It's that time of year. Many of you are in the process of developing your legal department budgets for 2013. Some of you may have increased budgets, but given the state of the economy and the continued pressure to control costs, my bet is that most of you are looking at flat or reduced budgets for 2013. And if you have already been through a few years of reduced budgets, you may be struggling with the challenge of trimming costs yet again.

Enter the principles of lean knowledge work. If you work for a manufacturer, you are most likely familiar with concepts of lean manufacturing. Lean manufacturing originated with the Toyota Production System, which is based on concepts of continuous improvement and respect for individuals. Toyota’s approach to manufacturing automobiles has spawned numerous approaches to improving operations, all of which are based on similar principles: take a long-term view, the right process will lead to the right results, add value to your organization by developing your people and partners, and continuously solving root problems will lead to organizational learning.

Because they were developed in a manufacturing environment, lean principles are traditionally applied in manufacturing settings. However, conventional wisdom has been that lean principles cannot be applied to knowledge work which, unlike the processes in an assembly line, is not repetitive or easily defined. Additionally, knowledge work involves expertise and judgment that depend heavily on tacit knowledge – knowledge locked inside workers’ heads. Those of you who eschew conventional wisdom may wish to take a look at an article in
October’s Harvard Business Review titled “Lean Knowledge Work,” by Bradley R. Staats and David M. Upton.¹

Staats and Upton have conducted extensive research into the application of lean principles to knowledge work, and they have identified six principles on which organizations can draw:

1. Continually root out all waste.
2. Strive to make tacit knowledge explicit.
3. Specify how workers should communicate.
4. Use the scientific method to solve problems quickly.
5. Recognize that a lean system is a work in progress.
6. Have leaders blaze the trail.

The authors discuss each of these principles in detail, providing specific examples of how such principles can be applied and implemented.

Although we have not explicitly discussed these principles, my department is currently applying several of them to some projects on which we are currently working. For example, our litigation paralegal recently retired. She had been with the company for upwards of fifteen years, and had developed several processes she used to get her work done. She did a fine job, and we are not critical of the work she did; however, her departure has presented us with an opportunity to review each of the processes she used and to determine whether there is waste that can be eliminated. So far, we have found several tasks embedded in each process that can be combined, streamlined, or eliminated.

As another example, we have identified several documents repeatedly used in our department, including various commercial contracts, settlement agreements, protective orders, and other documents. We plan to prepare standard templates for such documents and making those available to our outside counsel, thereby eliminating the need for us to review the same

type of document over and over. Such templates will not only improve efficiency in-house, but should also reduce outside counsel spend by eliminating the back-and-forth, review and revise process we currently use.

Of course, there are issues to consider when implementing lean principles in your legal department. Information sharing, one of the key principles to continuous improvement, must be restricted to protect attorney-client privileges and other confidential information. Web-hosted programs developed to which make team collaboration and communication simple and accessible, could be off-limits due to similar privilege as well as security concerns. Some of these are hurdles and some are road-blocks, but none will completely prevent application of lean principles to at least some processes in your department.

When implementing these principles, keep in mind that the goal is continuous improvement. As Staats and Upton note, “making an operation lean is a journey of many years, not a big-bang endeavor.” Think tortoise, not hare. Even small improvements in processes can add up to big savings. A change that saves only 5 minutes a week can add up to an annual savings of four hours. Make two of those, and you’ll free up a day; make ten, and you’ve just freed up an entire week.

So, if you are faced with the prospect of finding ways to help your legal department meet budget, consider lean knowledge work. It will require a lot of work, but the extra week off might make it all worthwhile.