



# Turn the gloom into boom

Many law firms' responses to the challenge presented by the current global economic meltdown is to take drastic measures to cut costs. Sometimes drastic times call for drastic measures but unless your firm's very existence is being threatened and your operations have been so fat or so slack that the downturn represents a convenient excuse to get your firm in order, is it not more sensible to build a stronger base from which to emerge when the doom lifts?

The following Typical Crisis Response Action List represents the usual range of things law firms are doing to protect themselves.

## TYPICAL CRISIS RESPONSE ACTION LIST

- freeze salaries
- sack staff
- encourage new staff to defer start date
- reduce staff benefits (biscuits, fruit and Friday night drinks)
- freeze learning and development budgets
- cut the library budget
- deal with under-performing partners
- restrict discretionary spending
- impose vigilant expense management
- delay paying suppliers
- postpone new projects
- send more newsletters to clients
- reduce client entertainment
- cancel sponsorships
- slash memberships
- hope no-one notices any of the above is happening.

Some of the activities on the Typical Crisis Response Action List are necessary and entirely understandable but what is missing from the list are the activities designed to create new business, uplift the spirit, reinforce the value of existing relationships with each other and with clients, and take advantage of opportunities presented

by the downturn.

Let us face it, when times are good we are so busy being busy that we often fail to sit back and think about the direction we want our firms to take or, as importantly, the direction we want to take in order to have fulfilling and long careers. As one partner who has been through many boom and bust cycles told me many years ago: "A downturn is the time to go out and buy a new suit, polish your shoes and get up close and personal with your clients in ways that make them know you care about them." Good advice then, great advice now.

"What piffle," I hear some of you say. Let me explain. If I were running a law firm I would take a positive approach designed to build excitement and optimism, to enhance the firm's capability and its preparedness to emerge from the recession with stronger client and staff relationships and the capacity to enter or grow new work types. See my Positive Crisis Response Action List and find something there you could implement in your firm.

## POSITIVE CRISIS RESPONSE ACTION LIST:

- rethink your pricing – kill the hourly rate, celebrate its death with clients
- help your clients deal with their business challenges – be proactive, positive and prepared to invest in the health of your clients' business
- take a long-term view of client relationships, beware the 'fair weather friend' syndrome
- encourage your staff to come up with 'out of the box' short- and medium-term solutions to the crisis and implement some of their ideas
- upskill your people – for example, now is the time to become super-proficient in the use of technology
- identify slow or no-growth areas and

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- provide options for staff to refocus and retrain in under-resourced or new growth areas; begin the learning journey to get up to speed
- ramp up or develop a community and pro bono program
- kill the sacred cow discretionary spending (e.g. flying business class, staying at five-star hotels, using hire-cars, having daily partner lunches etc.)
- ban all negative-speak, fine people for it and give the money collected to the firm's preferred charity
- start a 'managing better book club' to get people thinking about trends and opportunities for doing things differently.

If you doubt my wisdom then get the December 2008 issue of *Harvard Business Review* and read 'Unconventional wisdom in a downturn', an article by Robert S. Kaplan, David P. Norton, Stewart D. Friedman, B.V. Krishnamurthy, Tamara J. Erickson, Jeffrey M. Stibel and Peter Delgrosso. Why? Because it will help you argue for funding needed to keep strategically important initiatives in place – when others are making a compelling case not to do so.

It is not just death and taxes that are certainties in life; this recession will pass and when it does you want the reputation of your firm to be intact. People have very long memories. The typical response many firms take in a downturn can cost them dearly when the recession lifts.

*Trish Carroll is a principal of Galt Advisory, an advisory firm focused on helping firms and individuals devise and implement practical and successful marketing and business development strategies. Visit [www.galtadvisory.com.au](http://www.galtadvisory.com.au) for more information.*