Lean for Lawyers
– an introduction into how firms can apply Lean business approaches in their operations to dramatically improve service and reduce cost
Introduction

Lean thinking has dramatically improved manufacturing efficiency over the past three decades and is now being used in services industries as well.

Lean is a philosophy that promotes customer focus, waste elimination and continuous improvement and has demonstrated productivity improvements in excess of 40%.

Lean approaches can be applied in Law Firms to dramatically improve the efficiency and reduce the cost of repetitive processes, such as claims handling, due diligence, conveyancing and probate, and to elements of other legal processes.
Lean was developed over the past 60 years

- Developed by Toyota engineers from 1945 onwards (based on the need to do more with less)
- Emerging as the Toyota Production System and ‘Just In Time’ - 1970s
- Bringing the message to the West - Schoenberger - 1982
- Early application in the West – early 1980s-1990
- A foundation for Business Process Re-engineering in the mid 1990s
- ‘Re-launched as ‘Lean Thinking’ - 1996 by Womack and Jones
- Spread into services from late 1990s
Most law firms use excess resources to cover up the multitude of process problems or 'rocks'.

‘Fat’ firms use excess resources to cover up the multitude of process problems or 'rocks'.

Lean breaks the ‘rocks’ to enable processes to run with less resources and more efficiently.

Resulting in improved service at dramatically reduced cost.
Lean identifies 7 key types of waste. Although initially modelled on the factory environment – they are also present in law firms.

### The Seven Deadly Wastes

- **Defects / Rejects / Rework**
  - Calculation errors
  - Filing errors
  - Rework
  - Wrong forms sent
  - Etc.

- **Over-processing**
  - Excess time or skills on Client matters
  - Excessive movement of files and correspondence

- **Motion**
  - Inactive files
  - WIP

- **Waiting**
  - Poor work balancing across teams

- **Storage / Inventory**
  - Excess time or skills on Client matters

- **Transportation**
  - Excess time or skills on Client matters

- **Over-production**
  - Files kept too far from desks
  - Travelling to internal meetings
  - Excessive lawyers at client meetings
  - Excessive time on a work item
How much value are you adding in your work?

Imagine the client was there whilst the activity was performed. If they would be happy to pay for the activity then it’s value adding. Otherwise it’s waste.

typically <5% of total elapsed time
typically >95% of total elapsed time
Lean is based on four key principles – which we can apply to Law Firms

1. **Focus on client value**
   What do your clients really want?

2. **Understand the value stream** and eliminate waste in it
   Identify value and non-value in your work

3. **Enhance flow**
   Eliminate factors which disrupt the flow of value

4. **Strive to deliver perfection**
   Have a method for continuous improvement
Lean’s key principles: 1. Focus on client value

The first step of Lean is to really get to know your clients

“All the innovations that have powered the company's success have come from listening to its customers and watching how their lives are changing.”

Terry Leahy, CEO Tesco
Lean’s key principles: 2. Understand the value stream, eliminate waste

The value stream (your processes...)

Where the client wants to get to...

Correcting work

Poor quality

Waiting for information

Unnecessary work

Searching for lost information

The client matter
Lean’s key principles: 3. Enhance flow – remove bottlenecks

Flow is critical to the efficient running of a process.

Improving the flow in the process will increase its throughput and thus its efficiency.

Flow is impeded by a number of elements such as: Bottlenecks, variability in operation, errors in operation, changeovers between different work types.

Lean has a number of tools used to reduce variability and waste.
“By the way, while you were off sick yesterday we located the bottleneck.”
Lean’s key principles: 4. Strive to deliver perfection

“People don’t go to Toyota to work they go there to think.”

Taiichi Ohno
co-creator of the
Toyota Production System
(the foundation of Lean)

You need to operate a continuous improvement system in your firm.
Applying Lean in law firms #1

Some examples from our experience:

• Value stream mapping of a Due Diligence process to identify current problem areas

• Identifying bottlenecks in legal processes and taking action to reduce them

• Analysing matter opening to closing times to determine overall cycle time and identify opportunities for reducing time to provide a quicker client response and reduce waste

• Getting the views of ‘internal customers’ in the redesign of the Client Inception process

• Developing a ‘Standard Operating Procedure’ for a Probate process to help ensure consistent performance

• Establishing an innovation process to support improvement ideas

• Eliminating waste in a Probate process by increasing use of paralegal teams operating a standard process for 90% of matters and using partners to handle the complex 10%

• Measuring process performance
Applying Lean in law firms #2

The opportunity:

- Dramatic reductions in cost through waste elimination – we have seen more than 40% in legal processes
- Improvements in quality and consistency – improving reputation and reducing claims
- Faster legal processes – improving client service
- A culture of ongoing improvement within the firm

The challenge:

- Lean requires a culture change within the Partners and workforce
- Process thinking is key to Lean but absent from most law firms
- Partners typically want to ‘do it their way’ rather than follow one best process
- Whilst many legal matters are repetitive and suitable for lean, others are not and must be handled differently

Could we apply Lean in our firm?
Application of Lean will challenge existing beliefs and behaviours in your firm

"It's the same each time with progress. First they ignore you, then they say you're mad, then dangerous, then there's a pause and then you can't find anyone who disagrees with you."

Tony Benn, UK Politician
For more information


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