

# The Six Things Keeping Managing Partners Awake at Night

Business and reputational risks in the new normal (and the six key communication areas to address them)

In association with

London  
Business  
School



# Foreword



Law firm leaders are facing seismic challenges in how they run and lead their businesses against a backdrop of increasing uncertainty. Covid-19 has created physical distance between our workplaces and communities, and we have had to adapt overnight to new ways of keeping in touch with our people and motivating our workforces.

These new challenges have added to the more business-as-usual pressures of running a successful law firm and are calling on law firm leaders to think very carefully about what has worked best for their business in the past, and how to apply and evolve that thinking to the new normal that we are all having to embrace.

At Byfield, we have undertaken research in collaboration with post-graduates from the London Business School to better understand the six key issues law firm managing partners are facing in today's fast-evolving business environment, as well as providing guidance on how those issues can be addressed. It will become clear in reading this report that

we believe communication lies at the heart of addressing the key business and risk concerns that law firms are facing. By applying a laser-sharp focus to the six areas of communication we identify at the end of this report, law firms can protect and enhance their reputations for the long-term and emerge with more resilient businesses as a result.

We hope you enjoy reading our report and welcome any feedback.

Best wishes,

A stylized, handwritten signature in black ink, consisting of a large 'G' and 'S'.

**Gus Sellitto**  
**Managing Director**

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## **Executive Summary**

# **The Six Things Keeping Managing Partners Awake at Night**

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How you can get the most out of this report, and how  
we approached its creation.

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## Executive Summary

**“T**he Six Things Keeping Managing Partners Awake at Night” was conceptualised in a world radically different to the one in which we find ourselves now.

Our intention was to create an at-a-glance overview of the key issues that were keeping managing partners up at night, offering our insights as a legal sector communications consultancy that helps law firms manage their reputations in both good times and bad. In our work advising law firms, we see the incremental changes that make up an ever-evolving sector and the challenges they present.

Our intention in conducting this research has remained largely the same. But the data we have collected—and the report you are reading now—instead tells the story of a sector that has experienced profound changes almost overnight. Those changes were driven by Covid-19.

The pandemic has had a significant impact on the business and reputational risks that law firms face. That goes without saying. But as we emerge from partial lockdown and as law firms continue to shape their mid- and long-term recovery strategies, a laser-sharp focus on the ingredients that make and shape a strong reputation is key if law firms are to emerge from the crisis as more resilient businesses that thrive in the long term.

This report explores the six things managing partners are most worried about and ranks key business and reputational risks in terms of their importance. Our research shows how the pandemic has impacted law firms in differing and, in some cases, surprising ways.

During the lockdown, Masters in Management students from the London Business School interviewed 10 managing partners of leading law firms virtually to gauge their thoughts and views on the key business and reputational risks affecting their firms.\* We also carried out a more in-depth survey amongst 20 UK-based law firm managing partners on these key issues. The results have been illustrated to show their overall combined relative importance to the respondents.

At the end of this report, based on its findings and our own insights as a legal sector communications consultancy, we provide you with the six key communication areas that law firms should be focusing on in order to protect, manage and build their reputations, in order for their businesses to thrive in the new normal.

We are also offering managing partners and their teams a free one-hour consultation to discuss their key business and reputational concerns, and how these six communication areas of focus might be more effectively applied to help them meet their business challenges.

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\*For confidentiality, we have kept the contributors to this report anonymous.

## Survey Findings

# The Six Things Keeping Managing Partners Awake at Night

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How law firm leaders' top business and reputational concerns compare, and the story behind why they have them.

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**“We first had to protect our people and our business. It is also a time when we had to exhibit leadership in the industry and take important initiatives.”**

– Law firm leader

### **The Six Things Keeping Managing Partners Awake at Night**

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|-----------------------------------|-----|------------------------------|
| <b>1. Cash flow</b>               | }—— | <i>Covid-19 concerns</i>     |
| <b>2. Employee wellbeing</b>      |     |                              |
| <b>3. Client service</b>          | }—— | <i>Business concerns</i>     |
| <b>4. Brexit</b>                  |     |                              |
| <b>5. Data/regulatory breach</b>  | }—— | <i>Reputational concerns</i> |
| <b>6. Professional negligence</b> |     |                              |

**T**he top-cited risks that have been on managing partners' minds as a result of Covid-19 pare the thinking down to some fundamental questions. Are we performing well enough, financially? Are our employees coping? How can we best allocate resources? The top-cited business risks stem from trying to configure pre-existing concerns to a new risk landscape. What do our long-term objectives mean now? And the top-cited reputational risks that partners have raised reveal

a picture of two areas that they are most worried about in the current climate.

The month of March this year was engulfed by panic and chaos. Deals stopped overnight. Firms became fully tech-reliant remote operations. As one managing partner said: “We first had to protect our people and our business. It is also a time when we had to exhibit leadership in the industry and take important initiatives.”

**As a direct result of Covid-19, managing partners' top concerns have been cash flow and employee wellbeing**

Of those we surveyed, 90% of managing partners shared concerns around their firm spend. In March, immediate decisions were needed from managing partners. And they took them. Laptops were bulk bought. Video conferencing software subscriptions were upped. Events, conferences, flights and dinners were cancelled. As the months have passed, and the true extent of financial hardship they face has become clearer, firms have had to reduce outgoings as far as possible.

While reviewing money going out is a natural response, money continuing to come in is important, too. 85% of our survey respondents cited being paid, potential client losses and lack of new business as each being a challenge. It is often said that a crisis focuses the mind on the business fundamentals and getting the basics right. And falling back on the adages of 'clients come first' and 'cashflow is king' proved to be a

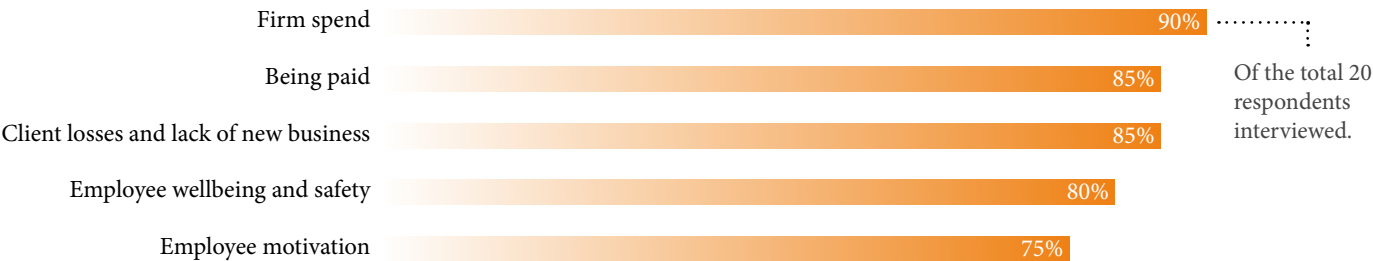
necessity to the managing partners we spoke to.

***"It is often said that a crisis focuses the mind on the business fundamentals and getting the basics right."***

Once the new work-from-home reality began, the concern for employee wellbeing, safety and motivation inevitably grew. 80% of respondents cited employee safety and wellbeing as a key challenge, while 75% also considered employee motivation to be a challenge.

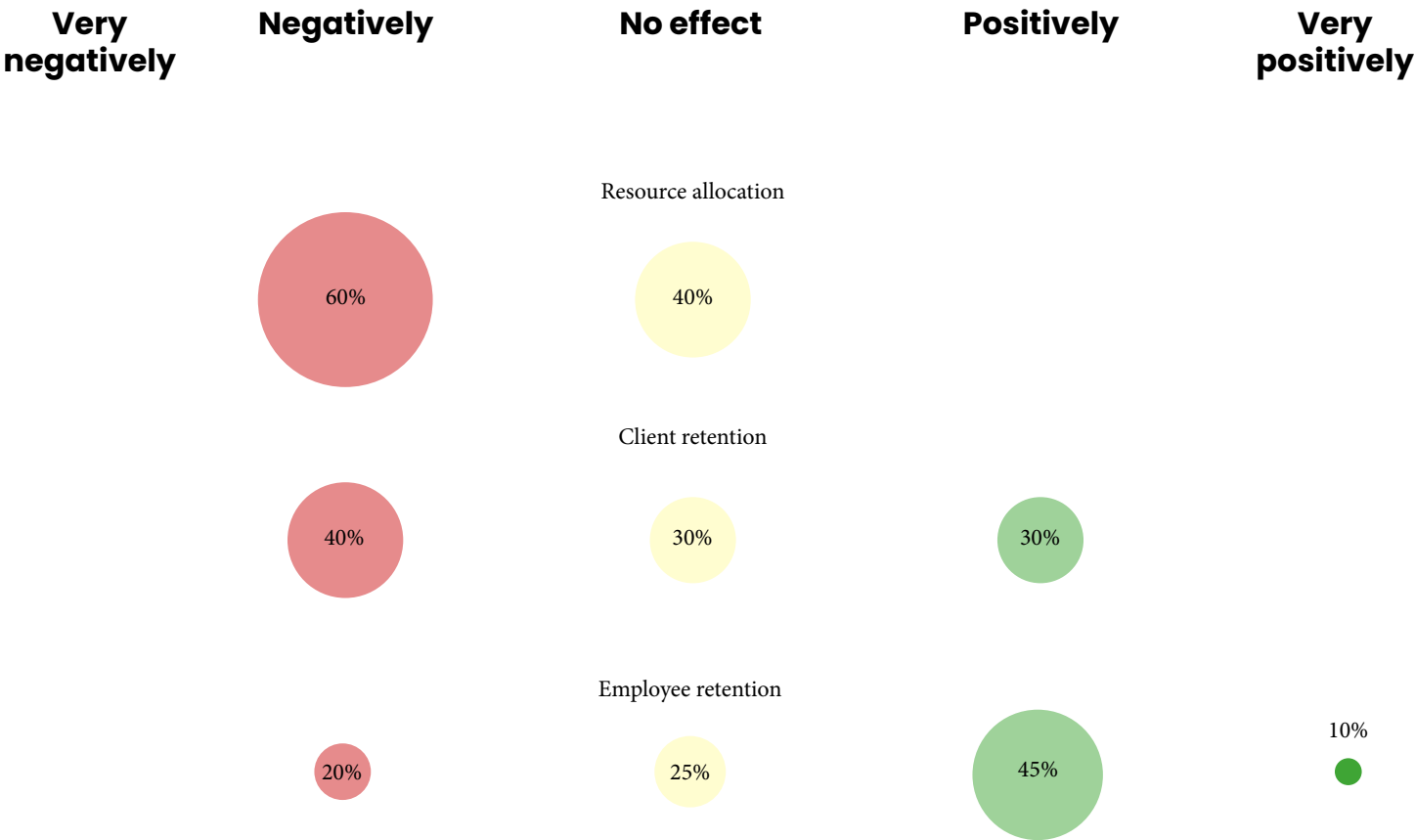
In a more settled business environment, law firm leaders would be setting concrete objectives. In the current environment, these objectives are underpinned by hopes: the hope to be able

**Covid-19 concerns cited**





# How managing partners anticipate key business areas to be impacted



to manage and preserve cash, to look after employees and to retain clients while continuing to gain new ones. What we’ve seen is that some managing partners are more confident about these hopes than others.

While firm spend and resource allocation was cited as a major challenge, as many as 40% of the managing partners we surveyed now anticipate

there to be no (further) impact on resource allocation. This is due to a number of factors, including law firms placing staff on furlough, introducing reduced working hours for less busy teams and pivoting resources to those areas of the business that are experiencing increased demand in the current climate—for example restructuring and insolvency, litigation and employment.

***“Law firms will be remembered for how they treated staff during the pandemic and in its immediate aftermath.”***

***– Law firm leader***



While 85% of managing partners cited client retention as a major challenge, 30% cited that their firms could even see a positive impact on client retention because of Covid-19. This is largely attributable to a firm having a significant focus on litigation and insolvency and being able to focus its resources accordingly. Interestingly, the strength of the client relationship—and the law firm managing partners and their teams being seen to act as trusted counsel to clients facing similar issues—was a driver for increased client retention. This is where the strength of relationships and a law firm’s standing and reputation amongst its client base comes to the fore.

Despite employee safety, wellbeing and motivation being major concerns for them, 20%

of managing partners are anticipating a negative impact on employee retention because of the pandemic. However, 25% of those surveyed think their firms will see no overall effect on employee retention. And 55% are sure Covid-19’s impact on employee retention will be positive.

Even during a downturn, in which it is harder for people to move jobs, employee retention is not to be taken for granted. “Law firms will be remembered for how they treated staff during the pandemic and in its immediate aftermath,” one law firm leader told us. “Eventually, the market will change for jobseekers, and if law firms are not keeping their people motivated and incentivised, then they will struggle to keep them, and attract new talent.”

Law firm leaders have had to make difficult announcements around placing staff on furlough and cutting their workforce through redundancies—and they will continue to have to into the new normal. This is where the need for honest and transparent leadership communication is most in demand. Our research has revealed law firm leaders grappling with the instinct to want to share at least some good news amongst a long list of bad news. Getting that balance right is key and, as you’ll see in our six communication areas at the end of this report, a law firm’s vulnerability is only a sign of weakness when it is not able to communicate with honesty and integrity to its staff. ■

**Top business concerns: Maintaining high-quality client service and Brexit**

Beneath the top layer of challenges created by Covid-19, managing partners are still just as concerned about business-as-usual issues that have long been on their agendas.

Our research shows that the number-one cited concern, raised by 75% of managing partners we surveyed, was maintaining high-quality client service. Law firms are service-based businesses. The quality of service they give clients is of paramount importance, ultimately driving their financial performance in the long-term.

Covid-19 has clearly exacerbated the challenge of maintaining high-quality client service when so much of the tried and tested methods of interacting with clients and providing teams to

**Business concerns cited**





work together physically to solve their problems has shifted. Face-to-face meetings are—at the time of writing this report—still a rarity. And the creative, problem-solving advantages that come from being in a meeting room with colleagues and being able to share documents by hand have been somewhat hampered by the Zoom experience. Again, here, a laser-sharp focus on regular team and client communication is imperative.

### **Remember Brexit?**

In the neural networks of the legal sector, Covid-19 may have nudged Brexit into long-term memory storage. But it still ranks highly on the list of business concerns for managing partners.

The UK has quietly slipped into the nitty-gritty stages of the transition period, and a trading agreement between the EU and UK will need to be agreed before the period ends on 31 December 2020. Many key tenets of the agreement are yet to be established. As the global economy washes up on the shores of the Covid-19 economic crisis, Brexit may leave the UK out at sea. Before long, Brexit will be front of mind for us all, and law firms will need to pay close attention to them if they are to respond effectively to the UK coming out of the EU and all the challenges and opportunities that will result from forming new trade agreements. ■

***“As the global economy washes up on the shores of the Covid-19 economic crisis, Brexit may leave the UK out at sea.”***



## Data and regulatory breaches and professional negligence are managing partners' top reputational concerns

In our 2017 survey [Risky Business](#), we found that 64% of respondents believed that cyber-security posed the biggest threat to their firm's reputation. However, our findings in the present report show that all law firm managing partners consider a data breach or loss to be a serious reputational concern. Covid-19, and the need for a majority of staff to work from home, has quite clearly exacerbated the fear of a data breach.

85% of managing partners surveyed consider SRA and other regulatory investigations to be a major risk to their firm's reputation. In July, the [Law Society Gazette reported](#) that the Solicitors Disciplinary Tribunal are spending more time and money on cases. We have seen an increasing focus on law firm behaviours and cultures as a result of movements such as #MeToo and law firm employees are more willing to call-out unacceptable behaviours that may have been

tolerated just a few years ago. We can expect further high-profile investigations into law firms to continue to come into the public arena as the SRA works through an historic caseload.

As far back as March, media and market commentators have been talking about a coming deluge of pandemic litigation. With force majeure, employment disputes and companies going bust, certain departments have been markedly busy. But the extent to which lawyers themselves will be on the receiving end of litigation remains to be seen. After the 2008 financial crisis, the City of London saw a wave of professional advisers caught up in litigation. 80% of the managing partners we surveyed seem to be worried about something like this happening again, citing professional negligence as a major concern. ■

### Reputational concerns cited



## Where does the legal sector go from here?

“The pandemic opened our eyes in terms of working from home. Like all crises, it will provoke big changes. The aftermath of Covid-19 will be felt for a long time.”

Law firm leader.

The sudden, exponential rise of Covid-19 cases called for urgent and imminent lockdown—and law firms adapted. Now, law firms are adjusting to a new reality where the direction of travel, once charted, could take further twists and turns.

In this unprecedented chapter of history, it is worth remembering that law firms are people businesses: your value is your people, and your clients are people. The sectors you serve will continue to be impacted in myriad ways. And, conversely, there are business risks everywhere. While keeping on top of these risks and responding in as best time you have available is your chief task, there's one thing you cannot afford not to do: communicate. ■

***“The pandemic opened our eyes in terms of working from home. Like all crises, it will provoke big changes. The aftermath of Covid-19 will be felt for a long time.”***

– Law firm leader.



## **Survey Findings**

# **The Six Key Communication Areas for Law Firms in the New Normal**

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How law firm leaders should be working with their teams both to audit and then focus on communication in order to emerge as stronger and more resilient businesses with reputations intact and enhanced.

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## The Six Key Communication Areas for Law Firms in the New Normal

This report has identified the key business and reputation challenges that law firm managing partners currently face.

Now we'd like to turn your attention to how effective communication can help address these challenges and mitigate future risk.

As we emerge from a global crisis that will have a major impact on how we work and interact, there are six communication areas that law firm leaders should be working with their teams both to audit, and then focus on, in order to emerge as stronger and more resilient businesses with reputations intact and enhanced.

### The Six Communication Areas

1. Leadership communication
2. Internal communication
3. Crisis communication
4. Messaging and positioning
5. Narrative brand building
6. Litigation PR

## **1. Leadership communication**

Typically, a law firm crisis calls for strong leadership communication. But the Covid-19 crisis has created a physical distance between law firm leaders and their staff, clients and other key stakeholders—and this calls for different considerations of how to communicate effectively.

While law firm leaders have had to adapt communication channels and styles overnight, we've seen how strong leadership communication is a key driving force for managing and maintaining law firm culture and motivating employees in a new ecosystem of work.

The Covid-19 crisis also demonstrated the fact that good leadership communication means having to impart difficult news in a transparent and measured way while laying out a map of likely roads ahead for staff, clients and other stakeholders. Anxiety—particularly among your employees—breeds on uncertainty. You can't say what the future will hold but if you build trust your audiences will more likely support your course of action. Knowing how to best make use of different types of delivery, tone and approach—and crucially, knowing when to be assertive and when to listen—is what ultimately determines how your people perceive you as a leader.

## **2. Internal communication**

If strong leadership communication drives

culture, then internal communication is the glue that holds that culture together. In our experience, external communication is often prioritised over internal communication—especially in crisis situations.

However, our research shows that a key concern for managing partners is staff morale and wellbeing. As such, Covid-19 has meant internal communication has had to come up the list of reputation management priorities. Staff will ultimately always be your best ambassadors. So communicating with them in new and engaging ways in the new agile world of work will positively impact on team morale, productivity and the client experience. In the new climate, internal communication will be at the heart of building and maintaining a strong culture.

## **3. Crisis communication**

In the main, law firms have responded well to the impact Covid-19 has had on their businesses, by making timely and proactive announcements in relation to financial performance and resourcing issues. As we head further into the unknown, law firms should take with them thorough and effective crisis communication plans.

In our research, law firm leaders universally agreed they were concerned about the reputational risk of a cyber-security, data or regulatory breach as well as potential professional negligence claims.

Managing partners and their teams should put planning measures in place for any potential scenario they think could occur across the spectrum of internal-born crises to cyber-security breaches and further lockdowns. Internal communication and crisis communication should be more closely aligned in an increasingly remote environment so that internal issues can be identified and managed before they have the potential to turn into crises.

Law firm clients also face heightened crisis risk which could in turn impact the reputations of their advisors, including law firms. Carrying out regular risk audits—including of your clients—revisiting crisis communication plans and convening crisis response teams in the new normal will be important to keep on top of the changing risk landscape.

#### **4. Messaging and positioning**

The legal sector is likely to see market consolidation and even greater competition as a result of Covid-19 and achieving differentiation from their closest competitors remains elusive for most law firms. The current climate offers law firms an opportunity to step back and assess which sectors and practice areas will be in most demand—as well as those which may be negatively impacted—for the short, medium and long term.

It also allows law firm leaders to look at how their firms want to be positioned in the market as a brand and service provider and in an environment where clients' needs have shifted overnight and will continue to evolve. This means thinking about how you communicate your services to the market for legal services and the way your clients' buying habits will be impacted.

How do you do this? The best way is to start by looking at your messaging and positioning. Who do you say you are? What do you say you do? Are your firm's capabilities evident from your current messaging? And is your client communication fit for purpose in the new normal? Most importantly, clients will want to know what value they will derive from using your services and being associated with your brand, as they become even more particular about their choice of legal advisors.

#### **5. Narrative brand building**

Building a strong brand and engaging narrative is key to maintaining and building a law firm's reputation.

Before they build their PR strategies around the law firm developments as well as practice area profiling, law firms need to consider the opportunities out there for communicating

their purposes and visions as part of their brand narrative. This means feeding the law into defining debates of our time and corresponding corporate action to anticipate and meaningfully respond to the needs of wider society. What stand does your firm take on environmental and social issues? How can it adapt transparently to the ever-increasing demand for conscious capitalism?

This also means considering everything from how your ESG and CSR policies (really) fit in today's world, to realistic self-appraisals on your firm's gender and ethnicity representation.

Creating a strong brand narrative that aligns with a firm's values, will allow firms to achieve cut through across the most useful platforms on which to tell their stories. This will include creating PR strategies that promote the value of your services by making use of content marketing, including social media use, as well as gaining visibility in pre-existing publications and avenues to market.

## **6. Litigation PR**

Our research shows managing partners have concerns about professional negligence claims and regulatory interventions.

We're likely to see law firms and their clients impacted by litigation as a result of Covid-19 at a time when law firms are already facing challenges around culture and historic behaviours that are resulting in legal claims against them.

Litigation can have a significant, negative impact on reputation and therefore communication around it needs careful and specialist planning in order to ensure it doesn't cause enduring damage to firms and their clients.

As litigation is increasingly played out in the court of public opinion—through newspapers, on social media and on the court steps—it is imperative that communication is carefully considered as part of any litigation strategy. How litigation impacts your stakeholders is a key consideration and litigation PR and internal communication need to be more closely aligned as a result.

Law firms' reputations can be impacted not just by their own litigation, but also by high-profile litigation their clients might be involved in—causing damage by association. In an environment of heightened risk, litigation PR is a specialist branch of communication that is likely to come up the management agenda. ■



## **Book a free one-hour consultation with Byfield Consultancy**

### **What we offer you**

We are offering managing partners and their teams a free one-hour consultation to discuss their key business and reputational concerns, and how the six communication areas of focus might be more effectively applied to help them meet their business challenges.

### **How to book**

Call Gus on **020 7092 3988** or email **[gus@byfieldconsultancy.com](mailto:gus@byfieldconsultancy.com)** and we'll arrange a time slot with you and your team.

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