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Law Firms Plan for Less Office Space and More Tech Costs Heading Into 2021

Florida law firm leaders have saved on renegotiated leases and stifled travel, spent on telecommunications and other technology and positioned their firms to maximize success in pandemic-driven practice areas.

By **Dan Roe** | November 09, 2020 at 06:00 AM



Credit: Fotolia

The pandemic has caused Florida law firms to become leaner and more efficient versions of themselves, said firm leaders, including several who

expect flat or increased revenue in 2021. That's not to say it hasn't been a tough seven months.

"It can be paralyzing, this kind of crisis," said John Morgan, founder of the 500-lawyer Orlando personal injury firm Morgan & Morgan. "There were days when I spent more time in the fetal position than standing up. I've been through 9/11 and the Great Recession, but this is a biblical plague. This is the kind of shit they put in the Bible."

Interviews with 10 firm leaders in Florida show that firms — large and small — have implemented big changes this year — and they are considering more changes in 2021, including in real estate, staffing and practice areas.

Firm leaders' revenue projections range from static to bullish. Law firms with practice areas seeing increased demand are projecting an uptick in revenue in 2021, provided that the pandemic hasn't caused an equal decline in demand for other practice areas.

"We project higher revenue in 2021," said John H. Genovese, co-chairman of 40-lawyer Miami firm Genovese Joblove & Battista's reorganization and insolvency practice, after noting that the firm's commercial, insolvency and franchise litigations have seen more demand in 2020. "That's been our calculation based upon our needs and the work we have."

At the Boca Raton business law boutique Nason, Yeager, Gerson, Harris & Fumero, shareholder John J. Fumero said that revenues initially dipped when the pandemic hit, but they returned to the budgeted amount within a couple of months. "Right now," Fumero said in an interview, "revenues are pretty stable."

Meanwhile, at Morgan & Morgan, a backlog of roughly 1,000 to 1,200 cases that the firm would have settled or taken to verdict in 2020 will be resolved in 2021, provided the courts reopen. “We’re very bullish for next year,” Morgan said. “Those cases include mass torts. We’re part of the opioid litigation that should resolve next year.”

Part of their optimism is that many attorneys are productive working at home, firm leaders said. They said that the lack of office hobnobbing, in addition to attorneys’ general willingness to work long hours, have contributed to heightened productivity among at-home attorneys. That also applies to staff, such as those working in call centers like those at Morgan & Morgan.

“A lot of our people will never leave home,” Morgan said, referring to his call center employees, and noting that he hired a real estate firm to begin subletting the firm’s offices as 50% to 75% of the firm’s staff transition to indefinite remote work. Attorneys are more likely to return to offices, Morgan said, but as many as 30% could end up working from home long term as well.

“Without question, empirically, our people at home are more productive than when they worked at work,” Morgan said, adding he knows this from software on attorneys’ at-home work stations that indicates the higher productivity levels.

Alan Kluger, a shareholder at the Miami litigation boutique Kluger, Kaplan, Silverman, Katzen & Levine, said his litigators can get through more cases in the remote court system. “The way it used to work: I could have a hearing in Broward County and live in South Dade. It would take two hours to get there, I’d argue for 15 or 20 minutes, and drive back,” Kluger said. “Now, I can do a hearing at 9:30, 10 and 11. More cases are moving because of that part of it.”

Morgan and others said their firms began the switch to remote work before the mid-March COVID-19 restrictions. But leaders of other firms that waited generally said they were surprised by their own ability to transition away from physical office spaces.

Most were paying for telecommunications programs but had never instituted their use across the company. Attorneys quickly became literate in services such as Microsoft Teams and also managed to make their own appointments and organize their schedules without as much help from legal secretaries.

When lawyers began to operate more independently, many firms began to question the need for as many in-office staff members.

At Genovese Joblove, firm leaders are reconsidering their staff needs at a time when some staffers begin to age out of the firm.

“Do they need to be replaced?” Genovese said in an interview. “We take care of our people. We have natural attrition by way of retirement. But the practice of law is dramatically changing; we’re demonstrating we don’t need a lot of the things we used to need to be successful.”

As lawyers and staff continue to work from home, tech costs are increasing.

Nason Yeager president Gary Gerson balances his firm’s extra tech expenses with the decline in travel expenses.

“There are some additional expenses we are incurring from people working remotely, having transitioned them and bought supplies for everyone and the office,” he said in an interview. “It’s not going to be a major change.”

Managing partner Al Dotson of 100-lawyer commercial law firm Bilzin Sumberg said his firm has improved its client-facing tech platforms to increase

the number of ways by which clients can engage with the firm, which enhanced the firm's ability to do business.

Real estate needs

Nearly every firm leader interviewed for this article said they were reconsidering their office space.

"As leases expire, we can reassess what our real estate needs are," said Michael A. Packer, co-chairman of Marshall Dennehey Warner Coleman & Goggin's insurance services practice group, in an interview. "One thing we've learned is that you can balance physical operations with virtual work, although I don't believe we'll ever be a virtual firm."

Andres Rivero, a partner at Miami litigation boutique Rivero Mestre, mirrored Packer's sentiment. "We had an office where our head count was 38," Rivero said in an interview. "On Friday afternoon, I'm here all alone. Today, there's four. A lot of days, there's two."

Am Law 200 firm Greenspoon Marder **recently renegotiated** its Fort Lauderdale headquarters lease in a move that cut 14,000 square feet in exchange for an extended lease period with the landlord. Co-Managing Director Gerry Greenspoon said that although negotiations began before the pandemic, the firm was able to negotiate for less space based on its shift to remote work.

Bilzin Sumberg's Dotson said in an interview that the firm's ability to work remotely in the pandemic will likely result in more lawyers doing so indefinitely.

However, he also sees merits to working in the office after the pandemic subsides.

“There are a lot of people who really enjoy the continuity of connectivity that existed when we were all working in one place,” Dotson said. “We don’t want to artificially move to a work-from-home environment that could negatively impact the culture that has made us successful.”

Practice area shifts

The pandemic hasn’t quelled law firms’ willingness to staff up in practice areas primed for growth, although most firm leaders say their new hires aren’t fully contingent on such growth.

Am Law 50 firm Holland & Knight saw an opportunity to expand its financial litigation practices as firm leader Chris Kelly said he expects banks, credit card companies, auto finance lenders and debt collectors will need the firm’s defense services. In mid-October, the firm announced it had **hired 10 financial services defense litigators** from Reed Smith.

In August and September, Genovese Joblove **added five associates** amid a 20% increase in demand for the firm’s bankruptcy practice since last fall. Genovese said the firm looks to hire more “talented young lawyers” in the coming months.