



CHANGING OCCUPATION STRATEGIES IN THE LEGAL SECTOR

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OVERVIEW

Major legal practices are changing the way in which they occupy office space. Historically viewed as having a very “traditional” approach to office layouts, with a high proportion of cellular offices, many practices are introducing more modern, open plan environments. Whilst this does deliver some cost savings, it also requires investment in new systems and processes. The principal benefits are seen as being improved communications and efficiency, increased staff satisfaction, and a better alignment of the working environment with the culture and values that leading firms are trying to promote within their organizations.

INTRODUCTION

Amongst property professionals, the legal sector is widely regarded as one of the last bastions of “old fashioned” occupation strategies. Mention of a law firm conjures up images of highly cellular office space, with fee earners hierarchically located in individual or shared perimeter offices, with support staff directly outside in non daylit ‘corridor’ spaces.

Historically, law firms adopted a highly segmented and cellular approach to the layout of their office space. This was for good reasons – largely related to the nature of their business. Much work was undertaken individually rather than collaboratively, at most involving a small number of assistants working with a senior professional. Different areas of legal practice were assumed to be essentially similar in terms of the work processes involved: heavily paper reliant, with a need for strict confidentiality and security around documentation and conversations. As a result, buildings were dominated by a range of status driven cellular offices supported by shared services such as a library and meeting rooms.

In practice, however, such a view is increasingly outdated. Our analysis of the fifty leading UK firms of legal advisers reveals that around 20% of them have introduced fully or substantially open-plan office environments across at least part of their portfolio.

In this ViewPoint, we identify how the operational processes within the sector are changing, and review recent trends in occupation strategies based on market research and discussions with a number of major law firms during the latter part of 2009.

"Increasingly, our lawyers want to work flexibly. This new office allows us to support paperless working around hot-desks. Over time, as more of our employees work remotely from home or from clients' offices, this space will support a growing population who come into the office mainly to work collaboratively with colleagues."

Paul Murray, Managing Partner, Beachcroft
Website

CHANGING BUSINESS PROCESSES

As in other areas of business, the last thirty years have seen significant changes in the way in which the legal profession operates. These have come from a variety of inter-related sources, with technological and social change having widespread influences, together with the all-pervading impact of globalization.

The changing pace of business: the changing velocity and nature of work has put pressure on roles and locations. Lawyers are increasingly required to work in multi-skilled teams to deliver streamlined and integrated services at an accelerated pace – often across international boundaries.¹ Paralleling this is the trend for multi-disciplinary approaches to the provision of professional services to clients, often

requiring increased interaction with other professional disciplines. Collaboration and co-operation are becoming paramount, between companies as well as within them.

*"I no longer have to hang around people's doors,
I feel as if I'm working as part of a team and not
alone in a glass box."*

Legal Trainee RPC

The impact of business cycles: recent years have seen significant changes in the volume and nature of client requirements. Rapid growth and change in financial services, the dot.com boom and the recent capital markets crisis have overlaid the "normal" economic cycles, producing significant shifts in the numbers of legal employees needed in different areas of business. At times this has meant expanding aggressively; more recently, the sector has not been immune from the need to downsize rapidly. In both cases this places pressure on "traditional" office occupation models, which lack the flexibility to cope efficiently with rapid changes.

Clients and Costs: with companies everywhere seeking greater value and efficiency from their suppliers, clients of legal firms are demanding increased service levels and cost-effectiveness from their legal advisors. Long term relationships - embodying the principles of collaboration, partnership and loyalty - are sought after by clients. However, in return they are demanding enhanced levels of service and lower unit costs, which is challenging the traditional remuneration model of many firms.² Clients are demanding increased fee transparency and predictability than is offered using "billable hours", and moving towards fixed fee quotes in many areas of work.³ This is encouraging law firms to maximize productivity and think about the way in which they structure client teams, to ensure that work is carried out at the most cost-effective level within the company.

Work is an activity, not a place: in common with other professions, lawyers are spending less time at their desk and more time elsewhere. Evidence gathered from a cross section of legal firms suggests that they are spending an average of only 50% of working time at their dedicated workspace.¹ This challenges internal perceptions of where work is effectively done and calls into question what other type of spaces should be provided to actively enhance - rather than simply support - modern work practices.

Employee attitudes and expectations: the legal sector is not immune from the fact that attitudes towards work, employment and the link between business and society are changing. There has perhaps never been a greater divide in "workplace expectations" between those at either ends of their career than there is now.⁴ Many senior lawyers started work in the Sixties or early Seventies, a time of social revolution but where work in a leading professional services company remained staunchly conservative. Those entering the workforce now have very different expectations of "the work experience". This is not to deny that salaries are still important, and that people want to work for the best clients on the most interesting instructions - but it is still vital to respond to employees' other needs. Professional hierarchy is respected, but even the most junior staff expect a culture of innovation, openness, flexibility and work life balance. They expect to interact with senior colleagues, and select their employer on the basis of the culture of the firm. Does it have a mentoring approach? Is it corporately, socially and environmentally responsible? Does the physical office environment embody and support these values? With the entry of new international practices into the European market (particularly from the United States), law firms have to compete to secure the top graduate recruits. With such concerns increasingly reflected at all levels within the company, law firms are adjusting their work practices to attract and retain the best talent in the market.

"As a Shoosmiths trainee solicitor you'll be welcomed into an open-plan, down-to-earth working environment where everyone within the same team sits together without the barrier of private offices or closed-off workspaces".

Shoosmith Website

Technology: above all else, it is advances in business communications technology that are facilitating these changes. The desire to work flexibly, collaboratively and efficiently with a better work-life balance has always existed at some level. The difference is that technology now makes it possible to achieve these objectives whilst actually enhancing employees' contribution to the business and speeding up delivery to the client. Statute and case law for every country is accessible online anywhere in the world. As in other areas of business, the ICT revolution is encouraging companies to find ways of working more efficiently and cheaply. Outsourcing or offshoring to locations where skilled paralegals are available at lower cost may be appropriate for certain

functions, such as preliminary review of large quantities of litigation documentation.⁵ This allows senior (more expensive!) lawyers to focus on what their clients are really paying for: their individual flair, expertise and strategic insight.

IMPACTS ON THE OFFICE ENVIRONMENT

All of these factors are impacting the shape and design of the contemporary law firm's premises. Whether from the perspective of enhancing productivity, communication, minimizing costs or meeting employee desires and expectations, an increasing number of law firms are embracing change to the layout of their office space. It should be stressed that this is far from universal, and in many cases is a process of evolution rather than revolution. Few have adopted completely open plan layouts and hot-desking across their entire portfolio – but the trend towards more openness is clear. Equally, it would be wrong to suggest that this is entirely new. Over the last decade, several firms developed open plan pilot projects,⁶ and by the mid-2000s Osborne Clarke and McGrigors were established as early pioneers of full open-plan implementation. Although both practices demonstrated that their new environments were successful for their businesses, they were initially viewed with cynicism by some of the larger London firms who felt it perhaps more conducive to regional practices.

In many cases, the move to a new building proves to be the catalyst for change, as was the case with Reynolds Porter Chamberlain and Eversheds (although the latter had worked open-plan across their regional offices for a considerable time). For Eversheds, environmental concerns were also important; the introduction of a chilled ceiling as opposed to fan coil air conditioning meant that partitioning to cellular offices was not possible. A hybrid layout, with a high proportion of open-plan space, therefore helped achieve multiple objectives. There are now several examples of small to mid size firms working like this across London and the regions, and most recently Addleshaw Goddard are utilizing flexible, open plan workspace extensively in their new offices at Milton Gate in the City of London. More radically Pinsent Mason, early adopters of open plan, took advantage of technology to go one step further in Scotland by introducing desk sharing for fee earners. In the public sector, Treasury Solicitors successfully consolidated 750 London staff into open and airy workspaces.

It is not only in the UK that this is happening. Mason Hayes & Curran in Dublin are working with open-plan layouts; Deacons and Mallensons in Sydney and Melbourne have been trialling a mixture of complete open-plan or a hybrid of open and enclosed environments. Interestingly, TozziniFreire a leading firm in Brazil have implemented complete open plan in their offices in São Paulo, designed to reflect the modern and dynamic business culture with which the firm promotes itself.

In contrast, continental European law firms appear to have been slower to change, with most still tending to have a more traditional approach. The same is true in the US although there are some signs of change, with modular offices for individual or shared use becoming more common, along with common work areas and the consolidation of support staff. Shared offices are being trialled to improve relationships and mentoring between partners and junior lawyers – although work tends to still be very office-based with a prevailing “long hours at the desk” culture.

“IT DOESN'T WORK FOR US ...”!

Inevitably there will always be arguments against working in open environments. Key concerns tend to be noise, lack of privacy, reduced ability to do confidential/concentrated work, the need to become involved in spontaneous conference calls and mentoring trainees (the latter two being considered difficult in open-plan environments). There is also a worry that not providing an individual office will limit the attraction or retention of some staff.

Some firms have adopted a hybrid approach to help counter such concerns. This may involve retaining offices for certain senior staff, or using half or three-quarter height partitioning to introduce greater privacy than with a full open-plan solution. Traditional layouts may allow more flexibility by introducing modular offices adaptable for single, double or triple occupancy to deal with growth and contraction. Regimented perimeter offices with increased glazing may give the impression of a more “open and transparent” environment. However, this does little to promote collaboration or spontaneous interaction amongst individuals or teams. Whilst slightly more flexible than a traditional fit-out, it does little more to help accommodate changes in occupation levels and team reconfiguration than the more historic responses of converting meeting rooms to offices or relocating support functions to cheaper space.

IT'S NOT ALL ABOUT COST

It is important to recognise that the drive towards open plan working environments has not been about space reduction. It is true that open-plan can offer more efficiencies but there is also a need to provide other 'complementary' shared spaces to align with the work processes to support both individual and team work such as quiet rooms, break-out space, increased on floor meeting rooms, client collaboration areas and other flexible workspace. The need for more advanced technology, both software and hardware related, also adds to the start-up costs associated with flexible working – as does the time spent in communication, and change management programmes needed to ensure a smooth and effective transition. That said, in most cases, direct cost-saving on real estate is not the objective: firms are looking to improve their bottom line in other ways, by capturing the full range of benefits that flexible working environments can bring. Long term savings can be made in reducing the cost of moves and churn as teams require to reconfigure and grow.

"WHAT'S IN IT FOR ME?"

Companies adopting open plan office layouts typically report a range of benefits. Some represent immediate and identifiable cost savings:

- the ability to reduce secretarial ratios;
- lower fit out, reconfiguration and dilapidations costs;
- standardization of office furniture;
- enhanced speed and ability to flex the amount of space occupied (and its occupational density) at times of particularly high or low demand, at reduced cost.

However, many companies report that greater benefits are being derived from the less tangible impacts that a new working environment can bring:

- increased face to face communication;
- better information flow and faster learning;
- improved team working, efficiency and productivity;
- increased cross-department working and awareness, with increased cross-selling of services;
- reduced duplication of work;
- more equality of access to light and aspect;
- increased staff satisfaction with the workspace;
- an opportunity to implement green and sustainable policies to reflect the values of the company.

"There's very little hierarchy and the office is open plan so if you've got a question, you don't feel intimidated, you just pop your head up and ask!"

Legal Trainee Wragge & Co

Whether such moves will help counter the physical isolation and long office hours which are reportedly responsible for a rate of depression in the legal sector which is four times higher than in the general population remains to be seen!⁷ However, many firms are using their new innovative environments and "culture of openness" in their marketing material, to attract both staff and clients.

Concerns remain within many organizations over whether flexible office environments are right for them. Changes are typically more successfully implemented when the opportunity arises to move to new premises, with strong leadership and a clear corporate vision. Where these factors are absent, and if management has no real mandate for change, a new office environment is unlikely to achieve its objectives.

Equally, there is now plentiful evidence that new working environments are not hindering staff retention or attraction, and that senior fee earners have not left their companies in droves but have stayed to be part of progressive and innovative firms who value their staff and the diversity of the generations they employ. It will be interesting to see whether, over time, these "new" environments become the norm rather than the exception in what is still one of the more traditional sectors of the business community.

If so, this could have significant implications for landlords. Legal firms make up a sizeable proportion of the occupier base in many markets and submarkets, and much of the older stock they currently occupy is unsuited to modern, open-plan layouts. Owners could be forced to undertake substantial refurbishment or redevelopment if they want to continue to attract the leading members of this important professional services sector.

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