Agenda

1. Introduction
2. Ten Types of Innovation
3. R&D: Innovation in Practice
4. Innovation Exercise
5. Concluding Remarks
Introduction
AmLaw 200 Gross Revenue

Data Source: ALM Legal Intelligence
Analysis By Lawyer Metrics
R&D and Innovation

• R&D is about turning insights into inventions (e.g., new product/process).

• Innovation is about taking inventions and converting them into cash.
Research happens across all of Google, and affects everything we do.

Research at Google is unique. Because so much of what we do hasn't been done before, the lines between research and development are often very blurred. This hybrid approach allows our discoveries to affect the world, both through improving Google products and services, and through the broader advancement of scientific knowledge.
Innovating Google's Image Search
Innovating Google’s Image Search

A group of young people playing a game of frisbee.
Innovation Roadmap

• Generate/Borrow/Reuse Insights

• Validate Ideas

• Always Client-Centric
Ten Types of Innovation
The Ten Types of Innovation
How you make money

Alternative fee arrangements
How you connect with others to create value

LPO, BPO or technology partnerships
How you organize and align your talent and assets

Alternative staffing centers
How you use signature or superior methods to do your work

LPM, process improvement, six sigma
CONFIGURATION  OFFERING  EXPERIENCE
OFFERING

PRODUCT PERFORMANCE

PRODUCT SYSTEM
How you develop distinguishing features and functionality

Offering expert systems
How you create complementary products and services

Cross-sell legal and/or non-legal products and services
EXPERIENCE

SERVICE

CHANNEL

BRAND

CUSTOMER ENGAGEMENT
How you support and amplify the value of your offerings

Legal services design; focus on CX
How you deliver your offerings to customers and users

Business development skills; key account programs
How to represent your offerings and business

Targeted and interactive marketing
How to foster compelling interactions

Anytime online engagement and insight
R&D: Innovation in Practice
The Ten Types of Innovation
How you use signature or superior methods to do your work

Lateral Partner Hiring
## Lateral Partner Hires, 2000-2012

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<thead>
<tr>
<th>Year</th>
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<tr>
<td>2001</td>
<td>2490</td>
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<td>2560</td>
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<td>2012</td>
<td>2947</td>
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Data Source: ALM Research
The Disconnect

96% of managing partners expect growth through lateral hiring over the next two years.

28% say that lateral hiring has been a “highly effective” strategy in the past.

Data Source: 2012 ALM-Lexis Nexis Managing Partner Survey
An Rx for Lateral Heartache

Feeling awful? It could be lateralitis—a disease that clouds the mind, pains the heart and results in poor hires. But we have your cure.

By William Henderson and Christopher Zorn

That said, an aggressive lateral partner hiring strategy is significantly correlated with one market outcome: higher gross revenues. This is a very important piece of clinical information. We think law firm managers engage in lateral partner hiring (or acquiesce to the lateral partner hiring urged by powerful partners) because they feel they have to. Such partners came of age during a period of rapid industry growth. Growth feels good. Yet for several years it has been largely absent in most firms. For equity partners who bill 2,000-plus hours per year on client matters, luring Joe or Jennifer from rival firm X is a one-step growth strategy they can easily understand, es-
7 Steps to Successful Lateral Partner Hiring

1. Quantify the Problem
2. Educate the Stakeholders
3. Know Firm Strategy
4. Build Scorecard
5. Select and Train Interviewer
6. Interview and Score Candidate
7. Analyze Results of Process (Revisit #1)
How you develop distinguishing features and functionality

Client-Centric Data Analytics
Los Angeles Metro Area

<table>
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<tr>
<th>Industry</th>
<th>Revenue</th>
<th>Count</th>
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<td>Telecommunications and Media</td>
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<td>Miscellaneous</td>
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<td>Utilities</td>
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<td>Wholesale, Retail, and Service Industries</td>
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<td>Manufacturing and Production</td>
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<td>Finance, Insurance, and Real Estate</td>
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<td>Transportation</td>
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Los Angeles Metro Area
Telecom/Media Clients

Terranea
Innovation Exercise
10 Types of Innovation Exercise

• What is the expected impact of the innovation?

• What information is needed to assess the impact/return on investment?

• What are the biggest challenges to implementing the innovation?
Concluding Remarks
Challenge #1: Building an R&D Team
Challenge #2: Costs
Challenge #3: Failure

A refrigerator filled with lots of food and drinks.
Getting Started

• Not necessary to reinvent the wheel.

• Create incentives to innovate.

• Culture of innovation creates positive feedback.