

Law Firm Crisis Management – Coronavirus

Let's face it – the economy is in for a very tough time in the coming months from the corona virus with the all sectors being at best hindered and at worse paralysed by the inevitable slowdown that will only continue to accelerate.

Law Firms are especially vulnerable. Some firms continue to lag behind and are unable to offer access to their systems remotely so staff can't work effectively from home. And of course many staff will not be able to work anyway due to illness / forced isolation. But the real crisis for law firms will be from direct environmental factors that will significantly reduce the throughput of work into the firm, strangle cash, and sadly in some instances lead to firm closures. There will be casualties.

The problem is that there won't be an environment that can create enough work churn for law firms. Courts will close or have severe restrictions on use. There will be far less general business being done – the activity that leads to the requirement of lawyers. Individual consumers will have less financial and social mobility and hence will be uninclined to engage in legal matters nor be involved in scenarios where they might be required.

So all quite grim frankly.

But this will end. Firms need to see their way through this challenge until business picks up. With strong leadership and a clear plan this can be achieved.

The suggestions below are a flavour of some of the actions recommended to get your firm through the current crisis:

- Create a 'war room' and develop a crisis action plan that considers all possible scenarios and how you will deal with them. Decide on and appoint the key people in the firm who will co-ordinate the firm through the crisis
- Communicate with your staff often – they are understandably going to be concerned
- Ensure you have good quality financial forecasts – you will need these to help make the big decisions
- Talk to lenders to defer payments on any loans. Banks know the crisis will end and would rather delay repayments than lose a good customer who is suffering in the short-term due to an environmental issue
- Negotiate more favourable terms with suppliers over (say) the next 6 months. This might not be possible in some instances but helping cash flow where you can is massively important
- It is likely you will have too much capacity due to the drop in work levels. Offer staff 4 day weeks / sabbaticals. Redundancies are of course a last option and should be avoided if possible as there will be a bounce back to previous work levels in a few months' time
- Use down time and excess capacity to get your house in order – getting file reviews & billing up to date for example
- If not already in place set up remote working capability for your staff– this is neither an expensive or difficult project
- Outsource work to experts where staff are ill / isolated to ensure services are covered
- Work hard at keeping your firm in the shop window – there could even be a small boom after the virus has passed and you should be the firm that business and individuals remember so doesn't go to ground

If there is one silver lining for law firms from the current crisis it's that many will be shocked into updating systems and processes to ensure they can be competitive and more protected from environmental challenges in the future. And like anything this will pass – firms just need to ensure they are still around when the storm has calmed.