
Anatolii Muromtsev: effective anti-crisis management strategy for a company in the field of legal technology and law in the context of the economic downturn



Anatolii Muromtsev

Lead groups of products and projects of the LegalTech and law industry

Abstract: In the article, the author examines strategies for surviving the crisis and developing a company that occupies a niche in legal technology and law, analyzes the factors of the crisis, and suggests methods for reducing costs, diversifying services, and effective marketing. The author also reviewed metrics, including the customer feedback metric.

Keywords: law firm, LegalTech, crisis management, crisis factor analysis, service diversification, cost reduction, resource optimization.

Periodically, with a certain pattern in periods, economic crises destroy markets and communities, causing a decrease in opportunities, consumer demand, needs, and money supply in entire sectors of the economy, and translated into human language, as a result, an increase in the number of unhappy people, the poor, and the disadvantaged.

The head of any company should understand that minimizing the impact of economic, social and other factors on business processes should be the main goal of crisis management for the subsequent adaptation of the company to changing market conditions, achieving sustainability, and ultimately the prosperity of the company. In the field of LegalTech, independent domestic IT programs and developments are of paramount importance, the use of which allows the company to abstract from the shortage of imported software and, moreover, to ensure an industry breakthrough with access to international markets. Lawyers with international legal expertise in business support should look at alternative suppliers of imported goods, having studied the new regulatory framework of the countries, suggesting that the head of the company make changes to LegalTech's IT programs to ensure improved accounting of foreign economic activity and legal registration of the company's hassle-free new assets.

We analyze general and special crisis factors

For a company to survive in the field of legal technology and law, it is necessary to identify general and special crisis factors that affect or are able to affect the sustainability and profitability of operational activities, and as a result, directly and irrevocably affect the stability and profitability of the business in question. The general economic instability in the country, the change in consumer preferences in the field of legal technology, the change in the vector of the international legal field due to the economic sanctions imposed, as well as external and internal common threats — all this needs to be analyzed in a crisis situation. One of the factors affecting companies in the LegalTech and law industries is the situation in the country and in the world. An economic downturn or a strong change in exchange rates leads to a decrease in purchasing power and a legal reorientation in support of transactions to alternative suppliers. In such circumstances, there may be a decrease in demand for expensive services from a law firm, or for the services of a legal tech company that manufactures software for law firms. The public sector of the economy can become an economic outlet for a while if we turn an innovative eye to the field of software development for regulatory authorities:

"LegalTech is an automation technology for the legal and legal sphere. RegTech — regulatory technologies for monitoring compliance with regulatory requirements and preventing violations. The boundary between the markets is quite arbitrary"[1].

Analyzing potential threats to business in such conditions is an important part of crisis management:

— external threats, for example, changes in legislation, closure of cross-border payment opportunities and unfair competition,

— internal — inefficient resource management, personnel problems or lack of innovation.

The study of these factors makes it possible to identify the main challenges and prepare algorithms for actions aimed at preventing or minimizing their negative impact.

Do not forget about the generally accepted ways of survival: minimizing costs and optimizing resources

It is not easy to keep the established business stable during the crisis. Every company manager who wants to maintain business stability and therefore understands the need to focus on what is important, namely effective operational cost management, needs to apply the survival instinct in the aggressive environment of the economic crisis:

— staff analysis;

— assessment of the performance of each employee;

— conclusion about the need for personnel;

— applying the variability of reducing the length of the working day or transferring employees to a flexible work schedule.

The application of operational cost management will allow the company to enter the economy mode without reducing the quality of services.

The manager must understand that business processes must be subject to innovation, and, consequently, inventory optimization, automation tools, and, as a result, reduction of financial components and, most importantly, time. Before proceeding with any active actions, it is necessary to conduct a financial and legal audit. A company specializing in the development of IT solutions for lawyers, as well as in the provision of legal services using new programming technologies, may have resources that can be reduced without compromising the quality of services provided. For example, a review of suppliers or the terms of contracts with existing suppliers, a review of advertising contracts, an assessment of current investments, a review

of marketing strategy in favor of digital marketing. Taken together, the selected measures should help not only save resources, but ensure the sustainability of the company in times of economic crisis.

We use unusual methods for IT companies in the field of legal technology and law

Law firms, IT companies specializing in the development of software and the final IT product for lawyers, as well as companies combining legal technology and law in the final service, can and must adapt to changes in market needs, and if the domestic market is insufficient, enter the international market by creating a new product. The application of diversification to IT technologies in law, with the promotion of activity in changing the norms of current legislation in favor of IT technologies, will make it possible to maintain primacy in occupying a new niche, and, accordingly, “collect the cream” and enter new industrial frontiers. The minimum that a company can implement in a crisis is to diversify services and divide bulky services into several small services, for example, from a large business support service throughout the year, you can create several express services by dividing the general support into parts, it is possible to allocate a block in the program to create claims for a separate category of cases from programs for business lawyers or divide the financial audit program of companies into several products, for example, an economic product: the head of the company assumes that he buys 100 boxes of paper, the company prints documents on 50 boxes of paper, the question arises where did the other 50 boxes of paper go? In this case, an audit of the business activities in this product is needed by the head without evaluating the financial performance of the enterprise and evaluating its legality, that is, a partial audit. By selling the partial audit program at a price higher than one-third of the whole, the manager will eventually ensure a more marginal business, provided that there are more customers focused on the partial product.

So, the variability of the product and services in a crisis is considered. The variety of services is becoming an important factor in attracting and retaining customers. A crisis often changes the priorities, capabilities, and demands of a company's customers. During a period of economic instability, IT technology customers may be interested in cheaper programs that allow them to achieve targeted and rapid economic results.

It is possible to offer some tips for the heads of companies specializing in LegalTech:

— expand the range of IT companies' products for lawyers and law firms. Carefully monitor the innovations of the IT industry as a whole, apply neural networks and artificial intelligence, and offer your serviced business a new high-tech product that meets the needs of;

— make sure that your IT specialists are aware of new discoveries in the IT industry, promote the development of new theories in LegalTech to reduce bureaucracy and accelerate the capabilities of lawyers;

— conduct regular trainings and seminars to update the knowledge and skills of the company's experts to keep up with international IT developments for the legal TECH industry. Make sure that the specialists are able to perform the work at a high level.;

— encourage the activity of lawyers to improve the country's legislation in favor of the use of IT technologies in various economic spheres by sending letters to the legislative Assembly containing specific proposals for improving legislation.

We keep in mind that we need customer feedback

Effective feedback is important for success in company management, and since we are talking about a LegalTech company and a company offering the final legal product for a business, let me divide clients into two categories.:

— lawyers;

— businessmen.

The field of LegalTech currently, until the metaverse markets and the "Meta-Universe of Cases"[2] are regulated at the legislative level, offers narrow-profile solutions for lawyers, so you need to be free to navigate in general legal terms and have an idea of at least the civil and criminal legal proceedings, as well as to imagine that there are certain types of processes for business lawyers, such as customs clearance support, for example, or product delivery settlement using Incoterms.

Talking to a client "in the same language" is a ninety—nine percent success rate for developing further relationships and increasing sales of a new product. As for talking to businessmen, take a good look at the industrial sphere of the company with whose head or authorized person you are going to communicate. Knowledge is power, and narrow—profile knowledge is the key to success!

When applying new technologies to clients, it is necessary not to forget about the use of modern processes in customer feedback. Online presence on social media will make it more effective:

- maintain feedback,
- to inform about changes in the company's work,
- about new services or promotions.

Thus, the interest and trust of customers will be preserved in modern ways, which always inspires confidence in the IT company.

Any action by a manager is meaningless if it is not preceded by an analysis of the causes, and the action is not followed by an analysis of the consequences. "Analyze this and analyze that" is one of the main principles of survival. Analyze the customer's feedback, achieve the highest level of understanding of customer expectations, and eventually offer the customer opportunities from the application of your product. Adapt the legal TECH product so that the customer gets new opportunities from using IT technologies, essentially without noticing the product or service itself. The money-opportunity formula should dominate the customer's mind, and the introduction of loyalty programs, discounts, and bonus offers will strengthen the customer's passion for your product, make the customer want to share success with like-minded people, and eventually encourage the customer to return to your company and recommend your product or services. According to statistics, it costs 3-15 times cheaper to retain customers than to attract new ones. Customer feedback not only helps to retain customers, but also forms a positive perception of the company as a whole, and in times of crisis this is the key to survival.

At the right moment, we recall self-criticism, evaluation, and adjustments to the chosen strategy

You can often hear an expression among product sellers: "You need to understand that the car is not new!" At the right moment, the manager must remember about self-criticism, namely, that the chosen and honed strategy could possibly be outdated. The right way to survive a crisis is to evaluate and adjust the chosen strategy. The head should analyze the results of the measures taken with a certain verified frequency to minimize the consequences of the crisis on the business of the company he heads, as a result, plans need to be changed. With regard to LegalTech, it is necessary to purchase alternative licenses, create your own IT product and register intellectual property rights in accordance with the procedure established by law. As a result, a competitor who stole your product will get what they deserve in court when your lawyers file a lawsuit against an unscrupulous competitor.

A manager should think like a product manager in a crisis when self-criticizing. The use of metrics for a legal tech company and a law firm will come to the aid of the head. Regular monitoring of key indicators such as:

- revenue,

