

Summer Covid-19 Update: Six Observations for Law Firm Leaders

1. **This is a time of widespread uncertainty.** Most people don't handle uncertainty well, even lawyers. Uncertainty induces stress, anxiety and prompts a natural desire to act, even if acting is premature or ill-considered. The real long-term ramifications of Covid-19 are unlikely to be realized for some time. Don't rush to make long term structural changes. Like someone who suddenly realizes they are lost in the woods, the natural reaction may be to run. But the best reaction may be to sit down, observe your surroundings, address your basic survival needs, and take a deep breath.
2. **There is little optimism among CEO's for a rapid economic recovery.** Don't confuse that assessment with their comments about a *desire* for a quick recovery. And don't confuse the stock market with the economy – they are not one and the same. In a down market you should worry less about what your law firm peers are doing and more about what's going on with your unique clients and their industries. Find every opportunity to talk with your clients, listen to their concerns and challenges for their businesses and plan accordingly.
3. **The virus is still here, significant outbreaks will continue on both a macro/micro basis.** Firms can pretend the viral threat doesn't exist, or they can adapt to it, or they can hide from it. The lesson from other countries is that firms *can* adapt and still function well. But every firm should have a well-developed plan for accommodating a micro outbreak within its own offices or cities.
4. **Law firms adapted to Work-from-Home requirements better than many industries.** But there is a good and bad side to that observation: Good because law firms are making it work. Bad because in-house counsel note that while law firms easily adjusted, they seem unaware how many client industries are devastated or struggling to operate. Some firms are unrealistically expecting clients to get back to work because they are ready to get back to work.
5. **More firms will experience more problems in the coming months.** History tells us that law firms suffer more from the midterm impact of recessions than the immediate impact. While we aren't in the business of making long term economic forecasts, we can look at history. A V-shaped recovery of the economy (rather than the stock market) is a relatively rare phenomenon and has only occurred after a mild recession with mild unemployment. This isn't a mild recession with mild unemployment.
6. **More firms will likely be forced into making difficult adjustments in the next three to nine months.** Yes, work from home created immediate, visible, physical and financial challenges. But the real impact will continue, and more firms may now be faced with substantive, long term, structural changes (compensation, work force, procedures, rates, etc.).