

Incremental innovation in the digital age

Warrick McLean, CEO, Coleman Greig Lawyers

Tory: Hi, and welcome to the InfoTrack podcast. I'm your host, Tory Ishigaki, and today I'm sitting down with Warrick McLean to discuss changes in the legal industry for 2017. Warrick, can you tell us a little bit about yourself first?

Warrick: Good to be here. I've been involved in practice management for about 20-25 years now. I'm currently the CEO of Coleman Greig Lawyers in Western Sydney. Certainly my involvement in legal has probably spanned about the last 15-20 years. Heavily involved with ALPMA in that time, and certainly a lover of everything technology.

Tory: And so with this vast experience I'm sure you've seen and heard about a lot of the disruption that's been happening, especially in the last few years, in the legal industry, it seems to just be picking up pace. So what do you think has really spurred this change?

Warrick: Look, I think for many years legal managed to avoid the requirement to keep up with technological change, and certainly it's probably one of the last industries that has seen significant change. I think certainly some of the disrupters in the market have really driven a lot of that change. I think also the other two key areas is clients, and also staff. So particularly from a client perspective clients are much more sophisticated these days. As we know, the market, in terms of the legal market, is not growing, it's fairly stagnant. So from a client perspective they're the ones in charge, they are the ultimate buyer, so from their perspective they're looking for firms that will assist them, make their lives easier.

And I think from a staffing point of view as well, certainly the younger ones, the millennials coming through and even many of the Gen-Y's, they've been born and bred on their phones, their tablets, their computers, and again a lot of them are looking for firms that are aligned to their values and their cores. Again, I think technology is a key driver of attracting quality staff.

Tory: And how do you find that firms are reacting to these different expectations from staff, and then increased demands of clients? Are they actually being proactive about it?

Warrick: Yeah, I think certainly there are some firms out there who are at the cutting edge. Our firm, I always talk about not necessarily being at the bleeding edge, but for a firm of our size we like to do things that are a little bit leading. Again, I think you've got to have leadership that is visionary somewhat, and also has a reasonable understanding of technology. I think for many firms who don't have a leadership team that are focused on the technology piece they will probably struggle. Again, I think in terms of servicing clients there are many things that you can actually provide your clients from a technological piece, but in my experience it's finding the applications that will actually add value and the clients will actually use, which is always the challenge. I think you can have a plethora of offerings, but whether clients in the end will actually use them is the key.

Tory: And I think a lot of practitioners today kind of feel that pressure that they have to just go immediately digital, do everything, so it seems really intimidating for a lot of people. And I know when we talk to our clients there can be a lot of that resistance at first, but then once you actually show them certain technology and how easy it is they'll get on board. But there's that kind of initial hurdle and I think it can cause a bit of paralysis. So you've talked about something called incremental innovation, can you explain?

Warrick: Innovation's been a big buzzword that's been around for the last five or ten years, and I think certainly in the last five years it's had a real push. Particularly for a firm our size, we're a hundred staff, two sites, we don't necessarily have the resources of the large firms so for us it's trying to pick your easy wins and do everything in an incremental way. There's plenty of functionality even in probably the applications that most firms are using now. For those that know me well they would have heard me say this time and time again, if you've got your practice management system, if you've got your Outlook system, even if you've got your mobile phone, there's plenty of applications that you can use that are free of charge that don't require much implementation.

And more importantly, if you've got your existing practice management system, most firms don't even use it to 50% of its capacity. So, again, it's about understanding what you have currently and what you can utilise that you're currently not utilising. It doesn't have to be difficult, and that whole concept of incremental innovation is it doesn't have to be the big wins, it can be the simple things to make life easy.

Tory: You're saying a lot of firms don't use the technology to full capacity, do you think that's a lack of the training on it or do they need to be talking to their service providers more?

Warrick: Look, I think a couple of things ... and we're certainly not perfect at Coleman Greig in terms of utilising everything but we give it a red hot go, and I think part of the reason for that is, in part, the leadership. And whether that's my financial controller, whether that's my board, whether that's my partners or our IT team, everyone's focused on, I suppose, the culture and the vision, and that's trying to do less with more. I think the other key thing is that all training piece.

Again, it's understanding what you've got and continuing to reinforce it. With our own practice management software there's always a feature I show every three or four months if I've got my lawyers all in a room for some CLE, and I always just go, "By the way, do you guys know you can do this?" And there's always three or four people who go, "I never knew the system could do that." Yeah, we've been using it and that functionality's been operating all along.

I think the other key thing is work with your practice management vendors. And what I mean by that is, we try to get our practice management team out once a year to give us a bit of an audit to actually say, "Hey, Warrick, you're not actually using X, Y, and Z. This was in the latest release." Or for that matter, "Actually, Warrick, we were out here two years ago and you guys still aren't using that stuff that we highlighted from two years ago. Have a look at it." Again, from a board perspective my board loved to look at that report because that keeps everyone accountable. Again, I think that also ensures that your return on investment from the partners perspective in terms of the investment they've made in that practice management tools and systems continues to improve.

Tory: So once firms decide, "Okay, I'm going to adopt this technology or start using this app", whatever, that's one hurdle to get over, but once you do that I think a big part of it is actually selling that change, it's actually getting people to take it up. So how would you advise people?

Warrick: Internally we talk about champions or test pilots. I've got a couple of people who just really are good at engaging with all the new offerings that we look at. And also you've got to have a need, so it's really about working with some individuals who are happy to go through the pain, because with anything new there's always a degree of pain. But then on the flip-side they've got to see the light at the end of the tunnel and see the opportunity that that pain can ultimately bring.

Again, I think it's finding those people within your firm and allowing them to bring everyone along for the ride. It's great for me to jump up and down and go, "Hey guys, we've got this new piece of software", but really in terms of cut-through it's really all about the users interacting with other users and getting them to understand what the new offering can actually provide. And also I think law firms need to do more of celebrating success, and that's one thing we try and do is reinforce those people who are the test pilots, who are the champions, highlighting some of the successes that they've actually had with the new technology and putting them at the forefront the change management piece.

It really gets back to communication, because sometimes people are fearful of that whole change concept and what that will mean, and learning something new and getting their head around something new. But, again, I think ultimately even those laggards, we've got a few in our firm, they do get along for the ride eventually because they see the way in which we're heading and that does bring everyone along for the ride.

Tory: I've heard quite a few times in different articles and just all around, it's like if you don't adopt technology you'll be left behind, and there's that kind of mentality like to do it or just be left behind. Do you think that's true?

Warrick: I look at PEXA nationally, and ultimately most practitioners will not have a choice. In New South Wales by July 2019, which is actually not that far away, all transactions have got to be done on PEXA. So ultimately what tends to happen is you can do it the old school way, but again I think that creates inefficiencies, and certainly dealing with practitioners on the other side can sometimes be frustrating because they're dealing old school.

Again, I started off my professional services management career in the accounting sector and I was involved in '98, '99, and 2000, and that's when the GST was introduced here in Australia. But, interestingly, the ATO also deemed that any tax agents, anyone that submitted tax returns from the 1st of July 2000 must submit them electronically. Now, I saw people leave the profession just because they didn't want to get their head around that.

So, again, I think PEXA's going to be a key motivator for some practitioners, I think, to really self reflect and go, "Actually, do I want to get my head around that? Maybe not." And, again, I think as the market continues to become more and more competitive and the actual pie not getting any bigger practitioners need to put their best foot forward at all times.

Tory: Last year InfoTrack and ALPMA actually conducted a survey about the changing of the old legal landscape, and in that survey 65% of practitioners identified their firm as innovative or very innovative. But at the same time, less than half of the people surveyed had a blueprint or a plan for change in place. So do you think there's kind of a disconnect there, do you think you can have one without the other?

Warrick: I suppose looking at that survey, the people that are probably engaging in that survey in the first instance are probably those ones that already had a vision and on a path of change and recognise the need to improve their technology offerings, or streamline their technology offerings. I think ultimately having a bit of a blueprint and a bit of the vision, and that vision doesn't necessarily need to be extensive, but I think ultimately we've got a key outcome and that's really trying to make life easier for the practitioner, and life easier for our clients.

Who would have thought back in the day that you were able to operate your entire practice from your mobile phone or your tablet? Ultimately, we've had a big push internally to get to that end outcome, because again our staff are out and about, we're seeing clients, they're in court, they're sitting on a bus, they're sitting on a train, they want that information accessible then and now. Once upon a time Citrix was deemed to be the baseline. Nowadays, you've got to have all your operating software basically in application form available on your mobile. Again, I think those people that completed that survey I think are certainly probably the early to middle adopters, and probably those people who are yet to think about what opportunities technology can bring are probably those that didn't actually think about completing that survey.

Tory: For your firm what have been the biggest game changers technologically over the past few years?

Warrick: I think certainly the mobile phone piece. We made a decision a couple of years ago to go down the iPhone path, and part of the reason for that is a couple of our key software offerings were only available on iPhone. Interestingly, whilst that decision was sort of taken on a bit of punt, because we actually provide all our professional staff with mobile phones, that's been the right decision to make because everything that's come out since then has been provided on the iPhone in terms of application.

And I think the other key thing for us is people talk about going paperless. We've had a couple of cracks at that, and in the last iteration it was no longer about paperless, it was just about one source. And all our client information now sits in our document management system and that's the one source of truth. If most firms are honest they probably look at their systems and go, "Actually, there's some documentation within our document management system and some within our hardcopy file."

We are LAW1000 accredited so we are audited externally twice a year, so these days that LAW1000 audit process is all done via the document management system. And what has actually happened is some teams have, as a result of that, gone completely paperless. My commercial advice team ring me at the beginning of the year go, "Warrick, I've got all these file cabinets and bookcases, what would you like me to do with them?" And it kind of took me a while to understand what she was asking me, but in the end our head of commercial advice's PA was saying to me, "Warrick, we've done all that offsite storage and we have no hardcopy files left, everything is in the DMS."

Now, that was a bit of an epiphany, and we basically introduced that programme formally 1st of January 2016. So it took that team 12 months to get the endgame of where we wanted to be. Again, so much correspondence comes through via email these days, it's a bit of a no-brainer to put stuff into the DMS. So it's just about, I suppose, assisting those practitioners move from what they're used to dealing with, and many of our practitioners still deal in paper, but the way in which they manage the file it's all electronic.

Tory: Yeah. It's interesting that you mentioned the one source thing. So we have our electronic contract for sale and we're kind of bringing everything online, but we're always talking about the convenience of it and paperless and etc, but one of the main benefits people have told us is the fact that it's just the one contract online.

Warrick: Correct.

Tory: So it's the one source of truth instead of having those four/six different contracts that you're trying to look through and see if they're same.

Warrick: I think the other thing is, if firms are really almost and sit down and look at the work practices involved in terms of maintaining a hardcopy file and an electronic file, because that's generally what happens, there are two files maintained, the amount of work that goes into doing that, it's insane when you actually sit down and analyse it from a time and motion study. The epiphany for me a couple of years ago, one of our partners was going away on sabbatical and I went round to say goodbye to him and there was this massive print job at the printer, I said to him, "What are you doing?" He goes, "Printing my inbox so my PA can file for the next three months." That particular team these days is completely electronic, they don't have any hardcopy.

So, again, I think that journey, it was a bit of a journey. That whole concept of paperless, people do freak out at paperless, but that's why we change the communications to be around one source rather than electronic and paperless. It's all about the one source of truth and that's located in the DMS.

Tory: And switching everything to digital and investing in this technology, I think some firms do see it as a really large investment and they think it will cost a lot, but what do you think the investment versus the savings, the time savings. Does it balance out?

Warrick: Yeah, I think that's a great question in response to my previous answer. I think if we actually look at the amount of time it takes to maintain a hardcopy file and some of the inflexible attributes of maintaining an electronic file. We've got two separate sites now and we have a number of staff who move between both sites, the flexibility that being online gives them, they could be anywhere and accessing that data. Again, many of our professional staff are regularly visiting clients on-site and, again, they can quite easily pull up a document to review on-site in front of the customer or a client, whereas if it was hardcopy that wouldn't have been possible back in the day.

Apart from the lack of requirement for off-site storage, I think fundamentally there are certainly some cost savings. Have we sat down and actually physically analysed those cost savings? No, not at this stage. But, again, certainly the feedback that we've been given is our support staff have certainly been freed up more, and the accessibility and currency of a particular file through the DMS is much better than what it was back in the bad old days of paper.

Tory: With the free time that your support staff has now what kind of advantages has that given you, what are they working on?

Warrick: So, again, I think it's all about high value work rather than the mundane administrative stuff. Again, looking at key things for their professionals and ensuring that basic stuff like fee estimates and debt collection and all that type of stuff, which sometimes gets pushed to one side because they're too busy back in the bad old days of maintaining the file, gets some significant importance and probably the importance it deserves.

Tory: I know one of the main concerns a lot of practitioners have about digital is the security around it all, like having things in the cloud, it just feels different than having it in a filing cabinet in the office because you know it's there, whereas the cloud seems a bit like an abstract concept. But how have you found it security wise?

Warrick: Look, I think that's a very important point and, again, we've been quite particular in terms of understanding when we have stuff in the cloud, where it sits, how it sits, and what security around that cloud offer is. But just like anything in a filing cabinet I think there are certainly risks, it's not completely 100%. And certainly, as we've seen, in terms of recent times there's always some security issues. But, again, I think ensuring that you've got the best available as key is important.

I think the other thing is that the feedback I always get and, sometimes, pushback is, "Oh Warrick, if I file something in our document management system and I file it incorrectly it's lost forever." And I kind of look at that and go, "Actually, it's probably not", because the luxury that you have with a document management system, which is half, is that you've got the ability to do some keyword searching. Whereas if you file a paper file and file it incorrectly it is probably lost forever, apart from someone sitting there and going through and manually reviewing stuff. Whereas the luxury with a DMS is you can easily do a keyword search.

Again, I think the security piece is important, you need to understand what the risks are and ensure that whoever your providers are have their I's dotted and their T's crossed. Again, sometimes, for some firms, that may actually mean getting some external advice to ensure that they understand what they're signing up for.

Tory: As you've been adopting new technology have you actually noticed a change in the type of staff you're recruiting, as we were saying, the younger generation?

Warrick: I don't think we've seen a change in the staff we've been recruiting. Probably what we have seen is a change in the more senior staff, so the Gen-X's and the baby boomers having to get on board. But, again, the luxury that the Gen-X's and the baby boomers have is that they've got all these amazing people around them that thrive on stuff so it's really, I think, for many senior practitioners about putting yourself out there and understanding.

Sometimes when I get stuck and go, "Okay, it would be great to have an app for this", I literally just walk outside of my office and go, "Guys, is there an app for this?" And nine times out of ten the younger ones will come back and go, "Oh yeah, Warrick, check this out or check this out or check this out." The younger ones are across it. I used to feel like I was on top of everything tech, and I'm not even 50 yet, but the millennials particularly they are across it and you've just got to ask them and they'll tell you and give you that advice.

Tory: That's very true. I find that was my parents even, they'll be a bit scared but I just tell them, "You can't break it."

Warrick: No, no. And that's the great thing, "Hey, I want to be able to do this, is there an app for that?" And they go, "Yeah, go and download this one."

Tory: And in that same InfoTrack survey that I was talking about earlier I think about four to five leaders kind of had identified that there was ample opportunity in their firms to improve processes that were too manual or outdated, but at the same time they were also struggling with a lack of in-house IT capabilities and lack of integration. So I think people in that position can feel a bit overwhelmed about starting a change, so is there like baby steps to begin at?

Warrick: As I said, we're not a large firm, we've got limited resources. And, interestingly, I don't think you necessarily have to have IT skills. For many firms they've probably got good support staff who are fantastic people at understanding the systems, understanding the processes, and sticklers for processes. And I find they're the people that actually make the best people to give a project to and go, "Hey, we think this is a good opportunity to implement this piece of technology or this functionality in our practice management software, what do you think? Go forth and make it happen."

Again, those people may not necessarily have IT skills but if you give those people the permission they're generally ones to run with it and make it happen, because that's just their DNA, that's the way they're built. I tend to find that the IT professionals good at the IT, but I think sometimes implementing some of this stuff, particularly functionality that you've already got, really you get the best bang for your buck if you engage those support staff, paralegals.

Tory: I guess they have the best knowledge of processes too.

Warrick: Correct. So you don't necessarily need IT staff to do this stuff. Again, I think the other thing is, particularly in the ALPMA world, there's a great opportunity to share knowledge and share resources. Again, I think particularly if you understand what other users that you've got, what other firms are using your practice management software, it's great to understand who the leaders are with that particular software and pick up the phone and have a conversation, because I'm sure those people would be more than happy to share some of their experiences.

Again, I think even in my own experience, there's a firm here in the Sydney CBD that we share some knowledge with simply because they operate in a completely different area of law that we operate in and we're not competitors. And they've got the same platform so we're always picking up stuff that they do and they're always picking up stuff we do. It's a bit of a collaborative approach.

Tory: For sure. InfoTrack is a software provider, we're always happy to just go to any firm, like our customer relationship managers are willing to train, our CEO, John, is on the road with the roadshows. We want people to use the technology and get the most out of it, so no one should be scared to ask questions.

Warrick: Yeah, and I think that's probably, if anyone is listening to this podcast, the key thing to take out of it, is go and have a chat to your providers, in particular practice management software people, or people like InfoTrack, because they will come in and say, "Hey, what about this, this, this, and this." In terms of return on investment and streamlining and improving staff without actually putting your hand in your pocket to spend more money, it's a bit of a no-brainer.

Tory: Just to wrap up, what are your top three tips for change management?

Warrick: I think understand where you want to go. Ensure that you find those champions within the firm that are really super keen about the vision on where you want to go. And I think the third thing is really communicate, communicate, and keep on communicating and highlight those successes. Because, again, you've got to bring everyone along for the ride and people love to get on board a winner, and if they can see an individual or a team doing something that is really interesting and that ultimately they can benefit from, and it's been proven and tested, people will get on the bus for sure.

Tory: Good to know. Well, thank you so much, Warrick, for coming in and speaking with me today. It was really great.

Warrick: Great to be here. Thanks for the opportunity.