

COMMENTARY

Hoteling Here to Stay as Law Firms Return to the Office

For the Big 4 consultancies, hoteling has been a positive operational construct for over a decade, or in some cases longer. The success of the decentralized law firm depends in some part on how well firms can shift “hoteling” from the negative connotation of “losing my desk” to the positive connotation of “having a hotel-like experience.”

8 minute read | [Legal Operations](#) | *By Anthony Davies*



Pipeline Workspaces coworking office where plexiglass barriers were installed between workstations in response to the coronavirus pandemic.

What You Need to Know

Which is more important, the brand of the physical office or the desires of the attorneys and staff to continue remote work?

- With fewer individuals in the office at any given time, collaboration is diluted — unless it is intentional.
- Firms that are able to leverage the benefits of hoteling stand to gain significantly from real estate reduction strategies.
- 2020 was a record-breaking year. Revenue for the Am Law 100 grew by 6.6% and 1.1% in the Am Law 200, respectively, and profits per equity partner were up 8.8% for the Am Law 200 and 13.4% for the Am Law 100 (per *American Lawyer* Am Law 100 Reporting).

These numbers beat 2019 by a factor of 2 (2+ for Am Law 100 and just under 2 for the Am Law 200). *Ibid.* That's extraordinary. But even more extraordinary is the fact that this was achieved during a time period when law firm offices were closed, and work was being performed at home.

We were surprised by how well remote working worked.

Here's the question: Why should lawyers, on the heels of a highly profitable, highly productive year, return to the office at all?

All of this is playing out in front of our eyes as firms announce their return plans — most of them for September — and each hedging a bet of one kind or another on the wager: which is more important, the brand of the physical office or the desires of the attorneys and staff to continue remote work?

Hoteling Will Help Your Firm's Brand

The question was a trick as it set up a false dichotomy: desires to work remotely are not contraposed to the branding of a flagship space. Yes, the office and the law firm brand are

intertwined: it is a significant tool in the arsenal for recruitment and retention as well as business development and client relations. This has not changed and won't change. However, exactly *how* these activities are leveraged as an extension of the physical office will change, have changed.

90% of firms across the top 400 are executing a “hybrid” workforce return to the office plan. It's not a question of whether the law firm of the future will be decentralized, it is happening *now*. The question is, how will law firms make it all happen: The branding, the culture and client relations when *everything* has changed?

A big part of the answer is hoteling. In law firms, “hoteling” is a bad word. However, for the Big 4 consultancies — PwC, KPMG, Deloitte, and Ernst and Young — hoteling has been a positive operational construct for over a decade, or in some cases longer. I'd argue that the success of the decentralized law firm depends in some part on how well firms can shift “hoteling” from the negative connotation of “losing my desk” to the positive connotation of “having a hotel-like experience” as is the case in the Big 4.

Hoteling is like working in the office full time, but better. It can actually help your firm's brand.

Everyone Is Doing It: What the Numbers Say

The number 90% comes from the Return-to-Office Readiness Survey conducted by Forrester Solutions this past May and June of 2021 where we specifically wanted to understand “how” firms were going to operate a hybrid workforce.

What we found surprised us; specifically, that among myriad concerns, firms were much more concerned about how they were going to manage their meeting rooms and office spaces moving forward than they were about, say, vaccination policies. Specifically, 82.75% of firms' documented return plans included meeting room management and visitor screening and only 27.59% included vaccination policies.

The widespread interest in meeting room management indicated a culture-wide shift toward hoteling concepts. Hoteling has long been successfully deployed in professional services including PwC, Deloitte, KPMG and others where “clean desk” policies have long supplanted desk “ownership” and “private” office spaces. Technologies and support staff support hoteling in professional services such as wayfinding, meeting room and desk booking platforms, virtual reception and brand ambassadors have been embraced to create seamless experiences for staff and visitors alike.

Based on utilization studies from UnWork — *prior to the pandemic* — the highest in-office desk utilization was 72%. This, in combination with a hybrid work force, could result in more than 40% of office space being unoccupied at any given time. Emptiness is a very large motivator for firms to act on the second largest overhead cost at any law firm — real estate.

Real estate comprises about \$30,000 per lawyer per year. See, Peer Monitor Georgetown Law State of the Legal Industry 2021. Firms stand to gain substantial savings through real estate reduction and increasing their desk utilization — as much as 3.5% of revenue by renegotiating leases (see, Altman Weil Law Firms in Transition 2021) or downsizing real estate needs anywhere between 10% to 30% (see, “Legal Sector Insights: The Current Status and Future of the Law Firm Workplace,” in the July issue of *Commercial Leasing Law & Strategy*, <https://bit.ly/3eovsoK>).

But emptiness impacts another aspect of the firm: culture. What is the cultural impact of “emptiness”?

Hoteling Is a Better Support for Hybrid Operations

It is important to note that the purpose of office life is collaboration, but with fewer individuals in the office at any given time, collaboration is diluted — unless it is *intentional*. Hoteling is a better conceptual support for intentional collaboration in a hybrid office.

Law firms need to create new, robust processes for new associates up through the senior ranks that focus on intentionally creating collaborative spaces and environments. They need to offer times and spaces for social interaction, and this does not happen without meeting room management.

This also entails proactively changing the connotation of hoteling to lawyers. Law firms should pivot to an enhanced range of services like individuals can expect from a concierge: i.e., shifting ‘hoteling’ to a ‘hotel-like experience’: re-imagined reception spaces and service offerings including dry cleaning, shoe polishing and help with local arrangements.

It also means more support in getting individuals settled in meeting spaces, including attention to their needs for food and drinks, along with IT support, and ensuring space for those who want to work after their meetings are complete.

As the office’s purpose shifts to collaboration and socially focused activities, companies should aim to create these balanced offices that blend comfort, collaboration and productivity to heighten what the office experience offers — not lessen.

In a hybrid environment, do lawyers who work from home need to replicate their isolation in office? Office space needs have changed, and firms need to strike a balance between collaboration and focus spaces, incorporating elements for social interaction.

Hoteling In the Big 4

Professional services have already moved in this direction. Since many of their personnel were working entirely remotely prior to the pandemic, that shift in vision for the office is an established fact.

The professional services model deemphasizes ownership and individuation and emphasizes “team” over the individual. As a result, this makes the hoteling approach to office space more accepted in these firms as the real estate is fit for purpose. Most of their employees are

mobile, so this model provides better office space management and maximizing office space and delivers major savings for the company. Not only do you eliminate unnecessary real estate, the organization saves money on overhead costs.

If an employee works the majority of time at home or on the road, there's no point in assigning them a seat and renting space. If you know that specific rooms are frequently left empty, you can turn those spaces into lounges or collaboration spaces for employees that drive improved productivity and teamwork between employees. Employees become more productive, deliver higher quality work and deliver higher value to their clients.

And it's not enough for firms just to turn to technology like booking systems to manage their meeting spaces. Firms need more people managing meeting rooms. Professional services firms have an army of people around the country helping them manage meetings and meeting rooms. Firms should be looking at these added expenses in the context of reductions to their spending on real estate as well as attorney-retention.

Conclusion

The future of law firm operations is already here. Lawyers like working from home. Firms are engaged in talent wars at every level with remote work capabilities as one of the pivotal benefits. The great news is, for firms that are able to leverage the benefits of hoteling stand to gain significantly from real estate reduction strategies — and elevate the experience of being in the office for a new kind of client and workforce.



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