



Attorney Nisrine El Haddad

Partner- Head of IP Department, SADER & Associates



The Challenges faced by Law Firms as a result of the COVID-19 Crisis

2020-05-14

A legal profession at the edge of technological advances

The legal profession has remained untouched by technological developments, which have greatly affected other professions, such as the medical, engineering and others, especially with the rise of artificial intelligence.

Law firms in Lebanon and the Arab world have remained conventional, relying intrinsically on traditional methods in the course of the work and services they offer their clients.

However, some prevailing law firms have adopted a more modern organizational structure and digitized management method in the conducting of their day to day operations and services offered.

These technological advances were to affect the legal industry sooner or later.

The world renown author Richard Susskind had already foreseen in his book “Tomorrow’s Lawyers”, that the outlook of legal practice will change beyond all recognition and the delivery of legal services will shift online and computerized web-based services will displace lawyers unless truly bespoke advice is necessary.

It took a crisis to digitally transform a profession

However, with the rise of the corona virus pandemic and the complete lockdown enforced by the majority of the countries across the world in order to contain the spread of this virus, the legal profession has been greatly affected by this crisis and it has accelerated the pace of digital advancement in this profession. The courts have had to close or cease work for a period of time, and the offices are closed, meanwhile the deteriorating economic and financial situation of clients has negatively affected the activity of lawyers, their returns, and their ability to provide legal services to them.

To overcome this crisis with the least damage possible, law offices and firms must take rapid measures and radically change the prevailing mentality and the way the industry operates, because traditional methods no longer work! In fact, they are detrimental to the survival in this new era. Live meetings with clients and colleagues have been replaced by remote meetings via “Skype”, “WebEx”, “Zoom and other applications that allow the conducting of meetings over the Internet.

As for the provision of legal services, firms and Office must ensure the continuity for their clients despite the closure of offices. During this period, the possibility of pursuing work remotely and from home is necessary and imperative. Firms that cannot provide the appropriate infrastructure for remote work, such as ensuring all associates have laptops and all data is within a centralized repository, on remote servers or through the cloud, will not be able to provide their legal services to clients. Which will lead to the loss of customers who will then resort to modern firms capable of ensuring business continuity even in the most difficult circumstances.

A ripple effect from Global Companies to Law Firms

As well, the decline in financial returns is one of the major challenges faced by law firms in this period. For years, firms have had to deal with a decline in the budgets of their clients, especially international companies, which have steadily been reducing their expenditures related to legal services. Today, multinational companies are grappling with financial and economic crises as a result of the outbreak of the Covid-19 pandemic, which is a situation not seen before in our contemporary economic world. The current situation will inevitably lead to a reduction or even cancellation of the legal services budget in this period.

Key tools for law firms to face the crisis

Therefore, law firms must strive to maintain their clients in this difficult stage and provide support to them at the lowest possible cost or free of charge in some cases, so that these clients can in turn overcome the financial difficulties they face. Only then can the law firm be able to maintain its clients and can mitigate against the losses that will be faced in the subsequent stage after the end of the crisis and when the financial situation of these clients stabilizes.

Law firms should also try to expand their activities to include new legal services for their clients to offset the declining revenue. The more diverse the practice areas and services a law firm can provide its clients, the more it can maintain the flux in revenue. Knowing that it is expected that new legislation will be issued to cope with the crisis as a result of the spread of the Corona pandemic and its legal effects, whether it be laws that address commercial contracts or labor contracts and other problems which the legislator must intervene to find solutions for. Then, law firms, who are able to keep pace with legislative development, will be able to expand the scope of their services.

Creative solutions must be thought of to assist clients in facing their legal problems, such as ways that lead to the reduction of litigation costs through the adoption of alternative dispute resolution such as negotiation, mediation and arbitration.

Simultaneously, the decrease in the firms' financial returns will necessitate them taking internal organizational measures to reduce their expenditures. However, this reduction must first target secondary expenditures. In order to reduce its costs, some firms may dismiss some of their human capital, including lawyers, trainees, legal researchers, and external providers. This measure would adversely affect the ability of the firm to overcome the difficult stage and start again after it comes to an end. The cost of rebuilding a team and training it after the crisis has ended will be exorbitant and will inevitably lead to a delay in the firms' regaining its organizational health and thus lead to the possibility of loss of clients. In this context, the firm can reduce its expenses by shortening working hours and reducing salaries and allowances of the team without having to layoff and downsize.

One of the challenges that the law firms will also face is the transition to digital courts, which we have seen elements emerging in the adoption of electronic judicial procedures to face the crisis, which is expected to continue and develop further once the situation normalizes.

During this critical period, law firms should not forget their social responsibility, by providing free legal aid (Pro Bono) to individuals with low income and individuals who suffer from poverty and are in need, or NGOs that provide support to different segments of society.

In conclusion, it should be noted that a minority of law firms in Lebanon and the Arab world, among which SADER and Associates, have been able to deal with the crisis positively, and very few firms that have implemented a remote working system since the outbreak of the Corona pandemic in Lebanon, even before the government announced the state of public lock down, to preserve the safety and health of its work force and the community, as it has all the logistical capabilities to follow up on its work and ensure the provision of legal services to its customers from anywhere. The team also has demonstrated its professionalism, manners, and leadership skills by taking full responsibility in difficult circumstances and strive to overcome them.