



KEEPING CHANGE GOING AFTER COVID 19

COVID-19 has shown that traditional law firms can defy their critics and change quickly – but will the changes be sustainable?

The COVID-19 crisis has shown that some law firm partnerships have adapted agilely to the new and unpredicted challenges. Managing Partners have told us that they are getting change through in weeks that they have been pushing for years. Another told us that in the current situation, *“Partners would paint their front doors pink if the managing partner told them it was the way through the crisis; though they would want a pretty good explanation of why in three months’ time”*.

Cynics might say that this is just an example of *“necessity is the mother of invention”* because when partners are faced with potential financial ruin they will agree to anything which offers survival, but will revert to type when (or if) more normality returns. **The opportunity and challenge now for leaders of law firms is to embed whatever changes have been achieved so far into the mindset of partners so that firms cannot revert to how they were.**

Business transformation is achieved by realigning the way people work, how organisations are structured and how technology is used, for the purposes of making them more profitable and better organised for their present and future needs. As Charles Orton-Jones has put it –

“You can have a world-beating product. You can have customers throwing their money at you. But you also need to be able to reshape the guts of your business to keep it performing as the company grows”

However, are current law firm governance models best suited to managing sustainable business transformation as we emerge from this crisis?

Traditional partnerships have often been criticised for being slow to innovate and take action - and in many firms there has been some truth in this. Law training is often about identifying risks to the client in their transaction and how that risk can be legally mitigated; it is perhaps not surprising that the same attitude to risk is taken internally. This is combined with the equity partner structure where many partners feel that as owners, they should have a strong say in the running of the firm - in our experience, a feeling stronger in the smaller firm than in the larger professional service firms. This has often been contrasted with faster decision making in law firms where private equity has acquired partnership equity and where we have seen some innovative moves around profit sharing and technological innovation within a more corporate governance structure.

However, we have also witnessed over the years in law firms that structure is not necessarily (or not at all) the critical factor enabling business transformation to happen, and the reaction to the COVID-19 crisis has shown that firms do not have to change governance structure to change fast. It is said that *strategy should come before structure* and in many traditional partnerships change has happened when –

- They have leadership in place which is challenging and visionary with a determination and ambition to deliver beneficial change;
- The leadership has gained consensus among partners that the change is necessary and has explained what form the change should take, its objectives and a vision that describes a better future;

The hurdles to agreeing and implementing change in a law firm are usually fear of change (which needs to be allayed), complacency (which a crisis such as COVID-19 can usually deal with) and the big gorillas (every firm has at least one) who need to be tamed. There come to mind the words which the leaders of one (now very successful) law firm partnership used repeatedly and very effectively when transforming its business –

“This train is about to leave the station - but there is still time to jump aboard”

The clear message to the dinosaurs was that if they did not come along for the journey then they would be left behind. Most jumped aboard the train – and as a result profited greatly.

Faced with the huge challenges driven by COVID-19 and the massive change in work practices the crisis has brought about, traditional partnerships have proved they can respond quickly. When the pandemic is finally over, will these law firms revert to type or can the innovation achieved be continued?

There is no guarantee that this pace of change will continue, and the real challenge now is to embed into firms the transformation which has been achieved so that partners cannot revert to how they were. The smart firms are already pulling together the lessons learned from the COVID-19 experience to use to build on the changes achieved.

We have outlined some of the “how to’s” of change in earlier articles available free here <https://www.peterscottconsult.co.uk/briefings.php>

There is an opportunity now as we slowly begin to emerge from the pandemic for all law firms to profit from this crisis by grasping this unique opportunity and continue the pace of change with a view to ensuring they become sustainably competitive and highly profitable businesses. If you would like to do this, please contact Paul Browne or Peter Scott.