Professional service operations management: the case for leaner law

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Abstract
This paper examines lean thinking within legal service network (client, solicitors, barristers, external parties, and judiciary) in order to develop a theoretical framework for Leaner Law. Resource Based View (RBV) is used as the core theoretical framework to address leanness in the eight UK legal service disciplines. The purpose of this paper is to trace the value add through the legal profession.

Keywords: Professional service operations management, Lean thinking, Operational agility.

INTRODUCTION

The purpose of this paper is to trace the emergence of 'Leaner Law' through the legal profession. There is an emerging consensus that professional work is changing in the socio-economic and political climates in which service professionals operate (Harvey 1990, 2010) and that professional services have distinct operational challenges in order to respond to today's turbulences (Lewis and Brown 2012), and service demands (Radnor et al 2016). Professional Service Operations Management (PSOM) is perceived as labor intensive, differentiation between the levels of customization and degree of service variation within the service offerings and process design (Schmenner, 2004) cited in Lewis and Brown (2012). There is great value to be had not only in the operationalisation PSOM of this knowledge, but also for improving efficiencies and practices in the professional service sector (Boone et al 2008). For example, the legal profession is traditionally conceived of as a slow moving, incremental, and conservative profession (Sieh, 2010) and therefore the opportunities to develop PSOM practices through OM theories have evolved.

According to research by Legal Week, for the 2012-2013 financial year, the top 50 law firms in the UK have seen their average profits shrink by 0.5% while average turnover has risen by 6.9%, indicating that law firms are feeling margin pressure and finding it difficult to manage their operations within the fee structures being currently demanded by this market. There has also seen a significant growth in demand and service quality where clients are requesting more and 'better' service provision, whilst demanding to pay less. For example, The UK's legal profession's economic contribution to the UK economy was £20.4bn in gross domestic product in 2012, 1.5% of the total. The sector employs around 316,000 people in which 130,000 are solicitors and 16,000 barristers and advocates. In addition, the intake for graduate recruitment for

UK law firms totaled 700, about 5% of the total graduate recruitment in 2013. The legal services sector in the UK faces new competitors in the response to deregulation 2007 and demise of legal aid. As a result, this research presents an opportunity for determining the specific knowledge gaps and then developing bespoke learning solutions for practicing lawyers, such as PSOM and the adopted term of 'Leaner Law'. Moreover, Tsolakis, (2014) quoted that: "Over the next few years, to remain competitive, law firms will need to better understand their business. They will develop better skills and techniqu
analysis".

LITERATURE

Many lawyers find themselves in need of skills and professional training in order to succeed and thrive in the legal services marketplace. There is a belief that legal education and other professional training struggles to provide additional skills in terms of business practice. For example ad study conducted by the Berkman Centre for Internet & Society at Harvard Law School, in partnership with LexisNexis, concluded that more than 75 per cent of lawyers surveyed characterised themselves as ill prepared for being involved in the legal marketplace, as legal firms face more financial economic challenges of increasing service variation, volume and complexity, whilst reducing cost. Therefore, law schools graduates are expected to gain the required knowledge on the job in a law firm (Feld, et al., 2012).

The Need for 'Leaner Law'?

Although Lean thinking principles have not been widely deployed in the legal profession yet, the concept of lean law, supply chain design, simulation modelling, and service modularity could improve efficiency and profitability and growth of law firms, as well as the Legal Service Network or Supply Chain. For example, Radnor and Bucci (2011) carried out a comprehensive review into lean thinking within the UK justice system but with the impact of deregulation in the legal profession in 2007, the legal market is far more turbulent with introduction of new entrants. Service modularity is one such approach that is supporting law firms to operate and deliver legal services (Giannakis et al 2015). For these reasons there is than opportunity to investigate the level of leanness (Bujak et al, 2012) and operational agility (Reid et al, 2015) in order to define the theoretical underpinning for PSOM practice. For that reason, the aim of this research is to gain a greater understanding into PSOM and examine how practitioners are thinking about lean.

The authors therefore believe that the research opportunity is related to a more 'robust' service operation within the profession of law. This would be also influence the drivers for service innovation being critical due to the nature complexity of the legal profession – it would however have the potential to make a positive impact on the PSOM sector; through better understanding of operations management practice. The lean thinking ideology can be an aide in navigating and managing the journey to meet these challenges Bamford and Forrester (2010, 2015). It is not a panacea, but part of the strategy to support the development of a solid, business like, responsive, performing and continually improving the legal profession. If Legal firms are considering their service offering since deregulation and demise of legal aid and rise of "litigations in person" may force legal firms to significantly change their legal service offerings and redesign of the external architecture and operations at both a operational and strategic level. For example, Voss & Hsuan (2009), cited in Giannakis et al (2015) proclaimed that the lack of research into service operations and service modularity maybe due to the heterogeneous nature of services, the role that people play in such services and the often personalized nature of service

episodes and encounters. For example figure 1, presents the concepts of 'Legal Nimbleness' through service modularity through the representation of Lean and Agile operations, resulting in an increase in the operational effectiveness in the legal profession through customizing and standardizing service offerings (Giannakis et al, 2015).

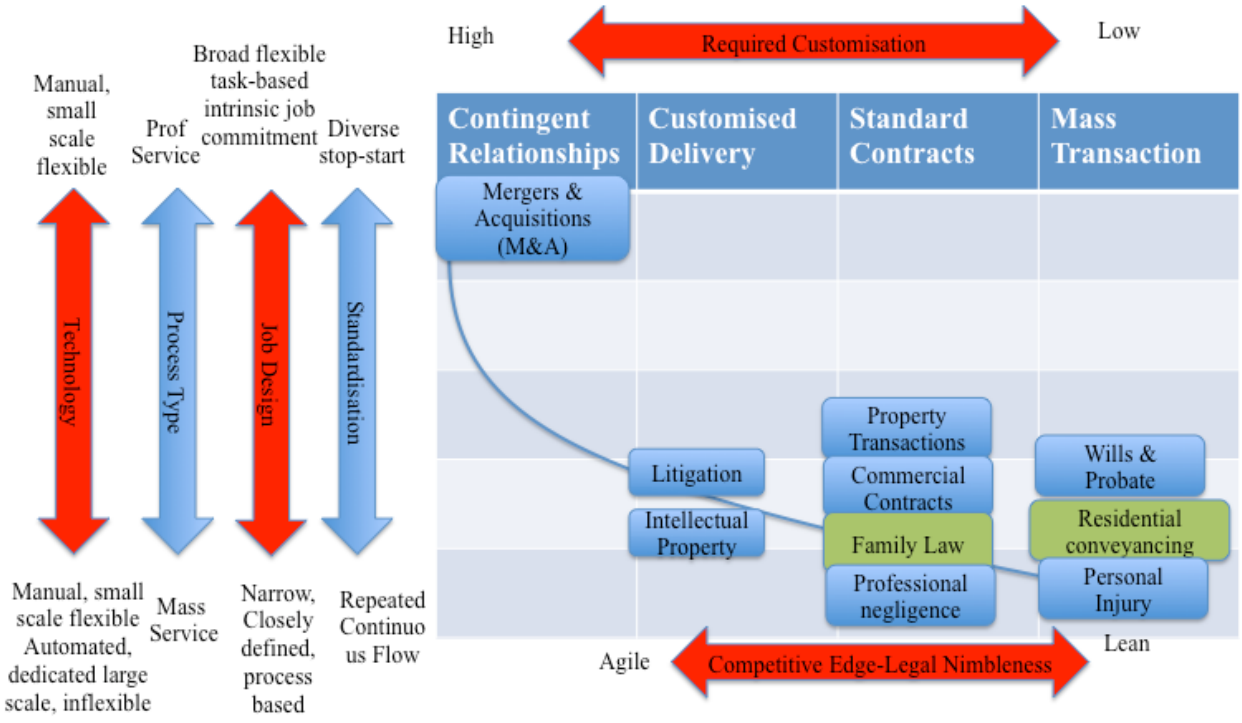

Figure 1 – Leaner Law Model to achieve 'Legal Nimbleness'
(Modified Giannakis, Doran and Mee, (2015)

Furthermore, the modularity literature suggested that "off the diagonal" improvements with modularity i.e. delivering services with high-levels of customisation in an efficient and standardised manner (Bask, 2011) as a possible solution for legal service delivery offering complex legal services in a modular way, presenting an opportunity for an innovative firm to seize 'first-mover' advantage (Giannakis, et al, 2015). With the element of high process variation, the management and coordination of the legal supply chain provides us with one of the operational mechanisms, practices and insights, for example using workflow analysis, and value stream maps such as presented in figure 2, can improve the long and arduous throughput times and demand profiles, which follows the Forrester's classic cycle time delay as the bull-whip effect. (see Forrester and Wright 1961). It is only when those element of demand and capacity often disrupt the workflow by legal systems, client's instructions, and external parties within a proposed optimum and reasonable (legal) timeframe. As such, the processes that are flexible by nature are also highly regulated by procedures and rules.

Therefore, question is the leanness of the profession as a whole, or as a supply chain rather than a single entity (Solicitor, Barrister, Intermediary, Legal Team, and Court Service). This would be achieved by creating a Service Innovation, whilst making the professional service sector Leaner and more resilient. The judicial performance of the justice system is partly influenced by the efficiency of the processes since fewer mistakes are made and increasingly

cases are completed within time limits, which raises the perceived value of the chain.

This paper examines lean thinking within legal service network (client, solicitors, barristers, external parties, and judiciary) in order to develop a theoretical framework for Leaner Law.

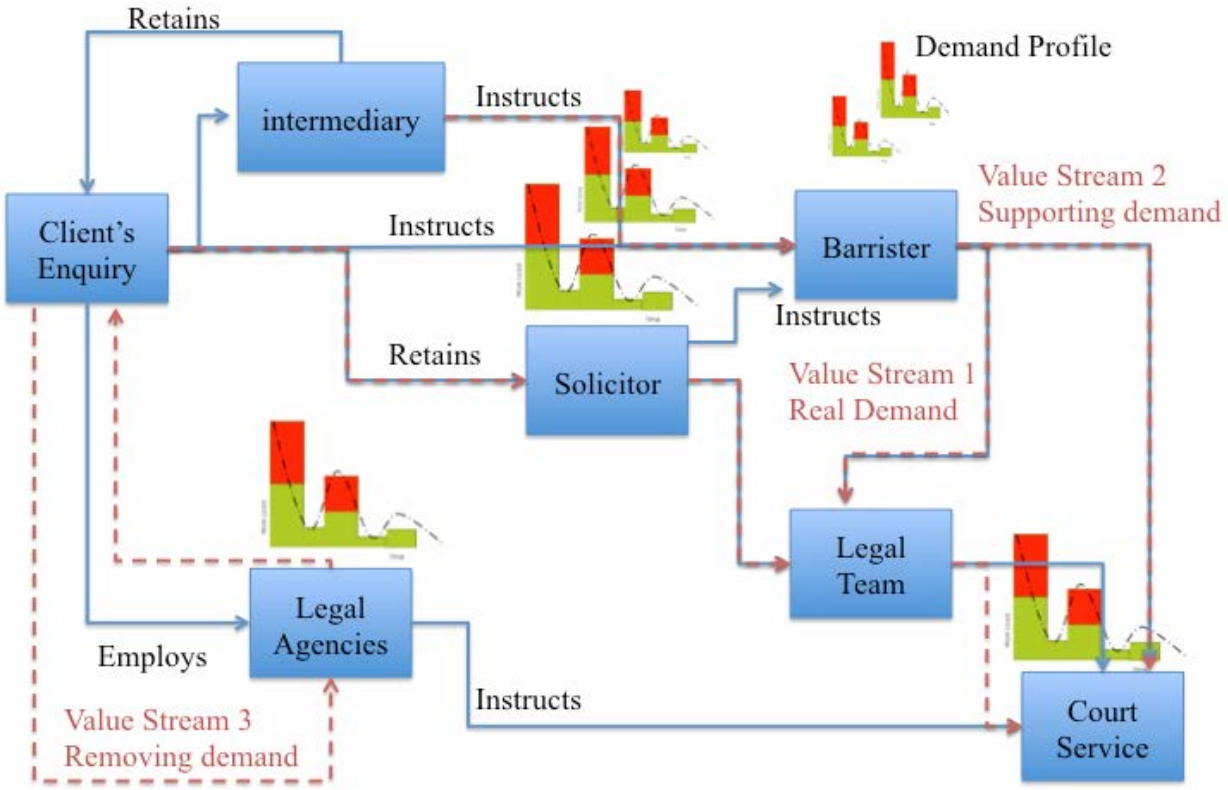

Figure 2 - Legal Network/Supplier Value Stream

METHODOLOGY

The case study approach allows for a greater understanding of unknown phenomena in the natural setting in order to generate meaningful understanding (Voss et al., 2002). The case study intended to assess the impact of service value (defined using the following: economic, ergonomic, aesthetic, technical design), in relation to PSOM. The authors performed multiple case reviews across a number of legal disciplines in which were analyzed both within- and cross-case (Yin, 2009) presented in table 1, supporting a deeper understanding of legal network and operational characteristics across such disciplines. The research adopts the Resource Based View (RBV) as the core theoretical framework to address the leanness and service modularity, exploring the effectiveness and efficiency within the profession. This paper presents a comprehensive review of PSOM characteristics with a legal practice relating to the impact and value PSOM thinking to address two research questions:

1. How has the commercialisation of the UK's legal profession and with deregulation influenced new service models and processes from new market entrants for application of Lean Law?
2. Does PSOM theory enhance its services using supporting technologies that underpin

them by efficient process, capacity planning, process design resourcing and value?

The primary source of data involved the collection and collation of 38 interview questionnaires, as well as assess the participants organizations perception of the lean thinking. The themes analyzed i) the service offering and legal provision, ii) lean thinking barriers, iii) discipline specific business process, iv) future growth and finally, v) training and development. The analysis and exploration of the generated dataset led the authors to address the research questions.

FINDINGS

The analysis of the case examples suggests a potential methodological mismatch between the core theoretical framework to address the lean thinking and operational agility within PSOM practice. The study explores the effectiveness and efficiency within the profession. The study also reports the important questions of value (defined using the following: economic, ergonomic, aesthetic, technical design) and the lean thinking tools and techniques being considered in PSOM practice. The study also reveals that market/client variations, resource sharing and organizational relationship linkage are three major dimensions for PSOM thinking. The questionnaire interviews collected data on the detailed PSOM decisions within each of the legal disciplines identifying any inductive patterns in the data. Table 1 summarizes the data in order to illustrate the key trends i.e. Level of customization, quality of relationships, multi-transactions in accordance to the legal disciplines and individual experience.

Table 1: Level of Customisation

Discipline	**No of Respd**	**Total years experience**	**Relationships (Contingent Distributed High= 7, Low = 1**	**Level of Customization High= 7, Low = 1**	**Std Contracts High= 7 Low = 1**	**Multiple Trans-actions High= 7, Low = 1**
Private Client	6	48	High	Medium	Low	Low
Company – commercial	6	64	Medium	Medium – Low	Medium	Low
Property Residential	5	90	Low	Medium –High	Medium	High
Property Commercial	5	71	Medium	Medium - Low	Medium - Low	Low
Family and Children	3	54	High	Low	Low	Low
Civil Litigation	3	22	High	Medium	Low	Low
Dispute Resolution	3	14	High	Medium	Low	Low
Planning	1	20	High	Medium	Low	Low

Various aspects of the service offerings in terms of cost, customer service, service offerings and time management is examined in Table 2, with Family and children, dispute litigation and civil litigation stress testing the firms resources and operational efficiency.

Table 2 Cost Control, Service Offering and Time Management

Discipline	No of Respd	Customer Services to customers Low=1 High =7	Achieving Low Costs Low=1 High =7	Customer 1= Low 7= High	Cost Savings 1=Low 7=High	Unique Cust-Req 1=Low 7=High	Time Man. 1=Low 7=High
Private Client	6	High	Low → Medium	Medium	High	High	Medium
Company commercial	6	High	Low → Medium	Medium	Medium	Medium → High	Medium
Property Residential	5	High	Medium	Medium → High	Medium	High	High
Property Commercial	5		Low → Medium	Medium	High	Medium	Medium →High
Family and Children	3	High	Medium	Medium-High	Medium - High	High	Medium → High
Civil Litigation	3	High	Medium → High	Medium → High	Medium - High	High	Medium
Dispute Resolution	3		Medium	Medium	Medium	High	Medium
Planning	1	High	Medium	Medium	Medium	High	Low

Table 3 provides a summary of the service offerings, according to the key sources of information provided, such as range of services, cost of operation, increased customisation, service offerings and economised of scale. To help explore these important external characteristics the authors have, as a development from the literature, the factors that may disrupt the supply network of the organisation. Whereas, figure 3 summarises the external factors that the application of the newly acquired knowledge will bring, the impact of that capability and finally it tries to capture the RBV and to what has been put in place to attempt to sustain this impact in the longer term.

Additionally, Anderson, Daim and Lavoie's (2007) paper is particularly relevant to the current research as they considered that knowledge transfer through Barney's (1991; 2001) work defining the resources, both assets and capabilities including human capital (training, intelligence, and experience) are part of the firm's RBV perspective, associated with relational assets (Weigel & Bamford, 2015). The data shows a particular focus on knowledge transfer nd reliability of resources. In support of this research, Von Nordenflycht (2010) generated a taxonomy of professional service firms (PSFs), defining four types:

1 Classic PSFs (e.g. law and accounting firms) - characterized by a high knowledge intensity, a professionalised workforce, and low capital intensity
2 Professional campuses (e.g. hospitals) - characterized by a high knowledge intensity, a professionalized workforce, and high capital intensity
3 Neo-PSFs (e.g. management consultants) - characterized by a high knowledge intensity and a low capital intensity
4 Technology developers (e.g. R&D firms, biotechs) - characterized by a high knowledge intensity and a high capital intensity

Frameworks such as this aid the ability of managers and academics to better understand how

such firms manage themselves and how define their operations.

Table 3 Service Offering

Discipline	No of Resp d	Range of Services	Achieving Low Costs	More Custo. 1= Low 7= High	Econ of scale 1=Low 7=High	Package products 1=Low 7=High	Economies of Scale 1=Low 7=High
Private Client	6	High	Low → Medium	Medium	High	High	Medium
Company commercial	6	High	Low → Medium	Medium	Medium	Medium-High	Medium
Property Residential	5	High	Medium	Medium → High	Medium	High	High
Property Commercial	5		Low → Medium	Medium	High	Medium	Medium → High
Family and Children	3	High	Medium	Medium-High	Medium →High	High	Medium → High
Civil Litigation	3	High	Medium → High	Medium-High	Medium → High	High	Medium
Dispute Resolution	3		Medium	Medium	Medium	High	Medium
Planning	1	High	Medium	Medium	Medium	High	Low

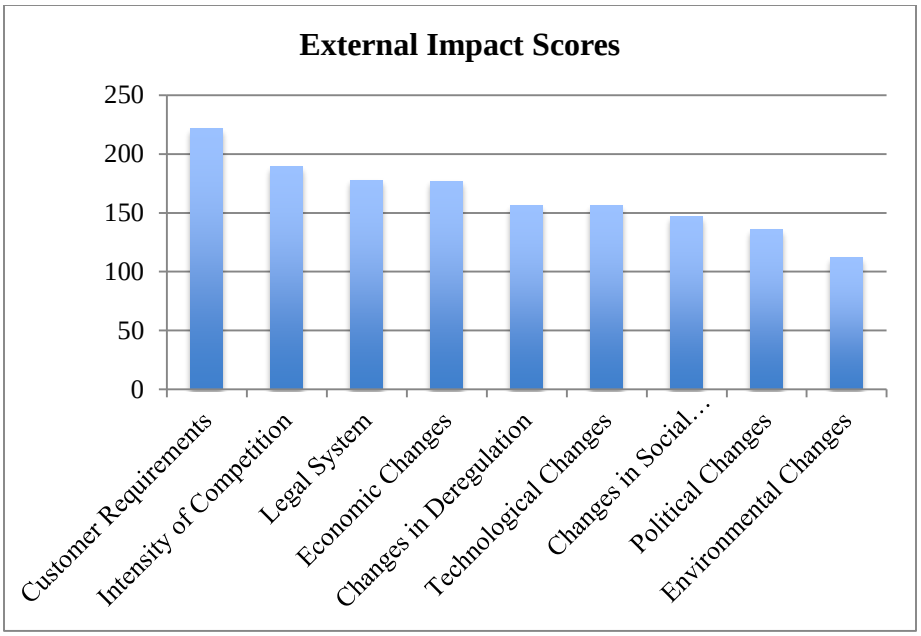

Figure 3 – External Impact Scores

Within the case study findings, the research highlighted that the new knowledge capability would originate within the following: property residential; family; and litigation. Table 5 provides a summary and collation of the recorded output capability, according to the key sources of information.

Leaner Thinking

Responses to interviews were analyzed against lean thinking principles and classified to the following:

- Inefficient distribution of case information or materials internally and externally for case progression
- Involvement in unproductive regular internal meetings about the case
- Lack of continuity within the team due to shifting workloads or turnover.
- Inappropriate allocation of tasks across fee earners
- Unnecessary focus on perfection in performance of case development tasks, e.g. drafting documents.
- Lack of knowledge management system, i.e., tracking down people with answers; Outdated technology or computer systems.

Table 5: Business Development

Discipline	**No of Respon-dents**	**Standard Business Processes 1= Low 7= High**	**Social Media (Twitter, Linkedin 1= Low 7= High**	**Knowledge-Base Systems 1= Low 7= High**	**Online Capability 1=Low 7=High**	**Service Mod. 1=Low 7=High**
Private Client	6	High	High	Medium	High	High
Company commercial	6	Low	Low→Medium	Medium	Medium → High	Medium → High
Property Residential	5	Medium → High	Medium	Mediu→ High	Medium → High	High
Property Commercial	5	Low	Low- Medium	Medium	Medium → Low	Medium
Family and Children	3	High	Medium	Medium→ High	Medium	High
Civil Litigation	3	Medium	Medium	Medium→ High	Medium → High	Low
Dispute Resolution	3	Medium	Medium	Medium→ High	Medium	Low
Planning	1	Low	Medium	Medium	Medium	Low

By analyzing the data collected, that 'distribution of case information' was an issue, particularly in company commercial and less so in family and children. It was also noted that inefficient distributions and allocation of tasks was also an issue, as well as the emphasis of perfecting documents. Each of the process tasks and components was assessed independently to identify whether it could be delivered in a supported updated case management system, which is critical to civil litigation, commercial practice. Furthermore, the client management system (CRM) needing addressing in terms currency and supporting new enquiries through referrals. Furthermore, data indicated that conversation rates (winning new business) varied from 26-70%, with no specific discipline demonstrating best practice, nor defining the impact of value (economic, ergonomic, aesthetic, technical design).

A follow-up to the initial study was the development of the operational agility, the Ismail et al, (2011), presented in, Figure 4 was presented a successfully diagnostic tool for developing the eternal factors affecting the business in order to assess the external environment in conjunction with the impact on resources (people, process, product, operations), and operational capability (flexibility, organization and services). It was demonstrated that the matrix could be used as an audit tool to identify issues in relation to performance, agility and lean objectives and to become the service blueprint (see Radnor et al 2014) to particular operations strategy decision areas. Secondly, the model can be applied to the results collated within the research in order to define the Leaner or Agile approach within the service offering.

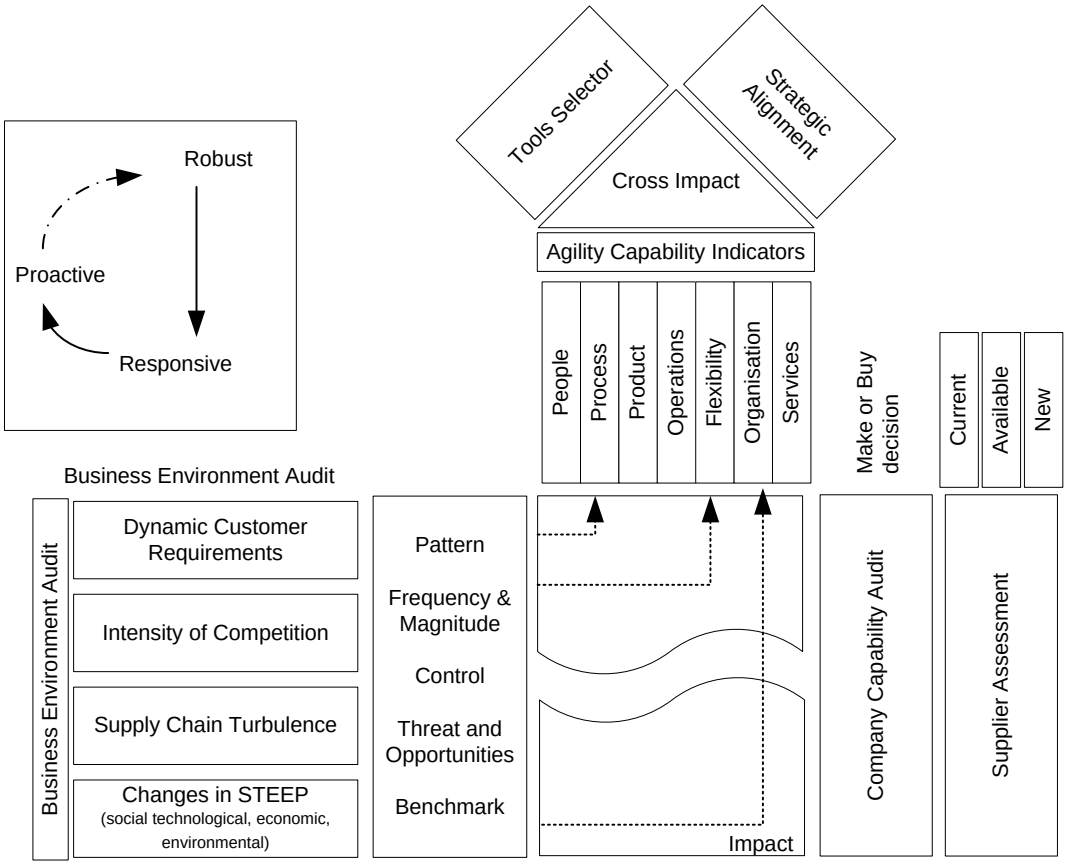

Figure 4. Stages for Implementing Operational Agility (Ismail et at 2011, cited in Reid et al 2015)

The Operational Agility framework interpreted the service offering in relation to PSOM characteristics of, job design, process type, operations, service modularity and adopted technology. The detailed performance criteria of external factors affecting the firms service offering and detailed operations strategy decisions enabled the matrix to be refined and developed. Future work will continue with the technology transfer of the PSOM in order to develop the knowledge transfer of best practice across the legal disciplines. Through the RBV perspectives the framework allows organisations to assess the utilisation of resources in order to maintain the value and service offering expected from the firm's client and customer base.

CONCLUSION

This research has created a model that will influence and improve the legal services offerings. It will add much needed value to the concepts of lean law, service modularity, and nimbleness

through this empirical case study. The research is aimed at the exploration of PSOM theory within the context of the legal profession within Von Nordenflycht (2010) taxonomy of classic PSFs.

This study allows the authors to researcher or practicing manager interprets and defines service operational issues. The research also identifies which topics have been published and which lean thinking tools and techniques are being adopted or investigated. A reflection on lean and agile practices is important because industrializing PSOM. The research informs researchers and practitioners of the growing opportunities for 'leaner law' within the profession, and requires more leaner or agile approach in terms of the business operations as margins are being squeezed through UK's recent deregulation and additional emerging markets.

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