



Lawyers and Innovation: An Uneasy Alliance

Written on February 23, 2010 by Donna Seyle

Much has been written and discussed about the reticence with which lawyers approach the massive restructure of doing business as they knew it. Law school trains us to make legal arguments by following precedent, to rely on what has been decided before. Almost all lawyers have gone to work at law firms after passing the bar, and learn from an established institution how “things are done”. While this is true of other professions as well (i.e., the medical profession, and look at the mess they’re in), there is not one profession that is more risk-averse than law. And since change involves risk, well. . .you get my point. And right now, lawyers have a lot of change on the table.

In “Innovate Now?“, Michael J. Anderson writes: ”

When law firms finally realize that they are falling behind (minimal or non-existent profit growth, lower margins and/or declining market share), the first knee jerk reaction is to reduce costs and start to restructure. In law firms that usually means laying off associates and staff. The sad thinking seems to be that since there is little chance that we can increase the total number of billable hours, we had better share those hours among fewer people and those people should be the owners. For some strange reason we choose to keep the people who cost us the most and let go those who cost less and who will provide a better long term and short term future for the firm.”

That kind of response to today’s economic tsunami is both shortsighted and ineffective. Clients are straight-up refusing to pay ludicrous hourly fees, so law firms are now faced with finding a different, or “alternative” billing model. This process involves a thorough review of the amount and nature of legal work necessary, the value this work will bring to the client, and complete accountability for and transparency of the work performed.

In order to implement this model, changes need to be made not in a knee-jerk reaction, but in a formalized review of the firm’s practice management that will reduce the risk economic loss in value-priced package. You must determine: 1) whether the work-flow methodology is the most cost-effective, and 2) whether the skills of each associate or staff member are compatible with the work assigned to produce the greatest efficiency. Is the firm just following the “way it was always done” map? Have you implemented practice management techniques to improve both the quality of work product and of work environment? Do you need to hire a Project Manager to oversee newly established procedures? Asking these questions is the only way lawyers can

begin to meaningfully and profitably design billing models other than the billable hour and rest assured they will not go out of business.

Then there is the massively influential rise of social media marketing. Blogging. Networking. Social engagement. Publishing. Webinars. Monitoring the results. Marketing has firmly embedded itself into the strange new world of web 2.0, and most lawyers didn't even like web 1.0. Let's just say that if social media were a person, s/he would not be invited to the firm's Christmas party.

But you cannot afford to allow this aversion to affect your business decisions. If you don't have the time to do it, hire someone who can. If you say you can't afford it, ask yourself: can you afford NOT to do it? Think about how much time and research was spent to determine where best to advertise to reach your target market. Well, guess where all those potential clients are now? Online. Go there.

All of this can be accomplished more easily by embracing technology. Technology is your friend. Research virtual law office platforms to find the one that fits best with your firm's environment and transfer onto it. Check out as many legal tech tools as you can. Used correctly, these tools can streamline your communications, case/document/knowledge management systems, automate your ediscovery compliance efforts and keep you updated, informed and on time for meetings. The time management and cost effectiveness can handily reduce your overhead.

To research the tech tools available, search legal IT sites such as TechnoLawyer.com, LegalITprofessionals.com and Mylegal.com (among many others) to learn more about how you can leverage technology to keep the bottom line intact.