



# Driving innovation

**Reidar Gjersvik** examines the many roles of knowledge management in pushing the boundaries of modern legal services provision

The knowledge management (KM) function in a law firm sits on the interfaces between core resources, roles, processes and functions in the organisation. Because of this, KM might take on several crucial roles to promote or drive innovation in the firm. Some of these, which are described later, are the roles of facilitator, broker, service provider, project leader, champion and ideologist.

Innovation sometimes seems to mean anything that is new and useful. In some sense it is true, since innovation must be seen in context. What is new to one market, firm or practice group may already be well known to others. On the other hand, one should demand some degree of novelty to call something an innovation, and it should also be related to business and value creation in the firm, in some way.

In legal services, as in other professional services, it is useful to distinguish between different kinds of innovation. *Service (or product) innovations* are changes in the actual service

provided to the clients. There are of course a few service innovations in law firms, such as online services, new ways to report, and so on. But in general, legal services have been pretty much the same for decades. The changes have mostly been in scale and speed. Some, like Susskind (2008), argue that this might alter dramatically over the coming years.

*Process innovations* are changes in the way the legal services are produced. Since professional service firms, to a large degree, depend on the mobilisation and configuration of knowledge resources to solve complex problems, the innovation is often about ways to find, use and build knowledge more effectively and efficiently. In the past few years, we have seen big changes in the way we store and find documents, create know-how databases, and map and locate expertise in the firms – much of which is due to the organisational use of powerful search technology. Other process changes may be seen in recruitment, training, document drafting, and initial case analysis, to mention a few.

When looking at the legal service industry, the innovations with the most impact have been *network* or *relationship innovations*. Innovations in firm structure, such as the creation of the big multinational law firms, interaction across national borders, and new forms of non-legal ownership and services, are just a few examples. Other interesting examples are new ways of cooperating with clients (for example, fixed annual price for all services within litigation, like Cisco); legal process outsourcing and offshoring (maybe just as much a process innovation); and, the use of social or networked media (including Facebook, Twitter, blogs, and so on).

Many of the innovations that law firms come up with are, of course, *legal innovations*. Most of them are small, everyday innovations that are hardly noticed – they are merely seen as doing a good, professional job. Others are larger because they are new in the particular jurisdiction (for instance, when EU law becomes valid in Norway), because they demand a different kind of legal process (such as group litigation), or because they really are creative ways of solving complex business problems – see, for example, Starbuck's (1993) very interesting article about Wachtell.

When discussing innovation, one often envisions big creative leaps in products or technology. However, in practice, innovation is mostly incremental. In professional service firms especially, innovation is about everyday creativity, performed by highly competent professionals as they solve complex problems that are a little bit different from those they have solved before. This is team work; it requires expertise and it is often based on large amounts of data and analysis. And it combines elements of already existing solutions into a new solution. The research project Idea Work, in which my firm participates (see [www.ideawork.no](http://www.ideawork.no)) aims to understand and facilitate this kind of professional problem-solving work.

When focusing on innovation, trying to promote new services or processes, one often bases one's work on the idea that innovations are deliberate. Thus, innovation receives a strategic focus and organisational resources. Mintzberg (2007) has shown that when looking at organisational strategies that are actually realised, more than three quarters of them are emergent strategies. That is, the strategies came into being because an opportunity became apparent, or because some resource proved to be useful in more than one domain. One did not know that they were strategies before looking back at them. This perhaps means that instead of trying to plan for innovation, one needs to develop a strategic preparedness for emergent innovation. This calls for certain roles to be performed in the organisation, by KM or by others.

If innovation is emergent, where does it come from? There are a number of sources and factors that, in different ways, create opportunities or challenges that drive innovation.

For law firms, the primary driver is – and should be – clients and markets. The issues and demands that are surfaced in client relationships may be transformed into new solutions, services, relationships, and so forth. What competitors, other law firms and other professional service providers do is also important. For example, what services they provide, what and how they charge for it, how the services are bundled and packaged, and by whom.

Other important drivers for innovation are technology, laws and regulations, external constraints, and *zeitgeist*. Technology, especially information and communication technology, is of course important, and has been thoroughly discussed elsewhere – for example, by Susskind (2008). One should, however, avoid being deterministic about the role of technology. It provides opportunities, but it is the actors in the market which, through their choices, adapt the technology and create the business solutions that are part of everyday work. Laws, regulations and external constraints provide opportunities and threats that law firms might explore to gain new competitive advantages. *Zeitgeist* is a collective term to describe all the things that seem to be 'essential' at a certain point in time. Currently, one might mention the credit crunch, social media, outsourcing, and offshoring. These trends need to be met, and will occasionally lead to innovative solutions in the firm.



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So with all this discussion about innovation in law firms, what might be the role of KM? I will briefly discuss six different roles: facilitator, broker, service provider, project leader, champion and ideologist.

Sometimes, innovation is about making supply and demand meet. For example, to have fee earners and support functions meet to discuss inputs and ideas from clients. In Thommessen, we have initiated a strategic project called 'Learning from clients' to do this. In this project, KM plays the role of process *facilitator*, interviewing clients to gain their input about how the firm might create value for them in their business, and then feeding this input back to the client team and others. This leads to actions related to the client, but even more importantly, it results in learning and innovation that might be used with other clients firm wide.

A related role is that of being a *broker* of understandings or viewpoints. Often, innovation happens when people



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who see business, law or work from different points of view exchange these ideas and discover something interesting on the interface. This requires the skill of being able to see, bring forth and nurture these different viewpoints. KM as a function works with different actors, and thus has the opportunity to reveal and promote these opportunities.

KM is of course a *service provider*, and sometimes this is a domain for innovation in itself. Many of the process and relationship innovations in law firms have been within the KM domain. Examples are e-learning, document automation, legal process outsourcing, and extranets. KM needs to sell these services to the fee earners and ultimately to the clients.

One obvious role is that of a *project leader*. The implementation of new services, processes and relationships are often organised as projects, to handle goals, scope, time, resources and actors in a structured way. KM could be in charge of some of these projects, especially those that involve new processes. In other cases, someone else has a good idea, but has neither the resources nor the role to promote this idea. In this case, KM might help *champion* the idea in the organisation.

Occasionally, innovations are more a question of belief than of concrete demands. An example is the use of social media, like Facebook, Twitter, blogs, and so on. This is part of the *zeitgeist* right now, but even if a number of firms and consultants are promoting the use of social media, the business case remains rather unclear. Still, to the next generation of lawyers we want to recruit, and to the next generation of our clients, being online is like breathing. Therefore, we need to gain experience of how social media works. To drive this kind of innovation, a firm needs an *ideologist*. Social media is on the crossing between knowledge resources, technology, learning, and business development (to

mention a few). KM might want to take role of promoting social media as an idea.

The KM function in a law firm is, roughly speaking, responsible for collecting, mapping, mobilising and sharing knowledge resources. In addition, it may be more or less be involved in education and training, business development, IT, and marketing, to mention a few. How all of this is organised differs a lot between firms. Some (like my firm) have a small KM department, and much of the KM work is done by the fee earners. Others have large KM departments, or professional support lawyers who perform KM tasks. The main point when it comes to driving innovation is that KM as a function is close to the core of professional service – the knowledge resources – and has a huge number of interfaces to fee earners, support functions, internal and external knowledge suppliers, and even clients. KM can and should take one or many roles in the crucial and continuous work of innovation in law firms. *KIMLegal*

#### References

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