



BY HBR CONSULTING

EXECUTIVE SUMMARY

September-October 2020
Virtual Event Series

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INTRODUCTION

Flexibility and Opportunity in the Face of Momentous Change

A mere year and a half ago, we remarked in the [Legal Lab 2019 Executive Summary](#) that “the pace of change [in our industry] continues to accelerate.” One of the 2019 participants noted, “We are now living through the transformation we have been talking about for the past few years.”

Had we only known.

The pace of change did not simply accelerate in 2020; changes unfolded at breakneck speed, revealing some organizations’ deficiencies while testing the mettle and flexibility of even the best-prepared legal organizations. The pandemic heralded a sudden transition to a work-from-home environment, taxing our technology and processes and driving changes in how we communicate. Its economic repercussions have strained organizations, forcing them to make difficult decisions with incomplete and ever-evolving information. At the same time, the recent visibility of social justice issues has compelled organizations to closely examine their diversity, equity and inclusion.

Even while navigating the challenges of the year, however, the participants at Legal Lab 2020 focused on identifying the opportunities that surfaced through these unforeseen changes. Bold legal organizations are capitalizing on the current momentum to pull the future forward for our historically change-resistant industry, advancing initiatives and innovations that to date have been perpetually just over the horizon. They are finding ways to accelerate the transformational opportunities that recent events have unearthed and capture the lessons learned in this unique time.

Like everything else, Legal Lab 2020, HBR’s sixth annual gathering of leaders from leading law departments and law firms, had to change with the times. Instead of the traditional two-day, in-person April event in Denver, we hosted a series of five virtual sessions over multiple weeks this fall. As we strove to replicate the spirit of the traditional Lab setting while incorporating new elements made possible by video, our participants enthusiastically embraced the new format, from small-group breakout discussions, to development of a “formula” for service delivery, to a virtual beer tasting with a Denver-based brewery in place of traditional networking events. Despite the virtual environment and the challenging and unprecedented times, Legal Lab attendees achieved a spirit of unity that transcended law departments’ and law firms’ historically diverse perspectives.

Three key themes emerged during this year’s Legal Lab discussions. First, flexibility is more critical than ever, as is a willingness to reimagine processes from the ground up. Second, legal professionals must focus on their clients’ holistic needs when designing new solutions. And finally, collaboration—with a wide range of players in the legal ecosystem—is critical to future success.

FLEXIBILITY

In an uncertain world, we all need flexibility to survive and thrive. This adaptability allows us to recognize changing circumstances and seize opportunities to move forward instead of staying stuck in our old ways. Legal Lab participants emphasized the need to stretch in response to ever-changing needs and emergent situations. This flexibility takes agile team members, an enabling organizational structure and strong leadership support for new initiatives. Our participants discussed how the shift to remote work has given the legal industry a rare opportunity to reimagine the full spectrum of who we work with, what we prioritize, where and when we work, and how we deliver legal services.

CLIENT FOCUS

An emphasis on addressing client needs in new and creative ways permeated the presentations and discussions at Legal Lab 2020. Our participants stressed the importance of identifying a client's underlying need and finding creative and holistic solutions: whether those clients are the internal business partners of a law department whose financial pressures and go-to-market approaches may require dramatically different legal priorities; the traditional clients of a law firm who are truly looking for innovative fee models to balance risk and reward; or the legal employers that want to hire a law school's graduates who are armed with new skills in light of the rapidly accelerating digital transformation.

COLLABORATION AND COMMUNICATION

Perhaps most importantly, the participants in Legal Lab 2020 emphasized the central role of collaboration and communication, both internally and across the legal ecosystem. One of the foundational purposes of Legal Lab is to foster collaboration between law firms and corporate law departments, but our participants continue to surprise us with new ways of collaborating within the legal industry, reaching out to competitors, other providers, law schools and more. And they emphasized that in our current remote-work environment, communication is more important than ever. Communication helps us to maintain connection with a widely dispersed workforce, mentor and train new lawyers, and allow team members to express their authentic selves and advance their careers without being encumbered by implicit bias. Communication also helps us find creative new ways to connect with clients.

In the following sections, we summarize the substance of our five virtual sessions from Legal Lab 2020, including an overview of industry trends and a discussion of the three pillars of Legal Lab—talent, service delivery and technology. In addition, we provide an inside look at the collaboration workshop that closed this year's Lab. We hope you find this information useful as your organizations seize the opportunities to accelerate positive change, prepare to navigate the uncertainty of 2021 and look to the future of the legal industry.

KEY TAKEAWAYS INFOGRAPHIC

REEXAMINING THE STATUS QUO TO

Accelerate the Evolution of Legal Organizations of the Future

1 2020's significant changes in the legal industry have created opportunities to reexamine the status quo.



Pandemic-triggered transition to a **remote workforce**



Law departments' increasing emphasis on **cost control**



Law firms' need for creative, **differentiating response** in an already contracting legal market

2 An effective evolution strategy requires flexibility, client focus and collaboration...

- **Flexibility** to react quickly while looking to the future
- Prioritization of **client needs** and **new solutions**
- **Collaboration** and communication across/among **all legal ecosystem constituents**

"Our go-to attorneys are those who are able to pivot and reinvent themselves multiple times."

"How do we take what we learned from working remotely and bring it forward?"

"We can't tweak or just automate – we need to fundamentally transform and work differently."

3 ...applied to talent, service delivery and technology.



TALENT

Developing the lawyer of the future

- Evolving **skills** for changing legal practice (work environment, technology changes)
- Organizational + individual **agility** to address changing market, client needs
- **Collaboration** across law schools, law departments + law firms to advance lawyer training + development

FOUNDATION = inclusion, avoidance of implicit bias



SERVICE DELIVERY

Finding the right formula

- **Reimagination** of the workplace, how to deliver legal services in a different way
- Attention to **client's entire business challenge** (vs. discrete legal issues)
- Demonstration of **unique value**
- **Structure**, including **leadership** support, **forward-thinking talent** + business **processes**
- **Collaboration** across the ecosystem (including competitors) to serve client's needs



TECHNOLOGY

Simplifying legal service delivery + maximizing data

- **Automation, productization** of repetitive areas of law for scalability, accessibility, client value + law firm revenue
- **Digitization** imperative in virtual environment; beginning of fundamental transformation
- **Data and analytics**, critical to accountability, decision making
- **Artificial intelligence** (AI) as supplement to human efforts; combines data, processes + expertise to provide business value

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¹ Titles and organization names held at the time of Legal Lab 2020.

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INDUSTRY OVERVIEW

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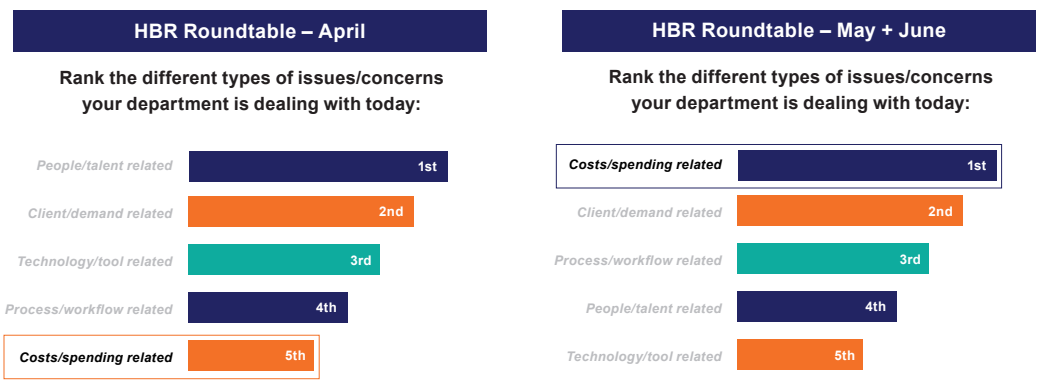
An Opportunity to Re-Examine the Status Quo

Legal Lab 2020 began with an industry overview presented by HBR, outlining recent market trends that have followed in the wake of the pandemic and its economic impacts. HBR based its overview on its annual [Law Department Surveys](#) and a series of roundtables during the summer of 2020 with over 110 law department leaders from a range of industries.

LAW DEPARTMENTS' SHIFTING PRIORITIES

The pandemic has driven several major changes, forcing all legal entities to quickly transition to a virtual environment and demanding a harsh financial reckoning for some. These changes have spurred many law departments to rearrange their priorities, as reflected in HBR's roundtables. At the beginning of the pandemic, talent-related issues leapt to the forefront, as the legal industry abruptly adapted to a work-from-home environment. Several months later, as the economic impacts of the pandemic became clear, cost and spending issues became the top priorities. Depending on their industry, most department leaders indicated that they expect a moderate or significant department budget reduction in the months to come.

SHIFTING LAW DEPARTMENT LEADER FOCUS



To address these emerging budget constraints, law department leaders reported that they are focusing on governance-related measures such as the consistent use of planning, forecasting and budgeting, increased use of data analytics, and stricter enforcement of billing guidelines.



OPPORTUNITIES FOR LAW DEPARTMENTS AND LAW FIRMS

While 2020 has been challenging, it has also created opportunities for both law departments and law firms to reimagine the status quo.

Law departments have the opportunity to fundamentally reinvent the way they address service delivery by focusing on developing agility, value centricity and tech enablement. These departments should proactively engage with their law firms to identify creative ways they can add value and generate new offerings. Law departments should pay particular attention to data as a “change platform.” Analyzing and appropriately leveraging existing data can help legal teams drive decisions that have the capacity to unlock significant value. Note, though, that this evolution must be monitored through ongoing performance management and accountability, both internally and with outside counsel, if departments are to produce lasting change.

Some sectors of the legal market are contracting, causing new challenges for many law firms as they look to 2021. Firms are turning their attention to how they can compete in this shifting and uncertain environment. Forward-looking firms are developing creative new capabilities and responses that will set them apart from the crowd and ensure their continued success. These efforts include, among others, rethinking the firm’s foundations to build a sustainable, recession-proof operating model, designing internal initiatives that will optimize practice areas for the future, and identifying new focus areas that will help drive growth while controlling costs. The decisions that law firms make today will determine how strongly—and even whether—they emerge from these challenging times.

TALENT

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“
We tend to **attribute
our success to
our skills** and
**others’ failure
to their lack of
ability.**”

Developing the Lawyer of the Future

As always, our 2020 participants addressed elements of each of Legal Lab’s three pillars: talent, service delivery and technology. The discussion of talent focused on how law firms and legal departments can identify and nurture the skills needed for the lawyer of the future.

The practice of law was evolving even before the pandemic, ushering in a new set of attributes that lawyers need to hone to be successful. The overnight transition to remote work has drastically accelerated that evolution. Legal Lab 2020 addressed ways that law departments, law firms and law schools can collaborate to equip both new and experienced lawyers with the agility, problem-solving skills and comfort with technology that lawyers of the future will need. Lawyers across the board must also root out any implicit bias that is impeding their development.

TACKLING IMPLICIT BIAS: THE FOUNDATION

Diversity, equity and inclusion (DEI) issues have been discussed in our Legal Labs for several years, as legal organizations have struggled to recruit and retain diverse talent. The social unrest of 2020 has promoted DEI issues to the forefront of organizations’ consciousness. This year’s Legal Lab directly confronted implicit bias, which has been an insidious obstacle to legal organizations’ equity and inclusion efforts to date. Implicit bias—of all types—exists everywhere, but in the workplace, it directly affects employee development, satisfaction and retention. Identifying and counteracting that bias is a foundational element in developing lawyers who are ready for the future.

The legal industry is among the least diverse industries and is plagued by remarkably persistent implicit bias, perhaps due in part to the legal profession’s customary structure and assumptions. Law firms traditionally operate as perceived meritocracies, a culture that many law departments have integrated as well. According to Kathleen Nalty, [organizations that view themselves as highly meritocratic tend to have greater bias than less meritocratic organizations](#). In legal organizations, individuals typically attribute their success to their own abilities and blame others’ lack of success on their lesser ability rather than on fundamental obstacles that are raised along their path. In similar confirmatory thinking, because meritocratic organizations pride themselves on being “fair,” they attribute any diverse individual’s later success with another organization to that organization having “lower standards.”

There is no silver bullet to correct implicit bias. Lawyers cannot isolate, define and address it as they would a typical legal issue. Because implicit bias is deeply ingrained and pervasive, it necessitates a holistic approach. Organizations need structured ways



to evenly share opportunities, such as rotating work assignments on a schedule rather than allowing senior lawyers to choose people they feel comfortable with. Leaders must actively promote the organization's policies and incorporate DEI awareness into their advisory roles. And individuals must live the role personally and when addressing client issues. For everyone to be able to flourish as their authentic selves, we all must face our biases and counteract them.

SKILLS: NECESSARY “TABLE STAKES”

The skills lawyers require today are continuously evolving. Legal organizations must train and mentor lawyers—at all levels—so that they can successfully navigate the changing practice of law.

For new lawyers, technology has influenced training needs in some surprising ways. Technology has replaced a sizable portion of entry-level work that has historically served as a key training ground for new lawyers. In the current remote-working environment, junior attorneys also participate in fewer ad hoc meetings or “watercooler conversations” that can enhance their training. Law firms must therefore intentionally supplement new lawyers’ practice with training programs that mirror that experience. One participant firm has solved this by creating a virtual practice-oriented training tool. The shift in law firm associates’ training opportunities may also impact how corporate law departments think about their hiring, according to one law department leader. Her organization has traditionally hired associates after several years of training and development in a law firm environment.

There is another aspect of junior associate training that the current remote environment has hindered: ensuring that junior attorneys receive balanced work assignments that foster their development. Associates can quickly fall behind their peers if they do not receive equivalent work. Firms therefore must be very intentional about monitoring associate assignments. Participants also stressed the need for associates to take the initiative and seek out growth and mentorship opportunities.

For experienced lawyers, development needs are more nuanced. Of course, they must master any necessary technology, but they must also develop the skills associated with that technology. For example, they should know how to modify their approach to a hearing that is conducted over Zoom instead of in person. They should also consider and, when appropriate, rethink the status quo around other aspects of how they do their work. This may mean examining their workflows and being willing to disrupt their comfortable patterns, perhaps by leveraging practice-enhancing analytics and other new tools.

“

The challenge for experienced attorneys is to be willing to disrupt their pattern of doing things in a way that they are comfortable with.

”

AGILITY: THE ABILITY TO FLEX AND STRETCH

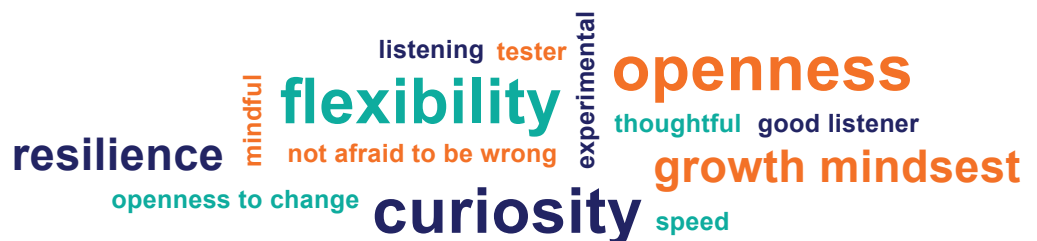
The pandemic has emphasized the need for attorneys to be agile and adaptable. When asked to define “agility,” participants emphasized openness, flexibility and curiosity. To help attorneys develop agility, one law department leader suggested the following three practices:

Emphasize speed and efficiency. Attorneys must be able to respond quickly and efficiently, especially in a fluid or time-sensitive environment. But raw speed is not enough: it must be paired with context. Attorneys must understand their organization’s vision and mission and tailor their efforts accordingly. They must develop a client-centric mindset so that they can be proactive, responsive and strategic. Finally, they must avoid the lawyerly impulse to evaluate every single possibility and instead—especially in urgent situations—make quick decisions based on logic rather than exhaustive research.

Empower people to act. Agility takes confidence, which means attorneys need the freedom to experiment and fail without fear of retribution. Encouraging curiosity stimulates lawyers’ ability to examine and challenge the status quo rather than feeling constrained by existing routines. Leaders must not punish well-intentioned actions that fail. If necessary, correct any errors and treat the situation as a learning experience, then move on.

Develop a culture of communication and collaboration. Agile lawyers are not developed in a vacuum. A strong culture of teamwork and collaboration that includes “cross-pollinating” the team through shared information and experience supports agility. To do this well, organizations need a strong knowledge management program. Other participants suggested that breaking down walls, particularly those related to respecting the “elders” in the hierarchy, can promote a culture of communication and collaboration. Fortunately, the current remote environment has naturally helped some junior attorneys feel freer to participate.

WHAT MAKES A LAWYER “AGILE”?



COLLABORATION: PARTNERING FOR SUCCESS

Beyond internal communication and collaboration, legal organizations that collaborate across the legal ecosystem can provide their lawyers with the skills and agility needed for success. Law schools are an important, yet often overlooked, component in training lawyers of the future. Forward-looking law schools are engaging in a form of design thinking to improve their programs, seeking input from legal employers about what they are looking for in their attorneys and then “reverse engineering” their educational programs to meet those goals. Law schools can also develop their graduates’ soft skills like emotional intelligence and communication skills—foundational skills, according to a [study by the Institute for the Advancement of the American Legal System](#). To effectively change their teaching, however, law schools require two things: data that demonstrates both short-term and longer-term results and market alignment between the schools’ goals and employers’ hiring criteria.

Law departments and law firms can also collaborate on attorney development. Participants suggested that if they share their efforts in teaching new skills, including soft skills, both sides could benefit from the other’s advances.

“ Our go-to attorneys are those who are able to **pivot** and **reinvent themselves multiple times**. ”

As one participant said, “Our go-to attorneys are those who are able to pivot and reinvent themselves multiple times.” When legal employers prioritize developing their lawyers’ skills, fostering agility and collaborating internally and externally—against a backdrop of inclusion that corrects for implicit bias—attorneys learn to rethink the status quo and adapt to changing needs, and everyone wins.

SERVICE DELIVERY

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Finding the Right Formula

In the session discussing the service delivery pillar, Legal Lab participants were challenged to develop a “formula” for what goes into modern legal service delivery. While their answers varied from simple to elaborate (see the example below), they shared a number of common elements. These echoed some of the themes of the session: a willingness to challenge the status quo; a focus on delivering value by finding new solutions to the client’s true business challenges; the role of a structure emphasizing strong leadership, forward-looking talent and effective business processes; and the importance of collaboration across the legal ecosystem to serve clients’ holistic needs. Underlying all of these is the concept of reimagining the workplace and reinventing the way we define problems and deliver legal services.

WHAT IS THE “FORMULA” FOR MODERN LEGAL SERVICE DELIVERY?

$$L^2 (C + F + T_3 + I + \Delta M) - So^2 - O_2$$

L^2	=	Leadership (twice as important)
C	=	Client
F	=	Focus
T_3	=	Talent (internal, client and external SMEs)
I	=	Incentives
ΔM	=	Change management
So^2	=	“Same ol’, same ol’” (reliance on same processes, people)
O_2	=	Overload of and overreliance on technology

REIMAGINING THE WORKPLACE

A pervasive theme throughout Legal Lab 2020 was the need for lawyers to re-examine the status quo, both in the workplace itself and in how we deliver legal services.

The pandemic demanded that legal organizations take immediate, decisive action to adapt. It is by now universally acknowledged that some of the resulting changes will remain even after the pandemic ends. While many people crave the normalcy of returning to the office, the workplace environment we go back to will not be the same one we left. As we consider the future workplace from the perspective of our organizations and our clients, we will need to reimagine, reconfigure and rebuild in innovative ways. We need to take the lessons we have learned from working remotely and bring them forward,

especially as legal organizations see increasing motivation for change, with greater attorney buy-in, in contrast to our historical resistance to change.

Legal leaders are weighing the realignment of business roles, such as administrative assistants, to strengthen and streamline their organizations. Law firms are reimagining how they meaningfully engage with their clients in a virtual environment now that travel and personal contact have greatly decreased. These types of adjustments to firms' business development strategies are likely to continue—and evolve—in the future. All of this change requires new ways of envisioning internal communications, particularly for those changes that significantly affect individuals. Organizations should solicit suggestions and be thoughtful about when and how their staff will return to the workplace.

FINDING NEW SOLUTIONS TO THE CLIENT'S BUSINESS CHALLENGE

“
Fall in love with
the client's problem.”

Both the Legal Lab presentations and the group discussions centered on the importance of client focus in the delivery of legal services. Group “lab notes,” for example, referenced a deep understanding of the client's objectives and environment or experience and the importance of customer-centric account management.

”

But focusing on the client extends past mere lip service. Participants emphasized the need to identify and find new solutions for their clients' total business challenges, looking beyond the discrete legal issues on which attorneys often myopically focus. That begins with the RFP process, where law firms can distinguish themselves by looking at the problem with fresh eyes and proposing a complete scope of work that demonstrates their understanding and creative approach. A holistic client focus extends even to internal work, such as reimagining data as a strategic asset for clients so they can benchmark their work against their industry sector or practice area. For complex challenges, this approach might mean going beyond legal advice and acting as a broader business advisor or, as one participant put it, “falling in love with the client's problem”—talking to all stakeholders to understand the core issue before proposing a solution. A creative, comprehensive solution to the business challenge may require weaving together multiple areas of expertise beyond traditional legal guidance, including collaboration with other, non-legal professionals.

This can seem, at first blush, to create tension with the need for agility that we emphasized in the discussion of talent. The difference is one of timing. When identifying the problem the client needs help with, especially for an expensive or recurring issue, it pays to invest the time to be curious and dig down to find the root cause of the problem, whether it be strictly legal or related to another aspect of the business. When the problem is known, though, lawyers need to have the agility to rapidly brainstorm and implement solutions, pivoting as needed.



BUILDING A STRONG STRUCTURE

Modern service delivery requires a foundation of structure, which includes leadership support, forward-thinking talent and robust business processes. Leadership, deemed “doubly important” by one discussion group, must provide the motivation and support for service delivery and innovation. Leaders should be backed by the right team of talented, flexible, innovative people, unfettered by bias, unchained from the status quo and armed with appropriate training and tools. Structure also encompasses the development of new systems and business processes that are designed to make work easier and to keep the focus on the holistic problem rather than the immediate legal issue. These processes should not be overly reliant on technology or constant adjustments—admittedly a challenge in the current environment—as change overload can impede otherwise excellent service delivery.

“ How do we take what we learned from working remotely
and **bring it forward?** ”

COLLABORATING ACROSS THE LEGAL ECOSYSTEM

Collaboration with others in the legal ecosystem can significantly advance service delivery. While we frequently recommend collaboration with clients, legal organizations are beginning to recognize opportunities to collaborate with other players—even competitors—in the legal ecosystem in service of their clients’ needs. One participant discussed collaborating with a local university to develop a predictive analytics model. Another raised his firm’s collaboration with several other law firms to amass the resources, experience and expertise needed to create a better solution for their shared client. Collaboration gives law firms access to traditionally underutilized resources and diverse perspectives that can inform fresh new ideas for age-old problems.

While the precise elements and their proportions may vary, organizations that design the optimum formula for service delivery—including a reimagined workplace with redefined structures to support their evolving business case, a holistic focus on the client problem and creative solutions to it, and collaboration with a range of stakeholders to better meet their clients’ needs—are well positioned to demonstrate their differentiating business value.

TECHNOLOGY

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Simplifying Legal Service Delivery and Maximizing Data

Technology is the third pillar of Legal Lab, but it also enables the other two pillars—talent and service delivery—by digitizing information to support organizational transformation, automating processes to save attorney time and maximizing the utility of an organization's data to improve client outcomes. This year's Legal Lab addressed each of these areas.

TRANSFORMATION THROUGH DIGITIZATION

COVID-19 is shaping up to be the most significant driver of digital transformation in the legal industry. While digital efforts were already in motion, the pandemic greatly increased the pace of change. In the new virtual environment required by remote work arrangements, digitization is imperative. As one participant put it, "Every process that could be digitized has been accelerated."

There are definite obstacles to digitization in the legal industry. Lawyers' traditional conservative, precedent-driven tendencies can create discomfort and resistance to change. Our discussion groups also mentioned the fatigue of constant evolution and never feeling as though you are "done." Digitization can also be slowed by the need to prioritize projects, to budget for change and to align solutions with clients' pain points.

Legal organizations can—and must—overcome these obstacles, however. Organizational culture can help. One speaker described how her legal team has made experimentation and transformation part of its identity. This requires faith in the organization's vision and persistence, and it creates a shared sense of urgency and purpose. As the speaker put it, it was important to start with individuals who were receptive, and not wait for the "lowest common denominator" to be ready.

“
**We can't tweak or
just automate – we need
to fundamentally
transform and
work differently.**
”

That legal team's successes illustrate the speed and flexibility that digitization offers, by creating the ability to nimbly address client needs. For example, responding to COVID required the organization to quickly evaluate 24,000 contracts for terms related to force majeure, partial shipments and other concerns. The law department was able to narrow the document field tremendously before its evaluation by developing scripts, which allowed it to complete the entire process in a short period. As the presenter put it, "the calendar is often the enemy," but digitization gives organizations a tool to fight back.

Digitization also enhances collaboration between law departments and their law firms. Our participants specifically mentioned transparency and alignment—the ability to ensure that both parties are viewing the same information from their respective lenses.



AUTOMATING AND PRODUCTIZING REPETITIVE AREAS OF LAW

Leading law firms are offering value to clients (and others) and generating law firm revenue by automating repetitive areas of law and productizing those tools to provide accessibility and scalability.

One presenter provided an example of how his firm has productized its expertise to make it more accessible to corporate clients, as well as to individuals on a pro bono basis. There is considerable demand for this type of product from both audiences: companies are enthusiastic about gaining access to the firm's expertise more affordably, and individuals need better access to justice. The firm releases pro bono products in parallel with each client-focused product, which not only helps fill a need but is also important to the firm's employees and helps attract strong talent.

Productizing legal expertise is not a quick and easy project. A firm must think through several business issues, including funding, resources and cultural resistance, before deciding whether or where to begin.

“
Companies are
willing and
enthusiastic to
get access to
legal expertise
more affordably
and accessibly.”

- **Funding**

Productizing legal services requires a considerable up-front investment for an uncertain, long-term return. Firms must step outside their traditional financial models and learn to think like venture capitalists.

- **Business structure and talent**

By productizing its knowledge, a firm is essentially setting up a software-as-a-service (SaaS) business. This requires expertise not commonly found in law firms, such as project management, product marketing, sales, customer service and more. Our presenter's firm chose to set up a separate company because it lacked this expertise within the walls of the firm.

- **Cultural challenges**

Lawyers are traditionally resistant to changing the status quo. This may be because they perceive their practice—and their skillset—as unique or because they cannot “disassemble” their practice to identify elements that can be productized. A breakout group suggested addressing these challenges by aligning incentives to encourage participation; focusing first on the ready adopters; embracing learning and growth as part of the firm's culture; and providing space, time and resources to meet people where they are in their journey.

- **What to automate or productize**

How a firm solves these challenges can affect which practice area it chooses to productize. Of course, part of the process involves looking to those practice areas that have a clear interest in automating, but that should not be the sole threshold. Certain areas are more marketable or more suitable to productization. The presenter stressed the importance of having a strategy and well-defined prioritization criteria. The firm's SaaS journey began with privacy regulation compliance. From there, it saw an opportunity for a product related to COVID-19 and return-to-office issues. The firm has also created a diversity and inclusion product as well as pro bono projects around landlord and lender-related matters.

In discussion groups, participants suggested other practice areas that might lend themselves to automation. Repetitive, high-volume work with predictable workflows likely present the best opportunities. These included contract management, certain types of repeatable, commoditized disputes (particularly in labor and employment) and regulatory compliance. The group also proposed pro bono products aimed at "know your rights" education and election and voting rights, which might provide opportunities for multiple firms to collaborate.

ARTIFICIAL INTELLIGENCE (AI): MAXIMIZING DATA FOR BUSINESS VALUE

The third segment of the Technology session centered around artificial intelligence (AI), the combination of data, processes and human expertise to provide business value. Traditional computer programming is rules driven: the system is fed a set of data along with business logic rules that it should apply to that data. AI, by contrast, is data driven. It starts with the same set of data, but instead of rules, the system is fed examples of labeled output data. From that output data, the computer learns on its own how to determine business logic rules.

“ **AI should only be deployed when there's real business value.** ”

- **Success and readiness**

Successful use of AI requires a large amount of clean, complete and consistent data, along with well-documented, standardized processes that are rigorously followed. It also relies on nonlegal expertise from data scientists who can transform textual and quantitative data into meaningful insights. This is a costly process that is only worth

undertaking when the AI is expected to yield substantial business value.

Our participants further suggested that an organization that is ready to use AI needs to have a clear business case for its use and a commitment that includes the willingness to invest resources, the willingness to fail and a strong focus on change management. The organization should be prepared to overcome skepticism by articulating the benefit of AI to its stakeholders.

- **Legal industry uses**

Because AI should only be deployed when there is real business value to justify the investment—whether by generating savings or creating new revenue streams—it should not be attempted on single-use matters. The legal industry’s most well-known use of AI is in e-Discovery, though it is also expanding to contract generation and review, document search, legal research and detection of litigation patterns. An informal poll indicated that approximately two thirds of participants are not yet using AI beyond e-Discovery. Those that are have focused on contract review (specifically nondisclosure agreements), chatbots, litigation predictive analysis and due diligence, with mixed success.

AI is best when it supplements, rather than replaces, human expertise. Our presenter gave one vivid example of a particular contract-related process where the quality of human work measured at 90 percent accuracy. AI alone produced only 80 percent accuracy. But when AI and humans were combined, the work quality rose to 96 percent.

Collaboration between law departments and law firms may produce more opportunities for AI deployment. Examples include sharing data from prior litigation and transactions among a law department and all its outside counsel, creating bots for frequently asked questions between a law department and its law firms, and regulatory-related contract remediation.

- **Risks**

Naturally, AI is not devoid of risks. Unintended bias is a considerable risk, as AI’s output will only be as good—and as unbiased—as the data it is based on. AI also raises ethical dilemmas such as questions of privacy or accountability: who makes the ultimate decisions on AI-related matters? Then there are risks around societal disruption as AI eventually replaces some jobs.

- **Future of AI in legal**

Nevertheless, the participants see AI continuing to expand in legal over the next five years, as teams gain awareness of its capabilities and comfort with the tools. They

specifically predicted an expansion of AI in client service delivery, with law firms packaging their own AI solutions to differentiate themselves from their peers. AI will likely change the talent needs for incoming legal professionals. In exchange, it is expected to increase efficiency, outcomes and pricing, enabling lawyers to provide greater value.

While Legal Lab 2020 did not directly address data and analytics, their importance underlay most of the discussions. From data guiding law school initiatives to analytics supporting service delivery, data and analytics can drive accountability and guide informed decision making. For a more in-depth discussion of analytics, please see the [2019 Legal Lab Executive Summary](#).

Organizations that take full advantage of technology by digitizing information, automating processes and, where appropriate, implementing AI are well positioned to support their talent and improve service delivery.



WORKSHOP

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Smart Collaboration

The final session of Legal Lab 2020 was a presentation and workshop by Harvard Law School's Dr. Heidi Gardner, author of *Smart Collaboration: How Professionals and Their Firms Succeed by Breaking Down Silos* and *Smart Collaboration for In-House Legal Teams*. Gardner provided an overview of her "Smart Collaboration" principles and explained why Smart Collaboration is especially important in the current environment. Participants then workshoped those principles by applying them to several scenarios.

COLLABORATION IS CRITICAL TO ANSWERING TODAY'S CHALLENGING SITUATIONS

Gardner developed her Smart Collaboration concept in response to two trends in the business world: the growth of deep but concentrated niche expertise and the evolving nature of the problems that businesses face. Specialists tend to have a narrow point of view, while business problems are increasingly volatile, uncertain, complex and ambiguous ("VUCA"), such that historical solutions often fall short. When experts collaborate to integrate their specialized areas of knowledge, they are able to tackle complex problems more successfully than any of them could do alone.

The pandemic has given rise to a variety of complicated, multifaceted new problems. Participants mentioned issues related to talent management and employee sentiment, regulatory shifts, return-to-office questions and technology adoption, for example.

In addition to creating more challenging problems, the current environment also triggers high levels of uncertainty and stress. This can further restrict individuals' ability to focus, think creatively or see options, leading them to rely on tried-and-true solutions that have worked—albeit on lesser problems—in the past. People also tend to be more individualistic and self-protective in a crisis. [Gardner's research](#) regarding collaboration and performance within law firms during the last recession demonstrated that those few partners who collaborated best, teaming up with their peers for client service, grew their business during the recession and continued their upward trajectory afterward. Those who were most self-focused, by contrast, did well at first, but experienced a precipitous dip in performance from which they had not recovered a full five years later.

The message is clear: especially in the current environment, we need to work together to cultivate knowledge and creative ideas from multiple disciplines and perspectives. Collaboration results in higher productivity and efficiency, better innovation, more strategic client relationships and an improved ability to attract, integrate and retain talent.

THE DIVERSE DIMENSIONS OF SMART COLLABORATION

Gardner has identified seven behavioral dimensions of Smart Collaboration, some of which are problem centered and some of which relate to the group dynamic. Organizations can deliberately assemble collaboration groups with the desired range of dimensions so as to be more effective and efficient together. Before the workshop, participants had the opportunity to identify their own tendencies in those dimensions based on an assessment using Gardner's Smart Collaboration Accelerator.

Admittedly, it can sometimes be uncomfortable to intentionally include people with different perspectives. But, as one participant noted, an awareness of this type of diversity of styles and thought, combined with an understanding of the importance of diverse voices, can ultimately reduce cultural friction. Indeed, behavioral diversity can sometimes overlap with "traditional" measures of diversity, when historically underrepresented groups feel as if they must assimilate their behavioral style with the organization's dominant culture or behavior.

PUTTING SMART COLLABORATION TO WORK

According to Gardner, there are four vectors of smart collaboration for in-house counsel:

- internally within the legal team,
- with leadership such as the executive team and board,
- with other corporate functions and
- externally with law firms, other legal service providers, regulators and others.

Thus, for example, in-house lawyers should communicate with business executives regarding how they can be more strategically involved and with external providers about the best ways to integrate their perspective and expertise. Law firms should also consider how they can equip their law department clients to engage in any and all of these collaboration vectors more consistently and effectively.

By way of illustration, Gardner asked Legal Lab participants to identify ways that outside counsel could best support their general counsel client who—like most lawyers—has a lower risk tolerance than other members of the client's executive committee. Participants' suggestions included the following:

- Serve as a **sounding board** and, time permitting, help assess the origin of the situation or the root of the business problem.
- **Provide context**, perhaps through anonymous examples from other clients, to give perspective.

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- Help the GC understand the **materiality and scale of the risk**, as calibrated with the overall business strategy and perspective, as well as its **probability**. Look for ways to make the risk less problematic or less likely.
 - Provide **ongoing support** rather than engaging only at a single, static point in time. Evaluate the department's internal processes and timing, such as periodic internal risk assessments, and prepare the GC for what she will be delivering next.
 - Ultimately, the goal is to **help the business achieve the desired result**. One in-house participant used a GPS analogy: instead of rejecting a proposed solution outright, offer a "route recalculation" that will get to the same end result in a different way. Help the GC understand where the flex points are so that she can make her recommendation confidently, but also suggest other directions.

Collaboration is an increasingly important tool to enable legal professionals to meet the ever-more complex challenges we face. This workshop offered both a great opportunity for our participants to practice working together and an important illustration of the value of collaborating.

CONCLUSION

We observed last year that Legal Lab 2019 seemed “more personal,” with our participants sharing stories about navigating change-driven challenges that were relatable across roles and industries. This year’s gathering, despite the virtual setting, seemed to be somehow even more intimate. The pandemic has affected all of us both professionally and personally, merging our work and home lives in unique ways and giving us new insights into who we are as individuals. Change—often a source of stress and uncertainty—has become the norm. Yet our participants’ excitement and enthusiasm for the future were palpable. They were united in their eagerness to explore the many opportunities that are unfolding and, perhaps more than any prior year, united in their desire to work collaboratively to advance those opportunities.

As we have reexamined the status quo, we have seen the value of flexibility and agility, the need to focus on our clients’ holistic business problems to identify lasting solutions, and the importance of collaborating to tackle issues that we could not master alone.

At this point, no one can predict what the new year holds for the world or how the legal industry will respond. What we do know is that the organizations represented at Legal Lab 2020 will continue to look to the future and search for ways to enhance their law firm and corporate client relationships. We also know that Legal Lab will be back in 2021 and, regardless of format, we will continue to bring leaders across the legal ecosystem together to share perspectives, promote dialogue and generate ideas to solve whatever problems arise.



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