
As Pandemic Wears On, California's Small Law Firms Pivot from Quick Fixes to Long-Term Management Solutions

Katherine Proctor

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Evan Walker, a Southern California personal injury attorney, is still paying the rent on his law office in La Jolla, but he hasn't been there since the COVID-19 pandemic arrived in the United States. His wife is an infectious disease physician, and they have two young boys, so he isn't taking any chances.

Working from home was an adjustment at first, especially with young kids at home. But eight months into the pandemic, [Walker](#), who's a solo practitioner, thinks he might be getting a lot more done than when he was going into the office every day.

"That's one of the silver linings, realizing what you can do remotely," Walker said. He saves a lot of time doing remote depositions -- there's "no driving, no parking, no traffic, no riding the elevator up to the fortieth floor." Going forward, Walker said, he's going to take every opportunity to do a deposition remotely instead of in person.

It's not all silver linings, though. Since California courts started shutting down in March to slow the virus's spread, it's been harder for Walker to make money -- he works on a contingency basis and only gets paid if one of his cases settles or goes to trial. He had a trial originally scheduled for August that was postponed to November, then continued again to next year.

Plus insurance companies aren't in a rush to resolve personal injury cases, he said, and without the pressure of a fast-approaching trial date "cases aren't settling, because there's no reason to." Walker had a settlement that was supposed to be finalized in February, but "it got tied up with the court, and then the courts were closed." That settlement was only just recently resolved.

"When you rely on the court system to be operating as it always has, that really throws a monkey wrench into your business," Walker said.

And it makes it harder to pay rent on an office you're not using. Walker intends to keep his office, and is trying to renegotiate his lease to make it more affordable during the pandemic, but "everyone's trying to do that right now."

As the pandemic wears on with no clear end in sight, California small and solo practitioners are realizing that quick adjustments are wearing out, and more long-term changes will be required to sustain their law practices.

Some of those pivots, though, have long been on the horizon in the notoriously change-reluctant legal industry. [Diane Camacho](#), a San Francisco law practice management consultant who advises small and solo practitioners in California, said that attorneys -- who are trained to be constantly suspicious -- tend to be resistant to adapting how they manage their practices.

But "having this kind of crash in on them," she said, has accelerated that process for many of her clients.

"There isn't a choice now -- they have to think what they're going to do, not if they're going to do it," Camacho said. "There are still some that are questioning these changes. But more and more firms are saying, Wow, this is working."

Tech transitions and billing adjustments

The Canada-headquartered legal technology company Clio's [Legal Trends Report](#), an annual survey now in its fifth year, studies trends in the business of law practice across the United States, including state-by-state data on hourly rates and key performance indicators like collection rates and average case value. This year's survey focused on how practitioners can adjust to a legal landscape marked by shuttered offices and virtual court proceedings.

The report identified videoconferencing, electronic payments, and electronic document management as key technological changes small and solo practices should consider in adapting to an increasingly remote legal industry.

For its part, California finished the 2020 lawmaking session by adopting legislation to make it easier to practice law from a distance. On Sept. 18, Gov. Gavin Newsom signed [SB 1146](#), which allows court reporters to remotely attend depositions and provides for electronic service of notice and documents.

Cybersecurity, a foremost concern when the first shelter-in-place orders were issued, remains top of mind for law practices. "We've had three clients hacked with ransomware in the last eleven months," Camacho said. "The majority of small firms don't realize how vulnerable they still are. That's just becoming more prevalent."

Still, Camacho said the pandemic has largely sped up the adoption of online task management tools for her clients. When people are working from home, she said, lawyers need "ways to manage people other than just their timesheet, especially for people who don't bill."

But these technologies aren't cheap, Camacho noted, and "with the fear of what's going on there's a lot of fear about the added expense."

"My clients don't typically think of software as a billable hour cost," she said. "When you start doing these monthly subscriptions, with a monthly expense per user forever instead of a one-time cost, that's hard to swallow when it's new."

Swallowing that cost is especially difficult for firms who've had trouble retaining clients or collecting fees in a pandemic-weakened economy. In April, the Clio report found the number of new matters opened dropped 30 percent compared to 2019, and the average law firm collected 8 percent less revenue -- a figure that increased

to 13 percent less in May. The report found that the most dramatically affected firms were those handling criminal law, personal injury, and traffic offenses -- practice areas that depend on regularly functioning courts.

Although firms saw upticks in business over the summer, especially for firms handling business and real property matters, the pandemic has kept law firm revenues low overall in 2020 compared to the previous year, according to the report.

After conducting a survey in July, Clio also found that in a climate of increasing unemployment rates and job insecurity -- which has only exacerbated existing barriers to legal services for the public -- 61 percent of consumers said they wouldn't be able to afford to deal with a legal problem.

Although firms offered short-term affordability fixes like discounts at the beginning of the pandemic, the report observed, that approach has a few drawbacks: it creates an expectation of more discounts in the future, makes revenue unpredictable, and could have the effect of making legal services seem less valuable. Instead of discounts, Clio suggested, small and solo attorneys might consider alternative billing structures like payment plans and fixed fees.

While she hasn't seen many of her clients make adaptations like these yet, Camacho said she sees their potential -- business transaction attorneys in particular might be able to implement fixed fee structures because those tasks tend to be "more repetitious and formulaic."

The one adjustment she has noticed since COVID-19 arrived is that many more of her clients have begun accepting credit card payments.

"There was a lot of worry in the beginning -- in March they really started cutting back because there was a lot of anticipation that clients wouldn't be able to pay," Camacho said. "But now it's picking up for a lot of practice areas that had a slowdown. So I don't know how much of that worry has played out yet."

The future of law office space

As to the value of physical offices, Clio's Legal Trends Report found that 7 percent of legal professionals jettisoned their commercial office space when the pandemic took hold in the U.S., and 12 percent are unsure about whether they'll keep their office space in the future.

Asked to rank a list of attributes by how important they are to a firm's success, lawyers responding to the Clio survey ranked "having a commercial office space" dead last. (The respondents ranked "getting client referrals/reviews," "using software to organize firm operations," and "serving the community" as most important.) Presented with the same list of factors, consumers Clio surveyed also ranked office space last when asked what makes a lawyer hireable.

[Jim Cunningham](#), the sole shareholder of a California estate planning firm, said the pandemic has encouraged him to downsize his office space. Although his firm CunninghamLegal has only seven lawyers, it has offices throughout the state. He won't fully shut down any of those offices -- he just plans to make them smaller to reflect the likelihood that some people in his firm will keep working remotely even after the pandemic ends.

"Pre-pandemic, office space was a place that performed several functions from the boss's standpoint -- getting the work done, camaraderie, training, mentorship," Cunningham said. "But I'm not sure the purpose of the office is going to be the same as it was before. Some people are far more productive working from home."

Camacho said that although some of her clients have been spending this year reconsidering the value of their office space, she doesn't think physical law offices are going anywhere.

"There are going to be more remote law firms -- they've figured out that they can do it, they like it, their staff can be more productive. It's not worth the overhead to have space that nobody's going to," Camacho said. "But there are advantages to being able to physically work together. It's going to depend on the type of firm and type of practice."

Like CunninghamLegal, small firms may reduce their office space if not get rid of it altogether, Camacho said. She said some might manage the downsizing by

adopting a hoteling strategy, in which workers share workspaces and schedule their use in shifts.

According to the Clio report, untethering themselves from office space could create significant market opportunities for small and solo practitioners. Geographically, urban centers could become less relevant, and lawyers with licenses to practice statewide would “no longer be limited to servicing clients in the immediate community -- and instead can look to connect with clients throughout their jurisdiction online.”

Even new opportunities like these, however, aren't enough to keep some lawyers in the game. Cunningham said that his firm has grown this year by acquiring the solo practices of lawyers who, rather than pressing on in these unprecedented conditions, have opted to go ahead and retire early.

But Walker, the La Jolla solo practitioner, said that for all the havoc the pandemic has wrought on public health, the economy, and daily life, it might be giving the legal industry an overdue wake-up call for how it does business.

“If you look at history, what you see about moments of cataclysm like this is that it accelerates changes that were already inherently happening,” Walker said. “Some of these budding changes are just becoming second nature.”

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