola in the mid 1980s, it was initially used in manufacturing before being tailored for use in many other industries over time. ‘Lean Six Sigma’ (or simply ‘Lean’) is the child of both Lean manufacturing and Six Sigma methodologies⁴. It is both data and focus-driven and is well suited for the professional services industry such as law.

Eight Deadly Sins - A Legal Counterpart

Lean aims at enhancing process speed and quality by cutting back on process wastes. There are eight types of waste that can be cut-off from business processes to reduce costs and time: defects, overproduction, waiting, non-utilised talent, transportation, inventory, motion, and extra-processing. These wastes are collectively known as DOWNTIME⁵. Examples of some of these wastes as applied to a legal context are below:

- **Defects** - Work that is defective is seen as waste. For example, work that has to be reworked because of errors or omissions.
- **Overproduction** - Time is a lawyer’s most limited resource. Doing more than what is needed can be a misuse of resources. For example, research undertaken on a legal issue that has already been covered in another matter would be seen as waste.

Waiting and Delays - Time lost when people, machines or information are waiting, idle, warming up, or awaiting processing is time wasted. This does not include interruptions that a lawyer may face on a day to day basis. Getting back up to speed is further time lost.

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- **Non-utilised Talent** - Failing to recognise the potential of all the people in a team is wasteful. So, too, is failing to assign work to the most suitable member. A Lean organisation uses the skills and talents at its disposal to the maximum.
 - **Transportation** – Transportation waste is significant in the legal profession. A lawyer can benefit from the digital transfer of information at times, reducing ‘transportation costs’ such as emails and electronic discovery.
 - **Inventory** - In a legal sense this is simply another word for WIP (work in progress). Excess WIP costs the firm money. It indicates ineffective workflows or staffing problems Effectiveness results in ‘right sized resourcing’⁶.

Motion - Wasted motion is movement of people that doesn’t add value. In a law firm this may be searching for a missing file, either hardcopy or digital due to poorly designed filing systems.

- **Extra-Processing** – Some lawyers may do work on cases than their clients do not want. And the amount of work may be disproportionate to the value of the case, which burdens our legal system. Part of the solution is greater collaboration with clients to understand what they want and communicate back clearly how much it will cost to deliver the clients desired outcome.

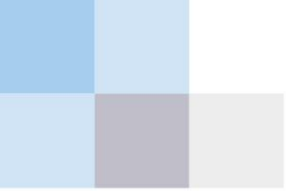
So Why Do Lawyers Need It?

The intention of Lean is to remove the waste to focus on the processes that add value⁷. This ideology is the basis as to why Lean methodologies have been so successful in advancing business performance in a number of industries. Service providers that employ Lean see noticeable improvement throughout their business, including improved speed, quality and cost, improved client satisfaction and greater profit⁸. Law is a service and like all services, opportunities for waste flourish. Lean provides lawyers with an alternative for examining legal and business processes. Specifically, Lean affords lawyers a route to navigate the shifting legal market we face today.

Why Should Law Firms Care About Waste? We Are Not Garbage Collectors!

The legal industry faces an interesting predicament. We now live in an era where clients expect more for less from their lawyers, measuring performance based on value, rather than time⁹. Lean may help align both client and lawyer interests. While the challenge for many firms is making the transition away from a traditional law firm culture (‘OldLaw’) the advantages of adopting new methodologies (‘NewLaw’) are clear and measurable. By applying Lean within the law firm, it can translate into more business, improved efficiency and productivity, lower costs and more profit. In turn, clients will see a better, faster, value-adding service, with reduced costs and more transparent billing, a greater





predictability for their legal spend and improved communication and responsiveness¹⁰. It is more...for less.

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

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Appendix

¹ Steven Hoeft, “Stories from My Sensei – Learned Implementing Toyota Style Systems”, page 97, 2009.

² “A Brief History of Lean”, <http://www.lean.org/WhatsLean/History.cfm>.

³ Freddie Pierce, “Motorola’s Six Sigma Journey: In pursuit of perfection”, 2011.

<http://www.supplychaindigital.com/procurement/2068/Motorolas-Six-Sigma-Journey:-In-pursuit-of-perfection>

⁴ “What is Lean Six Sigma”, <https://goleansixsigma.com/what-is-lean-six-sigma/>.

⁵ Ilina Rejeva, “Insiders’ Views: How Lawyers Can Benefit from Lean Six Sigma”, 2015.

<https://legaltrek.com/blog/2015/04/insiders-views-how-lawyers-can-benefit-from-lean-six-sigma/>.

⁶ Right number, right experience and right advice.

⁷ Above n 4.

⁸ Kenneth Grady, “Lean Is The Path To The Perfect Legal Practice”, 2016.

<http://www.legalbusinessworld.com/single-post/2016/10/30/Lean-Is-The-Path-To-The-Perfect-Legal-Practice-Part-2>.

⁹ “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

¹⁰ Above n 7

