

Lean for Lawyers

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

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Introduction

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

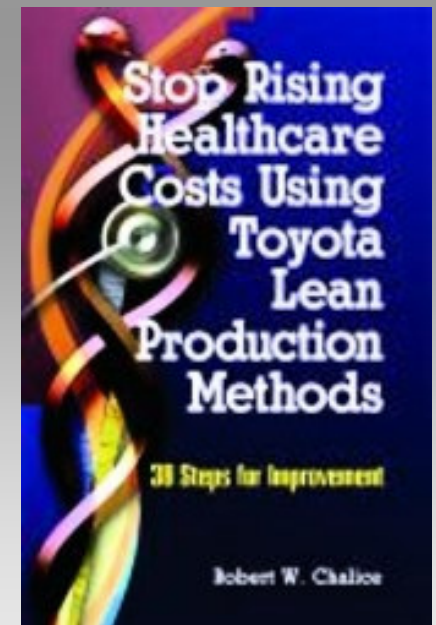
Lean is a philosophy that promotes customer focus, waste elimination and continuous improvement and has demonstrated productivity improvements in excess of 40%.

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.

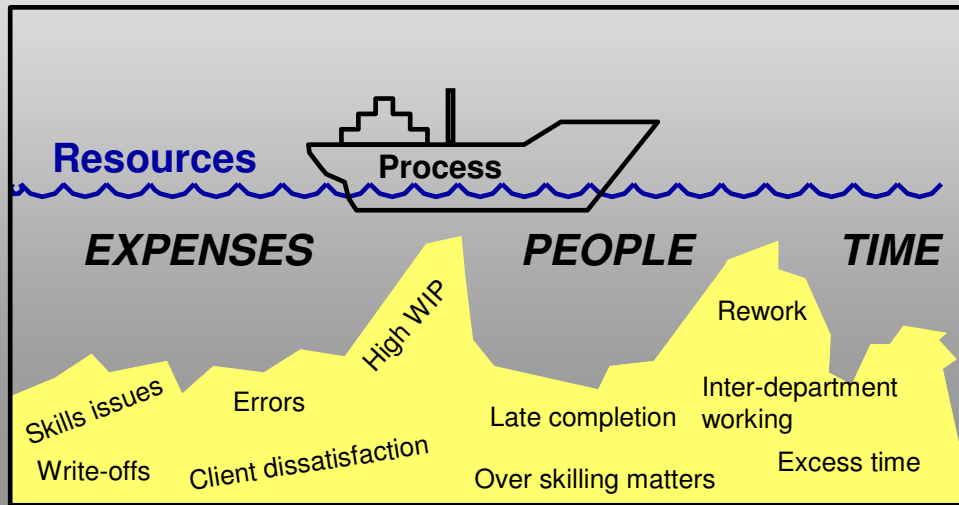


Lean was developed over the past 60 years

- 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'



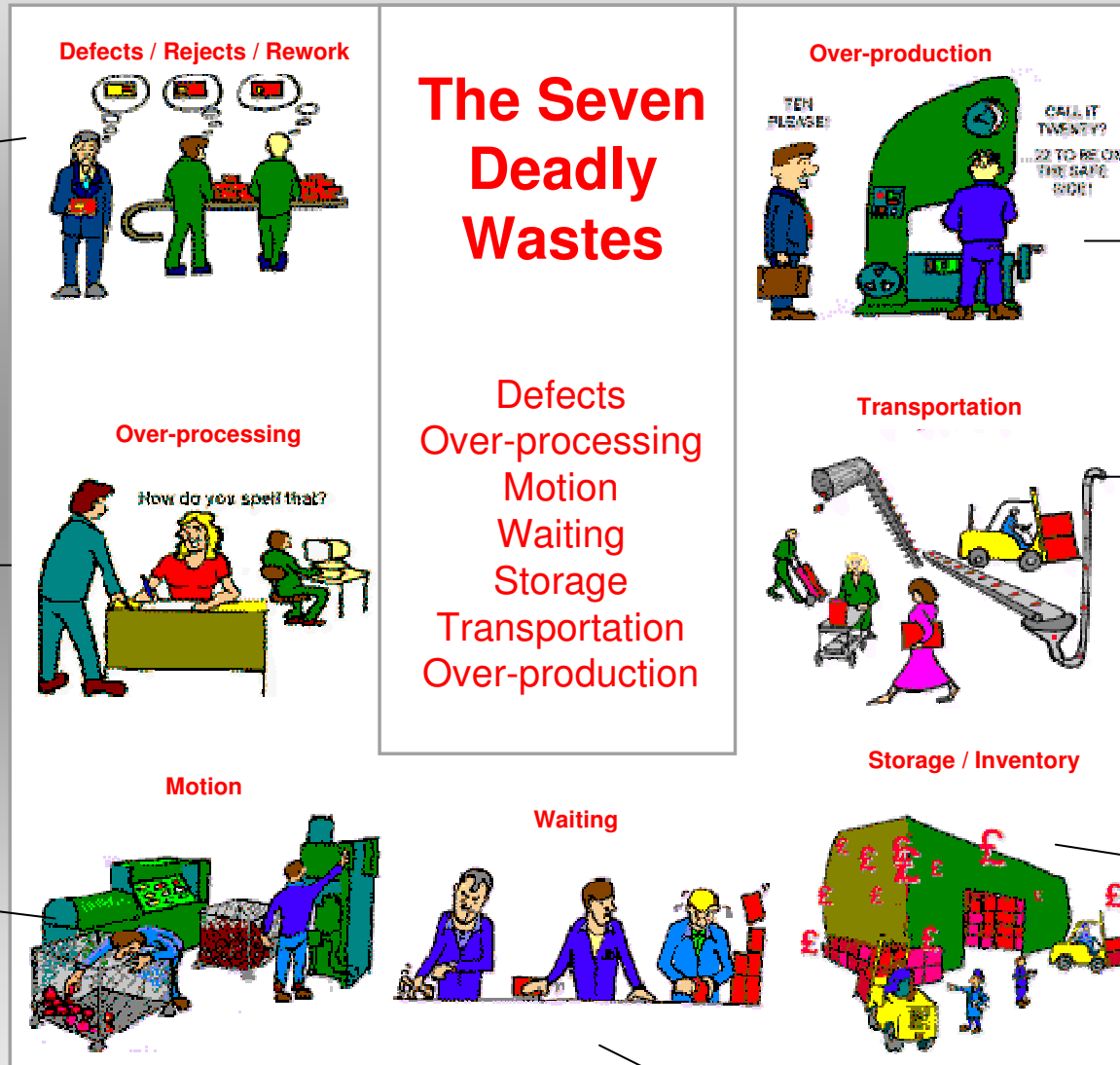
'Fat' firms use excess resources to cover up the multitude of process problems or 'rocks'.



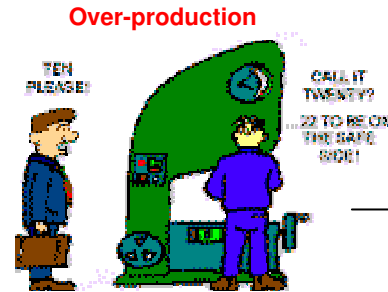
Lean breaks the 'rocks' to enable processes to run with less resources and more efficiently.

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



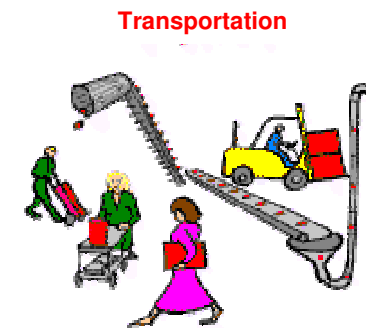
- Calculation errors
- Filing errors
- Rework
- Wrong forms sent
- Etc.



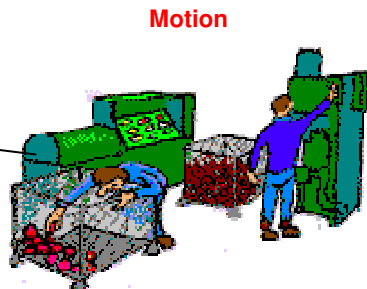
- Excess time or skills on Client matters



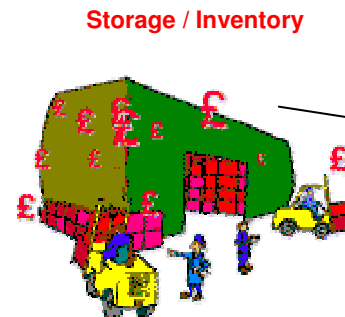
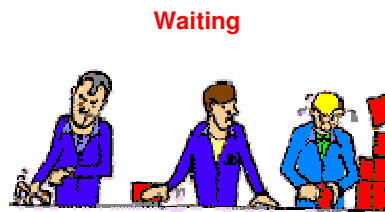
- Excessive lawyers at client meetings
- Excessive time on a work item



- Excessive movement of files and correspondence



- Files kept too far from desks
- Travelling to internal meetings



- Inactive files
- WIP

Poor work balancing across teams

Pictures © Genba Kanri

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**.



Checking Reporting Reworking
Waiting Correcting Etc.

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



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

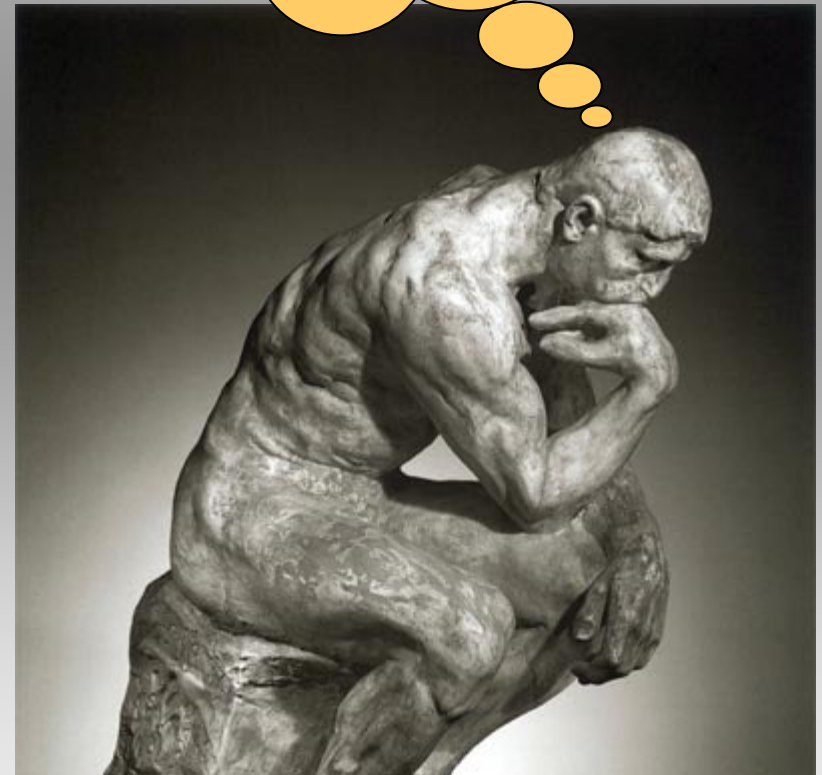
The opportunity:

- **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**

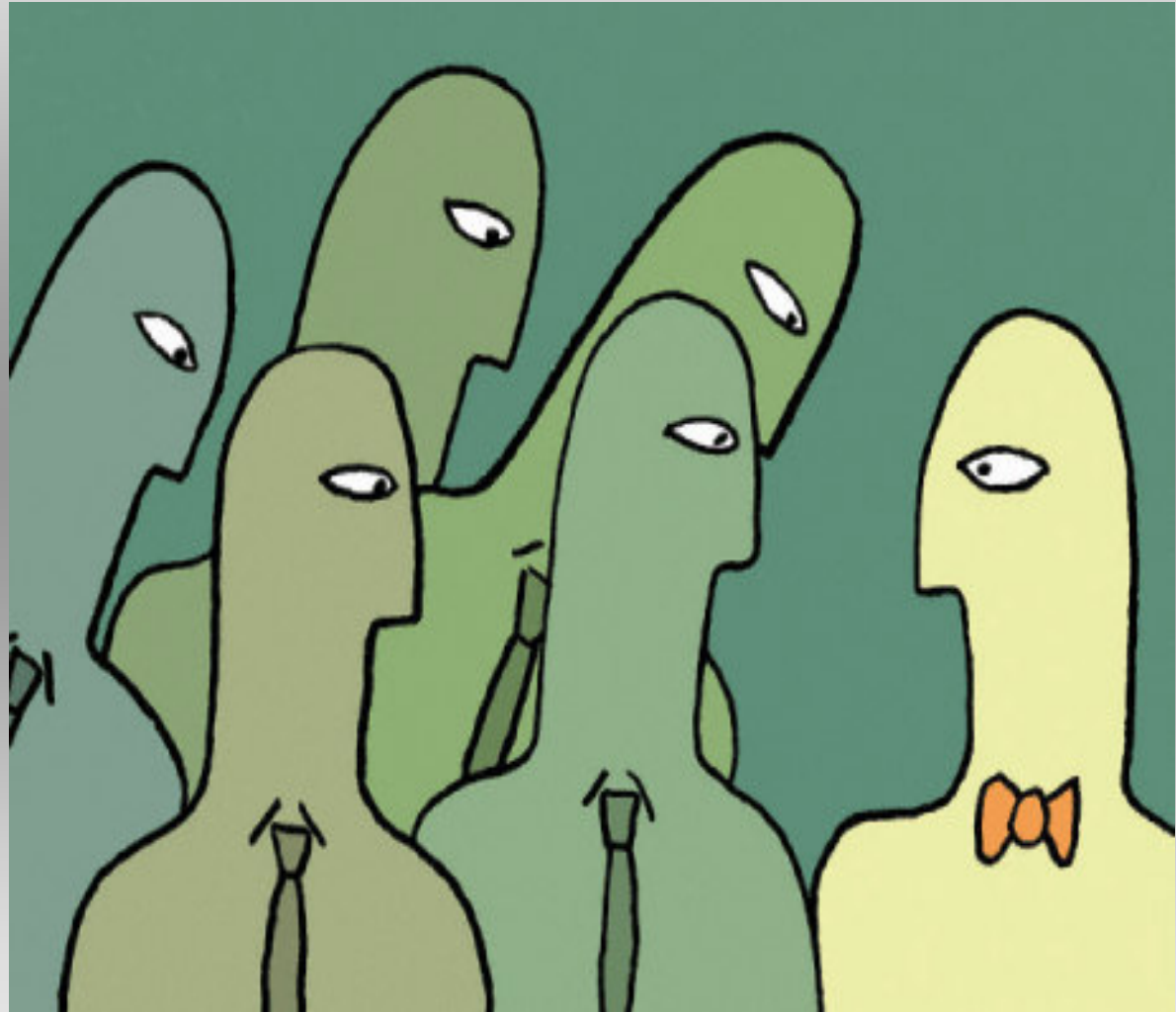
Could we
apply Lean in
our firm?



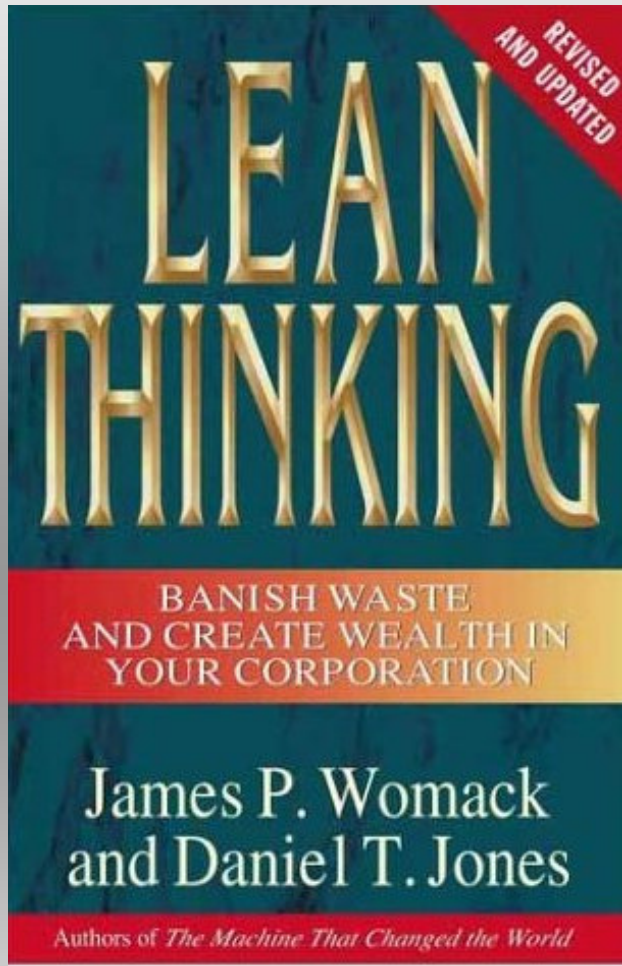
Application of Lean will challenge existing beliefs and behaviours in your firm

"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



codexx
energizing change

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Thursday 15th October 10:53 (UK)

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Re-Engineering

Re-Engineering Business Processes

Are you looking to dramatically improve the effectiveness of your business processes?

Then let us help you find out what is possible then work with you to make it happen.

New Vector is our results-focused re-engineering approach, based on 15 years experience in re-engineering business processes in service and industrial organisations.

Process re-engineering tackles the problem of poor or uncompetitive performance by examining key business processes in a systematic and challenging way, determining client requirements, analysing the way the process is performed today and then designing a significantly better way of performing the process that is closer to the optimum and finally defining a plan to move from the current to the future process.

Services List

- Catalyse & Train
- Systematic Innovation
- Re-Engineering
- Best Practices Assessment
- Strategy & Studies

"Codexx worked with us to re-engineer our key Probate process. They challenged our thinking to help us develop a new best practice process and organisation. The result is a higher quality service to our clients at a much lower cost. We subsequently engaged Codexx to perform additional re-engineering work in other areas."

Rachel Brooks
Head of Private Client Blake Lapthorn

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graph LR; 1[1 Preparation] -- Readiness --> 2[2 Diagnosis]; 2 -- Insight --> 3[3 Redesign]; 3 -- Benefits Case --> 4[4 Transition]; 4 --> RB[Realised Benefits]; RB --> CI[5 Continuous Improvement]; CI --> NP[Next process]; NP --> 2
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<http://www.codexx.com/re-engineering-business-processes.php>

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