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Despite Discouraging Reports in Q2, Many Lawyers Secured New Business in Q3

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The Market Leaders Podcast

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Much of the legal news in Q2 of this year predicted a grim future for our industry. Initial declines in revenue, budget cuts, furloughs, and doomsday scenarios signaled a significant downturn in client activity.

Firms also anticipated an extended compromise in realization as clients looked for ways to control costs and protect their cashflow.

But reports in the news and from the trenches in Q3 tell a different story.

At Ackert, which delivers business development coaching, consulting, and technology to law firms globally, we canvassed clients of all sizes to hear their perspectives on the current situation.

Some of our findings:

Companies are facing new legal dilemmas, and now need new or additional legal services.

New clients continue to hire law firms to resolve the unique, complicated, and challenging legal issues they have not had to face before. Law firms are providing consultation in anticipation and management of Covid-generated problems. They are also managing virus-related litigation and bankruptcy issues.

Clients facing unchartered legal challenges are tapping into their networks...

Darrin Gambelin, a partner with Downey Brand, finds himself extremely busy during the pandemic, working for existing clients and bringing aboard new clients. “Having built a strong referral network is extremely valuable. Clients facing unchartered legal challenges are tapping into their networks to find legal representation, especially companies that have not previously had to handle these types of matters or hire a lawyer prior to the pandemic. The environment has made it difficult for them to find the appropriate representation. Also, our firm is uniquely positioned to provide real value to budget-constrained companies, combined with a hands-on personal touch approach that we continue to practice, even with remote client contact.”

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Firms committed to a business development culture before pandemic are reaping the benefits.

Our law firm clients reported the benefit of an established business development structure and culture. Having invested in and trained lawyers for this type of business development thinking and activity pays off for many firms as they see an influx of work from new and current clients. Those firms and lawyers who are already comfortable with a proactive approach to relationship development quickly adapt their client outreach to the current remote work environment.

Some firms ... will emerge from this pandemic stronger for a variety of reasons...

According to Larry Braun, a Corporate partner and member of Sheppard Mullin's Executive Committee, "Some firms, including Sheppard Mullin, will emerge from this pandemic stronger for a variety of reasons; we have had strong leadership and planning from the outset and are fortunate to have a broad practice and client base. Our partnership is entrepreneurial and is consistently bringing in new clients who we can help. Add in value-based pricing and exceptional client experience, and you have a recipe for sustained success."

There is a pent-up need for legal support and a climate for the development of new products and services.

Many clients tabled non-urgent legal work in March when courts ceased operation, budgets froze, and cash flow slowed. Now, those matters are getting attention, and companies need law firms to help them manage the backlog and move projects forward. With courts adapting to remote proceedings and the use of technology, those who were forward-thinking in adopting technology solutions and mindset can support these clients and manage that backlog of matters. Some firms see a surge in billings as clients start to release the backlog of legal work.

...companies need law firms to help them manage the backlog and move projects forward

According to Julie Reed, a patent partner with Miller Nash in Vancouver, WA, "Technology, health and science-related clients who isolated at home for the past several months now have a stockpile of ideas and projects to test in labs and on-site environments. Now that they can return to the workplace, even in a reduced capacity, they are developing projects that require our legal support."

Reed sees an escalation in IP and patent work. "After a crash, there is always an uptick in entrepreneurial endeavors. People who are furloughed or laid off, now have time to implement

their ideas for new products or services that they didn't have time to launch when they were working full time, and they need lawyers to protect those inventions."

Kevin Ross, also a patent partner in Miller Nash's Portland office, calls the increase in work the 'commute dividend.' "I am seeing startups and smaller clients who now have the extra, now unused commute time to think about new ideas or develop new products and services to address needs uncovered and necessitated by the Covid-19 pandemic. The commute dividend is bringing new clients to me that I had never expected. Business is continuing, and legal work is picking up."

Lawyers who apply the 'commute dividend' to business development set themselves up for success. Business development is an exercise in time management. Lawyers who carve out time and take a creative, deliberate approach to client acquisition will see better results in the current environment.

The qualities typically attributed to rainmakers are now crucial for all lawyers to adopt if they expect to maintain a healthy pipeline in the months to come.

Cross-selling and social media are getting a second look from lawyers.

With the elimination of the traditional wining and dining of prospects or attendance at conferences and events, lawyers have had to look internally and online for new business opportunities. Finding creative ways to connect via Zoom, LinkedIn, and other social media platforms has taken on a higher priority.

"I have not seen a slowdown."

Bethany Kristovich, a litigation partner at Munger Tolles explained the increase she has experienced in her work. "I have not seen a slowdown. In fact, I have brought in new clients and have been involved in a number of pitches for new work. Much of this activity is directly related to referrals and cross-selling opportunities within the firm. Building a reputation for putting clients first, delivering strong results, and fostering a strong network internally and externally, are key to the trust my colleagues have shown in sharing excellent referrals and exciting new client opportunities."

Ackert's founder, David Ackert, adds, "Even if there is a near-term resolution to Covid, it is highly unlikely that client development will go back to the way it was in 2019. We are now accustomed to the convenience of Zoom calls over the time and expense of business trips. Those who adapt to virtual client development will have a considerable advantage over those who rely on face-to-face interactions to grow their practices into the future."

In closing, it's interesting to note that the law firms featured in this article share the following characteristics:

- They have **strong leaders** with a keen eye for client emerging client needs
- They enjoy a **culture of entrepreneurship**, as evidenced by their willingness to invest in business development coaching even during the pandemic
- They **embrace new ways of thinking**, as evidenced by the creative means they use to stay connected with their clients

Firms with these qualities will continue to pull ahead as we navigate the today's uncertain climate.

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Kathleen Flynn is a former top Am Law CMBDO. She currently serves as a Senior Advisor at Ackert, providing business development coaching to law firms of all sizes.

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