



TYLER WILSON

## BREATHING SPACE

A VIEWPOINT ON THE RECOVERY PROCESS FOR LAW FIRMS

In this Viewpoint, we look at the process of recovery from COVID-19 for law firms, and the problems of decision-making with inadequate information.

“ Anyone with experience of crisis management – and that now includes all law firm leaders – recognises that, at first, the crisis manages you. The only option is to deal with the issues in front of you, and to keep doing so.

There is no social distancing of problems, no orderly queuing, no respecting of personal headspace. Decisions keep being required, made in the hope of earning some breathing space, inching just a bit ahead of the curve. You press on, powered by the hope that, finally, you can lift your head and see what’s coming in the middle distance. ”



## 🔗 LOSS AVERSION

No one, in our view, can keep going like that for more than a few weeks at a time. It's exhausting, and you can start to get hamstrung by the logic of previous decisions. Not all of them will have worked out the way you wanted, and very few will have been made with complete information. You can feel constrained from doing what seems sensible because it would be inconsistent with previous decisions. There can be a tendency to allow thoughts about how things might look to degrade the quality of your thinking.

In those moments, the task of leadership can feel epic, as if you have been called on in your firm's darkest hour to step up and deliver salvation. Nonetheless, the call to messianic leadership should be resisted. The route to success is to trust in your process.

## 🔗 SITUATIONAL LEADERSHIP

The textbooks tell us that the best leaders deploy different styles according to the situation. This situation, in our view, calls for a blend of the authoritative and collaborative styles. Why? Because it would be false to claim to know how the future will unfold, or to think that an exercise in democracy can foretell it any better. The key ingredient for recovery is confidence. This requires decisions to be taken only as far ahead as one can see, and for maximum flexibility to be maintained beyond that. Uncertainty is a constant, not a variable, and has to be carried forward to every next page.

Beneath the uncertainty there is a range of more-or-less-clear options. The worst thing a leader can do is fail to investigate all of them thoroughly. The second worst thing is to do the investigating all on their own. Our suggestion is that, authoritatively, you establish project groups to evaluate and explore a range of scenarios and, collaboratively, you include people from across the business who are good at that sort of thing. Some excellent colleagues are change-averse; others are better at critiquing others' ideas than contributing their own.

Don't choose a team whose recommendations you can predict before they have met. Your heads of business services may have a refreshing view in relation to risk and opportunity. Bear in mind the merits of external facilitation by one or two experienced hands whose compass can keep your teams pointed towards true North.

## 🔗 CRUNCHING THE NUMBERS

In the final analysis, your business will be what it is now: a group of bright people with a great knowledge and feel for the law whom businesses and individuals will pay handsomely to have on their side. What may have to change, however, is the delivery model.

Before investing your firm's money in a change programme, check on the resilience of your current financial model. Partnerships, like their corporate cousins, will be required to retain more reserves before they distribute any profits, just in case something like this happens again.

It might make sense for a business running on bank and partner borrowings, tax reserves and undistributed profit shares to sharpen up the terms on which it gets paid, rather than continuing the handsome subsidies afforded via long WIP and debtor days.

## 🔗 CONTROLLED EXPERIMENTATION

On top of this, the challenge is to work out what technology and infrastructure is needed to join up teams in disparate locations and what opportunities and threats are created by geographical irrelevance. Your solutions may reduce your requirement for one type of office space but increase your need for another. How should you use your offices until the next break clause? How will you defend London weighting in charge-out rates and pay?

There is a parallel challenge in human terms: sectors may run short of solvent clients; practice areas may run short of transactions; and service providers may run short of demand for their services. Where can you pivot, and where will you find the seed-corn (and partner buy-in) to speculate on promising opportunities? This doesn't need to be all about retrenchment.

## 🔗 BUILDING ADAPTIVITY

From this point on, the details get more practical. How will you manage both the international and commuter travel that remains essential? Keeping in close contact with clients may require more imaginative and effortful solutions than Zoom calls. Trainee training may need to be rethought from first principles. A more developed etiquette for videoconferencing may need to emerge. Box-room workspaces may need levelling up from variegated home-style to a more uniform house-style, to satisfy both health and safety and reputational requirements. Your investment in culture and cohesion may have to be reimaged.

These issues involve the sort of seismic options that law firms commonly shy away from. Threatening ideas can take on a more concrete shape, and thus become more likely to happen, the more they are thought about. The way round this is to decouple the job of thinking from the decision about doing, by establishing a hand-picked 'Possibilities Team'. The groundwork they do is important because it will shape the route you plot towards less interesting times.



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## A BESPOKE COACHING AND ADVISORY SERVICE FOR LAW FIRM LEADERS IN THE UK AND INTERNATIONALLY

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