

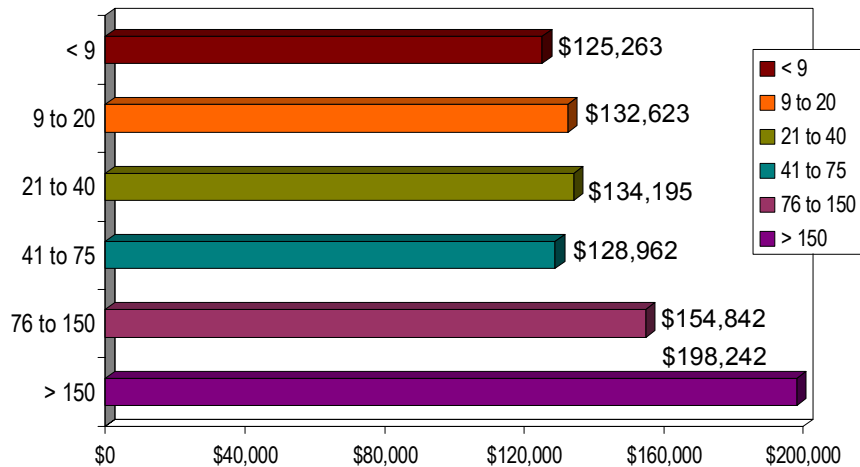
## MINING THE SURVEYS: DISeconomies of Scale?

by Ward Bower

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Is bigger better, when it comes to law firm economics? Not always. For over 30 years, the Altman Weil *Survey of Law Firm Economics* has shown, generally, that there are no economies of scale in private law practice. Larger firms almost always spend more per lawyer on staffing, occupancy, equipment, promotion, malpractice and other non-personnel insurance coverages, office supplies and other expenses than do smaller firms. This is counterintuitive, in the sense that larger firms should be able to spread fixed costs across a larger number of lawyers, reducing per lawyer costs, overall. However, that principal does not take into account the excess plant and equipment capacity necessary to support growth, or the increases in staff and communications costs as firms become larger.

Average, Total Expenses, Per Lawyer



Source: 2002 Altman Weil *Survey of Law Firm Economics*