



Monday Monday

Connecting the Dots with Karen Kaplowitz



Helping you create and reinforce the habits of successful career building, gleaned from my work as a business development strategist, trainer and coach.

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Managing the Effect of Layoffs on Client Confidence. In firms with mass layoffs, the surviving lawyers are not the only ones who are nervous. Clients are unsettled too.

- Some clients worry if their firms are still *going concerns* despite the standard managing partner press release that the firm is strong.
- Clients wonder if *they* will pay for the learning curve for new lawyers. And if firms *aren't* replacing laid off lawyers on client matters, the clients may question if the additional layers of staff were necessary *before* the layoffs.
- Clients may be confused—and torn-- when laid off lawyers solicit their business.
- Clients who chose firms based on a specific team may be distressed at the loss of some members of that team.

Adding to client angst is the surprise nature of the layoffs. A quick survey of a few Fortune 500 general counsel and a few firms with recent layoffs did not reveal any firms which asked clients for input on who to retain; in fact, some firms did not even consult their partners on this issue. Can you relate to any of these client concerns impacting your firm? To minimize the impact of layoffs on client trust, consider these strategies:

- Pare down staffing to the essential players regularly, not just with layoffs.
- Survey clients, and partners, before layoffs on which lawyers are mission critical.
- Assure clients that the firm will bear all transition costs for new lawyers staffing their matters and rigorously audit bills to insure this promise is fulfilled.
- Condition severance payments on departing lawyers' agreements to not solicit work from clients on matters they were handling, if consistent with legal ethics and state law on non-competes.

Example: A highly regarded finance associate showed initiative when her practice area virtually shut down. She made herself available on a litigation matter on which she did a superb job which was greatly appreciated by the client. But it did not fill her time and she was scheduled to be included in a large layoff by her firm. Instead of laying her off immediately, the firm arranged with her to work part time to provide continuity on the matter and also told her the firm would continue to use her services on the matter provided her new firm did not have conflicts with the client. The partner on the matter helped her estimate the billings the matter would generate so she had a more compelling story to tell prospective firms. The firm's transition plan provided more continuity to the client and less friction with the departing lawyer who remained a valued colleague—and did not try to poach the client.

Would your firm consider customizing some layoffs to minimize the impact on clients and reduce the risk of competition and friction from departing lawyers even if it meant losing some revenue short term?