

Lawyer Staffing Models

An Altman Weil Commentary

By Thomas S. Clay

 Altman Weil, Inc.
The leader in legal consulting.



What Should Law Firms Do About Lawyer Staffing Models?

An Altman Weil Commentary on results from the 2013 Law Firms in Transition Survey

Law Firms in Transition

The 2013 Altman Weil *Law Firms in Transition Survey* found that law firm leaders are acutely aware of the changes that the legal profession is facing. The survey also showed the evolution of thinking among firm leaders over the last five years, including some dramatic shifts in opinion since the first time the survey was conducted in 2009. *However, there was a lot less evidence of tangible changes in how law firms operate.*

What Should Law Firms Do?

Rethinking the law firm business model presents law firm leaders with many complex challenges, made more complex by the need to address them among partners with a variety of perspectives and with clients who have a range of differing needs. Law firm leaders often ask us, 'Where should we begin?'

This new series of *Altman Weil Commentaries* is designed to answer that question by providing practical first steps for law firms in a variety of key areas. The following report looks at lawyer staffing models.

About the Author of this Commentary

Tom Clay is a principal of Altman Weil, Inc. With 30 years' experience consulting to the legal profession, he is an acknowledged expert on law firm management principles and is a trusted advisor to law firms throughout North America. Mr. Clay heads consulting assignments in strategic planning, law firm management and organization and law firm mergers and acquisitions. He is a thought-leader on the key issue of law firm practice group strategy and leadership. He is the creator and lead author of Altman Weil's *Law Firms in Transition Survey*.

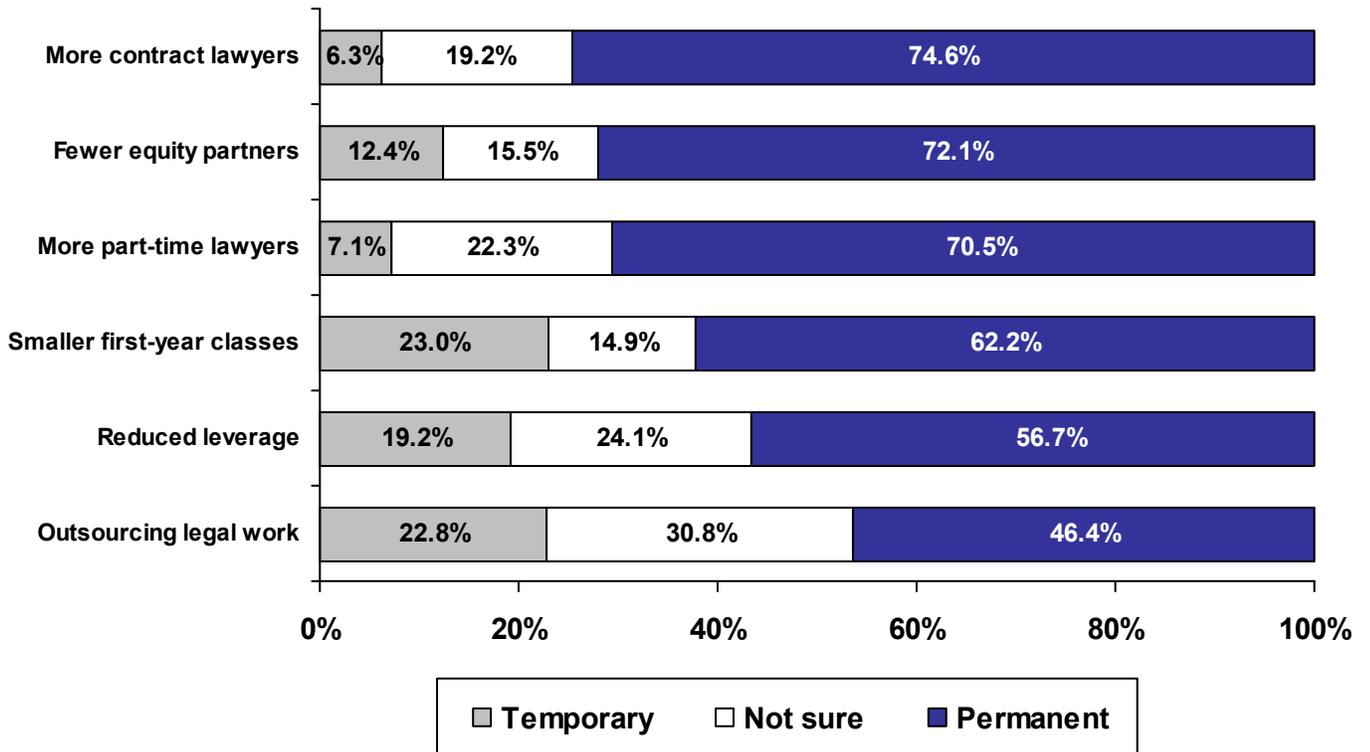
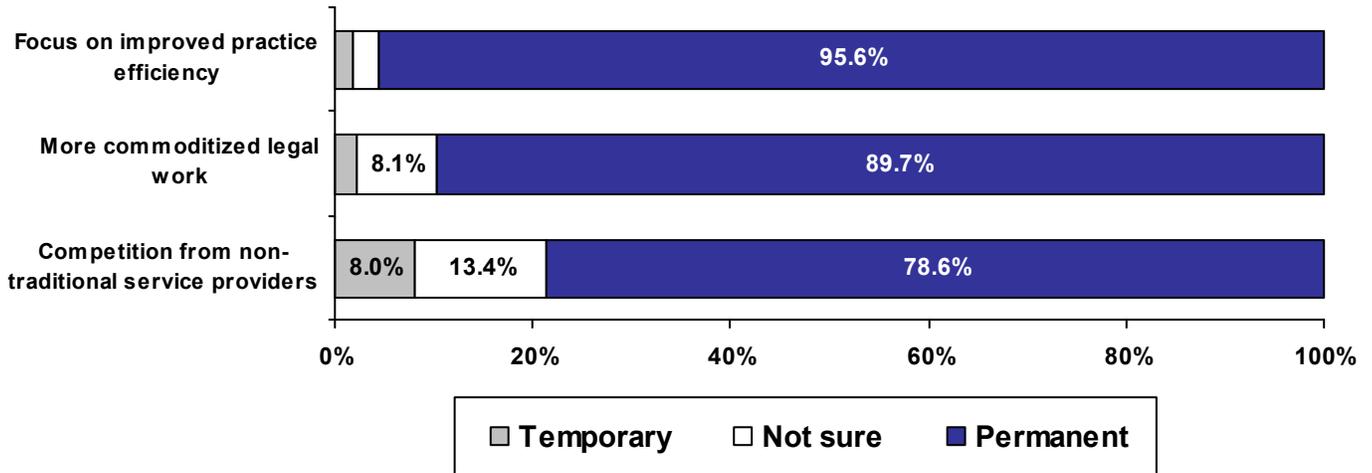
About the Survey

Conducted in March and April 2013, the *Law Firms in Transition Survey* polled Managing Partners and Chairs at 791 US law firms with 50 or more lawyers. Completed surveys were received from 238 firms (30%), including 37% of the 250 largest US law firms. The survey has been conducted annually since 2009.

The full survey is available online to download at: www.altmanweil.com/LFiT2013.

Lawyer Staffing Models

Which of the following legal market trends do you think are temporary and which will be permanent?



What should law firms do about lawyer staffing models?

THE SURVEY SAID:

Ninety-six percent of Managing Partners surveyed in 2013 believe that a focus on improved practice efficiency is a permanent change in the legal market. Ninety percent of leaders say there will be more commoditization of legal work; and 79% expect more competition from non-traditional service providers.

Strong majorities of Managing Partners also believe there will be fewer equity partners and associate lawyers in the future, as well as more contract and part-time lawyers.

WHAT SHOULD LAW FIRMS DO?

Despite a broad consensus that law firms are inevitably headed toward leaner, more cost-efficient staffing models, most firms have been slow to change long-held approaches to legal service delivery or to upset the traditional 'lawyer pyramid' in their own firms. Firms have little appetite for letting lawyers go, even when productivity and profitability numbers are flat or down.

What should law firms do?

- Short of an existential crisis, firms should think about adapting lawyer staffing structures over a ten-year time horizon. Make thoughtful staffing decisions that align both with what the market wants and where you think the market is going.
- Assume that in the future you will need fewer full-time lawyers at all levels to do the same amount of work you do today.
- Start at the Practice Group level. Challenge each group leader to look at group needs, and consider innovative staffing alternatives to become more efficient and reduce the cost of services sold.
- Pay attention to profit margins at the practice and client levels. Draw an explicit link between reduced internal cost of alternative staffing models and improved margins.

- Be more rigorous in assessing any hiring request. Ask if there are lower cost alternatives to do the same work (i.e. contract lawyers, temporary lawyers, or paraprofessionals).
- Rethink recruiting standards to incorporate a more diverse array of success factors that go beyond pure academic performance.
- Be much more judicious about moving lawyers into a non-equity partnership tier. With few exceptions, everyone you move up should have real potential to make it into the Equity ranks and become a high-value advisor and counselor.
- Rely more on alternatives to full-time lawyers, including contract lawyers, temporary lawyers, paraprofessionals, technology solutions.
- Train at all levels in project management and process efficiency.
- Set performance standards and stick to them. Conduct regular and rigorous lawyer assessments.
- Make Equity Partnership very difficult to achieve.

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