

# Law Firm Innovation Guide

**A powerful framework for driving growth  
and positive change at your firm.**



**REVENUE WISE**

THE SMART WAY TO GROW

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# Table of Contents

Introduction .....4

Get Prepared.....7

Get Clear .....12

Get Real.....16

Get Started.....19

Get Done .....21

Revenue Wise Information .....22

# Introduction

## Purpose of this Guide

We wrote this guide to help you become a change agent in your firm and explain what you need to do to stay competitive and thrive in these challenging times. We also want to give you some practical tools so you can approach your next change initiative with confidence and above all, to make it a success.

## Goals of this Guide

1. Help you recognize the challenges you'll face
2. Explain the importance and advantages of innovation
3. Stimulate your thinking for ways you can innovate at your firm
4. Give you a step-by-step framework for getting started and getting done

## Why Innovate Now?

For many years, law firms enjoyed steady growth and few significant threats. Practice groups flourished, new attorneys were hired, firms expanded into other cities and bottom lines grew. At most firms, leadership felt they had a good handle on matters and things were stable and predictable. Unfortunately, those times are gone.

Today the entire profession is being challenged. The “Clients” are now in control, demanding firms deliver their services in ways they struggle with – faster responses, cheaper costs, better systems, and innovative approaches to helping them solve problems. “Disruption” — the radical upheaval of an industry — has hit numerous industries: travel (Expedia), hospitality (Airbnb), taxi service (Uber) and is beginning to upend the legal industry, as attested by the recent stream of spectacular firm failures. As the head of HP’s printer division said in answer to the question why he developed a new printer that cannibalized his current one, “if I don’t do it, Epson will.”

All law firms, to stay relevant and profitable, must adopt an “innovation culture.” It starts at the very top of the organization, and flows to every lawyer and staff member. Hoping things will work out doesn’t cut it anymore. Competition is fierce and working hard to take your clients right out from under you by giving them everything you’re not.

The best way to avoid becoming a casualty of this disruption is through implementing positive change and innovation. In short, you need to take control and “invent your future” — now. This guide will show you how.

## Innovation Defined

Innovation has many meanings, but is best best defined as “significant positive change.”

And while positive change is good, it is also disruptive. Disruption should be viewed in a positive way, as it can improve the firm and practices, yet unfortunately, disruption can also cause fear, and fear causes resistance.

Think back to what may have passed for “radical change” in your firm – such as a new billing approach, flex-time partners, sending sensitive client information via email, acquiring another firm or allowing attorneys to work from home. And how did you react when someone recommended spending all that money so the attorneys could have their own laptops and firm-sponsored cell phones? At the time, we bet most of you thought making these types of changes was crazy. Looking back, we imagine it seems odd now so many people got so worked up about such changes, and muttered to themselves – “What’s going on around here? Why are we spending time and money on these things? And what happened to the good old days of just serving clients and making money?”

Today a whole new set of challenges are upon you and thus a whole new set of changes are required: managing matters with greater efficiency; dealing effectively with overcapacity, addressing non-productive lawyers and aging rainmakers; changing the compensation structure to better reward top performers; devising alternative billing models; implementing flexible scheduling; expanding into entirely new markets; and training all lawyers to be productive business generators.

Solving these new problems will require innovative thinking and solutions.

## Stay Positive and Reduce the Resistance

It’s not your imagination. Innovation in law firms can be hard.

When you launch a change effort, a host of unforeseen barriers emerge: turf wars; personality conflicts; office politics; silo practice groups; remote office buy in; generational leadership opinions and the law firm “killer” — non-billable time devoted to the effort.

Add to all this the often skeptical, strong-willed attorney personalities, and it’s easy to see why it’s so tough to bring a team together to make even the smallest improvements.

To succeed, you need to step up and lead. Leadership requires strong Emotional Intelligence (EQ) to manage and assuage your colleagues fears and concerns throughout the process.

While challenging, innovation projects, correctly run, are needed and well worth the effort.

## Innovation ROI

Successful improvement projects of any kind need to be directly tied to the ultimate benefits and advantages they create. In short, before embarking on any large or small-scale change effort, ensure the return is sufficient to justify the investment.

Conducting even the most basic analysis can indicate if a project is worth pursuing long before committing significant resources. Gather data to determine the potential positive outcomes, such as greater revenue, lower costs, time saved, improved client retention or improving team dynamics and morale.

And once a project is a success, make sure you confirm your improvement efforts and publicize the results to the firm. This will create positive momentum for future projects.

## Plan for Success

As you have gathered from the previous sections, completing a successful innovation project requires a concerted effort. To increase your odds of success, we've developed this straight-forward process you can follow that's proven to work:

- ▶ **Get Prepared:** In this first step, think through your idea and try to imagine things when completed, along with the challenges and resistance you undoubtedly will encounter before you start your project. How can you mitigate this resistance in advance?
- ▶ **Get Clear:** Next, consider your most pressing problems and what really needs to change. Brainstorm possible ideas in all the major areas: revenue generation, service improvement, client service, technology, workflow, staffing, expansion, etc. What changes would have the biggest positive impact for you and the firm?
- ▶ **Get Real:** You can't change everything all at once, so narrow your focus. Given a host factors, including your available time and status within the firm, what can you realistically change at this time? Remember, there's only one way to eat an elephant – one bite at a time.
- ▶ **Get Started:** Don't wait, get started. Being cautious and waiting for the perfect opportunity does not work. Follow our project plan and get your innovation project launched. Your competitors are already underway on their change efforts.
- ▶ **Get Done:** Set an end date and hold yourself accountable to complete your project. Don't let it drag on. And when you're finished (assuming it worked), celebrate and "publicize" your success; capture what worked and what didn't; and use the momentum to start the next innovation effort.

# Get Prepared

## Prepare for the Challenges (before you begin)

If you are ready to champion an innovation effort, it is wise to plan for the challenges in advance.

You will face three common challenges:

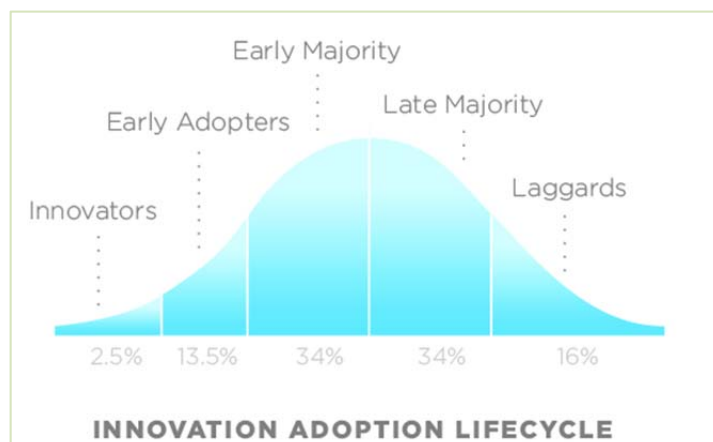
1. **Culture:** Your firm's natural adoption/resistance to change.
2. **Resources:** Securing support, buy-in and scarce budget dollars.
3. **Obstacles:** Overcoming the inherent issues that can plague any change effort.

A recent McKinsey & Company report shows that 70 percent of change programs fail to achieve their goals, largely due to poor planning, weak focus, cultural resistance, unforeseen obstacles and lack of management buy-in and support. On the other hand, when all these issues are addressed early on, you can expect your project to proceed more smoothly and ultimately succeed.

## How Open to Change is Your Firm?

Everett Roger's Innovation Adoption Cycle, originally published in 1957, has been widely used to show how quickly companies and individuals implement new changes. This is a very useful way to quickly ascertain how innovative your firm is and how receptive they are to change. An easy way to determine where you are, is to look at your firm's latest large technology purchase and ask "How long after this technology was introduced did the majority buy into it?" How did I react to this new change?

Overall, where does your firm land on the innovation adoption lifecycle curve?



## Innovation Adoption Lifecycle Explained

- ▶ **Innovators are Enthusiast's** who will pursue new ideas and technologies out of a pure interest in innovation. They are “first to market” in new service offerings, use the latest software, apply new ideas, and just seem to be ahead of everyone else – and best of all – they get credit for it and often use it as a badge of honor.
- ▶ **Early Adopters are Visionaries** who will embrace new ideas and change for the opportunity to create a competitive advantage for their organization. A simple, but good example is how firms are adopting Legal Project Management techniques to reengineer their service offerings. Positive change brings advantages.
- ▶ **Early Majority are Pragmatists** who will adopt new methods once its value has been proven and there are well-established references signaling that the idea is not a fad. This often applies to firm-wide implementations of new alternative billing methods, social media marketing or established and safe new technologies.
- ▶ **Late Majority are Conservatives** who share the concerns of the early majority, but are less comfortable with change and therefore also require lots of support and reassurance to adopt the new methods or technology. Driven by uncertainty and fear, or concerned about investing money, these firms act and feel dated to clients and often fall behind.
- ▶ **Laggards are Skeptics** who will resist change or new technology and only buy as a last resort. These firms will often wait until clients demand they change or when things literally break. They get pushed into the situation of “make the change or lose our business.” Culturally, they simply never truly embrace change.

## Common Beliefs at Law Firms

Based on serving law firms of all sizes across the country, we've often encountered a steadfast resistance to change. Some resistance is driven by culture, others by individuals, and many times by fear and uncertainty that the efforts will pay off in the end.

Here are just some of the comments and beliefs we've heard. Do any of these sound familiar?

### **What we're doing now seems to be working just fine, so why mess with it?**

*“My team is doing ok. We're delivering good work, on time and making money. I'm really not interested in making changes right now. Let's wait until we really have to.”*

### **The changes you are suggesting will expose me for perhaps not knowing everything.**

*“I went to law school, not business school. Innovation will mean learning new things, revealing my lack of know-how could be perceived as a weakness by my partners.”*



**Around here, we get evaluated, and compensated for our billings and business generation, not new ideas.**

*“My billings are up for this year and I’m making the kind of money I need. I’ve always thought my role here is to focus on being a great lawyer and to take care of my clients. Let someone else worry about that innovation stuff.”*

**We get paid to spot problems and avoid risks, so why consider alternatives?**

*“Look, I have enough on my plate right now. Don’t ask me to spend time evaluating the benefits of something we “think” we need. Let’s just keep things the way they are.”*

**We tried something like that years ago and it didn’t work...why try again?**

*“We spent so much time and money the last time, I’m just not sure. And we trusted the consultants to guide us through the changes. Looking back, we started strong, but in the end never really accomplished what we set out to do – the projects just withered away.”*

**I’m already making good money...why would I want to change things?**

*“I have made a huge investment in my practice area – and it’s paying off. I don’t want to rock the boat right now. Let someone else take the lead on this.”*

**Don’t tell me to ask my clients for input, I don’t want them to think we are weak in certain areas.**

*“I’ve read a bunch of stories on how general counsels are unhappy with outside counsel and want to see innovation in their law firms. Right now we are doing well and all they care about is keeping costs down and winning. We don’t need to change anything.”*

**This firm was built on a certain culture – I’m not going to mess with that.**

*“It’s taken us years to build our culture. Now you want us to make changes that may not be right for us – I’m worried we’ll be losing something in the end.”*

**We didn’t get where we are today by sticking our necks out and taking chances. Have other law firms tried this?**

*“Innovation sounds great, but it’s not what we’re about. I’d rather wait and see how these changes worked at other firms before we try anything like that here.”*

**I’m already working overtime to manage my case load – I just don’t have the time, or energy, to take on something else.**

*“I’m already working extra hours just to keep up with my caseload – and so are my associates. Spending time on new projects is not practical for us, as our first focus is on serving clients and getting the work done...and of course month end billing.”*

## Envision Positive Changes

As you have read, making changes, whether personally, in a practice group, office or firm wide has its challenges. Now that you have a good understanding of your firm's innovation adoption culture, and some of the barriers you'll face, it's time to begin.

Innovation requires leadership. And making changes requires ownership.

Do not be deterred from your efforts. Making changes and driving new thinking and innovation will require your perseverance and a well thought out plan. Without question, you will encounter "bumps in the road" and also new discoveries you may not have thought of when you began.

Take everything in stride, learn and adjust and keep a positive winning attitude.

## Worksheet: Get Prepared

Before you read on, jot down some answers to these questions?

1. Where is your firm culture on the Innovation Adoption Cycle?
2. What do you need to have in place before you embark on this change effort?
3. What type of obstacles might you encounter?
4. Who will be most resistant to your project?
5. Who will be most supportive?
6. Rather than responding “no” to every change effort, could you start with “maybe” this idea has value?

# Get Clear

## What Needs to Change?

This simple question will immediately conjure up a slew of ideas ranging from changing simple work procedures to making large-scale structural changes. To help you organize your thinking and determine where to begin, take into account three things: the scope of change, the impact you want to make and the areas to change.

### The Scope of Change

As we have mentioned, the scope of change you can effect is based on your position and power within the firm. So, even if you are a new partner, a practice group attorney, or a department manager, you can still choose to innovate where you feel it will have the best impact.

**Here are areas of the firm you can choose to change:**

- ▶ Myself/My Practice
- ▶ My Practice Group
- ▶ My Region/Office/Department
- ▶ The Firm

### The Impact You Want to Make

As you get started, think about how big an impact you want to make...minimal, incremental or significant?

### Areas To Change

Now it is time to look for what to change. Here are some big categories to get you started:

- ▶ Business Model and Strategy
- ▶ Marketing and Business Development
- ▶ Client Growth and Service
- ▶ Talent Management
- ▶ Processes and Structure
- ▶ Technology Upgrades

## Areas To Change

Based on some of our past client assignments, best practices and industry trends, here are some representative questions to prompt your thinking.

### Business Model and Strategy

- ▶ What new service delivery and pricing models could you implement that would make it almost impossible for a client not to hire you? What one thing would give you a significant advantage over your competitors?
- ▶ What new services could you offer your top clients, that they highly value and are being poorly delivered by the competition?
- ▶ What law firm or group of laterals could you acquire to fill a huge whole in your service line?
- ▶ Does your compensation system need to be reworked to reward the behavior you most want to encourage?

### Marketing and Business Development

- ▶ How can you improve every senior associate's and partner's business development skills so that originations grow by 10-30% a year for 3 years?
- ▶ How can you take advantage of social media to connect with and build a tribe of followers in your area of expertise or a hot new practice area?
- ▶ Could you implement a practice-based sales pipeline tool that would create more accountability and help better track hot prospects?

### Clients Growth and Service

- ▶ What new client service/loyalty program could you implement that would make your top 10 clients impervious to competitors?
- ▶ Could you implement a cross-selling program, based on innovative new service offerings and levels of service that would result in a 10%-25% increase in billings from your Top 10 clients over the next two years?
- ▶ What type of concentrated effort could you mount that would result in 7 new High Value Clients over the next 2 years?

- ▶ How can you increase your Net Promoter Score (NPS) so that your Top 30 clients are true “promoters” of your services?

## **Talent Management**

- ▶ What new talent-development program could you implement that would take 10 of your “B” level players and turn them into “A” players within 3 years?
- ▶ How can you improve the leadership competency of your practice leaders, so that everyone is more engaged, happier and more productive?
- ▶ How can you up the level of morale and engagement amongst everyone at your firm?
- ▶ How can improve your recruitment process to increase the number of “A” players you bring into the firm?

## **Processes Improvement**

- ▶ Could you implement Legal Project Management tools and techniques to significantly improve the efficiency of the service delivery process for key practice areas?
- ▶ Could you reengineer and streamline an outdated process that will reduce the cost of that process by 30% or more?
- ▶ What new alternative billing models could you implement to improve client retention and firm profits?

## **Technology Upgrades**

- ▶ What new technologies are your high paying clients asking for that you have been putting off deploying? How long will it be before they seek new counsel if you don’t make improvements?
- ▶ What new “big data” mining software could you implement that would give you real insight into your clients’ performance?
- ▶ Would Client Relationship Management (CRM) help your sales effort?
- ▶ What software and data storage could you move off your servers and into the Cloud?

## Worksheet: List All the Areas You Could Change

Brainstorm a list of change initiatives you could take on. Don't edit at this stage, just make a list.

# Get Real

## What Can You Realistically Change?

Now it is time to get real and decide what you can realistically change. If you are the Managing Partner or a Management Committee member with a large book of business, you are much more likely to get a significant innovation project approved.

Consider these variables has you make your decision...

- ▶ Your position within the firm
- ▶ Your firm's willingness to change
- ▶ Your firm's leadership
- ▶ Your firm's available funds
- ▶ Your ability to enlist support

## FOCUS - The ONE Thing Model

The best selling book, *The ONE Thing*, provides an excellent model for focusing your efforts on the most important project to tackle. As the title suggests, pick "one thing".

On the next page is a summary of some of the key ideas of the book. Use them to your advantage.



## The Focusing Question

Use this focusing question, found in the book, to determine your single focus, specific action and measured outcome for your innovation project:

What's the **one thing** I can do  
[in this area and within this timeframe]  
such that by **doing it**,  
everything else **will be easier** or unnecessary?



## Summary of Key Ideas from *The ONE Thing*

- ▶ **Productivity is driven by purpose and priority.** Productive people start with purpose and use it like a compass. They allow purpose to be the guiding force in determining the priority that drives their actions. The more productive people are, the more purpose and priority are pushing and driving them.
- ▶ **Thinking big is essential to extraordinary results.** No one knows their ultimate ceiling for achievement, so worrying about it is a waste of time. None of us knows our limits. The only actions that become springboards to succeeding big are those informed by big thinking to begin with. Don't let small thinking cut your efforts down to size. Think big, aim high, act bold.
- ▶ **Learn to prioritize.** The Pareto Principle states that the majority of what you want will come from the minority of what you do. Some things matter a lot more than others. The inequality of efforts for results is everywhere in your life if you simply look for it.
- ▶ **You have to make plans deliberately.** Lacking a clear formula for making decisions, we get reactive and fall back on familiar, comfortable ways to decide what to do. As a result, we haphazardly select approaches that undermine our success.
- ▶ **Create a domino effect.** The domino effect applies to the big picture, like your work or your business. Success builds on success, and as this happens, over and over, you move toward the highest success possible. Success is built sequentially. It's one thing at a time.
- ▶ **You only have so much time and energy.** When you spread yourself out, you end up spread thin. You need to be doing fewer things for more effect instead of doing more things with side effects.
- ▶ **Stick to one thing until you get there.** Narrow your concentration down to one thing. Extraordinary results are directly determined by how narrow you can make your focus. Recognize that not all things matter equally and find the things that matter most.

## Worksheet: List The ONE Thing You Will Change

Choose your innovation project and list the significant positive change.

# Get Started

## Don't Delay – Start Today

Seth Godin, a popular author and world renowned speaker, recently published a book called: *What To Do When It's Your Turn – and it's always your turn*. Throughout the book, Seth reminds us of the fear we have to getting started and trying out our ideas, and how we often hold back, waiting for others to step forward. Seth also reminds us that most people are filled with ideas about what to innovate and improve, but simply freeze when “it's our turn.”

Well, its your turn. So Get Started.

## Innovation Framework

There are countless models on how to tackle a change project, unfortunately none of them were written with law firms in mind. We present a simple six-step process proven to work in even the most change-resistant law firms: Lead, Catalyze, Clarify, Justify, Lobby and Commit.

### **Lead. Become a committed leader.**

All change efforts require a committed leader. As mentioned earlier, the scope of change you want to tackle and your position within the firm will determine if you will become the leader, or will need to enroll someone with more power than you to help co-lead your effort.

Even if you have the “juice” to make something happen, it is more fun and easier if you have a “project partner” to help out. They can bring passion and new ideas. They can break down barriers and help you move the innovation through the organization. Think of them as “your wingman or woman”, riding shotgun, watching out for foes in hidden places.

### **Catalyze. Find a driver for this change.**

One of our favorite quotes from the Innovation Roundtable is “there is no penalty for doing nothing, particularly during times of prosperity.” If there is not a sufficient enough reason or catalyst driving your change effort, it is unlikely to get off the ground.

Catalysts can be either positive or negative. Ideally, try to find both. Unfortunately, human nature seems to be more motivated to avoid something bad happening than getting something good. People often need, what we call in the change business, a “burning platform.”

Whichever ones you choose, make them clear and compelling!

### **Clarify. Know the what, how, when, and who of your project.**

Having gone through a process of brainstorming new ideas, select the one most likely to get approved. Once you have done this, develop a very clear project plan, timeline and budget for making the change happen. Assemble the right team, ensuring you have the necessary personality types to create a well-rounded group.

### **Justify. Build the business case.**

Once you've proven to yourself it's right, "run the numbers" to justify the investment. In law firms, your fellow partners will often get onboard when you can show ways to drive down costs, free up time, and add profits to the firm. Remember, attorneys are skeptical by nature, and need to know the outcome before they invest time and support. Build your case.

### **Lobby. Secure support before the vote.**

Before you secure formal approval, do what every good leader does — secure the vote before the vote. Enlist key partners, with power, to support your idea. This includes people on your team. The more support the better. Doing this now will give your initiative momentum right from the start.

### **Commit. Invest the time, money and resources.**

Lastly, with your approval in hand, your team in place and funds allocated, commit to do whatever it takes to make your project a success. Stay focused, learn and adapt as you go and works towards closure. You have to succeed.

# Get Done

## Drive to Closure

As obvious as it sounds, you have to complete your project. You've heard the expression "Git Er Done," so don't let your project languish. Do what it takes to complete your project. If for some reason you decide to stop or if you determine it is not working, then officially shut it down. Take what you learned and do better next time.

So, drive your project to closure.

Throughout the change effort, record your progress. What have I done to date? What have I learned or uncovered along the way? Who has been my supporter and who is resisting the changes? What will it take to finish? And once done, how can I show my firm the positive results.

## How Will I Know It's Done?

Here are few tips to help gauge completion:

- ▶ Is the change/improvement tangible? Can I show results?
- ▶ Do we have buy in with everyone involved?
- ▶ If an internal improvement, do our clients notice and approve?
- ▶ Have we "disrupted" the competitive landscape and taken a brief step ahead?
- ▶ Have I done everything I can to lead the effort to its conclusion?

## Celebrate, Reward and Learn

When you succeed — and we expect you will — celebrate your win, publicize the results and reward your team. It is important to do an after-project review to demonstrate the project's return on investment and gather what worked and what didn't. You can use this insight to run your next project more effectively.

# Revenue Wise Information

## David Adams



David Adams is a seasoned coach, author and speaker. He brings over 20 years of experience to his role of helping attorneys and firm leaders improve their business development and leadership skills. David is expert in helping lawyers, working individually and in practice groups, develop the necessary attitudes, behaviors and capabilities to succeed. He is committed to helping attorneys achieve that ideal combination of professional success and personal fulfillment.

## Revenue Wise

Revenue Wise is a full service firm that specializes in helping law firms grow revenue and improve performance. We use a combination of coaching, training, and consulting to help lawyers, practice groups, and ultimately, law firms become more successful.

We have been serving law firms for over 20 years and count some of the nation's top firms as our clients, including Latham, Orrick, Littler Mendelson, Fenwick & West, Kecker & Van Nest, Kilpatrick Townsend & Stockton, Holland & Hart, Lindquist & Vennun and many other firms.

## Innovation Assistance

If you need help with your next innovation project, consider Revenue Wise. We have developed a proven and effective process that will make your next project a success. Our involvement can range from high-level planning and guidance to managing the entire project.

## Contact Information

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