

# SOLUTIONS



Commentary & Insight from the Professionals at the Mancini•Duffy Center for Workplace Innovation  
SPRING 2013

## Law Firm Trends

*“There are two kinds of lawyers – those who dislike change, and those who absolutely hate it.”*

- cited by Coburn Consulting, origin unknown

### OVERVIEW OF THE INDUSTRY

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At the 2011 Association of Legal Administration (ALA) conference in Orlando, Jeff Coburn, Managing Director, Coburn Consulting presented the topic “**The Corporatization of Law Firms.**” A specialist in change management for the legal profession, Mr. Coburn acknowledged that while “lawyers dislike calling their firms a business...they need to be run like a business.” This thinking requires a paradigm shift for the legal profession similar to the rightsizing we’ve seen in the corporate world over the last 25 years.

Despite the dramatic changes occurring at Weil Gotshal (“one in the nation’s most-prestigious law firms”<sup>(1)</sup>) and others, the evolution of the practice of law has been glacial. In 2003, Mancini•Duffy published the paper “**The Corporatization of Law Firms**” highlighting the number of firms turning to corporate management expertise to run their practices.<sup>(2)</sup> Ten years later and in the aftermath of the **greatest recession in modern history** we do see a shift, but a gradual one. Nonetheless, law is poised for a change. The pressure on fees and profits per equity partner has intensified at the same time that the structure and culture of law firms are being threatened. The **commoditization of legal services** has increased competition among firms, even

challenging the ‘billable hour’ approach to fees. In part this is because the traditional dynamic of the one-to-one attorney/client relationship is also changing. While clients still interact primarily with their attorneys, clients are balking at high fees when the work is increasingly being distributed among teams populated by Paralegals and other specialists that bill at lower rates.

This has necessitated a hard look at staff, the cost of real estate that supports staff and the location of certain business functions. While key cities like London, New York and Los Angeles remain hub locations for client interfacing and training, other support functions are being located where real estate is less expensive. To achieve additional economies of scale, firms are adopting **Homeshoring**—developing satellite offices in small metro areas where billing rates are lower but quality of attorneys remains high. Through a combination of outsourcing and strategic location decisions “law firms that have relocated have been able to shed approximately 15% of their footprint.”<sup>(3)</sup>

But while these solutions may successfully reduce real estate costs they also make maintaining culture and connectivity across geography more difficult.

### CULTURAL SHIFTS

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A **demographic sea change** is underway as Baby Boomers—the majority of who will be retired by 2020—are replaced by Generation X and Y. By 2019, an estimated 80 million Gen Y will be in the workforce. The influx of Gen Y has occasioned a significant re-alignment of priorities; this generation wants work/life balance and prefers teamwork and informal settings. With a high percentage (78%) of Associates leaving law firms by their fifth year<sup>(4)</sup>, fewer Associates are on the partner track. This represents a challenge to maintaining the culture and institutional memory of a practice. And in firms where the work of Associates who remain is highly regarded, the option of becoming a non-equity partner adds yet another dynamic to firm culture.

Additionally, the combination of a severe drop in law school applications, outsourced research, unemployed graduates and a population of potential clients with unmet needs due to lack

of funds is changing the course of legal study. The result is an **evolving curriculum** that provides more **real-life experience** and pre-graduation interaction and mentoring with law firms. While improving the delivery of support services to lawyers and enhancing the value to clients these changes also occasion a look at how attorney space is occupied and what provisions are made within the office for its mentees.

Finally, a **global economy** and the changing landscape of the U.S. population continue to increase **diversity** in the workplace. According to the NALP Directory of Legal Employers, the percentage of minority lawyers in the U.S. rose to 12.70% in 2011 from 12.40% in 2010, an increase of 372 minority workers. Also, minority women accounted for 6.23% in 2011, as compared to 6.20% in 2010. Both the challenge and the opportunity will be in successfully synthesizing these influences to create a new legal culture.

## IMPACT ON WORKPLACE

A change in work patterns is driving a need for office environments that express and support collaboration. The emphasis is on creating spaces that **reinforce culture** and **build teamwork**, expressed by more openness and transparency and the application of materials that are more transitional than traditional.

With the departure of rainmakers and lateral hires now the norm, the predictability of adding another floor every five years is a thing of the past. Rather the focus is on spatial and operational efficiency. In buildings where the law firm is the anchor tenant, amenities such as conference areas, fitness centers and cafeterias might be offered as **shared services** to other tenants to reduce operating costs. Additional **economies** include a single size office or fewer office sizes; reduction of square feet allocated to space types; doubling up of Associates in offices; fewer secretaries and reception areas; less space allocated for library and record retention. **Increases** include additional IT staff, Conference Centers, Case Rooms, and Secretarial Service Centers. Changes in **space allocation** include moving multi-functional copiers and file management closer to attorneys, off-site options for Administrative and Support Departments, and Data Centers moved to suburban locations.

Part of the size struggle pertains to **dealing with paper**. This is not as much an issue of storage as of accessibility, challenged further by a need for confidentiality. The search for the “golden nugget” that will break the case is paper-intensive. The same result cannot be achieved by poring through a 300+ page document on a computer. Information must be visible to provide memory triggers. To many in the legal profession, confidentiality of the handling and storage of digital information has not yet been solved. Paper files that are kept and transported between meetings, individuals, and teams and require constant cross referencing must be easily at hand, yet be kept confidential when not in use. So while spaces within the workplace may be decreasing in size, it must still accommodate the need to see, access, and secure paper documents.

**Private offices** are still very important, but becoming more standardized. Decreasingly being used as performance rewards, they are increasingly designed to serve as meeting spaces when occupants are out of the office. Some offices are provisioned with video conferencing capabilities to support the need for teaming while maintaining the privacy of the closed office. Shared offices

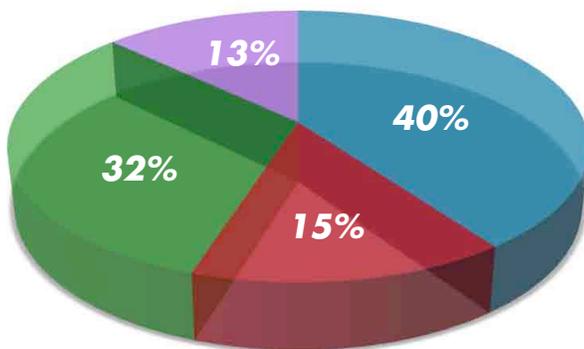
are on the increase, as are more multi-functional spaces that can easily be converted to other types of space, such as conference rooms and meeting rooms doubling as project rooms and mock courtrooms. Food service is diminishing yet **collaboration areas** such as cafes and lawyer lounges are increasing due to a desire for casual interaction spaces to support activities that build relationships and information exchanges.

Not early adopters but fast followers, the legal profession is increasingly investing in “**tele-presence rooms**” provisioned for video-conferencing. These rooms support teaming and mentoring of attorneys and specialists working remotely as well as client-facing interaction. 120-200 airline trips can pay for such rooms that help to increase collaboration between offices. Continual development of **information technology** like cloud computing and E-Discovery—a game changer—is reducing space needed for libraries and record retention. According to Edward A. Adams, formerly of the ABA, now Multimedia Editor at Bloomberg Law, “98% of attorneys conduct legal research online.”<sup>(5)</sup>

**Sustainability is a mega-trend**, according to the May 2010 Harvard Business Review. Business drivers vary: corporate initiatives; client priorities; competitive recruiting tactics; public relations or business development strategies. Regardless of the motivation, sustainability is a top priority of future leaders, Generation Y, and will be imperative to the future recruits of Generation Z. Initially seen as a cost reduction initiative, law firms have experienced additional benefits, often while adopting the pragmatic approach of employing sustainable strategies while foregoing the cost of certification process.

In summary, law firms are very demanding work environments in which a majority of one’s time is spent. Workplace planners should make it a priority to provide **more personal and supportive workspaces** that include:

- Ergonomic products with seating and standing options (“sitting is the new smoking” according to *The Wall Street Journal*)
- Zones in workstations to support different work modes
- Means of controlling visual and physical access to workspace to maintain confidentiality
- Storage of food and/or a change of clothes
- Space for family photos and personal artifacts



- Attorneys
- Indirect Support
- Direct Support
- Conference, Reception, Café



**1.2 : 1**

Meeting Seat : Attorney



**774**

Average RSF / Attorney  
681 - 872 Range RSF / Attorney



**337**

Average RSF / All Staff  
311 - 363 Range RSF / All Staff



1 : 2.9 Average Partner : Associate  
4 : 1 Average Attorney : Secretary  
6.5 : 1 Average Attorney : Paralegal

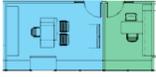
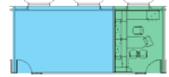
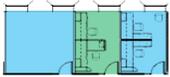
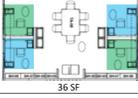
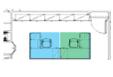
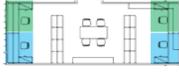
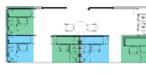
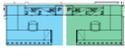
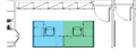
## LAW FIRM BENCHMARKING DATABASE

Benchmarking enables companies to compare their own practices and procedures with leaders in their industry or tap into best practices from other industries that have overcome similar challenges or achieved similar goals. Increasingly, it is the cross-pollination of ideas that sparks true innovation.

Mancini•Duffy wants to understand not only the “what,” but the “why” and the “how” so that when you ask “what does this mean for my business?” we have the answer. We look for metrics that are tied directly to business performance. These metrics allow us to design for success. This is how we make a difference.

We use an up-to-date database tracking benchmarks and workplace best practices across several industry segments, including the legal profession. This investment in intellectual capital gives our clients a detailed picture of what their peers and competition are doing in their workplaces, resulting in more fully-informed planning and design decisions.

This in turn benefits our clients in their efforts to better leverage the efficient utilization of their workplaces, better invest their capital, promote their brand, and enhance their ability to attract and retain talent.

Metrics	Law Firm A	Law Firm B	Law Firm C	Law Firm D	Law Firm E
<b>RSF/Attorney</b>	681	728	787	802	872
Partner : Associate	1 : 4.8	1 : 2.7	1 : 2.5	1 : 3.1	1 : 1.2
Attorney : Secretary	3.1 : 1	3.5 : 1	3.5 : 1	3.6 : 1	3.2 : 1
Attorney : Paralegal	11.5 : 1	2.3 : 1	2.1 : 1	11 : 1	5.7 : 1
<b>Typical Workspace Sizes</b>					
Partner / Associate Offices	 180 SF, 215 SF, 165 SF, 110 SF	 225 SF, 110 SF	 235 SF, 135 SF	 275 SF, 150 SF	 225 SF, 150 SF, 75 SF
Paralegal Workspaces	 36 SF	 46 SF	 37 SF	 35 SF	 35 SF
Administrative Asst.	 90 SF	 83 SF	 60 SF	 49 SF	 40 SF
<b>Conference Seat : Attorney</b>	1.3 : 1	1.1 : 1	1.1 : 1	1.1 : 1	1.2 : 1

## AN UNEXPECTED EPIPHANY

Spending almost 3 months in temporary quarters as a result of Hurricane Sandy was the catalyst for one New York law firm to rethink its master real estate plan. Experiencing how all levels of employees interacted during this time was an epiphany for the firm’s Senior Management who are now considering a consolidation that could potentially delete 2 of their 7 floors for a 28% overall space reduction.

The change in work styles was dramatic. In the temporary space, most of the lawyers sat in a bullpen arrangement of open workstations along with other staff. At first the interaction was largely social but before long:

- Increased information exchange
- Increased teamwork
- Decreased dependence on secretaries
- Quicker access to decision makers

The initial goal of the replanning will be to maintain and build on the collaborative dynamics and sense of ‘buzz’ experienced in the temporary space. A challenge will be to balance the big-

gest advantage of the swing space (“we got people to work with one another”) with the biggest disadvantage (“lack of privacy”). Including the following characteristics in the new space will help accomplish these objectives:

- Reduce the number of secretaries (resulting in an attorney/secretary ratio of almost 1 to 5) with the creation of Secretarial Service Centers
- Convert excess secretarial space to open collaborative areas
- Increase amount of shared offices, open spaces and shared spaces (e.g., kitchenettes, open meeting areas, soft seating, reception)
- Introduce material finishes that increase daylight penetration and overall awareness between employees and teams

The experience occasioned a real culture shift for the firm. With lawyers now more aware of the value of team-orientation, the company will be seeking future employees that embrace the new model of using team dynamics to get work done together.



## A LOOK INTO THE FUTURE

Law firms are managing challenges similar to their corporate counterparts, including globalization and a volatile economy, while also determining how a new sense of entrepreneurship on the part of top attorneys will affect the practice of law. Rising real estate costs will likely drive firms to follow the corporate sector in markedly **decreasing usable square feet** per person. Increased workplace **standardization** and improved **technology integration** will help accomplish this, yet there are changes occurring that act in opposition to the goal of space reduction and may, in fact, drive a need for more space:

- The growth of **marketing departments** as law firms increasingly compete for business
- **Multipurpose spaces** to accommodate large influxes of discovery and contract attorneys
- **Increased IT staff** to support new applications and functionalities
- **Increased mentorship** of pre-graduates

In response to these diverse requirements, we continue to challenge the practice of housing an entire organization in one location. Some of the steps taken by law firms to reduce real estate costs include: server rooms moved out of state; IT functions moved to suburban locations; Records, Reproduction, and Case Rooms moved to basement spaces; and HR, Accounting, and critical IT staff moved to lower floors.

In time, doubling Associates in offices and reducing space standards may not be enough to significantly reduce real estate costs and law firms may need to consider alternative workplace (AWS) strategies successfully deployed by other professional service firms. At the 2013 annual gathering of Real Estate Strategies for Associations & Law Firms Sherry Cushman of Cushman Wakefield shared that one law firm client cut its footprint nearly

in half by a combination of **beta testing hoteling** and offering financial incentives for employees working outside the office. This approach certainly plays into the flexibility desired by both ends of the generational spectrum.

As “Generation Y” comes of age and the young Associates of today become **tomorrow’s leaders**, we expect to see a real paradigm shift in the day-to-day operations and overall organization of law firms. This generation has a total comfort with technology—having spent much of their youth with home computers, Internet access, electronic games and cell phones—and they will have a different set of expectations than preceding generations. Their “status” may be tied more to technology and quality of life than to office space. They are more collaborative, extremely team-oriented, and accept and handle change much more readily than previous generations. Culturally, they are more diverse and, socially, more egalitarian.

Looking further into the future, “Generation Z”—also called Digital Natives or the Pluralists because of their unprecedented diversity—will begin entering the legal work force early in the next decade. This generation:

- Will have grown up in a period of economic uncertainty
- Will always have been cognizant of the threat of terrorism
- Will expect and depend on constant connectivity through multiple devices
- Will possess an acute awareness of social responsibility
- Will have different notions of status than those coveted by “Boomers”

All these factors will make for a dramatic new set of dynamics influencing the practice of law and the envelope that supports it.

## ABOUT MANCINI•DUFFY

Mancini•Duffy is a leading architectural and interiors practice. Our mission is to create architectural environments powered by innovative design that positively impact the lives and businesses of our clients. For nearly a century, our firm has delivered award-winning design excellence to clients in the United States and abroad and across multiple industry sectors, including retailers, hospitality groups, law firms, branch banks, new media companies, publishing agencies, insurance corporations, educational facilities and government agencies—to name a few.

## SOURCES

1. *Law-Firm Slowdown Fuels Cuts at Weil Gotshal.* *The Wall Street Journal*, June 24, 2013
2. *The Corporatization of Law Firms.* *Solutions*, Summer, 2003
3. *Law Firm Perspective United States.* Jones Lang LaSalle, 2012
4. *Best Firms for Work-Life Balance.* *The National Jurist*, August 12, 2009
5. *Web 2.0 Still a No-Go.* *ABA Journal*, September, 2008

## ABOUT THE CENTER FOR WORKPLACE INNOVATION

People are a company’s most valuable asset and in today’s business environment it is people who make the difference. Our mission is to combine real estate, technology and business processes to create exceptional spaces that empower people to do their best work. We align design solutions with actual business drivers and create performance metrics to establish a feedback loop that continues to inform. This builds agility into the workplace to support the way people work today while enabling its evolution to support the way they will work in the future.

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