

# The Future of the Mid-Sized Law Firm: Let's Look at Some Facts

By Daniel J. DiLucchio



Daniel J. DiLucchio

There has been quite a bit of discussion and speculation for years about the destiny of the mid-sized law firm. This discussion can be traced to the 1980s. Some are suggesting that there is no longer a role, or space, for mid-sized firms, while others say that the obituaries are premature.

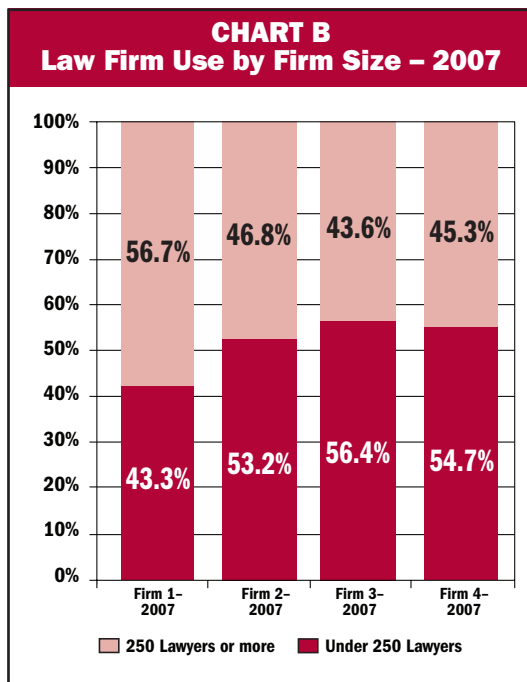
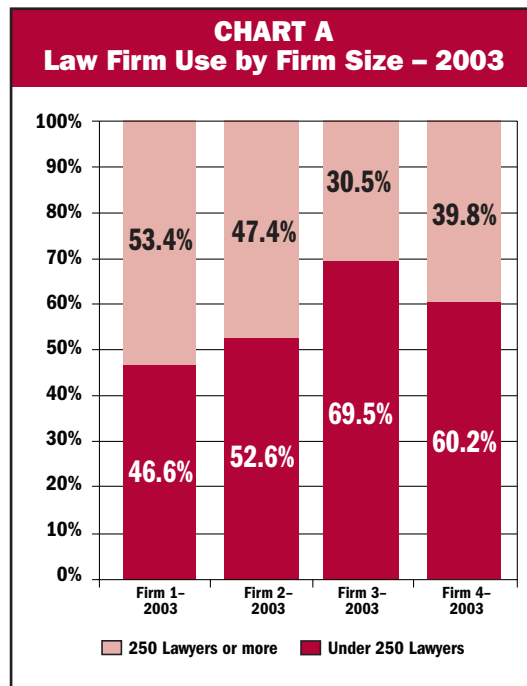
We thought it would be interesting to add some facts to the debate. We looked at the 2003 and 2007 editions of the annual *Law Department Metrics Benchmarking Survey*<sup>1</sup> for some perspective on the selection of law firms by major corporations, based on the size of the firm. Participating corporations were asked to indicate the size of their four most frequently-used law firms during the previous fiscal year, based on fees paid, with the number one firm being that receiving the most fees for the year. Charts A and B (opposite) show changes in use of law firms by size. The original categories, based on size, were "under 50 lawyers," "50-99," "100-250" and "over 250," but for our purposes we combined the under 250-lawyer firms and compared them to those with more than 250 lawyers.

Chart A shows the 2003 selection of law firms, by size, for use as the number one, two, three or four law firm representing the corporation. In 2003, an average of 73% of all outside counsel fees paid by corporate law departments were paid to these top four firms.

Chart B shows the 2007 selection of law firms, by size, for use as the number one, two, three or four law firm representing the corporation. Although corporations in 2007 used, on average, 52 different law firms, 66.1% of all fees were paid to the top four firms.

While the size ratios for the top two firms changed little from 2003 to 2007, there's a more significant shift in the size of the number three and number four firms.

*continued on page 12*



**Law Firm...** *continued from page 3*

These numbers may not send shivers down the spine of a mid-sized law firm, but they do show an expansion of the use of larger law firms in the top four positions. Should these numbers continue to trend in this direction, or begin to accelerate, mid-sized firms may want to pay close attention. ♦

**Daniel J. DiLucchio** is a principal of Altman Weil, Inc., working out of the firm's offices in Newtown Square, Pennsylvania. He can be reached at (610) 886-2000 or [djdilucchio@altmanweil.com](mailto:djdilucchio@altmanweil.com).

<sup>1</sup> The Surveys are published by Altman Weil Publications, a division of ALM Research. The 2003 Survey contains information from 199 corporations, evenly distributed between companies with annual revenues of under \$250 million to companies with over \$5 billion. The 2007 edition of the Survey contains information from 144 companies similarly distributed in size.



# Report to Legal Management

published by:

**Altman Weil, Inc.**  
Two Campus Boulevard, Suite 200  
Newtown Square, PA 19073  
Telephone (610) 886-2000  
FAX (610) 359-0467

#### **COPYRIGHT NOTICE**

Copyright © 2008 by Altman Weil, Inc. Authorization to photocopy items for the internal or personal use of the subscriber or the internal or personal use of specific individuals in the subscriber's organization is granted by Altman Weil, Inc. provided that the source and Altman Weil, Inc.'s copyright is noted on the reproduction and the fee of \$1.00 per page is paid to Altman Weil, Inc., Two Campus Boulevard, Suite 200, Newtown Square, PA 19073. Copying for purposes other than internal or personal reference requires the express permission of Altman Weil, Inc. For permission, contact Altman Weil at the above address.