



Want to Expand Your Small Firm? Explore the Bankruptcy Practice Area

If you're a law firm leader seeking to expand your firm's practice areas, you're not alone. Many firms are in the same boat and may be seeking other practice areas that present growth opportunities.

An economic downturn, combined with a retail market that is seeing more and more brick-and-mortar **stores close**, portend that the U.S. is about to experience a **wave of bankruptcies**. Specifically on the rise are Chapter 11 filings—which give business debtors relief from creditors in order to reorganize and emerge with their companies intact. These **filings** totaled 2,063 from January 1 to April 21 this year, versus 1,736 through the same period in 2019.

What's more, unemployment continues to rise sharply—yet another sign that businesses are struggling and bankruptcies could be at the floodgates. In recent years, bankruptcies (or at least Chapter 11 filings) have experienced a lull, so firms were trimming “unnecessary” bankruptcy attorneys and keeping their staff lean. Now, as firms everywhere prepare for the mad rush of bankruptcies, some are already hearing from clients who, just a few months ago, had not even considered restructuring alternatives or contingency planning.

A “CULTURAL SHIFT” AMONG SMALL AND MIDSIZE FIRMS

Whether you want to expand into bankruptcy or not, some legal experts argue that we are about to see a cultural shift among law firms. In particular, small and midsize firms that previously did not have bankruptcy practices are going to have to open them now (or at least they're going to have to handle some bankruptcy cases in order to satisfy client demand and compensate for slowdowns in other practice areas). To that end, small and midsize firms would be wise to **prepare themselves** for the avalanche to come.

Whether you are making an enthusiastic choice to expand into bankruptcy, or you feel the need to roll up your sleeves and be prepared should you have no choice, it would be wise to evaluate your firm's capabilities now and decide what you need to do to be ready.

A big factor that firms should consider in their preparations is whether they will need to use technology specifically designed to handle bankruptcy filings, or if they can move full speed ahead without it. Similarly, they should consider whether they'll need to repurpose attorneys from slowing practice areas (like real estate finance for instance) to handle client requests.

THE FINE PRINT

While you may be able to hire new bankruptcy attorneys, keep in mind that it may be slim pickings out there. Bankruptcy attorneys are in high demand, and you may find that you have trouble recruiting a suitable candidate, particularly if your firm doesn't already have an established practice. Some firms that launch bankruptcy practices consider hiring an experienced bankruptcy attorney to train their lawyers, which is an excellent option. However, this may not be possible at a time when bankruptcy lawyers are busier than ever, so it's also wise to look into what **bankruptcy training materials** are available online.

Developing a new practice area can be challenging, but many firms that add bankruptcy to their portfolios are finding that the additional revenue stream is worth the trouble.