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ANALYSIS

South Florida Law Firm Leaders Bullish on Nearly Every Practice for 2022

Our annual Law Firm Leaders Outlook examines the top issues South Florida firm leaders face going into the new year.

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Analysis



Dan Roe [↗](#)
Reporter

Practically speaking, demand doesn't grow on trees. But in South Florida, it's abundant as coconuts.

It's been a good year for each of the 16 law firms we consulted for our annual Law Firm Leaders Outlook, which aims to identify the challenges facing area firm leaders as they plan for the future.

You probably know the highlights: An already booming U.S. economy combined with a Florida-bound migration of technology and finance giants, wealthy entrepreneurs and crypto millionaires, as well as hundreds of thousands of middle- and upper-middle-class people in all sectors buying houses and condos, has driven the demand for legal services of all types past managing partners' expectations.

The demand vortex made competition for legal talent fiercer than ever, which drove up salaries. Staffing up and increasing salaries, as well as back-to-office outlays, are raising expenses and rates. There's also local and national inflation to contend with, and the omnipresent reminder that overstaffing can leave a law firm bloated and incapable of dealing with an unforeseen economic downturn.

All that to say, the life of a firm leader staring down 2022 can be rather stressful. These are the main issues on the minds of managing partners from Miami to Palm Beach.

Expenses Will Continue to Rise

Expenses such as hiring attorneys and staff, returning to in-person events such as conferences and retreats, and traveling to meet clients and develop business are all costing law firms more than they spent on those items in 2020.

Other rising expenses include technology and cybersecurity.

"The thing that keeps me up at night is the migration to the internet for data storage in the cloud, and the safety of client data, and the breaches at these big companies," said Haber Law's David Haber. "We're a boutique law firm. If they can hack huge companies and shut them down, I worry about what they can do to us and any other law firm."

So Haber has been spending on software vendors, cloud-based storage companies, and computer consultants, to ensure his firm's data is as safe as possible.

Your Competitors' Grass Is Greener

Greenspoon Marder co-managing director Gerry Greenspoon said he's seeing an increase in poaching at all levels but especially for

associates, which his firm shored up by increasing associate compensation and instituting more formalized mentorship with partners.

“We examined more closely what the compensation levels were at the associate or senior associate level,” he said. “When appropriate, we made adjustments.”

Beyond staying competitive on compensation, Greenberg Traurig CEO Brian Duffy said his key to retention and recruitment in a hot talent market is making lawyers and professional staff feel valued.

“The money is the money, but those intangible items—making sure partners are doing what they’re supposed to be doing and focusing on professional development and people having a good experience—that’ll help you retain the talent you have and attract additional talent

during a period of significant demand,” Duffy said.

Flexibility vs. Culture and Mentorship

Mentoring their most junior attorneys and maintaining their culture are issues top of mind for firm leaders. According to them, and the American Lawyer’s 2021 Summer Associate Survey, young lawyers have been frustrated by mostly or completely remote work.

“They didn’t go to law school to join a firm like Holland & Knight and run their practice out of a Starbucks,” said Holland & Knight managing partner Steven Sonberg, whose firm officially returns to the office in January.

But for others, including senior associates, staff and partners, the productivity benefits of remote work are influencing the decision to remain in a hybrid format.

“In some cases, productivity actually increased,” said Berger Singerman managing partner Jordi Guso, attributing the time gained to eliminating rush hour commutes. “Several colleagues, especially paraprofessionals, we observed were much more productive working from home than in the office.”

Rather than enforcing hard deadlines for returning to the office, some firm leaders are allowing people to trickle in before setting a return date.

Gunster’s Bill Perry said he’d rather “let gravity take effect” than institute a firm return date, allowing people to come together voluntarily.

“I believe the social gravity of people wanting to be together is going to drive a large percentage of people to come back in without a mandate,” Perry said.

And at Tripp Scott, COO Paul Lopez said the decision to allow hybrid work or not may impact retention.

“If we went to five days a week,” Lopez said. “I think that could have consequences for us because our competitors are out there trying to solicit employees with promises that they can work remotely.”

Building the Office of the Future

More than most other topics, firm leaders were split on how and when to change the makeup of their offices.

Firms that expected their lawyers to attend almost every day were more likely to keep the current format of personal attorney offices, while firms with remote or hybrid policies were more receptive to hoteling.

“There’s no longer a reason to have someone on vacation for two weeks and have that office be dark,” said Haber of Haber Law. COVID-19 accelerated his firm’s existing plans to move to office hoteling: It’s currently configuring an app that will allow attorneys to reserve workplaces when they plan to work at the firm’s Wynwood office.

However, at Greenspoon Marder, where Greenspoon has led a similarly relaxed hybrid policy that sees less than half of attorneys attending each day, most attorneys polled said they would rather keep their own desks.

“I did think a lot of attorneys may have been more open to the concept — it was not generational, by the way,” Greenspoon said. “It was attorneys from all age levels having the same response.”

For Markowitz Ringel Trusty & Hartog, the Miami boutique firm, the move to hybrid work coincided with the end of their current lease. Shareholder Ross Hartog said the firm was able to give space back to the landlord with the switch to hybrid work.

Planning for the Market to Turn

Firm leaders were split on whether 2022 will include a market downturn, but all said that periods of protracted demand tend to end in a slump. Firms that loaded up on attorneys in 2021 will need to find countercyclical work for practices that excel in bull markets.

Holland & Knight, for instance, gained creditors' rights and restructuring attorneys during its merger with Texas law firm Thompson & Knight, which the firms completed in August.

"Change itself generally stimulates work for law firms," Sonberg said. "In today's market, we're doing work on the finance side for banks and more loans. When it comes time to deal with a downturn, we're hopefully in a position to do workouts and re-works on some of the credit facilities we've previously worked on."

Nason Yeager Gerson Harris & Fumero President Gary Gerson said that the business community has largely gotten along in the bull market, good news for transactional lawyers.

"In good times, you do deals," he said. "In bad times, you fight over deals."

But this being South Florida, there's always another angle: Litigators such as Alan Kluger of Kluger Kaplan are representing benefactors of the bull market as well.

"When the tide is rising, you have litigation," Kluger said. "Because if you have rights to buy a business and all of the sudden, when it comes time to exercise those rights, the business is worth three times what your option is to buy that business, so you may get pushback from the seller."