

Law Firm Resilience in a Crisis: Practical Guidance for Action (A Four-Part Series)

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By Edge International



by Yarman Vachha, Leon Sacks, Chris Bull and Jonathan Middleburgh

Introduction

It hasn't taken long for the statement that "We live in unprecedented times" to become a universal cliché – Covid-19 and the resulting financial crisis is impacting all businesses far and wide and it will certainly get worse before it gets better.

As consultants who work in the legal industry, located in multiple countries and continents and already building up a stock of real-life, often hands-on, experience of this uniquely challenging period, the Edge International team have an opportunity to observe, compare and consolidate what we see across the legal world.

Our "Law Firm Resilience in a Crisis" series of papers is the output of that process. For four weeks in April and May, 2020, we identified a number of topics that were at the top of the crisis agenda for legal leaders and we reported on these one by one. Due to their popularity, and for the convenience of our readers, we have now gathered these four articles together into one report. Part I focuses on Financial Resilience, Part II on Operational Resilience, Part III on Commercial and Client Resilience, and Part IV on People Resilience.

Edge International colleagues have also kicked-off [a companion thread on "Remote Working"](#) in the legal industry, and we will regularly cross-refer between these streams.

PART I. Financial Resilience

Financial Resilience in Context

Financial actions, even in the midst of such a fast-moving and impossible-to-predict crisis, should not be taken in isolation.

There is a serious risk that apparently obvious corrective action on the financial dimension can have damaging consequences in other areas of the business, undermining confidence or the firm's ability to compete or recover. Financial decisions need to be made more quickly than perhaps at any previous time in your firm's history, but they need to be made in context and in line with a clear strategy and direction.

The need of the hour is strong and decisive leadership. Leaders need a "laser-like focus" on the direction they wish to set, and a clear strategy to navigate these troubled waters. The current situation is akin to being at war and leaders need to assemble a small group of experts that can provide strong direction and respond very rapidly to developing events and emerging information. In the current environment, the law firm cannot be run by consensus as it would in normal circumstances.

The key is not to panic, be resilient and rest assured in the knowledge that we can get through this. When we emerge from these troubled times the world will be different, generating new opportunities – many of which we cannot foresee at the moment. Whilst it may not seem to be the right time to be thinking about the future, the actions taken during this period will determine your future. So be Bold!

Business Continuity Planning

A word about business continuity planning. We will return to this topic in upcoming papers, but it has been a massive focus for many of you over recent weeks, and it would be wrong to dive into any discussion of resilience without addressing a few points on business continuity.

Many firms have probably thought about creating a business continuity plan (BCP), or reviewing and testing a dusty old BCP, in the recent past and have put it off in the "too difficult" box. Well, guess what? It's here now and unfortunately many businesses are ill-prepared for the crisis we are enduring. If there is a lesson that can be learned from this unfortunate situation it is that a good, up-to-date BCP is like your most fundamental insurance policy and a must in all businesses.

Once the crisis is over, and before the next one emerges (and there will be a next one), we would urge you all to get the necessary expert advice and put in place a BCP suitable for your firm. As importantly, now is not the time to neatly pack away your BCP, thinking that it is only there for dealing with an immediate, very short-term and short-lived moment of crisis. A good BCP will help guide you through the next three to six months; your business continuity will be tested and could be permanently damaged as we move forward into the next stage of the crisis.

If there are three BCP learnings that we can take away from what we have seen already, we would highlight the following – each of which has a financial implication:

- All-round IT robustness, especially Internet connectivity, accessibility and bandwidth (in **all** your home and remote working locations and not just in your offices), is key to legal businesses in the 2020s.
- Laptops and remote working access on other devices for **all** staff is the new norm. The cost of this is far less than the cost of the disruption to your business. The best-managed firms had it in place already, the next best were able to roll it out quickly; but many others are still struggling to get the whole firm connected and working as well as they did in the office.
- The job now is to develop, enhance and fix the bugs in that hastily assembled remote connectivity; that will continue to exercise minds and stimulate innovative responses through April, May and into the summer. Without going crazy buying every remote working tool you ever heard of, this effort will rightly be a spending priority amidst a period of cost-cutting.

Financial Resilience Priorities

At this time, firms have to refocus their financial objectives and priorities. Resilience is the key. Pulling the firm through the immediate lock-down, economic crash and wildly fluctuating uncertainty is the first financial resilience goal. Reshaping the firm's financials for the recession that has already begun is the second goal. Preparing the firm to recover as quickly as possible and thrive as conditions begin to improve is the third. These goals are achieved through:

- Protecting cashflows
- Managing costs
- Coordinating financial strategy with staff, clients and banks
- Building confidence and morale
- Looking for opportunity and embracing change; restructuring the business for the recovery, whenever it comes, and for the post-crisis future

We outline below some very basic steps in building financial resilience in these times.

• Monitor Cashflow Daily

- “**Cash is King**” – This saying is true at all times, but especially in our current situation.
- Establish what your existing cash balances are.
- Create a detailed daily cash report to monitor the movements of cash in and out of your cheque and savings accounts. Don't forget to include credit and debit cards.
- Add to the daily cash report all known inflows and outflows of cash on a weekly basis for the next four to eight weeks. Install a clearly communicated policy of 'no surprises' and insist that the central finance team is aware of all potential outgoings.
- This gives you a picture of your immediate cash needs for the very short-term future, particularly direct outlays (e.g., rent, partner draws, wages, supplies, etc.).
- All discretionary costs should be frozen until you can assess the situation and decide the costs are relevant to the current situation in your jurisdiction.
- The **daily cash report does not need to be perfect**. It is just a document to assist you in managing cash – with a wide-ranging diagnosis of the health of the cash in the business.

• Bill, Accelerate Cash Collection and Accounts Receivable

- Professionals are generally reluctant to talk with their clients about fees, billing and collections. In times like these it is much more difficult.
- **Now is not time to be shy**. The survival and health of your business is based on the amount of cash you collect and the speed with which you collect it, so pick up the phone and ask for amounts due to you to be paid. A **phone call is far more powerful than an email**; it is “personal”, you can empathise with the client and strike a deal with them.
- Invoice for everything that you can bill for. Remember, **your bills today are the source of cash flow in a few weeks' time**. If you don't invoice, you cannot attempt to collect in a few weeks.
- You may consider doing deals in terms of discounts or instalment payments, or defer part of the outstanding fees; indeed, these steps may be essential to achieve any cash collection from some clients in financial difficulty. The key right now is to maximise your cash.
- On future deals, if you can get paid partially upfront you should consider this. When taking on new work, insist that already outstanding bills are paid before you begin work.

• Manage Your Costs

- This may seem a very obvious statement, but **costs should not be cut indiscriminately** – there should be a strategy in place.
- Direct costs such as rent and staff costs cannot be cut easily, but there should be a strategy for this – perhaps a rental reduction agreed with, or deferment from, the landlord. Consider re-negotiating a new long-term lease with the landlord. Consider also cutting or deferring staff salaries and partner draws. This will focus the mind of partners that cash is vital and will put more urgency behind the cash collection effort.
- Freeze hiring. Use redeployment and share underutilized resources between teams and departments to address gaps.
- Consider the “Pyramid cut” if job cuts or furloughs are required. Look at your organisation structure as a pyramid, so when you shrink the organisation you cut a portion of each level equally; e.g., the business to shrink by 20% top to bottom. If the leverage in your pyramid is not competitive, consider adjusting it at this time. It is no use just cutting trainees and support staff as this will not be effective and the cost saved may not be significant enough. Remember that business will come back in time, and in the short term you will be scrapping for as big a share of a shrinking market as possible, so be strategic in what you cut by keeping an eye to the future.
- Now is the time to seriously consider addressing your non-performing businesses lines, lawyers, support staff and part-timers that do not add to the business in this crisis. Areas and roles that you were struggling to entirely justify pre-crisis cannot be ‘carried’ through this period without damaging your firm. This needs to be done strategically with an eye to what business may come back at the end of this critical period.
- It is important that the people that are retained are paid fairly as you need to maintain morale, especially when people are isolated and working remotely.
- Variable and discretionary costs should be assessed and anything which is not required (i.e. “nice to have”) should be frozen or cut. Identify your biggest suppliers and have a conversation with each one about reductions in service or cost or deferred payment terms.
- Close your premises if you are not using them, paying close attention to ensuring that running costs do not continue. If you have upcoming real estate lease breaks, this may be the time to decide to cut your square footage. Most law firms are already sitting on office space that is poorly utilized – especially those still working in

cellular layout – and every prediction about the world post-2020 suggests there will be a dramatically reduced need for as much white-collar office space. Make your move now if you can.

- Do not cut your business development costs drastically; this is a mistake made by many organisations, as it's an easy target. This category is distinct from general firm marketing and brand promotion, the “business as usual” activity which will not cut through in this climate. The investment in BD should be very focused and tailored on specific topics which are on top of clients’ minds currently, and on the practice areas where there is the best chance of winning new business and improving market share. Most importantly, all non-digital BD and marketing spend (e.g., events, face-to-face networking, travel) can, of course, be frozen in the short to medium term

• Build Your Cash Reserves & Credit Lines

- Building a cash reserve is now more important than ever. In an ideal situation you should have sufficient cash in the bank to survive four to six months based on your reduced cost structures.
- If you are entering this uniquely challenging period with low or no cash reserves, your focus should be on managing your finances to maintain your cash position, and not to allow bank debt to spiral. Your target is to avoid cumulative months of net negative cashflow, and plan to achieve net positive flows as fast as you can when there are signs of improvement. This may be the time to consider partner capital calls in order to address a structural imbalance between borrowing and equity.
- Remember that you may need to build redundancy costs into your estimations. In general, most significant cost reduction actions will have a lag time before cash outgoings reduce (examples are notice periods and dilapidations on real estate).
- Speak to your banks and get a credit line (revolving overdraft/credit facility); if you can, avoid term loans that you have to service every month, as this creates cashflow pressure.
- Many governments are providing support to businesses and employees, especially to SMEs; tap into these as much as you can, especially where employee-support packages allow you to furlough but retain staff on payroll and governments are supporting low-interest bank lending.
- Once you secure the credit line/government aid, use these as the principal sources of cash as the interest on this financing is cheap. Keep any actual cash reserves as intact as possible as your reserve fund for when you have no further credit sources to turn to.

• Forecast & Budget

- Reassess your budget for the year by doing a rigorous profit and cash forecast. This should be reassessed monthly until the end of the year.
- Be clear with staff about 2020 financial year targets: in a period of extreme uncertainty and with gaps appearing in your fee-earning resources, now is not the time to be rigidly insisting that personal or team targets, set in a different world, are met. How do you re-set realistic, achievable objectives? Be seen to support the achievement of the best possible performance, not trying to drive it from ‘the top’.
- The budget for the following financial year should be prepared with an eye to recovery.
- Ensure managers and partners understand that all expenditure budgets are effectively ‘unbudgeted spend’ and require additional, just-in-time review and approval. Prioritize spending requests rigorously and request clear return on investment and payback period assessments. This is the time to put some extra priority on actions that will bring in work or improve cashflow in the short term.

Six Takeaways

- **Don't panic:** You can get through this. The legal industry, and your firm, has faced major crises and recessionary periods before, and will again.
- React logically with a strategy. **Do not “knee jerk” or “react emotionally”**
- **Lead from the front: Communicate, Communicate, Communicate**
- **Plan for the future.** The way we do business currently will not be the way of the future. Invest in technology and ensure you build financial resilience in the business for the future. **Rethink** the shape and scale of each of your practice areas, sectors and geographical locations: the next few years will not look like the last few years.
- **Invest in** and have **a robust IT infrastructure and BCP** for future crises. The future of legal practice was already digital and that future is now here; eliminate paper, wet signatures and actions that rely solely on face-to-face interaction.
- **Most importantly** focus on how you can **service your clients** through this difficult time and how your actions help you to retain or gain a well-earned “seat at the table” as their trusted advisor.

PART II. Operational Resilience

While the financial impact of a crisis is what immediately grabs the attention, operational adjustments are essential for business continuity and to compete in the new market reality. By “operations,” we mean the organization and support of the workforce to serve internal and external client needs effectively.

Operational Resilience Priorities

The top priority is to ensure that workflows and business processes are not interrupted. Where disruption cannot be avoided, leadership needs to adapt previous processes rapidly and definitively to meet the challenge; we have recently seen this in practice in firms which moved quickly to an entirely virtual and digital operating model.

The second priority is to provide the means and resources to operate efficiently during the crisis. The ranking of executive-agenda issues and items of expenditure will almost certainly need to shift for the duration of the crisis and possibly beyond.

Considering how operations should be restructured to serve the market *post*-crisis, and planning the investments necessary, is the third goal. These are key to sustained operational resilience.

The goals are achieved through:

- Effective and proactive leadership and streamlined decision-making processes
- Supporting mechanisms for people
- Robust communications – more regular, transparent
- Adapting infrastructure and allocation of resources
- Embracing change with a positive attitude

We elaborate below on five actions that can enable achievement of these goals.

• Crisis Management Team

- Put in place a process for strong and decisive leadership that can set priorities for the organization and take calculated decisions based on information available.
- Assemble a multidisciplinary team of experts (e.g., from Finance, Technology, Operations, Human Resources, Communications) that “meet” more regularly and both provide strong direction and respond very rapidly to developing events and emerging information (the “Crisis Management Team” or “Response Team”).
- Unlike normal circumstances, it is not possible to gather all facts to make a pondered decision in a crisis. The uncertainties do not allow this to occur in an adequate time frame. Certain risks are inevitable to avoid the greater risk of inaction.
- It is incumbent on senior leadership to break from a decision-making model based around iterative consultation and reporting and delegate authority for an accelerated response where appropriate.

• Supporting Mechanisms

- The safety of your people, both physically and psychologically, is not just a moral responsibility but a key to maintaining stability and productivity. Furthermore, people need assistance and tools to be able to adapt to new realities.
- Provide guidance in a simple straightforward format as to how people can maintain their well-being and continue to perform their functions, especially working remotely and connecting virtually with clients. Issue a list of “go to” people for different subject areas, with their contact details.
- Establish an on-line information hub, or resource centre, including FAQs. This is a repository for the orientation, resources and materials (e.g., “how to” and “what to” questions) that people may consult at any time. These FAQs must be regularly updated to respond to the changing nature of the crisis and how it is being managed.
- Engage with clients to understand their concerns, how they may be supported and how the firm is capacitated to continue serving them during the crisis. (We will comment more on client relationships in Part 3 of this series.)
- Support the best possible performance that can be expected of professionals in the changed scenario (may vary significantly by practice group) and do not insist on pre-crisis goals that may no longer be attainable (e.g., billable hours, fee targets); doing so will always undermine leadership’s credibility amongst professionals. Also, provide orientation on how best to use any “down time” (e.g., on-line training, updating precedents, reconnecting with previous clients and contacts, etc).

• Communications

- Communication is leadership's strongest tool to build confidence and morale and, as a result, assure collaboration across the organization and with clients and other stakeholders.
- Create a plan and stick with it. Communications need to be frequent and consistent, and must address questions and concerns of the audience. Transparency and setting the right tone are key to effective communications; after all, the objective is not only to inform but also to calm fears, generate confidence and sustain morale.

• Staffing Needs

- Redeploy and make the best use of talent. While rightsizing may be necessary, and we indicated in Part One how cutting of staff needs to be strategic, do not over-prune so that you prejudice the ability to gear up post-crisis. Look for the opportunity to reallocate staff from a practice area with depleted business to one that is busier.
- Similar to reviewing practice-area loads, evaluate geographic spread (where appropriate) and how offices and groups might best share resources or work on a more integrated basis.
- Consider the overall legal staffing mix and opportunities to delegate aggressively to maintain productivity while, of course, assuring that service quality will not suffer.
- Take advantage of the crisis to rethink support-staff needs. This is not only a question of quantities and types/level of experience but also an opportunity to present challenges to promising talent.

• Infrastructure and Supply Chain

- Take the necessary steps (which will depend on the level of preparedness) to enable fluent remote working capability, empowering the technology experts to engage with outside vendors for the essential, appropriate solutions (devices, internet connectivity, collaborative platforms).
- While moving quickly to assure business continuity, there should be enough oversight to determine that key risks such as security of data, business interruption through loss of internet connectivity and compliance with data privacy requirements are managed. This could well entail obtaining a second opinion on the capability of systems and applications to be adopted.
- Develop practical training sessions and resources to enable the use of new technologies and educate all users. Now is the time to focus on providing assistance and tools and not just on procedural matters.
- Engage with suppliers and determine how best to modify service delivery and service terms. Remember that these entities are facing their own challenges and will be keen to either maintain business or promote opportunities.
- Apart from technology service providers, pay attention to logistics (e.g., physical delivery of documents and materials to a more distributed population, travel arrangements) and consider outsourcing options, even if interim, to eliminate bottlenecks.

The Bottom Line

During a crisis period, do utilize the power of the "team" and coherent engagement with all stakeholders (workforce, clients, suppliers). Do not expect the processes, priorities, performance metrics or governance solutions that worked just weeks before, pre-crisis, to see you through this new normal; be agile and prepared to adapt very rapidly across your business.

Whilst responding smartly to the immediate demands of the crisis, never lose sight of your – now altered – roadmap; ensure you consider how to restructure and invest for tomorrow.

PART III. Commercial and Client Resilience

As the three Edge International authors of this paper are based in Europe, Asia and the Americas respectively, we aim to synthesise our experience and observations of different legal markets that are also at slightly different points in the evolving Covid-19 crisis. As with the previous papers, we wanted to foreground practical actions that law firm leaders can use in their firms. In this case we have posed and responded to ten core questions many firms are asking themselves as they grapple with a uniquely challenging crisis; we want the paper to serve as a quick self-assessment checklist. Our ten questions fall under three themes: client relationships, business development in a digital and virtual world, and commercial strategies.

Resilience and Client Relationships

1. How are you supporting your clients?

This will be one of multiple places where you read someone preach the message that, in times like these, you have to put clients first. But what does that mean in a practical sense? In our view, the critical challenge is that clients need to see *how* you are supporting them through what will be as tough a period – probably tougher – for many of them as it will be for you. The future loyalty of your clients as the economy recovers will be dependent on how you behaved during the crisis. That involves investigating and understanding the biggest issues and concerns your client has, and tailoring your communications, offers of assistance, updates and terms and conditions to those issues and concerns. They should be specific for your largest, most important clients and as tailored as you can make them to groups of clients in sectors, regions, etc. Your support might include some leeway on pricing, billing or collections, although that should obviously be carefully considered in the light of your own financial position.

2. Are you getting through to your clients?

The latest Covid-19 crisis has yielded a barrage of the kind of broadcasting updates and generic statements from a range of companies _____

3. Which services and practices are you promoting?

For almost all firms, there needs to be a rapid re-prioritizing of which practice areas and services should be marketed and highlighted to clients. Within the space of a month, the markets have flipped; in many cases, that has meant a sudden drop in corporate and real estate transactions, a boom in interest in labour and restructuring law, a refocus onto different clauses in commercial contracts, and a spike in wills and estates work. The exact pattern differs between jurisdictions and firms. At the same time, corporate legal departments will be trying to keep their own teams busy, and restricting further the flow of certain types of work out to external counsel. The overall rule holds true, though: firms need to pivot to ensure clients are presented with the firm's credentials in areas they may not have used in the past. Client-relationship partners will often need to communicate the services of practice areas they don't work in and know less about. Cross-firm collaboration at this point is critical.

Resilient Business Development in a Digital and Virtual World

4. Have you rewritten your marketing and business development plan?

If not, you need to do so, and quickly. Much of the activity you had planned – events, networking, secondments, training programs – has been blown out of the water by lockdown. It will probably take a long time for this kind of 'business as usual,' in-person marketing to regain its full effectiveness, assuming it ever does. For many firms, you will be looking to cut costs for a period and marketing will be in your sights. However, cut too far and you risk competitors getting close to your clients and your firm becoming invisible at a critical time. We recommend that you review and rewrite the plan you had, probably reducing overall spending but re-prioritizing ruthlessly. Ensure those practices that are most buoyant in this economy get profile and are highly visible online and in your communications. Rank higher the investments of time and money that can provide a faster payback period and short-term return on investment. In particular, ensure that your digital impact is really effective – at a time when the only way for prospects and clients to stay informed is digital, you have to be at the top of your game.

5. What are your partners and lawyers doing with their time?

OK, in a crisis situation many senior lawyers will be very busy; their particular practice area may be booming, they may be covering for furloughed colleagues, they may be asked to step up as part of your emergency team. In the Covid-19 lockdown, most lawyers, however, are working from home and have reduced levels of new work, no travel time eating into their day and no in-person networking duties. We talked about personalized, regular contact with clients above, and that is where a chunk of this available time should be redeployed: video calls, 'virtual coffees' (or drinks, later in the day – we have seen some nice Zoom 'home bar' backgrounds!), quick check-in messages on social media. In addition, this is the time to fully engage your senior lawyers, some of whom haven't really embraced or become comfortable online before now, in posting and sharing their insights on social platforms and in articles. Quality and tone are important; do ensure you have enough marketing resources to edit, coordinate and help promote these efforts.

6. Is your digital delivery of client services good enough?

For most firms in the current crisis digital delivery of legal services to clients will, by now, be in place and working. A few months back many law firms would not have responded 'Yes' if asked whether their interaction with clients was almost entirely digital but, right now (including via Zoom, Teams, WhatsApp et al), almost all would. However, clients will not be tolerant for lots of glitchy, taped-together digital processes; in their dealings with other professionals and service providers they will be exposed to some very slick models indeed. Soon, they will expect you to be just as good. And this is one thing extremely unlikely to revert when we return from lockdown – streamlined, painless, reliable and ideally paperless legal services will be a badge of a quality law firm. So, we suggest you continue to evolve and develop your digital services over the coming months. Do not assume you should scrape through to the time when you can get back to everyone in an office with piles of paper and clients happy to travel distances to come and visit.

7. How does a new client find you?

This is critical for private client work, but still a big factor for B2B services; in a world which is now even more reliant on internet searches, social media and online directories and recommendations, you need to be very certain how visible your firm is in these media. Does your online presence and Google ranking do justice to the quality and expertise of each of your practices – most especially those which you need to drive the firm's performance over the next year? If not, this needs fixing; many firms will acknowledge that they haven't paid as much attention to their search engine optimization (SEO), pay per click (PPC) and social media performance as they could have until now.

Commercial Strategies for Resilience

8. Do you have the commercial data you need to make quick decisions in a crisis?

This is a major area of research and development for us at Edge International, and we believe there is a case for most firms reviewing and overhauling their production of management information (MI) without the catalyst of a crisis. But a crisis certainly exacerbates this issue, especially one where we have such high levels of uncertainty, a very sudden stalling in key markets and the breakdown of in-person collaboration and supervision. Providing real-time information feeds to partners, team and department leaders and leadership are incredibly important, but also structured and packaged MI on a *weekly*, rather than the conventional monthly, frequency could be critical. We emphasized the need to track cash metrics obsessively in our first paper, but equally important is the tracking of pipeline and new activity: weekly trend reports that show how proposals/quotations, new matters and time recorded are progressing are critical to providing the firm with the lead indicators it needs to plan its next steps.

9. Do you need to provide free or discounted advice?

This is too big a question to answer in one paragraph of a short paper, but it is one that would definitely make the 'Top 10 Most Frequently Asked Questions' from law firm partners right now. Many existing clients and potential new clients have short, urgent questions in the current crisis; typically, these are about providing latest updates on government crisis support or on one legal issue, and sometimes they involve a bit of interpretation. Clients are often cash-strapped, laying off staff and cutting costs. So there is understandable pressure on lawyers to provide a quick piece of free-of-charge advice. This is easiest to justify in the case of loyal, ongoing clients who are continuing to provide instructions – it is a statement of support from the firm in return. For new clients, it could help lure in more substantive new work, but we encourage firms to find ways to link the provision of this initial advice beyond simple information updates to some commitment by the client. This could be in the form of a new advisory retainer service that will run through for a fixed period, with some initial free or discounted hours.

10. Should you ask for money upfront for new work?

Some readers will respond by saying 'we already do' and where you have managed to embed this practice universally, well done! For most firms, such requests are harder to achieve but we do believe it is a sensible practice to apply wherever you can in a crisis and recessionary period, where many clients face an uncertain immediate future and firms themselves need to manage their cash positions with great care. For existing clients, do ask them to pay outstanding invoices before you begin a new piece of work. And where you feel it is necessary to offer debtors deferrals or instalments of their outstanding invoices, do ensure you link this action specifically to your support for clients during this difficult period.

Our final checklist point brings us neatly back to the first question: How do you demonstrate that you are all about supporting your clients through this crisis? That is the right point to wrap up Part 3 of the series.

PART IV. People Resilience

In Part IV, we look at “People Resilience” a) during lockdown, b) during transition out of the current crisis and c) during the ‘new normal’ – i.e., what will make for a resilient workforce post-crisis.

A) Resilience During Lockdown

Firms are now several weeks into lockdown and many countries are looking at easing restrictions or have already started to ease restrictions. While lockdown is still in place, we would recommend that firms focus on the following:

1. Staying close to your people

There is a danger that employees will start to feel isolated as the lockdown continues. This applies equally to lawyers and to support staff. We are seeing some law firms keeping very close to their workforce so that their people feel highly supported during lockdown. Other law firms are not doing enough. Staying close to your people means checking in with them regularly; line managers should be checking in with their reports at least once a week. Contact should be maintained with furloughed staff, as well as with those working through the lockdown.

2. Working to keep up team morale

The novelty of working from home is wearing thin, or wearing off, for many. It becomes harder to keep up team spirit the longer lockdown drags on. Some law firms are finding novel ways to keep up team spirit – virtual team drinks, virtual team coffee breaks, team or office quizzes, competitions, dress-up days, bake-offs etc. Regular scheduled team meetings and touch points are also crucial, to keep up morale as well as to establish a credible source of information in a period of rumours and “fake news.”

3. Asking the right questions in your regular one-to-ones with team members

In a normal operating environment, prior to the current crisis, much interaction will have taken place with your team members on a casual or impromptu basis. As this is now not possible it is more important than ever to have regular scheduled one-on-one meetings with your team members. Whilst it is inevitable that the focus of these meetings be on work matters, make sure that you additionally use your regular one to ones to find out what is going on with team members on a personal front. Team members face a range of challenges during lockdown: lockdown and isolation can be anxiety provoking; there are challenges around childcare and the difficulty of working parents home-schooling their children or otherwise looking after young children; people are experiencing the loss of loved ones or the passing of extended family, friends or acquaintances. Ask open questions to find out what is impacting your workforce, listen to what is going on and be supportive.

Some things to listen out for:

- Is the team member living on his or her own? Does he or she seem isolated?
- Are you sensing that the team member is having difficulty coping?
- Does the team member have some other vulnerability that you should know about?
- Is the team member juggling childcare duties with a partner? If so, are both working and having to split childcare? Does the team member’s workload need to be altered to take account of this?
- Is the team member a single parent who has full responsibility for home schooling or otherwise looking after a child or children? Does he / she have any support?
- Has the team member experienced a bereavement? Have they lost close family or friends?
- Does the team member have elderly parents who are in isolation? Are they local or at a distance? Does the team member have other vulnerable dependents?
- Is the home-working environment and equipment suitable; is it helping, or hindering, your team member?

Depending on the response to some of these questions, think about what additional support the firm might be able to give. Is it appropriate to offer to involve HR? Is that a necessity? Does your firm offer external counselling or other external support?

4. Remember that the support you show now will be remembered later.

This is a time to build loyalty – and equally a time your workforce will remember if you don't show support. Few people are likely to be looking to move firms during the crisis but failing to show support now may well be reflected in attrition figures post-crisis.

B) Resilience During Transition

The transition out of lockdown will probably last for months. It is simply too early to accurately predict the duration or phasing, which will vary from country to country, and perhaps from region to region within a country.

Some firms may well take their eye off the ball during transition when it comes to staying close to their workforce. There will be a temptation to focus on the operational aspects of the transition and to ramp up business development to the exclusion or partial exclusion of focusing on your workforce.

Our recommendation is that law firms continue to do everything we've suggested above during the transition out of lockdown. Additionally, it is important to remember that any transition can be deeply unsettling, so keep a particular eye out for any dip in performance from any of your employees or for any of your employees who seem to be struggling to cope.

Firms will have to take a clear stance on what a responsible employer should be expecting and encouraging as lockdown gradually eases. Health authorities and governments are likely to continue to stress that where work can be done from home it should be, and we expect that white-collar industries such as legal services fall into this category. Law firms need to examine how best they demonstrate their responsibility for employees, clients and communities. It is possible that society will regard the firms who continue home working for an extended period as the most agile and well-managed corporate citizens.

For the many firms who have had to take decisive action on staff costs in response to the first phase of the crisis – including furloughs, pay cuts, reduced working weeks – unwinding these actions as the lockdown eases and government support is withdrawn is going to be one of the most difficult and risky management challenges of recent years. If the economy and workloads continue to be depressed, potentially long after lockdown ends, reversing these actions will be hard to justify financially. At the same time, there will be intense pressure to get people back to work. Redundancies and hard financial decisions are inevitably going to follow in some cases and steering firms through these choppy waters is a subject we will return to soon.

It is also our view that the workforce is at a point where its craving some good news and some direction as to what the firm will look like when the lockdown has ended – this gives some hope to the employees and something to look forward to. Psychologically it is the proverbial "light at the end of the tunnel". It is key that management exudes positive messages about the future through its communications. We would re-iterate that the old adage of "communication, communication, communication" is vital at this time.

C) Resilience Post-Lockdown – What Is Going to Be the “New Normal”?

We have no doubt that in the short/medium term there will not be a full return to pre-crisis 'normal'. Most law firm employees have experienced working from home full time for several months and have seen how it can be both effective and productive. Those firms that have previously resisted flexible working will find it much harder or impossible to do so, post crisis. It is inevitable, in our view, that the pre-crisis 'normal' will be replaced by a 'new normal' and that seems to be the assumption of many firms that we are speaking to.

As indicated above, we are firmly of the view that those firms that rapidly figure out and communicate a new working model will gain a competitive advantage in terms of attraction of talent and retention of talent.

Here are some provisional thoughts about what 'new normal' might look like:

The genie is out of the bottle on home working. It will be hard to deny a reasonable measure of flexible working for those that request it post-crisis. Not everyone will want to work from home, but some undoubtedly will, and this will be hard to resist.

We very much doubt that most firms will suddenly move to a predominantly home-working model. As pointed out above, the novelty of working from home is already wearing off for many employees. Human beings are social animals and require social contact to a greater or lesser extent. We think it is likely that a variety of agile working models will evolve, with working from home one or two days per week becoming common practice.

2. Some employees will want to work mostly from home.

The savvy employer might be wise to accommodate some employees who want to work primarily from home. Some of the best lawyers might have individual reasons for working from a remote location – e.g., having a partner who has a job that ties them to that location. Those firms that are able to accommodate such employees, including new home-worker hires, will be more attractive employers and therefore better able to build a resilient workforce.

3. The Green Agenda favours less office-based working.

There is an obvious environmental argument in favour of having more of your workforce spending a greater percentage of its time working from home. An environmentally aware workforce is likely to be attracted to an employer that allows people to spend a significant percentage of its time working at home, avoiding excessive commuting and reducing the high energy costs of surplus office accommodation.

4. Video communications will need to become more professional.

Video meetings are likely to become increasingly the norm – at least for significant interactions. The new normal will seamlessly incorporate virtual/remote meeting attendees alongside in-person attendees. Firms have for many years spent large amounts of money upgrading their offices to look highly professional – and similarly spent large amounts of money on branding, websites, etc. It seems inevitable that video communication will become more professionalised – and that the days of employees presenting themselves to clients at a wonky angle in front of their kids' nursery school art are probably numbered. We would suggest that law firms might need to invest in ensuring their employees have super-fast and reliable broadband at home, that they speak to clients using a green screen with firm-branded background, and that they are trained in how to conduct multi-party video meetings effectively.

5. Flexible resourcing will continue to develop alongside flexible working.

One of the harshest business lessons of the 2020 crisis has been the dramatic speed at which some legal practice areas have stalled, leaving firms with an almost immediate mismatch between workload and resources/costs. Economic conditions suggest this disparity is now settling in for a long stay.

Firms have, in some jurisdictions, been able to turn to government support to furlough staff in the short-term. Others have reached for cuts in pay and drawings, reduced working weeks and, sadly, lay-offs to deal with the rapid threat to profitability.

In an era of contract-attorney companies, alternative legal-service providers, fee-sharing freelance-lawyer models and the gig economy, this cliff-edge experience is leading firms to reconsider a resourcing model that is so reliant on permanent, full-time employed staff, located in expensive city-center offices. We have heard most of the Big Four accountants announce their strategic switch to a more flexible resourcing model in recent years, able to cope much better with swings in demand and economic shock (or opportunity). Law firms now need to start to develop plans for similar changes.

6. 'New Normal' law firms will rethink how they occupy and configure office space.

There will inevitably be pressure, not least from the CFO or COO, to reduce office space. Such pressure will be unsurprising when offices are currently empty, and there is only a very gradual return to office working as we transition out of lockdown, and yet law firms are continuing to function and to service their clients.

Retaining a resilient workforce in 'new normal' will require some smart thinking about the best configuration of office space. For sure, there is likely to be movement towards more open plan and unallocated (hot-desking) workspaces in firms that have previously resisted open plan working. But designing the 'new normal' office will require some serious thought about:

- how much total office space is required for your workforce?
- how much breakout space is required and in what configuration?
- how do you configure your office, including all meeting rooms, if video communication becomes the norm in terms of client communication?

7. Firms that forget that humans need physical interaction will lose out.

Some firms that we speak to are talking about conducting future partner meetings entirely remotely. Firms that have offices spread internationally are talking about the end of international travel. We would caution against attempting or expecting an extreme swing to entirely electronic communication. Humans are wired for physical interaction and video interaction is not the same as in-person chemistry, in particular when meeting people for the first time and developing a relationship. We believe that firms that rely purely on electronic communication will fare less well than firms that strike a balance between electronic and physical communication. In other contexts (e.g., interactions between world leaders) there have been vivid examples of how much can be achieved when people meet face to face. Law firms, in our view, will abandon physical interaction and connectivity at their peril.

Key Takeaways

- Regular contact with your teams and individual team members is key and this should be cascaded through the entire organization
- Psychological / professional support for employees who need assistance should be readily available
- Management should communicate clearly on a regular basis
- Management should be drawing up plans for the 'new normal' so that they can put these in motion once the governments ease restrictions
- Consider how the new WFH plans will impact winning and transacting assignments from clients

Note: All four of the articles in this series can be found individually at <https://www.edge.ai/category/articles/crisis-management-business-continuity-planning/>. We will return to the subject of resilience in the context of crisis again over the coming months. In the meantime, the Edge International team would love to hear your comments and are ready to field questions about any aspect of assuring law firm resilience in times of crisis.

These articles were written by the following Edge International principals:

Chris Bull is a strategy, operations and change consultant who has established himself as one of the leading advisors to legal businesses in the dynamic and innovative UK market, as well as working in the US and internationally. He has built a reputation as a legal market pioneer and innovator, having worked for all four of the Big Four accounting/consulting firms, been one of the first partner-level chief operating officers at a law firm and overseen some of the largest global legal process outsourcing deals at ALSP Integreon. Europe: chris@edge-international.com

Yarman J. Vachha is based in Singapore with four decades of experience in the professional services industry globally. He has run global legal business across Asia, Australia and the Middle East. He is a subject-matter expert in improving profitability, operations, remuneration structures and governance within law firms.

Asia: yarman@edge-international.com

Leon Sacks, based in Miami and focused on the Americas, is a trusted international executive of 30 years' experience, noted for growing revenues and managing transformation projects for professional service firms in the management consulting and legal industries. He has worked extensively in Latin America and is fluent in Portuguese and Spanish. Americas: leon@edge-international.com

Jonathan Middleburgh, guest author for the fourth article in the series, is a London based consultant to the legal services industry and a subject matter expert and highly valued adviser to legal businesses on people and human capital issues, both in the UK, Europe and internationally. A former Barrister, and also qualified as an occupational psychologist, Jonathan coaches senior lawyers particularly around behavioural change issues, helps senior level teams function more effectively and is frequently retained to resolve senior level internal conflict. Europe: middleburgh@edge-international.com