

## **COVID Business Survival**

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### **I. Introduction**

The COVID pandemic is now in full swing. Although many uncertainties remain for law firms, there are other areas of business in the legal profession with more clarity. The pandemic has changed the way we work and run our businesses. This is especially true for the legal profession where business models are typically built on traditional practices and procedures.

The legal profession was already on a path toward change prior to the pandemic, but COVID forced these changes to be implemented sooner than expected. This was a shock and uncomfortable change to many who were still deeply ingrained in the traditional law firm business model. This model spoke to billable hours, money and efforts spent on the image of the firm (i.e. expensive offices and expense accounts), a strong aversion toward working remotely, and general lack of following healthy business principles we often see in other sectors.

Many firms were not prepared for the effect the pandemic had on their way of doing business and, by default, the way in which they sustain their economic engines. This led to “fight or flight” reactions which pushed many into making decisions out of panic and concern. A lot of business models in the legal profession were adapted to survive and simply ride out the storm, while the focus should have been on looking to a sustainable future post-pandemic.

While this is a perfectly understandable reaction in times of crisis, there is a pressing need for firms to move out of crisis mode toward a sustainable future. There is a very real possibility that the after-effects of COVID will remain for some time and there will be a lasting impact on the way we do business as legal professionals. Both clients and employees have been given a view to a different business model during this pandemic (whether this was by choice or not) and there will be expectation to do things differently.

Therefore, this article speaks to practical tips for law firms in ensuring the future sustainability of their business. It is based on a workshop presented at the 2021 Legal Live event and the tools discussed during this workshop. The tips are formulated upon the writer’s experience in strategic development and working with law firms and other businesses to ensure healthy business models built for sustainability and purpose. It also speaks to the most common challenges the writer hereof encounters in practice and the tools that seemed to work best in each scenario.

## **II. A Strong Foundation**

Similar to any other business, it is important for a law firm to have a good foundation. Most integral details of the business lead from a good foundation i.e. billing models, how clients are attracted, what sets the firm apart from others in the same field of specialisation etc. Unfortunately, the foundation on which the

firm is built is often given the least attention in the grand scheme of things. It is of little surprise that many other facets of the firm seem to crumble with time if the basics are not in place. Unfortunately, many firms tend to view this as unnecessary “fluff” that does not truly contribute to good business and tangible income.

This cannot be further from the truth. A truth which unfortunately greatly impacted many firms during the COVID crisis. As one would not build a house without a solid foundation, so too one cannot build a sustainable business without a good foundation. If the latter was lacking from the start, there is a good chance the business model was already experiencing challenges prior to COVID. Add a pandemic into the mix which sends all forms of business into crisis mode, and the situation significantly worsens.

To ensure a good foundation it is therefore important to have three essential ingredients in place: a mission or purpose, a vision, and values.

## **1. Mission or Purpose**

Every firm should have a recognised mission or purpose that is not just a statement, perfectly crafted for the firm website or profile. This goes to the heart of why the firm exists and what it aims to accomplish. No business merely exists, there is always a problem being solved, a gap in the market being filled, or a new twist to an existing service. Whatever the case may be for the firm, it needs to be clear on the “Why.” Why does the firm exist? What is its purpose? Why would people contribute most of their lives toward working at this firm? The latter is surprisingly not solely based on money. People want to feel like they have a purpose, like they are contributing to something in the greater whole, and like their efforts mean something to someone.

It is surprising, in the writer’s experience, how many firms operate without this basic principle. When asked about their mission they are quick to refer to their

website, sometimes even being severely frustrated that we, as consultants, have not done our research and cannot identify their purpose. However, this mission is purely a statement easily quoted and repeated with no meaning, will, or understanding behind it.

The idea here is simple but effective. If the firm does not understand the current point in its business (i.e. what it is currently focusing its efforts on, how its pursuing its mission and why etc.) it is impossible for it to understand where its going, what it is aiming to achieve in the future, and how this will become a reality. There is no starting point and therefore nothing to build from.

The mission also importantly speaks to what drives people to come to work every day, what motivates the team to do their part and commit their best efforts to a task, and it is the core definition of why the firm exists. It is a clear message of what the firm stands for, what it offers its clients, what sets it apart, and why there is a need for its existence. People want to know what they are contributing their time and efforts to, and they want to know that they are adding value in a way that speaks to their individual professional goals.

## **2. Vision**

The vision of the firm sets it up for future success. It is the goal toward which it is striving. The vision speaks to the future of the firm and helps to direct its efforts towards reaching its goals. A strong vision also motivates the team to do better, be better, and contribute better resources in order to realise this vision. Where the mission or purpose speaks to the “here and now,” the vision speaks to the long-term future goals the firm is working towards. Objectives and strategies for future success cannot be formulated if there is no clear reason for obtaining these.

Importantly, it also feeds into the notion of appointing the right people, in the right positions, for the right reasons. People want to know what they are striving

towards, it is important for a team to buy-in and believe in this vision so they can be self-motivated and driven to help achieve this vision.

### **3. Values**

The values of the firm should also speak to the core of the firm's business ethos. It should be clear, fully aspired to by the entire team, and be non-negotiable. It is not a true value to the firm if there are several instances in which the firm will overlook or lightly interpret this value to meet certain needs i.e. serving a particular client, be more competitive in the market, adopt a business stand point not generally favoured by others etc.

Values remain true to the firm and all of its team members, no matter what occurs. All who work there should subscribe to these values whole heartedly and this should be reflected in the firm's code of conduct, good practices, policies and procedures. It is something that needs to be diligently enforced across the board and the firm should build a value culture upon these principles. Many complaints from within a firm often stem from the fact that employees initially bought into the values the firm subscribes to only to find that this is not diligently implemented and followed in practice.

Unfortunately, many firm values are also pure marketing and generic words that seem to fit into the ethos of the legal profession as a whole, are used to articulate the firm's values. This tends to be a mere regurgitation of ideas and morals which clients would expect to see in a law firm. There is no thought put into it, no difficult questions are asked, and the values are not properly tested to ensure that this is truly what the firm subscribes to, that the values chosen are truly non-negotiable, and that there truly will be no instance in which the firm will consider acting outside of the value framework.

A set of clear, enforceable, and diligently implanted values is what keeps the ship on the right course. When there is clarity about what falls within the value framework it becomes easy to accept the right projects and business models for the specific firm's purpose and goals and to reject those that do not fit into the firm goals.

As the highest point of the foundational triangle, it sets the firm up to better understand its offer and therefore develop an effective purpose and vision. The triangle is needed in every strategic planning session the firm holds. Although this triangle can initially be developed in a strategic session it should also be the constant that leads future sessions.

### **III. Assessing the stability of the foundations: Towards sustainability**

In the writer's experience, there are usually three main types of firms:

- (a) Firms with solid foundations that have their values, mission, and vision in place and actively works within this scope.
- (b) Firms that have the foundations in place for marketing or other reasons but do not subscribe to it in practice. These firms often also hold strategic sessions as part of the annual planning requirements of the firm, but who do not actively work on implementing the plan.
- (c) Firms who do not have the main triangle in place and operate on a short-term or instant management cycles, making decisions on issues and other items as and when needed.

Given the above, it is important to note that the approach to assist in attaining a sustainable business model post-covid is somewhat different for each of the identified examples above. To better illustrate this, a brief overview of the approach is given for each example.

## **1. Firms actively working toward their foundations**

These firms are usually able to effectively communicate their mission or purpose without putting too much thought into it. Normally, it is so ingrained in their business model they are clear on their status quo. They tend to have a clear vision of the goals they are working towards and their people are self-motivated by this purpose or mission. Their values are clear and non-negotiable and it reflects in the culture of the firm.

These firms also often show a good record of strategic planning where the plans have been placed in writing, planning sessions were effectively led and facilitated, ideas shared during the planning session were put to the test, and decisions made were being implemented and monitored.

The biggest challenge for these firms seemed to be the quick adaptation to the new reality and the pressure the word “pivot” has come to create during COVID. The “pivot” term became a common reference to the COVID business situation and firms were inspired to follow this example. The issue with this is that the narrative around pivoting your business model has been over-hyped and unfortunately misunderstood. While it was, and still is, necessary to adapt to the new reality it does not necessarily call for an entire overhaul of the firm’s business ethos and foundations. Rather, it should speak to each individual firm’s specific business case and what pivoting would look like to that individual firm. It may not be the same as smaller, larger or similar firms in the market. There may be different pivoting opportunities for the firm than there is for others. For example, the firm may have already set up the basics to offer value services online and COVID created an opportunity for them to move the bulk of their business to remote services. This

is a good pivot. On the other hand, a firm may have been completely averse to remote working or online models, not educated in it at all, but due to the pandemic they felt forced to rush into incorporating this model making serious errors along way which increased pressure to succeed.

In this example, it could be helpful for the firm to hold an irregular or emergency strategic session. This session should be as well facilitated and the plan correctly deduced to writing. The plan should also be incorporated as effectively as previous plans with goals, timelines, responsible parties and strategies. The biggest challenge here is to go back to the drawing board and look at the existing plan with a new view to honestly identify the elements in the existing plan that are no longer relevant or will no longer serve the firm, due to changes brought about in the pandemic. New strategies in obtaining new or amended goals and objectives are crucial.

## **2. Foundations in place are not being implemented**

An annual strategic planning session is quite common place in most business models. The team comes together, often times at some form of team building retreat, and the plan for the year is discussed. During these sessions there is often little regard given to the firm's values, mission and vision. This is a potentially dangerous situation since these important foundational elements become a mere regurgitation of the message in their firm's profile. It is not discussed and re-evaluated, there is no discussion to create cohesion amongst the team members in line with the triangle, and to practically implement it.

The strategic plan is also often quickly forgotten after the planning sessions as business returns to normal and the team scurries to see to all the work they missed while attending the planning session. Often, the strategic plan becomes a checkbox document only reviewed again in the following year, or only certain

elements of the plan are implemented which causes an imbalance in the healthy and sustainable growth of the firm.

The biggest COVID hurdle for these firms is making them aware of the gaps in their foundation that existing pre-COVID. This naturally leads to a situation where they have to face harsh facts about the business model pre-COVID so they can effectively start to deal with the current changes that need to be made to ensure COVID sustainability.

In this case, an overhaul of the strategic process and the triangle of foundations is often necessary. Going back to the drawing board and looking at the gaps that existing pre-COVID and the impact it has on the business model. Only when the firm can effectively identify its true foundations and strategic plan, can it work on speaking to the needed adaptation that can serve them best in the COVID period.

### **3. Firms without solid foundations or strategic plans**

This example refers to firms that tend to deem the foundations to be the last part of the equation in the business model. Often these firms will have a general lack of direction, breakdown in team dynamics, a lack of a cohesive working environment, and sometimes even unhealthy financial structures with no clear direction. The issue created here is that there cannot be a referral to any type of sustainable development before the firm tends to the basics. If firms cannot properly identify their values, understand what they stand for, and identify their future goals it is impossible to navigate toward sustainability in times of crisis. It is necessary to know where the firm has been, its current status, and where it is going in order to effectively plan through crisis.

One of the main challenges with these firms is getting management on board or merely to acknowledge the lack of foundational structure. If there is not acknowledgment of this issue it becomes difficult, if not impossible, to treat the

symptoms that stem from it. The foundational triangle needs to be created, the strategy for the firm needs to be identified, and ultimately adjusted to a COVID-model. Difficult questions will need to be asked, changes will need to be made, and harsh truths confronted.

#### **IV. The strength of an effective strategic plan**

Starting with the foundational triangle and then ultimately leading into an effective strategic plan sets the firm up with a tangible roadmap for the future. Incorporating an emergency plan in times of crisis further serves to give the firm direction and a roadmap that will help it navigate through the crisis period.

These sessions and the plan that stems from it is also gives the team the opportunity to better understand where they are, where they are going and how they are going to get there. An effective strategic session gives the team an opportunity to review their foundational core, reacquaint themselves with the ethos and the direction of the firm, and to set proper short and long term goals. It allows the firm to brainstorm the strategies they will use to reach their goals and objectives, and be honest about what challenges may possibly stand in their way and how they will counteract these.

Since many firms either did not have a plan in place, or did not have a proper plan in place with proper monitoring and implementation, it was harder to identify the immediate steps they needed to take in a crisis. Add the “pivot” confusion to this, and this confused situation only worsens. In many cases there was no tangible plan for the firm to go back to, re-evaluate and adjust according to the firm’s specific needs. If something tangible was available the ideas and implementation strategies were often scattered creating confusion in an already confusing time.

There cannot be a true assessment about a firm’s survival or sustainability post-COVID if its starting position pre-COVID was already unclear. Therefore, for firms

lacking in foundational strategies and the proper implementation thereof, there is a need to go back to the basics, create a tangible plan based on their ethos, set clear deliverables, deadlines, and appoint persons responsible for actioning certain items. Once this is done one can move on to setting new goals, pivoting in a way that meets the firm's specific needs and creating a sustainable model for the future.

Should a good strategic plan and its goals already be in place it's necessary to retrace the firm's steps. It is helpful for management to place themselves in the mindset they were in pre-COVID, when the latest plan was drafted. Difficult questions should then follow: How were our ideas influenced by recent events? What effect has this had on the firm's business model and its economic engine? What opportunities arose that can be taken advantage of? Which challenges were identified and how will the firm work to address these?

