

Managing your law firm post-Brexit

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Practice Management analysis: Following the result of the EU referendum, Tony Williams, founder and principal of Jomati Consultants LLP examines what the practical implications are for law firms and how they can best place themselves to deal with enquiries and concerns from clients.

How should law firms position themselves during this time of uncertainty?

Very much as advisors who can help their clients cope with uncertainty. Although everything is most unclear at the moment, clients will want to have the various scenarios that may eventuate for their businesses presented to them and the possible responses considered. Clients won't expect their lawyers to actually know what is going to happen yet—no one does. But lawyers should be able to have grown-up business conversations with their clients and help them consider for example, what the timing of their business decisions could be.

Any lawyer who says things are so uncertain we can't advise is really leaving it too late. Clients want to be able to properly consider their options and be ready to execute some plans when the right time comes. Things can't always be planned and activated at very short notice. Lawyers are usually poor at responding to uncertainty but they will really have to help clients properly analyse their alternatives now.

What are the particular challenges at this time, eg staffing, altered work flows?

The timing of Brexit isn't great with the summer being here which is usually a quieter time in any event. But clearly firms will be looking at staffing issues now and the proper resourcing of various departments. Generally I expect firms may want to hold off a bit on recruitment until how the business environment is affected by the vote becomes clearer. Different areas of work will be affected differently. Transactional work may fall off for a while. But then there may be some opportunistic purchasers of companies and real estate if sterling remains low and valuations reduce. Regulatory work may increase as clients consider the effect of Brexit on their businesses and there could be more work on the reorganisational side.

Apparently some firms are hiring more staff to deal with the influx of requests for advice from clients. What opportunities is the current environment presenting?

One is the opportunity for firms to demonstrate their value to clients as sound business advisors, as discussed above. Clients will want advice on their options and although they may not wish to act immediately when things are so uncertain, many will not be able to put off acting on some matters indefinitely. They may need new premises or new IT support and at some stage will have to move on with their plans. Also there could be opportunities for work from overseas clients if the prices here fall and the currency remains devalued—assets here could present very good value. There will be many practical matters to consider too like where you will base your data centre. Those based in the UK may need to be moved into the EU.

How may patterns of work be affected in the future?

It is very difficult to tell at this stage. Merger and acquisition work may drop off for a while, regulatory work may increase, small to medium-size transaction work may still flourish. I suspect the very large deals may tail off—they are more rare already. We have already seen some property funds here suspend redemptions and put properties up for sale. Some foreign investors may be tempted to invest if the pound remains at lower levels.

How may the vote affect firms' longer-range plans?

It really depends on where firms are and on their size. Big international deals may become more scarce. Some firms that only operate in the UK may face difficulties and if so, there could be more firm merger activity. Some firms who are on the expansion trail internationally may find things difficult as overseas investment will become more costly if the pound does not improve in value. For foreign firms, like US firms, investment in the UK will become cheaper and they may be able to

lure some personnel away from UK firms as they may be able to offer a more stable working platform. I don't anticipate that UK and EU based firms will want to do much in terms of major mergers just yet. As usual, many people will want to be cautious, but those who are prepared to be brave may do very well.

Interviewed by Diana Bentley.

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