

Highlight:

Law firms' greatest challenges in the next 24 months

2012

Law Firms in Transition

An Altman Weil Flash Survey



Law Firms in Transition 2012

Conducted in March and April 2012, the *2012 Law Firms in Transition Survey* polled Managing Partners and Chairs at 792 US law firms with 50 or more lawyers. Completed surveys were received from 238 firms (30%), including 40% of the 250 largest US law firms.

Firm Size	All US Law Firms	Survey Participants	% Response
1,000 +	22	8	36%
500 – 999	57	23	40%
250 – 499	85	42	49%
100 – 249	250	90	36%
50 – 99	378	75	20%
All	792	238	30%

Download the Survey

The full 51-page survey report is available online to download at:
www.altmanweil.com/LFiT2012.

A series of **Highlights** with added features will be published throughout the year. Continue to check our website for more from the *2012 Law Firms in Transition Survey*.

About Altman Weil, Inc.

Founded in 1970, Altman Weil, Inc. is dedicated exclusively to the legal profession. It provides management consulting services to law firms, law departments and legal vendors worldwide. The firm is independently owned by its professional consultants, who have backgrounds in law, industry, finance, marketing, administration and government. More information on Altman Weil can be found at www.altmanweil.com.



Challenges: Next 24 Months

What will be your firm's greatest challenge in the next 24 months?

Following is a graphic depiction of responses to this open-ended question displayed as a "word cloud" – a computer-generated illustration of a large body of text in which words found more often appear larger than those less frequently used.



Challenges: By Firm Size

What will be your firm's greatest challenge in the next 24 months?

TOP RESPONSES BY FIRM SIZE



50-99 lawyers



100-249 lawyers



250-499 lawyers

Challenges: By Firm Size

What will be your firm's greatest challenge in the next 24 months?

TOP RESPONSES BY FIRM SIZE

Growth
quality clients

500-999 lawyers

integration
talent quality

1,000+ lawyers

Challenges: Sample Comments

What will be your firm's greatest challenge in the next 24 months?

Survey participants were invited to comment in an open-ended format. Following is a sampling of comments, grouped by topic.

PROFITABILITY

- Maintaining our level of profitability in an increasingly price competitive market
- Maintaining profitability in a market with more client pressure on rates and total legal spend
- Sustained equity partner profitability at historical levels
- Profitability of alternative fee arrangements and getting hourly rates up

COMPETITION

- Obtaining a bigger slice of a shrinking pie; competing for work on a national level
- Competing with larger firms who are using creative billing arrangements to garner large quantities of client matters that used to go to midsize firms
- Increasing market share in an environment characterized by relentless price competition, while also developing and maintaining expertise in areas where there is less price sensitivity
- Business development and competition from national and regional firms that previously had not been significant in this geographic market
- Dealing with the volatility of the overall economy and with increased competition from additional firms in the marketplace

GROWTH

- Growing the firm and adjusting to the new normal in the process. Making sure the firm can grow while balancing the needs for client focus, perceived value and efficiency
- Continuing our growth in a thoughtful manner that will ensure long-term success of the firm, and avoiding any instinct to grow simply for the sake of growth
- Growth that is productive and not solely to have more lawyers

Challenges: Sample Comments

What will be your firm's greatest challenge in the next 24 months? (*continued...*)

NEW BUSINESS

- Maintaining at least a constant share of a shrinking pie with traditional work, while making the right decisions concerning risk on developing areas of practice
- Finding new markets and other types of opportunities for expansion of services
- Generating quality business
- Institutionalizing urgency around business development.

CLIENTS

- Continuing to identify client needs and proactively meeting those needs
- Really learning our clients' businesses and industries and proactively helping them reduce risks and avoid problems
- Continuing to build broader, sustainable client relationships
- Improved client service and delivery of cost-efficient services as clients advance convergence programs

TALENT

- Attracting and retaining very highly talented professionals
- Attracting talented laterals to offset the inevitable loss of senior lawyers over the next 4-8 years
- Acquisition of quality lateral partners with a book of business, followed by full integration of those partners into the firm
- Maintaining level of profitability necessary to attract laterals and merger candidates required to continue to transition our firm away from commodity work and toward higher value work
- Hanging on to our best talent

Challenges: Sample Comments

What will be your firm's greatest challenge in the next 24 months? (*continued...*)

SUCCESSION

- Looming retirement of equity partners and the transition of relationships
- Managing retirement of senior partners, transitioning client relationships
- Addressing the myriad of issues related to succession and transition as our Baby Boomers slowdown/retire
- Successorship for prominent members who are phasing out of the practice. Successorship in leadership, prominence and esteem

CHANGE

- Re-engineering the way we practice law, to continue to enhance the efficiency and effectiveness of our legal service delivery model, and to expand our use of value and performance-based fees structures
- Staying the course on positive changes we have implemented if the partners' "sense of urgency" declines
- Leading change towards project management, efficiency and realigning the model
- Managing expectations of partners and convincing them of the underlying industry-wide uncertainty in the business part of the profession
- Keeping our best work, keeping our best people, keeping our profitability up while maintaining roughly the same culture the firm has always had. The practice of law is just more difficult than it has been previously, and we are having to adjust to this reality.

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