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## The Law Firm Disrupted: If Return to Office Is Critical, Can Food Be the Driver?

"If you think about what's going to bring people back, it's providing experiences that don't exist at home, whether that's in technology, in education, mentorship, or food service," said one law firm real estate adviser.

## Dan Packel

Welcome to the Law Firm Disrupted, a briefing from Law.com editor Dan Packel that surveys new competitive pressures on law firms and how their managers are coping, plus insights on the tactics and tech employed by would-be disruptors. Have an opinion? Email me <u>here</u>. Want to be alerted to this dispatch in your inbox every Thursday? Sign up <u>here</u>.

I was fascinated when, several months ago, I stumbled across a <u>Los Angeles Times story</u> from 1991 looking at a long-vanished era of corporate and law firm-dining.

Back when the two-hour power lunch was still in vogue, there was value in Latham & Watkins employing a Swiss-trained chef to feed an average of 70 attorneys and their guests daily. "It helps us do our business better," partner Ernest Schmider said at the time. The dining room kept attorneys closer to their desks so that clients could have their lawyers paged immediately, rather than having to wait until they returned to the office.

The same story also highlights the offerings at the predecessor to Pillsbury Winthrop Shaw Pittman. At Pillsbury Madison & Sutro, the kitchen opened at 6 a.m. on weekdays and the main dining room accommodated 80. "It's a very cost-effective measure," said special events director Mary Anne Reilly.

Suffice it to say, what was cost-effective in 1991 isn't the same as what's cost-effective in 2022, or even 2019. Relentless billing pressure rendered the lengthy sit-down lunch irrelevant well before the COVID-19 pandemic redefined the value and use of the office—client development might justify a leisurely repast, but that's not a five-day-a-week pursuit.

And yet, the question of what law firms do about food for their team members is actually a critical piece of the puzzle when it comes to navigating the future of the workplace, particularly for those who are convinced that a certain threshold of in-person work is essential for

facilitating mentorship, cross-selling and more. Without these, firms lack any real connective tissue.

"Getting people back into the office is critical. Some believe strongly that food is the driver by which to do that," Marty Festenstein, senior managing director at real estate advisory firm Savills told me earlier this year. "If you think about what's going to bring people back, it's providing experiences that don't exist at home, whether that's in technology, in education, mentorship or food service."

Following the high-end dining room era, many firms moved to the cafe model for their largest offices, and these are still up and running in certain places. As I'm writing this, Latham attorneys and staff in New York can avail themselves of a taco bar featuring slow-roasted beef barbacoa, tequila citrus-marinated chicken and cilantro lime grilled tofu at <u>Latham Lunch Place</u>. But beyond the limited number of contemporary buildings offering the black iron ductwork necessary for ventilating a functioning kitchen, is a bigger cost-benefit question.

Festenstein is instead seeing rising investments in what he calls "healthy oriented grab and go's"—often subsidized by the firm—featuring water, coffee, juices, fresh fruit, salads and even sandwiches made daily and brought in.

These spaces are also reshaping the floor plan of firms: cafe spaces that were once at the interior are being relocated to the window wall to take advantage of natural light.

"The same grab and go's that are being used by the staff, clients are being brought into these spaces to have a quick lunch meeting as well. It's blurring the line between client-facing space and staff space," Festenstein said.

One outside provider that's been stepping up its pursuit of the law firm market in the COVIDera is Fooda, which works with local restaurants in a number of markets to bring in ready-toserve buffet-style options. Vice president Chris Sherill told me the appetite for subsidizing this service is growing, as firms look for perks to draw people to the office.

And Fooda's Julian Christe, who's been heavily engaged with law firm clients lately, reports that a number that have had traditional cafeterias are willing to try something new, thanks to the irreversible turn toward hybrid work.

"It's just not worth it to have a chef sitting there cooking salmon every day where you have a variable population coming into the office," he said.

## In the News

>> For those who were hoping that last year's record law firm profits would unleash a wave of hefty investments in transformational activities, bad news. According to my colleague Andrew Maloney, a new report from LawVision and Iridium found a strong tilt towards what the authors

called <u>"profit fundamentals</u>" this year, with firms focusing on pricing, production, talent strategy and client initiatives.

>> These surging profits also haven't stood in the way of firms suing clients over unpaid fees. My colleague Justin Henry reports that <u>these actions are on the rise</u>, even with realization rates climbing. "The days of being able to say goodbye to \$300,000 or more without blinking an eye are gone," Fox Rothschild chair emeritus Abe Reich told him.

>> And for those following EY's proposal to separate its audit and advisory arms, take a look at this profile of the Big Four firm's global leader <u>Carmine Di Sibio in the FT</u>. While competitors are refusing to follow suit, Di Sibio said that both businesses have robust profit projections. While a split would probably involve an IPO for the advisory business, a purchase by either a "strategic" buyer or a consortium of PE firms is also a prospect.