

Syllabus:
How Innovation Diffuses in the Legal Industry
Northwestern University Pritzker School of Law
Fall 2018

Instructor: William Henderson

Credits: 2 credit hours

Enrollment: Open to JD, LLM and MSJ students

Meeting: Oct. 15-Nov. 26, seven meetings @ 3.5 hours per class.

Required Texts: All readings will be posted on Canvas

Suggested Text: Everett Rogers, *Diffusion of Innovations* (5th Ed. 2003)

Overview

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 100-year old business model organized around partners and associate lawyers.¹

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 is headed over the next ten to twenty years. Students who take this course and do all of the requisite work will understand the legal market on par with many industry leaders. This is true for three reasons.

- 1) *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.
- 2) *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 This partner-associate model is often referred to as the Cravath System, as its structure was perfected by Paul Cravath of the New York Firm of Cravath, Swaine & Moore.

- 3) *Examples of Legal Industry Innovation.* We will use our mapping of the legal industry to identify four 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 the diffusion theory framework to better ascertain 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 (team size based on enrollment) and required to take the lead in portions of the class. Professor Henderson will provide a overview of team theory to help reduce conflict and improve team communications and productivity.

Timing and Content. The course will meet seven times, 3.5 hours per class (inclusive of two 10-minute breaks).

- Week 1 is an introduction to the legal profession/industry and diffusion theory.
- Weeks 2-6 (5:30 to 6:40 pm) 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 (6:50 to 7:50, 8:00 to 9:00 pm) will include outside guest speakers who are currently or formerly affiliated with innovative companies in the legal supply chain. Guest speakers are instructed to share their career history followed by a presentation of their company in a straightforward narrative form, including sharing of pitches to prospective clients and investors. Prep work for each guest speaker / innovative company will be reading assigned materials and answers a set of pre-read questions posted on Canvas.
- The final class (Week 7) be organized around a team final presentation and capstone document that summarizes the key learning of the course and applies it to company in the legal services industry. Student teams will select the company/organization in consultation with Professor Henderson. The content should be created so as to educate or teach another legal industry professional about diffusion theory and then applying those insights to the company selected by your team. This is a balancing act of finding what is essential, placing it in order, and simplifying it to its core.

I have attempted to pull together a broad array of innovator companies. To illustrate the power and utility of diffusion theory, the format of the class will be standardized around elements of diffusion theory. Further, case studies will proceed with straightforward chronological narrative 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	Part I (5:30-6:40)	Parts II -III (6:50-7:50, 8:00-9:00)
Oct. 15	Legal market overview	Diffusion theory overview
Oct. 22	Consumer legal market	Eddie Hartman is co-founder and former Chief Technology Officer of LegalZoom, a leading legal publisher and marketing company that is focused primarily on consumer legal services market (or PeopleLaw).
Oct. 29	Sales and distribution of legal work	Robert Meltzer (CEO of Lawyer Exchange). Meltzer will also share story of VisaNow Global Immigration, which Meltzer founded in 1999 and ran for 14 years prior to its sale).
Nov. 5	Diffusion theory continued: Change Agents	Rebecca Thorkildsen (Thomson Reuters) and Danielle Haugland (Integreon) are two legal industry veterans who will explain the consultative sales process. Clients cannot buy what they don't understand.
Nov. 12	"Crossing the Chasm" and LegalTech	Alma Assay is the founder of Allegory, a litigation management company that was sold to Integreon in 2017. This segment will cover her departure from Gibson Dunn to found Allegory and Allegory's subsequent "exit" to become part of Integreon.
Nov. 19	Slow Diffusion in Traditional Legal Services	Jason Peltz and Mark Ferguson (Partners at Barlit Beck). Barlit Beck is the nation's most successful litigation boutique. It was founded in 1994 by a group of highly successful partners and lawyers who left Kirkland & Ellis who wanted to experiment with alternative fee arrangements.
Nov. 26	Capstone presentations	Local industry observers

Assessment.

- 30% based on answers to weekly questions based on the readings (Weeks 2-6). Can be done collaboratively within teams, but collaboration is not required.
- 20% Active class engagement
- 10% In-Class Presentations
- 30% Based on Final Capstone presentation (15%) and document (15%)
- 10% Teamwork performance (informed by a 360 tool)

Final Capstone presentation

Student teams will select one company or organization in the legal industry for analysis using diffusion theory. Note that innovators are often typically very willing to discuss their projects with others. In addition, legal professionals tend to be very accommodating of students doing assigned work in a professional program. Thus, do not be surprised if you receive an one or two of a CEO's time to explain his or her innovation.

Student teams should obtain approval of their selected company/organization no later than Friday, Nov. 2. Professor Henderson will be available for team consultations to help shape effective final projects. Please contact him to schedule an appointment.

Capstone projects will include a narrative analysis (15%) plus a live classroom presentation (15%). More detailed instructions will be posted on Canvas.

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.