



FOR RELEASE JUNE 10, 2020

Impact of COVID-19 on Sole Practitioners and Attorneys in Small Law Firms

Top Line Report

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RECOMMENDED CITATION: Advice Company, June 2020 Impact of COVID-19 on Sole Practitioners and Attorneys in Small Law Firms

Background

In March 2020 reports of significant budget cut backs in staffing and partner compensation by the 200 largest¹ U.S. law firms began appearing in the trade press. Such firms primarily represent major corporate clients and employ from 200 to 4,000 attorneys as well as huge numbers of paralegals and support personnel.

Advice Company began assessing the impact the COVID-19 Pandemic was having on lawyers who are solo practitioners and those who practice in smaller law firms that typically have ten, or fewer attorneys, and represent individuals and smaller businesses ... the principal constituencies of Advice Company's brands. Yet there was relatively no coverage, and fewer facts to guide important marketing and staffing decisions. Hence, Advice Company's Survey of and this Report on the Impact of COVID-19 on Attorneys in Solo and Small Law Firm Practice.

To conduct this important project, Advice Company retained DeBow Communications, Ltd., New York, NY, (www.debow.com) an independent market research agency, to survey more than 7,000 attorneys over 6 weeks from early April to late May 2020. As major cities and states began to open in late May, we again surveyed this group to determine what, if any, effect these reopenings may have had on their practices.

This Top Line Report highlights our key findings and contains a brief narrative summary.

¹PublicLegal, July 2019 (<https://www.ilrg.com/nlj250>)

Key Findings

- On a PERSONAL level, the impact of COVID-19 on attorneys has been pretty dramatic. When asked to tell us, "how have your day-to-day activities been affected?" nearly three-out-of-four (73%) of attorneys said either Quite a bit of impact (31%) or High impact (42%). Of those saying High impact, 100% were working remotely.
- Fewer than one-in-ten (9%) attorneys have reported that they experienced Little or No Personal Impact from the COVID-19 pandemic.
- On a FIRM level the impact of COVID-19 has been statistically the same with seven-out-of-ten (74% [vs 73% on the Personal level]) reporting that COVID-19 affected their Firm either Quite a Bit (47%) or, a Great Deal (27%).
- Fewer than one-in-ten (8%) of respondents report that the COVID-19 pandemic has had very little impact on their firms. Of more interest are those responding that there has been no impact at all (6%) with their law firm's revenue increasing with new clients/cases.
- The vast majority of lawyer respondents (90%) reported they are Somewhat (41%), Very (34%), or Extremely (16%) confident that their Firm's will survive. However a total of 10% of respondent said they were Not Too Confident (7%) or Not Confident at All (3%) with regard to their firms survival.
- Half (50%) of respondents have changed the content / messaging of their marketing efforts as a result of COVID-19.
- Almost four-out-of-ten (38%) have advised a client to invoke a force majeure, business frustration, or impossibility clause in a contract for a client in response to the COVID-19 emergency, or file for Business Interruption benefits.
- While the majority (56%) of attorneys said they have not seen an upturn in their Firm's practice in the last few weeks (end of May to early June 2020) as the shutdowns have been lifted, more than four-in-ten (44%) have seen some improvement.

Narrative Summary

Q 1. On a PERSONAL level, how have your day-to-day activities been affected?

Little impact in our community, generally business as usual. I have continued to go to the office regularly.	9%
Some impact in our community with local activities curtailed. I have gone to the office somewhat less often.	18%
Quite a bit of impact, many law employees working remotely. I have significantly reduced my time in the office.	31%
High impact, stay-at-home orders in place. Almost all employees are working at home. I am working 100% remotely.	42%

On a PERSONAL level, the impact of COVID-19 on attorneys has been pretty dramatic. When asked to tell us, "how have your day-to-day activities been affected?" nearly three-out-of-four (73%) of attorneys said either Quite a bit of impact (31%) or High impact (42%).

Of those saying High impact, 100% were working remotely. Few (12%) reported only Some Impact, and fewer still (9%) reported Little or No Impact while continuing to go to the office regularly.

Q 2. On a FIRM level, how has the COVID-19 Pandemic affected your Firm?

Not at all, our Firm's revenue is increasing with many new clients/cases.	6%
Very little, it has generally been an average period for us.	8%
Somewhat, we are down a bit, but not sure it's virus related.	13%
Quite a bit, we are seeing a definite virus-related impact.	47%
A great deal, it has been very negative for our firm.	27%

Asked how COVID-19 affected their Firm, once again, three-out-of-four attorneys (74%) said that COVID-19 affected their Firm either Quite a Bit (47%) or, a Great Deal (27%).

This data clearly shows smaller Law Firms and Solo Practitioners are facing the same impact, albeit not quite as severe, as attorneys on a personal level. While 21% reported Somewhat (13%), or Little impact, few – but significantly – 6% said Not at all.

Narrative Summary ... contd.

Q 3. How confident are you that your Firm will make it through this crisis?

Not confident at all	5%
Not too confident	3%
Somewhat confident	41%
Very confident	34%
Extremely confident	16%

When asked if the COVID-19 Pandemic would threaten their FIRM's survival, only half (50%) were Very Confident (34%) or Extremely (16%) Confident that their firms would survive. Given all the open questions as to when and how this Pandemic might end, it is not surprising that the largest group, at 41%, were those saying Somewhat Confident.

Only 3% said Not Too Confident, but 5% said that they were Not Confident at all.

Q 4. Have you changed the content/messaging of your marketing as a result of COVID-19?

Yes	50%
No	50%

Respondents were clearly of two minds on the subject of changing their marketing messaging as a result of COVID-19, with a full half (50%) saying they had changed their marketing messages, while half of the lawyers at smaller law firms and solos had not.

Narrative Summary ... contd.

Q 5. Have you, or your Firm advised a client to invoke a force majeure, business frustration, or impossibility clause in a contract for a client in response to the COVID-19 emergency? Or to file for Business Interruption benefits?

Yes	38%
No	62%

The COVID-19 Pandemic appears to have severely impacted many individuals and small to medium-sized businesses – the types of clients primarily served by the attorneys we surveyed – particularly hard. It is gratifying to see that lawyers have been playing a proactive role in advising their individual and small to medium-size business clients about their possible rights to claim benefits under business interruption policies and to invoke clauses designed to protect their client's rights under other contracts.

Q 6. Within the past few weeks, some aspects of the initial shutdowns have been lifted, and some things are starting to return to a more normal status. Have you noticed an upturn in your Firm's practice in the past few weeks?

Yes	44%
No	56%

The good news is that more than four-in-ten (44%) are already seeing an upturn in their Firm's practice in the last few weeks. Hopefully, this positive trend will continue in the weeks ahead as more and more areas in the country return to whatever the "new normal" is.



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