



Innovation and professional services

Professional Service firms generate revenue and profit through selling the skills of their people and the intellectual capital that the sum of their people and expertise represents. Leading professional services firms are starting to look at the lessons and practices they can learn from industry to improve their businesses. One key area is that of Innovation, where forward-thinking firms are seeking to create new services and improve their business processes to enable competitive differentiation. For many professional service firms this has been rather ad hoc to date. Leading firms recognise that this is no longer adequate, faced by the challenges of new entrants from low cost countries and other sectors, the application of the Internet and the increase in client capabilities and purchasing power.

The challenge for law firms

The Legal Sector is one such area where there is a need for major change to deal with these megatrends. A study by the American Bar Association in 2001 concluded: *"The practice of law and the administration of justice are at the brink of change of an unprecedented and exponential kind and magnitude... We must be willing and able to discard old paradigms and engender and embrace manifest change."* These required changes include implementing new customer-centric processes and products, cutting costs and improving service through the application of Information Technology and business process re-engineering and putting in place systems and a culture for sustainable innovation.

Law firms in the UK are facing major potential market changes from legal services deregulation which will immediately affect private client services such as Personal Injury, Conveyancing and Wills by enabling new entrants such as accountants, financial services firms and possibly major supermarkets. In addition, Information Technology has enabled major efficiency improvements in repetitive legal processes which have led to commoditization. Governmental drive for value in the public sector is resulting in new approaches including increased outsourcing by local authorities. Clients are increasingly expecting on-line and more cost-effective services and also demanding innovation from law firms. However, this will only be the tip of the iceberg. A 'low cost paradigm' arriving in a market has the tendency to become the dominant force in that market. Witness the triumph of low-cost airlines against premium airlines over the last decade.

The need for innovation

To address these challenges, law firms need to re-engineer their ways of working across their business areas, service offerings and strategies. A key part of this re-engineering should be in creating a sustainable system for innovation. 'Innovation' needs to be considered in its broadest sense, encompassing the generation, selection and implementation of new ideas for products, ways of working, business models and strategies – covering both incremental and 'step-change' improvement. Typical challenges for law firms in becoming more innovative include:

- There is typically no culture of innovation
- There is no strategy for where to focus innovation efforts
- A formal innovation process does not exist
- Partner understanding and support for innovation is often lacking

A system for innovation

Organizations that are repeatedly successful at innovation – whether it is in new products or services, business processes, strategy or markets – do so because they have established an effective system for innovation. An organization's system for innovation is built on a number of key practices. Effective innovators weave these separate practices into an integrated system. The key innovation practices cover the organization's leadership, culture, strategy, process for innovation, resources, learning and external links.

If an organization's innovation system is working well, then this will be evident by measuring key innovation performance measures such as the proportion of revenue based on recently introduced new products/services, improvement from business process innovation, market reputation and the like. These key practices are required whether the organization is an industrial company making products or a professional services firm. This has been confirmed by studies performed by our academic partners and our own experience in assessing and implementing innovation systems in industrial and professional services firms.

Improving law firm innovation

Codexx has worked with a number of major UK law firms to help them improve their innovation capabilities. Our study in 2007 on 'Innovation practices in major UK law firms' on the major UK law firms, together with Imperial College London, identified the key challenges that major law firms faced in improving their innovation capabilities.

We have consulted to a number of law firms. We have helped firms kick-start their innovation improvement with our 'Innovation Catalyst' workshops or 'Foundations for Innovation' assessment. We have developed and implemented a structured innovation process, supported the development of departmental strategies for innovation and helped firms in developing new services.

"We used Codexx to help us identify new opportunities for innovation in our key public sector group. This was very effective in energizing our team and defining a number of new service lines."
Michael Pether, Head of Public Sector, Berrymans Lace Mawer

We have also provided education and training in innovation as part of our innovation workshops. An increasingly important part of our work for law firms is in helping them re-engineer key commercial and private client processes to reduce cost and improve value, through codification, use of paralegals and automation.

"Codexx worked closely with us to help us develop our firm-wide innovation process, management system and scorecard. This has given us a very effective process for developing innovative ideas into new services or ways of working."

Alison McClure, Business Transformation Partner,
Blake Laphorn Tarlo Lyons

Our innovation services

Codexx provides a range of innovation services covering the key areas of innovation practice within an organization.

- Diagnosis
- Directing Innovation
- Enabling Innovation
- Controlling Innovation

We can provide training and consultancy services to suit your needs. We are also able to use our Second Life capabilities to provide remote training or collaboration.

What do our clients say?

"Very focused, very inclusive, pragmatic, and appeared to be really tuned into our business." IT Director, Law Firm
"I found it a stimulating day." Director, Environmental Services company
"Thought provoking and stretching. Good exercises." Partner, Law Firm
"Thank you for a very stimulating event that has had my brain buzzing ever since." Director, Law Firm
"I do not think we would ever reached this stage without your considerable help and support." Head of Litigation
"Thank you for an interesting and challenging workshop." Director, Engineering company
"Thank you- I can tell you that the group appreciated your session a lot!" Senior Trainer, IT Services

For further information

Contact Codexx at: innovation@codexx.com. +44-(0)1794-324167 or visit www.codexx.com

Codexx Associates Ltd. Company Registration No. 04481932.
Registered office: 3-4 Eastwood Court, Broadwater Road, Romsey, SO51 8JJ, UK
Second Life office: Depo Business Park 160.190.36

