

COVID-19 Could Catalyze The Legal Industry Renaissance

In the face of the COVID-19 crisis, there are things that the legal industry can do not just to survive, but to adapt, evolve, and thrive.

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As the COVID-19 pandemic rages on, the focus unsurprisingly has been on the exigent and obvious. No matter which industry you're in, this pandemic threatens not only your life but your financial health. Though much has been written about industries in peril, far less has been written about industries—like law—that are poised to enjoy a Renaissance.

During times of crisis, experts reflexively draw comparisons between seemingly similar events. Legal industry pundits are busily comparing the economic impact of the COVID-19 pandemic and the financial ruin created by the Great Recession of 2008. Such comparisons are, at best, shaky. Those pessimistic pundits are conflating both events and forecasting only doom and gloom. We think they're wrong.

COVID-19 Pandemic Economics vs The Great Recession – A Flawed Comparison

We'll leave to actual economists a more thorough discussion of the two economic crises, but there are significant differences.

- First, the Great Recession of 2008 can be traced to sustained periods of unsound economic practices that coalesced into a systemic unraveling of a precarious U.S. economy. The economic turmoil battering the world today is directly tied to an abrupt, discrete cause: COVID-19. Nearly every component of the global economy has morphed from functioning in the ordinary course to a complete lock-down almost overnight.
- Second, the pain of what we call “Pandemic Economics” is nearly universal. Unlike the 2008 Great Recession, which hit the financial, building and construction materials, and real estate industries disproportionately hard, no industry segment has been left unscathed by today's crisis—nor has any nation or region been spared.

The 2008 Great Recession and COVID-19 economic crisis bear little in common when it comes to speed, scope, and severity. Against this backdrop, we're left scratching our heads as to why the legal industry pundits are pulling out the post-2008 playbook and relying on outmoded strategies.

COVID-19 Offers the Legal Industry a “DO OVER”

History has shown that catastrophe also creates opportunity for those savvy enough to innovate. The legal industry, which was tone deaf to market demands after the 2008 crisis and failed to proactively innovate, is getting a rare second chance. In the face of the COVID-19 crisis, there are things that the legal industry can do not just to survive, but to adapt, evolve, and thrive.

Until the dust settles, most would agree that the near-term demand for legal services will be only in “essential” areas, such as healthcare, employment, bankruptcy, and criminal law. The dust will eventually settle, though. Then there will be an UNPRECEDENTED level of demand for legal services. Unlike the aftermath of the 2008 Great Recession, where the legal industry was unable to drive any aspects of a recovery, the U.S. legal industry can be a critical force in the aftermath of the COVID-19 pandemic. Legal industry professionals will pore over mounds of insurance policies, contracts, and other documents to assess the legal rights of the afflicted, to be followed by years of lawsuits. These lawsuits will be complex and

multi-jurisdictional (or multi-national) and, quite literally, without precedent. Demand will skyrocket, giving the entire legal industry a serendipitous “do-over” to re-imagine new ways to deliver legal services.

Below are a few key takeaways on how to best position legal professionals and their organizations for success as the world re-engages:

1. **Embrace “Surge” Lawyering.** The business model around associates (mostly junior associates) has been broken for years. Does it really make sense to hire classes of associates out of law school, train them, pay them outsized fixed salaries, and then mercilessly cut these associates (and their related fixed salary cost) during downturns to avoid cutting into partner profits? This makes little sense from a business perspective and even less from a human development perspective. We don’t offer a magic bullet, but we do encourage out-of-the-box thinking around personnel who could be affected by an economic downturn. Today’s newly minted lawyers understand and embrace the gig economy. Perhaps, it’s time to take a page out of Uber’s playbook and consider “surge” staffing—to use and allocate “flex” legal professionals in a given area based on client demand *and* to share them across practice groups, moving them from one practice area to another within the firm, maybe back and forth between a firm and its clients, or perhaps even between law firms under a strategic alliance. Creative staffing can reduce fixed costs, provide staffing flexibility, treat junior legal professionals humanely, and allow savings to be passed onto clients.
2. **Promote “Tele-lawyering.”** The COVID-19 crisis has demonstrated that working from home is a viable way for many industries to conduct business. Tele-working requires self-discipline, good technology, flexibility, and patience, but it’s kept large segments of our economy afloat. As we emerge from lock-down mode, some form of “tele-lawyering” should continue. A new generation of legal industry leaders could forego unneeded physical office locations, which often come with a tony address, fancy artwork, posh furniture, and a high price-per-square-foot price tag. More “tele-lawyering” means reduced fixed real estate costs, driving savings for cost-conscious clients. In fact, other tele-working measures can become permanent as well, such as increased use of telephonic and video conferencing for court hearings and other in-person meetings requiring travel or downtime. Save in-person interactions for instances when in-person delivers greater benefits.
3. **Really innovate—don’t just talk about it.** Smart growth investors study trends and invest in innovative companies that address those trends. Think about the transition from “retail-to-e-commerce” businesses or “on-premises software-to-cloud” solutions. Over the next decade, many in the legal industry will do well just from anticipated demand. The real legal industry winners, who outperform the market, will invest in innovative talent, cutting-edge technology, and smart data analytics solutions.

People retain lawyers in good times and *really* pay them in bad times. As we move into an uncharted future, the legal industry is entering a Renaissance period where it can truly lead the recovery from the COVID-19 financial crisis.

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