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Be The Fire! 12 ways to get more innovation happening in your law firm

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With the downturn in the economy, markets have shrunk and competition has intensified. Other law firms are pursuing your clients and their money. Clients shop around more. Legal services are increasingly seen as a commodity. If clients do not perceive any valuable differences between firms' offerings, they will choose their service provider on price.

How are law firms responding to the changed economic conditions? Are they just expecting their people to work harder? Or are they developing value-added, innovative responses to their clients' changing needs? In this economic climate, even more than ever, law firm leaders must turn their minds to how they will achieve and sustain competitive advantage.

In a 2009 survey by Harvard Business Review¹, companies across a range of industries were asked what opportunities they were seizing as a result of the present economic conditions. A significant proportion indicated that they were responding to the downturn by innovating in a variety of ways:

- 35% were "Creating new products or services".
- 37% were "Improving current products, services or customer support".
- 46% were "Encouraging employees to think entrepreneurially".
- 47% were "Targeting new customer segments or groups".

Which of these things is your law firm doing? Could you do more? How can your firm make innovation a part of daily life and business? The answer is to *lead for innovation*.

This paper offers twelve ways in which leaders can create a workplace culture where new ideas flourish – to turn your firm into a "cauldron of innovation". Your

¹ Survey conducted online March 26-April 10; 1,213 members of the HBR Advisory Council participated. Results published in *How Bleak is the Landscape?* Harvard Business Review, July-August 2009, pp. 92-93

leadership provides the heat that makes the cauldron bubble so new ideas can form. As leader, you must “be the fire”.

What is “innovation”?

Innovation is the constant quest for competitive advantage.

Innovation is often equated with invention and technology. I used to be on the Board of an Association which awarded prizes to law firms for innovation. Most of the submissions were applications of technology. Innovation is much broader than this. It means creating or doing new things, or doing things in new or better ways, to reduce costs or add value.

Innovation can be applied at three levels:

1. In your business strategy – your decision as to how and where to compete. This involves having a good understanding of your firm’s strengths, and finding new and better ways to use them to provide value for clients.
2. In your service offerings – the services you offer, how you package them, how you deliver the service and your approach to pricing.
3. In your business operations and management - your systems and procedures, the way you market your services, how you recruit and train your staff, and the way you communicate with your staff and clients.

The benefits of innovation

Innovation offers unlimited potential to differentiate your services from those of your competitors. This lessens the need to compete on price.

Innovation helps you respond more effectively to your clients’ changing needs. Your clients don’t know what is possible or available until you offer it to them.

Encouraging your people to be innovative motivates, energizes and engages them. It helps you get more value from those expensive, big-ticket items, your people.

Involving people in innovation makes them feel a part of your business. It empowers them to change the things that are not working well and to help the firm succeed. When you seek and act upon suggestions from your staff, their sense of belonging and job satisfaction increases. This helps to retain your staff members and to attract others to work for you.

How human nature sabotages human ingenuity

It has become fashionable for organizations (including law firms) to say “We are innovative”. But saying so doesn’t make it so! Innovation is a challenge for all businesses, especially for law firms.

Humans are naturally creative and ingenious, but in a group situation, human nature can work against human ingenuity.

People tend to resist change. Innovation means making and accepting change.

We are drawn to people who are similar to ourselves. However, innovation is more likely to come from groups with diverse backgrounds and opinions, different perspectives and different ways of thinking and working.

We like to be accepted and well-regarded by others. But when we put forward unexpected, untried suggestions, people might think we are a bit strange. Many people avoid making suggestions that might be rejected or judged adversely.

People are very conscious of hierarchy and will judge ideas according to who suggested it. Innovation, however, requires a belief that good ideas can come from anywhere.

At work, creativity can easily be stifled. People who work in a narrow technical field may feel that their creativity is not required or even welcomed at work. So they leave their imagination at home.

At work there is time pressure. In meetings, there is a desire to deal with agenda items as quickly as possible so everyone can get back to work. But when you are innovating there is rarely a direct route to a solution; you need to generate and discuss a range of possibilities.

In a study reported in Harvard Business Review², researchers sought to identify the factors that cause employees to bring ideas to their bosses or withhold their ideas. They interviewed 200 employees of a leading high-technology company. This company had formal mechanisms for people to speak up, such as an Ombudsman and grievance procedures. Yet, in a survey, half the employees indicated that they felt it was “*not safe to speak up*”. In particular, they were reticent to put forward creative ideas for improving products, processes or performance. When questioned about this, there were three main types of responses:

1. Some people had experienced a hostile response from a manager when they had made a suggestion.
2. Some related stories about people who had spoken out publicly and were “suddenly gone from the company”.
3. For many people, it just *felt* risky. They just didn’t know what would happen if they made a suggestion. Some were worried about embarrassing their boss in public. Some felt that the suggestions would be resented.

² Detert, J.R and Edmondson, A C, *Why Employees are Afraid to Speak*, Harvard Business Review May 2007 p.23

The message is that you cannot just expect people to volunteer their suggestions. This is not confined to poorly-run businesses; it is a fact of human nature. Leaders need to specifically invite ideas and actively develop a climate where their people feel comfortable to offer their suggestions.

Specific challenges for law firms

Law is a conservative profession. Processes and solutions are prescribed by legislation. In the common-law tradition at least, lawyers are trained to apply precedent; to look at what has been done in the past. In the main, lawyers travel a well-tested road, taking few risks. Innovation involves breaking away from tried and tested solutions. It requires trail-blazing, taking an untravelled road and seeing where it leads.

The law is steeped in long-standing traditions. Innovation, however involves looking at familiar things in new ways and questioning the status quo.

Lawyers are paid to be pessimists. They search for all the risks and advise clients on how to avoid them. From their clients' business dealings, they see what can go wrong when people take risks, and this makes them risk-averse. Innovators need to be optimistic and take some risks.

Lawyers are trained to debate, object, refute, take a position and win the argument. This is counter-productive when seeking to generate innovative ideas. An unlikely idea might evolve into something valuable through discussion, if it is not immediately rejected.

Most lawyers are used to being successful, and many have never failed at anything. They tend to be perfectionists, particularly as they can be sued for making mistakes. However, innovation requires experimentation, and inevitably there will be some failures.

The billable-hours regime rewards lawyers for short-term results rather than long-term thinking. Time spent away from billable work is seen as wasted time. Innovation requires an investment of thinking time in order to create future revenue streams.

Lawyers operate reactively. They focus on current problems that clients have presented to them. Innovation involves identifying *new* problems and questions that are important but not immediately pressing.

The legal profession exerts a strong culture of conformity. People want to look and sound like lawyers. If you put forward an unusual suggestion, the more traditionally-minded people may raise their eyebrows at you. But this is what is required if you want to have an innovative law firm.

A culture of innovation – the ultimate key to competitive advantage

Sustainable competitive advantage is built on assets that are unique to your firm and which cannot be bought or copied by competitors.

Your culture of innovation is uniquely yours and cannot be bought or copied. Your *capacity* to innovate is the ultimate basis of competitive advantage.

Having a culture of innovation means having a constant flow of ideas and possibilities throughout your firm. It means that you actively seek ideas - all the time, not just on special occasions like staff retreats. It means that you act on or experiment with those new ideas.

Everyone should contribute to the innovation effort; not just partners; not just lawyers. This is a challenge for the legal profession, which is strongly hierarchical. If the suggestions of junior lawyers and support staff are dismissed or ignored, they may simply defer to the senior people and stop contributing their ideas.

Older partners with established practices often resist change. It might be feasible for them to keep doing what they are currently doing, until they retire. The younger people don't have that option. They have a greater stake in the future of the firm, and it makes sense to involve them in the innovation effort.

How leaders create a culture of innovation

Ideas are the raw material of innovation. But innovation doesn't just happen; it requires an effort to get people thinking beyond their immediate area of responsibility and beyond their comfort zone.

Leadership is the driver of an innovation culture. Your firm's innovation effort starts with you.

Here are twelve practical strategies to help you get more great ideas from your people.

1. Be fired up.

Moods and emotions are contagious. Do something each day to keep yourself energized, enthusiastic, optimistic – ready to innovate!

Leaders set the tone in an organization. People look to their leaders for clues as to how they should spend their time and energy. If you seem to care only about billable hours, that's all your people will focus on. If you seem downcast and weary, that feeling will spread throughout the firm.

Delegate your work so that you have some time for recreation. Take an interest in the world around you. You live in the same world as your clients; what is happening in it? Paying attention to emerging trends will provide ideas for new ways to help your clients.

Meet new people, for example by attending networking events. Expose yourself to the diverse perspectives and beliefs that new acquaintances offer.

Go to more seminars; not just the ones that are directly relevant to your regular field of activity. Engage your curiosity and stimulate your mind by exploring other domains. Actively listen and participate, with a determination to discover something of value to you.

Visit new places. Travel exposes you to new norms, and it makes you question your assumptions about the way things should be done.

Read more books, and broaden the range of subjects that you read about. Find some interesting podcasts that you can listen to while you drive, wait or exercise. If you haven't got an iPod yet, consider getting one – there is an enormous range of information available in free podcasts.

2. Have a vision.

Know WHY you want innovation. An inspiring vision for the future motivates you to try new things in order to achieve it, and elevates your work above the daily grind.

Sadly, legal practice often lacks an overarching vision. As one former lawyer put it:

“As a bright-eyed young lawyer joining the profession in the early 90’s, like many of my colleagues I had grand ideas about making a difference. We soon discovered that there was no bigger inspirational picture to buy into, or, if there was, it was paid lip service in deference to budgets and billing. So it was no surprise that many of my colleagues slipped into the competitive malaise of focusing on their promotion prospects and individual bonuses. It is equally no surprise that the term “passionate lawyer” is close to an oxymoron. It is hard to be inspired by a pure profit motive.”³

Everyone in the firm needs to understand the firm's business strategy; where the firm is headed. Share this information; don't keep it a secret. Otherwise, how can your people make suggestions that will move the firm in the right direction?

Do you have a vision or philosophy? Do you believe in it? Does it excite you? Speak from the heart and let your enthusiasm show.

³ Andrew Hughes, *Team Building: Establishing a new playing field*
http://www.lawcouncil.asn.au/lca/almj/editions/sept-2009/en/Team_Building_Hughes.cfm

3. Know what you know.

The tacit knowledge in your firm is a powerful strategic asset, but, being invisible, is often overlooked. Become attuned to your tacit knowledge and create new possibilities for products, services, methods and processes.

Knowledge gained from experience is “tacit knowledge”.

Your firm is unique. It is a product of the path it has followed and the people that are in it. No other firm has precisely what yours has. “What you have” includes your collective wisdom –knowledge and know-how. There is a hidden source of competitive advantage embedded in how you do what you do.

How can you become attuned to your firm’s tacit knowledge?

When you have finished a complex or unusual matter, don’t just put the file away. Debrief it to see what everyone has learned as a result. When you think about “learning”, take a broad view. It’s not just about the law. Think also about methods, strategies, ways of working with clients, approaches to negotiation and other key skills. What made the team work well together? What could have been done better? How could the learning be applied in future matters or across the firm as a whole?

What do you know about the work being done by others in your firm? What interesting approaches have been developed? Could these be adapted for firm-wide use? Are there particular elements that could be usefully applied in other contexts?

4. Ask, don’t tell.

Questions get people thinking. Competitive advantage goes to those who ask the questions that others are not asking.

Lawyers are paid to tell people the facts and to give advice. So in their dealings with staff, they tend to do a lot of “telling”. They *tell* them what to do, and what is going to happen, instead of *asking* them what they have noticed, what they have been thinking about, and what they have learned about clients and their problems.

Innovation requires curiosity, and this involves “asking”.

Instead of telling people what to *do*, ask them what they *think*. Leaders need to provide a catalyst for thinking. Set a new and unexpected topic for discussion. Be creative with your questions. Ask the sort of questions that other firms are probably not asking.

Experiment with creative thinking techniques – there are many books available on this subject, many of them by Edward de Bono.⁴

During discussion, ensure that everyone has a chance to be heard, and that people don't take entrenched positions. Allow time for discussion, and also allow time for ideas to incubate. This may mean coming back to the question at a later time. Ideas don't always appear on demand. They occur unexpectedly, because the subconscious continues to work on the question. If you limit your discussion to a single session you might miss the best ideas. Revisit the question to find out what other answers people have thought of.

5. Embrace ignorance.

Ideas come from curiosity. Admitting that you don't know all the answers, and encouraging others to do likewise, leads everyone to explore new possibilities.

Steven Covey, in his book *The Seven Habits of Highly Effective People*, offers a "Time Management Matrix" in which activities are classified as "urgent" or "non-urgent" and "important" or "not important". He makes the point that our time is usually taken up with "urgent" things that clamour for our attention. To get ahead, we need to make time for the things that are "non-urgent" but "important".

Innovation is never urgent until there is a crisis, and then suddenly it becomes a matter of survival.

Innovating is pioneering. We enter new territory where we do not know all the answers. We have to be willing to admit our ignorance and generate a lot of new possibilities.

Admitting ignorance takes courage, because traditionally leaders are supposed to know the answers. Be willing to ask "naïve" questions. Make it clear that you intend these questions as a catalyst for creative thinking. There is a competitive edge to be gained in your choice of business challenge. Focus your attention on something that others *think* they know and take for granted.

Accept that when it comes to new ideas, you won't know if they will work, until you try. Set up an experiment or pilot program. If you don't get the results you want, don't just give up; just change the conditions of the experiment. The risk of being wrong brings with it the chance of being right, and profitable!

6. Keep them wondering.

Don't always ask the questions. Encourage others in your team to exercise and express their curiosity by proposing their own questions for discussion.

⁴ For example, *Six Thinking Hats*, *Parallel Thinking*, and *Masterthinker's Handbook*; numerous other titles available.

Your decision as to where to focus your innovation effort can lead to competitive advantage. To choose the best focus, you need a good flow of questions.

If you are the only person asking the questions, you limit the range of challenges that can be examined. Everyone has a different set of perceptions and experiences, and will see different areas where innovation could be applied.

Encourage your people to take notice of what is happening around them and their clients' needs, and to search actively for new problems or questions, rather than just reacting to the problems that present themselves.

7. Not a solo sport.

Don't expect individuals to come up with fully-fledged, ground-breaking ideas on their own. Provide opportunities for people to spend time together and combine their thinking.

If you expect individuals to present their ideas to you in the form of a business case, fully developed and costed, you will not receive very many ideas, and the ones you do receive will not be particularly innovative.

I was asked to judge an innovation competition run by a law firm in my city. The firm offered generous prizes such as cash and travel, and allowed the staff to take time off work to write their submissions. Although the applications were well written, the suggestions were very disappointing in their lack of creativity, e.g. "Hold a cocktail party for accountants". Competing as individuals for valuable rewards, the lawyers played it safe. They offered ideas that they knew had been successful elsewhere. But you don't get competitive advantage by copying what others have done.

People who are good at developing a business case are not always the ones with the most innovative ideas. These are different skills, so you need a team effort.

Collective thinking is more powerful than an individual effort. Provide opportunities for people to share their thinking and build ideas collaboratively.

8. Seek many answers.

When you ask a question, the first answer is likely to be something that your competitors have also thought of. Generate a range of possibilities to consider.

The twice-Nobel Prize winner Linus Pauling said "To have a good idea, you first need to have a lot of ideas."

When you ask a question, people may think it is a test, or that there is one correct answer. Make it clear that you do not know the answer, and are looking for a whole range of ideas.

To increase the number of ideas generated, set a target number to be achieved. Ask for twenty ways to solve the challenge – this shows that you are serious about exploring the question. The first ten ideas are difficult to think of, but after that, people start to get more creative, and the ideas get more interesting. More people participate, and ideas are less likely to be dismissed, because they are needed in order to meet the target.

9. Demand funny ideas.

Most creative breakthroughs begin with ideas that sound odd at first. People put forward conventional, safe, serious ideas because they think that is what is expected of them at work. Leaders have to make their expectations clear.

I once sent a brochure about a marketing seminar for lawyers to a law firm manager. A week later I happened to see him, and asked if he was going to send any of his lawyers to the seminar. He said no, he wasn't. Curious, I asked why not. I thought he would say that they were all too busy to go, or that they had no budget left. His response was revealing. He said "They might come back with some funny ideas".

Law firms employ very bright, educated people who are trained to think for themselves. Why wouldn't this manager expose them to new approaches to marketing? He wanted them to do it his way. He felt the need to have control.

There is a tension between traditional management (which is about control), and leading for innovation (which is about freedom).

Your people look to you for clues as to the "right" way to behave. They offer "safe" ideas which they think will gain the approval of others. Ask them instead to "be creative" with their suggestions. Research shows that people are more likely to produce unusual, useful ideas if they are given instructions to be creative, than if they are asked, for example, to "do their best"⁵. Asking them to be creative focuses their attention on being creative (rather than, say, pragmatic, or quick).

Funny ideas are fuel for the cauldron of innovation.

10. Value uniqueness.

We are all the product of our own individual upbringing, education and experiences. Each person has something unique to contribute to the innovation process. Understand what each person has to offer; encourage and harness diversity at work.

⁵ Shalley, C.E *Effects of Productivity Goals, Creativity Goals, and Personal Discretion on Individual Creativity* (1991) *Journal of Applied Psychology*, Vol. 76, No.2 179-185

When recruiting staff, there is an emphasis on “cultural fit”, whereas innovation benefits from all kinds of diversity. People with similar backgrounds often think similarly. Make sure your culture does not become too homogenous.

Some people naturally see opportunities and find it easy and enjoyable to think of ideas. Others are more likely to tell you why the ideas won't work. Both approaches are necessary, but not at the same time. People who seem to take a negative approach could be very valuable when it comes to evaluating ideas and managing risk. But when you are trying to generate a range of new ideas, these people may not be the best ones to have in the room.

Know the strengths of your people and use their skills in the most effective way.

11. Reward the effort.

Innovation depends on a constant flow of new ideas. Reward people for their effort, not just for ideas that turn out to be successful.

Many people believe that ideas are only of value if implemented, and that rewards should therefore go only to people whose ideas are successful. This approach is counter-productive, for several reasons.

It can be difficult to attribute a successful idea to any one person or even to a group. Many different skills may be required to put the idea into practice. And there is the risk that the wrong person may take the credit for the idea.

It is difficult to decide what is an appropriate reward for a successful idea. An idea may make or save the firm a lot of money. How should the value of an idea be quantified? How much should the inventor of the idea receive? A percentage, or a holiday, or a movie ticket? There is a lot of potential for perceived unfairness, resentment and demotivation.

It is the *habit* of contributing ideas that will produce more ideas in the future, so encourage the habit.

People who have an intrinsic interest in the issues are more likely to offer valuable ideas than those who are just looking for the rewards⁶. If people are interested and challenged by their work and feel involved in the business, they will want to contribute to its success.

Thanking your team for their contributions and reminding them how much you value their help will make them want to help you more. Keeping them informed about what's happening in the business will keep them interested and build intrinsic motivation.

⁶ Amabile, T.M *Assessing the Work Environment for Creativity* The Academy of Management Journal, Vol. 39, No 5 (Oct 1996) pp1154-1184

If you do want to offer specific rewards, you could hold an “idea lottery”, where you give tickets to people who offer ideas and at the end of the process draw a ticket for a small prize. Or bring special food to the meeting where ideas are to be generated. Bigger rewards generally don’t lead to more or better ideas.⁷

12. Words, actions, reactions!

Leaders can easily stifle innovation without meaning to. Pay attention to the words you say, the things you do and the way you react to suggestions, ensuring that you always encourage innovative thinking.

Leaders create culture through the things they say and the way they behave.

You may be a strong supporter of innovation, but to make people believe that, you must show it. People cannot read your mind; they can only observe you.

A law firm that I worked for merged with another firm. The first few weeks of the merger were difficult for the staff as they tried to adjust to the changes. Soon the resignations began, and I would find unhappy people complaining to each other in the bathroom. I called a lunchtime meeting of the staff solicitors to see if the problems could be sorted out. We made a list of the various problems, and for each problem suggested a solution. I took the list to the Managing Partner, who received the memo without comment. I waited to hear the partners’ response. Weeks went by; we heard nothing, and no changes were made. When I mentioned this to another partner, all he could tell me was that the Managing Partner was unhappy that I had used the Boardroom without first asking his permission. There never was any response.

From this experience, the staff learned that trying to bring about change was a futile exercise. The Managing Partner probably did not mean to stifle innovation, but that was the effect of his inaction and desire for control.

Innovation begins with belief. Your words, actions and reactions send messages to your staff as to your beliefs about innovation. Similarly, your words, actions and reactions can build belief amongst your staff that innovation is important and that their ideas are valued. Make yourself accessible, approachable and responsive.

To build a culture, of innovation, both leaders and employees need to believe that a constant flow of new ideas is essential to business success, that thinking creatively is part of their job, and that there are many possibilities for a better future.

⁷ Robinson, A.G and Schroeder, D.M, *Ideas are Free* (2004) Berrett-Koehler Publishers, Inc. San Francisco, CA

Conclusion

A culture of innovation provides a basis for sustained competitive advantage. Many organizations say they are innovative. It's easy to say, but hard to do. It is much easier to keep on doing the same things in the same way. In a corporate setting, human nature works against human ingenuity. People have a powerful sense of self-preservation which inhibits them from making suggestions that challenge the status quo. It is the role of leaders to establish a climate in which ideas can flow freely, and to model the behaviour they expect from others. Leaders, *be the fire*.

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