

Place

Never before was the idea of “place” in question for law firms. Work happened in the office, period.

Today, as earlier noted, most attorneys (86%) prefer WFH, but the hybrid model has revealed inequities where support staff is more likely to be required to be onsite in the office. See, 2023 Thomson Reuters report, *supra*. It’s not surprising that administrative staff are now more likely to say they are stressed by team or firm culture issues (42% vs. 27%), not having clear processes in place to follow (34% vs. 26%), and a lack of support from leadership (29% vs. 21%). See, “[2023 Midsize Law Firm Priorities Report](#),” Actionstep.

Firms cannot continue on this trajectory of requiring only support staff in the office, but most managers report not having the tools to track utilization and bandwidth, leaving managers unable to know how to manage further complicates matters.

65% of law firms are now expected to reduce their space needs which comes as no surprise when most firms hover around 50% occupancy on their busiest days — Tuesdays, Wednesdays and Thursdays — and significantly lower to non-existent on Mondays and Fridays. With the average law firm spending 10.5% of 2022 gross annual revenue on real estate, reducing this overhead expense is of significant concern and opportunity to most law firm leaders. See, Cushman & Wakefield, *supra*.

Could changes to real estate help support changes to attorney and support staff strategies?

Technology

Firms know they are in a time of unprecedented innovation with the introduction of generative AI.

McKinsey reports that 60% of all occupations have at least 30% technically automatable activities within the role to strengthen it, and that these organizations will be 23 times more likely to acquire customers, 6% more likely to retain customers, and 19-times more likely to be profitable. See, “[A Future that Works](#),” McKinsey & Company.

This is a value proposition that is exceedingly difficult to ignore — especially when combined with the expensive and at times painful war for talent. But who is the right expert to guide firms through this technological landscape?

It’s no surprise that next-generation technology skill shortages like AI were cited by executives as a top external challenge. The competition in the talent market is a critical roadblock for organizations attempting to acquire skills to support new and critical capabilities organically.

Consequently, organizations are turning to service providers to overcome existing challenges related to skills and services. See, Deloitte Global Outsourcing Survey 2022, *supra*.

Reducing Risk and Maximizing Opportunities with Outsourcing

Rate increases are not a long-term strategy nor a path to building the law firm of the future. Law firms need a strategy that helps to reduce risk while maximizing opportunities on the horizon.

As organizations strive for growth into the future, outsourcing helps to find that balance between risk and opportunity, between cost and access to new skills and capabilities, curating innovation, and incorporating new remote working norms that work for all of the firm’s professionals.

With outsourcing, organizations can leverage an entire service provider ecosystem to provide critical solutions that are agile and integrated.

On a basic level, outsourcing helps firms reduce risk by shifting it from the firm to a third-party provider across vital operational aspects: financial risk as law firms typically can significantly reduce costs, permanent headcount risk as markets go up or down, recruiting risk as talent shortages are forecast to continue are just some of the primary risk reductions, while increasing the opportunity presented by expertise.

Consider as an example administrative support. As described, this service area is plagued by increasing costs, recruitment issues, turnover and changing skillsets. Here, a risk reduction strategy is for firms to quickly augment internal teams with targeted, elevated skillsets at a lower cost. Outsourcing offers the benefit of enabling this headcount flexibility to scale up and down without risk of layoffs and the incumbent burden this places on human resources professionals. Recruiting, training and retention risks are shifted to the outsourcing provider; for the firm, institutional knowledge is preserved and operations can experiment with outsourcing in strategic areas without buying the whole ranch.

In some cases, outsourcing can take this a step further and help firms reduce real estate risk by providing offsite or offshore support centers. It may be counterintuitive to think that attorney support could be improved by moving support centers offsite or offshore or that the stress of administrative professionals may be alleviated, but a global approach to outsourcing can ensure a “follow the sun model of service delivery” that onsite services simply cannot match — and at a lower cost — all while providing improved career trajectory for admin professionals.

This strategy highlights an overall shift in attitudes toward outsourcing, where the business driver for outsourcing is no longer primarily about cost.

