

Syllabus:
How Innovation Diffuses in the Legal Industry
Northwestern University Pritzker School of Law
Fall 2017

Instructor: William Henderson

Credits: 2 credit hours

Enrollment: Open to JD, LLM and MSL students

Meeting: Oct. 16-Nov. 29, eight meetings @ 3 hours per class.

Required Texts:

- Foundational texts from Legal Evolution (posted on Canvas)¹
- Richard Susskind, *Tomorrow's Lawyers* (2nd ed. 2017)
- Press clippings on six legal service innovator companies (bundled by Professor Henderson and student teams)

Suggested Text:

- Everett Rogers, *Diffusion of Innovations* (5th Ed. 2003)

Overview

There is substantial evidence that the legal profession is gradually giving ground to a broader legal industry that encompasses both lawyers and sophisticated professionals from other disciplines. Although this was partially expected in the United Kingdom and Australia, where the regulatory structures were changed to permit nonlawyer ownership of law firms, innovation is also flourishing in the US market. Indeed, despite the fact that the U.S. legal market has yet to deregulate, it is emerging as a market leader in several of the most important areas of legal innovation. Yet, there is also a powerful counter-narrative among commentators and the legal press that focuses on the seeming glacial pace of change in law, particularly among large law firms that continue to prosper under a business model that is nearly 100 years old.

The purpose of this course is to provide students with a solid theoretical and practical grounding on the current state of the legal industry and where it's likely headed over the next ten to twenty years. Students who take this course and do all of the requisite work will have an understanding of the legal market on par with many industry leaders. This is true for three reasons.

- 1) *Valid, Reliable Theory*. Students will acquire a strong working knowledge of diffusion theory, which is an interdisciplinary field that draws upon decades of research from sociology, anthropology, marketing, communications, geography, public health, education, and various other disciplines. This is a general theory of innovation diffusion that has been validated in a wide range of historical and contemporary contexts.

¹ For this class I am using a digest of Everett Rogers work that I wrote specifically for lawyers. This is an applied class where we need to combine diffusion theory and legal industry context in a very efficient manner.

- 2) *High Quality Legal Industry Context.* Two of the most enduring and iconic features of the legal profession are prestigious large law firms and autonomous solo practitioners. Yet, a diverse and complex legal ecosystem of new entrants is rapidly growing these familiar institutions. Busy lawyers lack the time and perspective to accurately map and categorize this new marketplace. Through carefully curated readings and classroom discussion, this course will bring student up to date on the legal market circa 2017.
- 3) *Examples of Legal Industry Innovation.* We will use our mapping of the legal industry to identify six innovator companies/organizations and invite the founders/operators into the classroom to explain their business model and past and current business challenges. We will use a standard set of questions to help us build our own empirically based theory for how and why innovations successfully diffuse in the legal industry.

Course Structure

Team-Based Learning: This is a team-based class where students will be placed into teams (three to six teams based on enrollment) and required to take the lead in several portions of the class. Professor Henderson will provide a quick overview of team theory to help reduce conflict and improve productivity.

Timing and Content. The course will meet eight times, three hours per class.

- Weeks 1 will be introduction to the diffusion theory and the modern legal industry.
- Weeks 2-7 (hour 1) will be discussions of readings and critical debriefs on the guest speakers and innovative companies presented during the prior weeks. This is necessary so students can obtain distance and detachment from innovators (often highly accomplished, charismatic, and polished professionals). We also want to update, elaborate, and refine the applied concepts of the class. These sessions will be partially led by student teams that were assigned to specific innovator companies.
- Weeks 2-7 (hours 2-3) will include outside guest speakers who are currently or formerly affiliated with innovative companies in the legal supply chain. Each class will have at least two guest speakers that ideally will provide differing perspectives. Prep work for each guest speaker / innovative company will be divided among the students and shared with the class.
- The final class (Week 8) be organized around a team final presentation and capstone document that summarizes the key learning of the course. The content should be created so as to educate or teach another legal industry professional the key learning of the class. This is a balancing act of finding what is essential, placing it in order, and simplifying it to its core.

The innovator companies will ideally be very diverse not only on market segment but also demographically (age, gender, ethnicity). The format will be relatively standardized and chronological going fairly deep in to the operations of the business and covering both successes and failures.

Below is a tentative schedule that slots in potential guest speakers / innovator companies. It includes knowledgeable observers/questioners who can model incisive questions and add some useful color commentary.

Week	Hour 1 Topic	Hours 2-3 Topic Guest
Oct. 16	Diffusion Theory	N/A
Oct. 23	Legal Industry Mapping	David Perla (1991 Ventures, formerly Pangea 3), Ian Nelson (HotShot, formerly Practical Law Company)
Oct. 30	Legal Technology	Thomson Reuters (Rebecca Thorkildsen, Paul Stroka, Joe Borstein)
Nov. 6	NewLaw Legal Start-up (late stage)	Tom Finke, Managing Director, West Region Operations, for Axiom
Nov. 13	Law Firm Intrapreneurs	Josh Kubicki, Seyfarth Shaw; Eric Wood, Chapman & Cutler; Jim Beckett, Qualmet
Nov. 20	Corporate Legal Operations and Enterprise Legal Management	David Cambria (ADM), Eric Elfman (Onit), Bruce Melton (Aequitask)
Nov. 27	Consulting / Technology / Managed Services	Matthew Todd, VP, Legal Business Solutions, Elevate; Dan Katz, CEO of LexPredict
Nov. 29	Capstone presentations	Local industry observers

Assessment.

- 20% based on two answer outlines prepared for Weeks 1-4. (Can be done collaboratively within teams, but collaboration is not required).
- 20% based on a background memo on an innovator companies / guest speakers prepared in advance by each team.
- 20% Active class engagement
- 10% Teamwork performance (informed by a 360 tool)
- 30% Based on Final Capstone presentation and document.

Teaching Objectives

Diffusion theory is part of a tradition of applied research that seeks to identify the key levers for accelerating the pace of innovation, often for important, socially beneficial ends. Through this course, student should obtain the following:

- Basic understanding of diffusion theory and the ability to critically apply it a real-world business context to thus more accurately evaluate the likelihood of successful innovation adoptions.

- The ability to concisely summarize diffusion theory to professionals outside of class in order to obtain peer buy-in and support for early stage innovations that would benefit clients, colleagues, and your organization.
- A working map of the legal industry supply chain based on products, services, unique bundling strategies, and clients served and the ability to efficiently update this map.
- An understanding of the role of allied professionals - systems engineers, process experts, project managers, data scientists, statisticians, marketers, finance specialist, software developers, professional trainers - in the legal industry innovation.
- Practice collaborating with, and learning from, students and professionals from divergent backgrounds and perspectives.
- The ability to evaluate a business from the perspective of an outside investor placing capital at risk and expecting to obtain an above-market return.