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## Definitely Mabey

### Innovate or abdicate

By Stephen Mabey, CA

In my August 2010 column I included a brief section on innovation. Right up front let me disclose that like a blind pig finds an acorn occasionally, little did I know how important innovation was going to be to law firms in 2011.

There are two general forms of true innovation that firms can experience:

- **Breakout innovation:** a development effort that goes beyond new and improved into the realm of very different or self-reinventing; and
- **Performance innovation:** involves efforts to improve already established services or processes by adding new features, improving quality, reducing delivery times, or enhancing support services.

There will always be exceptions to any general rule, but the former type of innovation is found in firms that are successfully chasing the high-end legal work and the latter in firms that make their money (and good steady money it is) off more routine or commodity-type work and therefore strive to be low-cost, leveraged firms.

The high-end work is generally found in the larger metropolitan centres, but even in these centres there seems to be less of it and the large quasi-national firms appear to be chasing, more so now than ever, some of the files felt to be too pedestrian for them in the past! But don't get me wrong—no one is going to be holding a benefit concert for these firms any time in the near future.

So given the vast majority of lawyers in North America who deal with the routine /commodity-type work, this column will focus on how you might create a platform for innovation in your firm.

### *Innovation is not for the faint of heart. You will experience failure.*

If you are really encouraging innovation, you'll likely experience more failure than success, because everyone will be trying to come up with the next great innovation. Yes, for the skeptics in the audience, I am suggesting that firms encourage and reward failure (spectacular failure preferably).

Before tackling things that your firm can do to encourage innovation by your lawyers, let's review the ways many firms kill innovative thinking by lawyers (note: they're generally the same reasons why many law firm change initiatives fail):

- Not ensuring the firm's culture and compensation system supports innovation (e.g. non-direct billable work);
- Failing to get buy-in and ownership from the partners;
- Under-resourcing to the process;
- Requiring no link between innovations and the firm's strategic direction;
- Up front, failing to make sure that lawyers know what criteria and metrics the firm's

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management will be using or are looking for; and

- Providing no training and coaching to their lawyers on how to be innovative.

*There is a saying that goes along the lines of “never waste a good crisis.”*

Innovation is about making changes and there are many articles about law firms and their adversity to change (not all are or otherwise how would we have real innovative firms—and not just the ones that tell you they are). So for innovative processes to be embraced in many firms, there has to be some fear of what might happen if things don't change (a few will even be driven by a belief in what could be).

A word of caution: Law firm compensation systems are blamed for the failure to make many needed changes (and the scapegoat for many, too) because inherently they place a far higher emphasis on “I” than “we” activities. Firms with systems oriented in this manner are frequently graveyards for innovation.

While compensation systems can be changed to satisfy lawyers that the firm is serious about innovation or change (to tell them it has without demonstrating it doesn't work for most lawyers) the psychological barrier of the “fear of failure” in lawyers is perhaps the most daunting one to get over in order to create a platform for innovation. That is not to say most people don't have a similar fear, but it seems to run higher and deeper in lawyers. As entities, law firms are generally not even good at celebrating success, and perceived failures get buried deep and then the shovel gets buried even deeper.

So until firms have switched their thinking to it being far worse to not have tried to innovate than to have tried and failed, the odds of achieving breakthrough innovation of any nature remains low.

One other simple “killer” of innovation is that the focus of the firm leaders is on “owning” the idea rather than the results. There is nothing less important than the source of the idea. No one person or group of people has the market cornered on innovative ideas. Innovative ideas can come from anyone if the platform is working and should be accepted as such, irrespective of the source.

In addition to tackling the issues identified above, there are some concrete steps firms can take to establish a platform for innovation in their firms:

- Add the question of what they will create or improve to the annual individual business plan or compensation questionnaire;
- Make certain all the lawyers understand the strategic direction of the firm and have not just played “ear service” to it;
- While encouraging a collaborative team approach, ensure they embrace diversity in thinking, position, and experience in the team complement (teams can include both staff and lawyers);
- Instill the importance of environmental scans for not only trends and technology, but in basic client mindsets; and
- Ensure that there is appropriate funding for each innovation process after determining the parameters for the project and the relevance to the firm's strategic direction.

It is critical to the maintenance of a platform for innovation that you remind partners that not all innovations will be financially successful but if properly celebrated the development and execution of a new initiative may pay off even greater rewards through a boost in morale for all members of the firm, heightened stature in the eyes of clients for trying new things, and even introducing a little fear into the minds of your competitors.

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Until the next column remember,

*"The only way of discovering the limits of the possible is to venture a little past them into the impossible."*



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