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August 2014

THE DECISION OF MOVING OFFICES

Latin Lawyer

Whether owing to cost overruns, construction delays or the logistical nightmares associated with relocating dozens of people and tons of documents, moving offices can be a risky and stressful affair. Joe Rowley speaks to managing partners across Latin America about some of the considerations that come into play when contemplating whether to take the plunge

For many law firms, there will come a time when their existing premises are no longer fit for purpose – prompting the difficult decision of where next to relocate often large teams of staff.

For those completing a successful office move, the rewards can be both substantial and long-lasting. Moving into roomy new offices not only provides space to grow, but also gives rise to the opportunity to invest in state-of-the-art technology and clever design features that allow the firm's existing lawyers to become more efficient and improve client service. Alongside being a more pleasant place to work, beautifully designed offices can help boost motivation and be used as a powerful recruiting tool for visiting law students.

When trust is the single currency all law firms trade in, first impressions matter. With lawyers and clients likely to meet at the firm's offices at some point during their relationship it is perhaps little surprise management committees lavish so much time, money and mental energy on their office design. From selecting the right address, to choosing the fixtures and fittings, every decision is carefully made with the aim of helping to inspire confidence in the firm, while also projecting a powerful message to the rest of the market about the firm's core values, stability and permanence.

However, getting to moving day is unlikely to be without challenges. Firms that decide to design and build their own offices may find cost overruns and delays divert attention away from day-to-day management and hurt the bottom line. There is also the market's perception to consider. While moving may make economic sense,

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uprooting the firm from a downtown location could spark speculation about its financial health. Furthermore, attempting to get ahead of the curve by choosing an up-and-coming location may mean new clients may be reluctant to make the journey.

Here, managing partners with experience in large-scale office moves offer some words of wisdom to make the transition as painless as possible.

Consider all options

For any management committee contemplating a move, one of the first (and most fundamental) tasks is to discern whether relocating would better serve the firm's interests rather than refurbishing or expanding the existing premises. Numerous factors will play into this decision, ranging from the growth strategy of the firm or projections for the legal market in the coming years, to the availability of suitable properties or worsening traffic in a particular area. Individual considerations, such as the firm's historic connection with a particular building or an area of the city, may also have to be pondered. Ultimately, all other options will need to be ruled out, meaning long hours of research.

Bolivia's Indacochea & Asociados is currently halfway through construction of a major extension to its office in Santa Cruz. Managing partner Ricardo Indacochea explains that while the firm's ownership of the adjacent land was key to choosing this mode of expansion, another factor was the lack of suitable properties on the market: "We looked for new offices we could move into and buy more floors in the future, but many of the properties already in the market were poorly designed and expensive," he says.

More often, the lack of available space means expanding existing offices is not an option. After years of steady growth in headcount at Posadas, Posadas & Vecino, partner Ignacio de Posadas recalls that the firm's previous location in downtown Montevideo was becoming too crowded. "We had outgrown our downtown office and more and more it was becoming dysfunctional," he says. "We were looking for additional space and moving into different floors, but it reached a point where we were so scattered that some of us older partners didn't recognise some of the new faces of the people working for us."

For Argentina's Negri, Busso & Fariña, the decision to move from downtown Buenos Aires to the well-heeled district of Palermo was

more straightforward. With Argentina officially slipping into recession at the start of the year, partner Juan Javier Negri remembers streets around the firm being gridlocked from almost daily protests outside the Ministry of Labour and on the city's main boulevard located nearby. Add noisy construction work near to the office, and Negri says the combination of factors had "brought havoc" to the area and made a move increasingly attractive.

To buy, or not to buy?

Having decided to take plunge, management committees face dozens of crucial decisions that will help determine whether the move will be a success. One of the first will be whether to lease, buy or build their new office space; where a combination of local rules, such as tax incentives and zoning regulations, and availability of suitable properties, will have a strong bearing on the outcome.

All three options carry risks. In the US, some lease agreements include the cost of furnishing the office, making renting office space more attractive. More common in Latin America, however, is that the firm will have to pay to furnish the offices on top of the cost of the lease, which may mean firms lean toward buying premises outright.

For buyers, a particular danger is that ownership will turn into a political matter that could end up poisoning the working relationships between partners of the firm. "When you own real estate in a professional firm, after a few years the owners of the building and the owners of the firm are not the same, or do not have the same objectives, and therefore something that should be a commercial negotiation... with an unrelated third party is transformed into a political matter," says Ferrere partner Andrés Cerisola. "You may end up having a firm that gets along well on professional matters, but then enters into crisis because of discussions over the lease. So for that reason we wanted to have the interests of the partners and the firm totally aligned, and that is easier when the lease is owned by someone else."

By contrast, Carey prefers to own its own offices, not least because mortgage payments on its offices in the Titanium building in Santiago (which the firm bought in 2010) are around 60 per cent of what it would cost to lease the same floor space today: "Whether you buy or lease, you just get the cement floors and nothing else, so you have to build the walls and everything else, and that is a substantial investment," says partner Jaime Carey. "When you lease, you

probably have a 10-year lease and 10 years is usually not enough time to amortise the big investment you have to make."

A third option is to build the property from scratch. While more expensive than leasing and vastly more complicated, the advantage is that it provides a blank slate to design offices perfectly suited to the firm's current and anticipated future needs. The major downside is the requirement that members of the partnership have to become ad hoc project managers for the duration of the build; diverting time and energy away from management of the firm. For Indacochea, who describes himself as a "frustrated architect", this need not be a disadvantage. Having adopted a hands-on approach to the firm's construction project, which has seen him going as far as designing the desks to be used, he explains that managing partners can juggle both roles provided they are willing to put in the hours: "During my week, around 10 to 15 per cent of my time is spent meeting designers and contractors, and my weekends are mostly taken up reviewing designs and models," he says, adding that in the end client needs still take precedent.

Account for hidden costs

A further decision will be setting a realistic and affordable budget to complete the work. To account for a lack of first hand experience managing construction projects, Brigard & Urrutia Abogados drew heavily on external specialists prior to its move to custom-built offices in 2009. Alongside the standard array of architects, designers and constructors, the firm also hired an accountant to supervise and review the budget to make sure the firm was paying the best possible price at every stage of the project. "We obtained very good savings and ended up paying 5 per cent less than our budget," recalls managing partner Carlos Umaña.

That moving offices requires heavy investment is a given, but balancing the hidden costs involved in relocating a firm is perhaps the greatest challenge faced by law firm partners. With senior partners often taking a leading role, the loss of billable hours can soon add up, while unforeseen difficulties add further to the cost. Negri, for example, estimates that complex legal work associated with deeds to their new offices required name partner Federico Busso to dedicate an hour per day for two years to the project. Timeframes become further extended (and costs increase) when the firm decides to build its offices. Construction alone on PPV's new offices took close to

three years; involving three architects, two engineers, one external decorator, one internal decorator, some 50 workmen and 20 third-party contractors; all of whom had questions that needed to be answered by the partner committee overseeing the construction.

Even deciding what to take from the previous offices can take significant planning and coordination. With 250 members of staff, PPV required 4,000 man hours spent classifying, organising, labelling and packing files into over 1,000 boxes. For Carey, more than 25 years in its previous offices had led to tons of documents that needed to be sorted and digitised. To avoid the chaos that would have been caused by some 150 lawyers sorting through their documents simultaneously, staff were divided into teams and each allocated a week to recycle and shred unwanted paperwork (while putting systems in place to ensure no sensitive documents were lost or destroyed). Simply to digitise the documents, two assistants worked each day for a year scanning the paper copies and eventually reduced paperwork at the firm by 95 per cent.

To minimise disruption to clients and reduce the loss of billable hours most firms attempt to complete the physical move over a single weekend; requiring impeccable organisation and coordination. Testament to the logistical challenges involved in Ferrere's move, the firm took the decision to completely replace all the firm's furniture after calculating that moving more than 400 desks and installing telephones and computers would have taken three weeks. Ferrere decided it would be more economical (in terms of lawyer hours saved) and minimise disruption to buy new furniture and ship it directly to the new office.

Building a reputation

Moving to new premises also provides an opportunity for law firms to design bespoke offices. Compared with existing premises or standardised office spaces, uniquely designed offices can serve as a signal of intent, sending a strong message to clients and rival firms alike about the firm's growth ambitions and philosophy. Before moving to its own building last year, Ferrere was located within Montevideo's World Trade Centre complex, which houses some of Uruguay's most important companies. Since the move, the firm makes much on its website of its new building being designed by the same architects that designed buildings for American Express, the Inter-American Development Bank and HSBC, among others. Carey's

move to the iconic Titanium Tower occurred when the building was the tallest in Chile and one of the largest indeed in South America (although it has since been overtaken by the Gran Torre Santiago). Jones Day's head office in the US, meanwhile, advised against certain locations in Mexico City for its Mexican arm's new premises because they did not project the right image of the firm. "During the selection process, the firm clearly told us that Jones Day was a main street law firm and not a suburban law firm," says managing partner Fernando de Ovando, who now hangs his hat in large offices on the Paseo de la Reforma, Mexico City's central boulevard.

Within the firm, good aesthetics can also make good business sense. With lawyers frequently meeting clients for the first time in their offices, architecture and design can be used to help create an atmosphere that enhances the lawyer–client relationship. Ranging from tasteful artwork and landscaped gardens, to soft lighting or comfortable furnishings, all aim to create a space where clients feel at ease and trust can flourish. Ferrere, for example, introduced a number of structural features into its building. Alongside investing in soundproofing, the firm also ensured all meeting rooms were built on floors without any offices and could be accessed by a separate lift to reduce the risk of a lawyer overhearing a private conversation on the way to his or her desk. In a similar vein Negri Busso, which advises clients in the notoriously secretive art world, among other areas, seeks to reassure anyone nervous about being seen entering a law firm office by not displaying name plates outside the building. "We are trying to convey that you are safe, secure and confidentiality is assured," Negri says.

To counter any impression that being part of a vast global network may lead to impersonalised service, Jones Day's Mexico office contains architectural and design features that anchor the office to its locale. Locally sourced stone and other building materials feature prominently, while Mexican artwork and pottery adorn waiting areas. "At first, we had the participation of Jones Day, which is a very large law firm, and they assisted us in many areas and assisted us a lot in the space design, but they asked us to retain local architects and retain a local Mexican flavour for the office to create a flavour that is very elegant and very Mexican," says de Ovando.

For the lawyers themselves, well-designed offices can help boost productivity, motivation and improve client service. Cerisola

remembers that a main motivation in moving from Ferrere's old offices was to create a space more conducive to the sharing of ideas; a crucial characteristic in light of growing demand from clients for sophisticated legal advice involving multiple teams. Alongside more open spaces within the firm, the new office also contains a training centre, auditorium and even an "innovation room" designed to encourage the free flow and sharing of ideas.

Grau Abogados also attempts to illustrate its core philosophy through design. Following a strategy meeting that saw the firm flatten its management structure, Grau wanted to reflect this in its new office by ensuring partners and associate offices were mixed together on the same floors, all offices were the same size and all staff used the same bathroom and kitchen facilities. Even in-house couriers were given their own lockers, desks and computers to make them feel part of the firm. "We wanted to avoid anything that made a differentiation or discriminated between people in the firm so, for example, we didn't want to have different places for the secretaries or back office staff to sit," explains partner Juan Carlos Escudero. "We wanted to create the statement that we are all equals here."

Feeding into this is the social aspect of lawyering. Recognising the important cohesive function of communal eating, Carey subsidises a canteen one block away from the firm's offices that serves around 100 lawyers per day with "good, homemade food". The space also occasionally doubles up for leaving parties for lawyers studying abroad or leaving the firm. Ferrere's large canteen also contains table soccer and ping-pong tables to allow lawyers to relax and socialise between clients. And, with Uruguayans rivalled only by Argentines and Brazilians in their love of grilled meat, Posadas jokes that one of the first questions that arose during the design stage was "where will the barbeque grill be built?"; a request that has been met thanks to the ample gardens of the new offices. "We settled on a motto for our firm years ago, which is to combine the maximum possible efficiency with the best possible quality of life," he says.

Overall, while intelligent office design can be used to project an image of the firm and signal where it wants to be in the future, it ultimately is the individuals that work within the firm who will take it there. Though often complex and sometimes frustrating, the long process involved in researching and planning a move can also have the important fringe benefit of refocusing the minds of managing partners on the core philosophy of the firm. During the three-year run-up to Carey's

move, for example, senior partners would regularly compare notes about the various law firm offices they had visited and discuss which design features and architectural styles would best reflect the firm's philosophy. In this sense, whether a firm chooses traditional, modern or edgy design, the most successful architecture will be that which resonates with the firm's employees and chimes with the philosophy of the firm. Bear these aspects in mind and the cost, risk and headaches involved in moving offices will seem a small price to pay.