

Law firms need to increase their agility

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Most boardrooms of law firms will breathe a sigh of relief, because 2020 seems to be turning out to be a good year. The horror scenarios predicted in March have not materialised and despite, or perhaps thanks to Corona, many offices are running on or even over budget. After the relatively smooth switch to working from home in March, costs went down, while productivity remained stable. After the summer, there were certainly differences in performance between offices, but few offices seem to be going through a deep dip.

It remains to be seen whether this will be the case in 2021. In fact, if we look at the previous crisis, lawyers and notaries need to start paying attention right now. The legal profession is quite resistant to short-term shocks, especially offices with a multi-service practice. While in 2009 almost all sectors experienced contraction, many law firms continued to grow as if nothing was wrong. But when the economy subsequently entered a recession, they also had to deal with sharp falls in turnover. Despite the increase in 2009, the turnover of the top 50 law firms & civil law notary firms in the Netherlands fell by an average of no less than 6% over the period 2009-2013. Declines of more than 10% were no exception and recovery often took a long time.

That risk is now present again. In addition to the economic consequences of the second Corona wave - and related measures that can remain in place just like that until deep into 2021 - the (hard) Brexit will hit the Netherlands relatively hard. This is also evident from recent estimates by the European Commission. The Dutch economy will grow the least rapidly of all EU countries in 2021/22. Add to this the rising geopolitical tensions and a scenario similar to 2009-2013 is certainly realistic.

What to do as a law firm in an uncertain, economically difficult period? The nature of the legal market is different from that of an average market. There is always legal work to be done in both growing and severely affected sectors. However, you have to be in the right place at the right time. The comment: 'the market is down' in the event of poor performance, may apply to niche offices, but not to (larger) multi-service offices.

More than ever, this time demands of law firms to be agile and respond quickly to change in order to seize opportunities. To be successful, firms need to continuously undertake combined sector and practice analyses to determine and assess their position on what to deploy and where not to deploy.

Even more than identifying opportunities, offices need to be more responsive in order to realise them. With market developments going fast, available (or required)

capacity and capabilities need to be deployed more quickly where needed. This is only possible with a coordinated, office-wide approach and good internal cooperation. Offices with practice groups operating in silos that go their own way will not succeed. It is up to the office boards to organise this properly. That is a challenge, certainly in combination with hybrid working. Tomorrow's frontrunners are the law firms that know how to achieve this.