

Ignorance Is No Longer Bliss: Practicing Law 10 Years After the Crash of 2008

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The financial crash of 2008 caused a chain reaction that still reverberates today – not just economically, but also politically and in the legal world. Out of this worldwide financial destruction emerged law firms that have evolved to better meet the demands of corporate clients from a cost perspective, while also breaking down the wall that once existed between legal and business advice.

The recession created a stress test for law firms. Many major law firms suffered while others took advantage of the new environment. Smaller, more flexible law firms with lower costs have taken some market share from some of the country's very top firms. While not all firms

have adjusted to this new way of helping clients, those that have are giving better advice and providing higher value services to their clients.

Corporate clients are more sophisticated when it comes to legal issues. And law firms that serve them are more proactive, providing counsel that is based on a far better understanding of how the business world functions. Many attorneys now represent businesses in a much more effective manner – one that is more interesting and rewarding than 10 years ago. This shift is certain to position law firms to successfully navigate through the next economic downturn.

Impetus for change

“Prior to the crash, those in the business and legal worlds built walls between business and legal issues,” says Jennifer Yount, chair of the Finance and Restructuring practice at Paul Hastings LLP. “Those running businesses left legal issues to lawyers, and lawyers left business issues to the client. Given today’s legal, regulatory and business climate, such willful ignorance of what may seem like someone else’s problems is a recipe for disaster.”

Breaking down walls between businesses and lawyers is a long term trend, according to Mark Cohen in the *Forbes* article, *Differentiation in the New Legal Marketplace and Why It Matters*. Law firms aren’t just competing with other law firms; they compete with those who provide legal services through different channels. Cohen states corporate clients are looking for good advice, whether it comes from a traditional law firm or not.

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“The distinctions the legal industry draws between ‘law firms,’ ‘corporate legal departments,’ ‘legal service providers,’ ‘diversified professional service companies’ (think: Accenture and the Big Four) are becoming functionally meaningless,” says Cohen.^[1]

New approaches for attorney-client engagement

In the past, it was sufficient for an attorney to primarily offer legal expertise. Today, clients demand attorneys who not only have an intimate knowledge of the client’s business and the industry, but who can also help manage their business, future risks and be smart about billing and data science tools.

Juggling all of these responsibilities requires attorneys to spend substantially more time understanding clients and the companies in which their clients invest. They need to have in-depth conversations with management about how business is conducted in order to analyze processes and uncover potential legal issues. For example, when a client invests in a company, performing due diligence becomes critical to determining their potential risk related to data security or a cybersecurity breach.

This level of commitment in time and effort to learn about clients and their businesses was rare 10 years ago. Now, to effectively represent a client, it’s a necessity. “I have clients who are focused, eager and inquisitive about legal issues. Though many executives have MBAs, not JDs, they are often well versed in legal matters,” says Yount.

As Cohen explains in another Forbes article, *Legal Change: Why Drip, Not Disruption?*, clients want solutions to complex business challenges that include legal issues. Attorneys acting to proactively mitigate risk for their clients while identifying and executing on business opportunities is how corporate lawyers are expected to function and a sign of how all lawyers will function in the future.^[2]

A primary role of an attorney is still to educate clients about current legal issues so they understand what needs to be done to comply with legal requirements. “Clients tell us they also need to know what to expect in the future so they can make necessary changes over time, therefore, making future compliance easier,” Yount explains.

A new dawn in legal representation establishes a brighter future

The recession that started 10 years ago did tremendous economic harm worldwide. Yet it may have resulted in the highest quality legal representation for corporate America in history. Major law firms that in the past survived past economic downturns relatively unchanged had to either adapt, shrink or fold.

With this much more dynamic legal marketplace, emphasis on cost controls, the increased use of data and high technology, law firms may find the future difficult to navigate without being flexible and creative in devising solutions to meet their clients’ needs. This is noteworthy, considering law firms are traditionally risk averse and reticent to change. For firms that are not open to such change, however, what will the future hold? Another economic downturn is inevitable. Was the last recession the wake-up call that law firms needed to weather the next downturn?

“Attorneys are not just legal scribes; we are business partners with our clients,” says Yount. “We know much more about each other than in the past and that benefits all of us.”

For more information, please contact [Jennifer Yount](#), Chair of the Paul Hastings Finance and Restructuring Practice and Partner, Corporate Department or visit paulhastings.com.

^[1] <https://www.forbes.com/sites/markcohen1/2018/01/02/differentiation-in-the-new-legal-marketplace-and-why-it-matters/#7effe50338ef>

^[2] <https://www.forbes.com/sites/markcohen1/2018/04/26/legal-change-why-drip-not-disruption/#605df91b1fbf>