

2019 HIGHLIGHT

What Works: Improving Law Firm Performance

2019

Law Firms in Transition

An Altman Weil Flash 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.

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What Works: Improving Law Firm Performance

A Law Firms in Transition Highlight

In the *2019 Law Firms in Transition Survey*, 69% of respondents indicated that partners resist most change efforts; 66% said firms were not feeling enough economic pain to motivate more significant change; and 60% said that most partners are not changing because they are unaware of what they might do differently. Clearly, law firm leaders are continually challenged in their efforts to facilitate positive change.

Professionals, and lawyers in particular, often ask the question, "*What are others like us doing, and are they successful?*" Two reasons underpin this question. First, they want to make sure that a change initiative will work, and second, have some level of proof or assurance that their investment will deliver a significant return.

Following are eight charts from the survey that set forth areas where law firms are investing in operational change, including efficiency of service delivery, project staffing, pricing and profitability, as well as firm and practice group leadership and sustainability. These charts show whether or not each tactic in the category has yielded significant improvement in performance for firms participating in the survey.

In each case the chart is a composite of two questions asked in the full survey: 1) *Is your firm pursuing any of these tactics?* and 2) *If so, has each resulted in a significant improvement in performance?* (asked only of the subset of respondents pursuing the tactic). One element that is not captured in the following charts is the percentage of those who say that it is "*too soon to tell*" whether or not a tactic will be effective. That detail is available in the full survey.

It's important to note that even if a tactic is not producing significant improvement now, that does not mean it shouldn't be pursued. While some tactics will have an almost immediate payoff, others may be inadequately understood, poorly executed, or simply may require an investment of time over years. Although there is safety in numbers, a firm may achieve competitive advantage through the skilled execution of any tactic in the following pages.

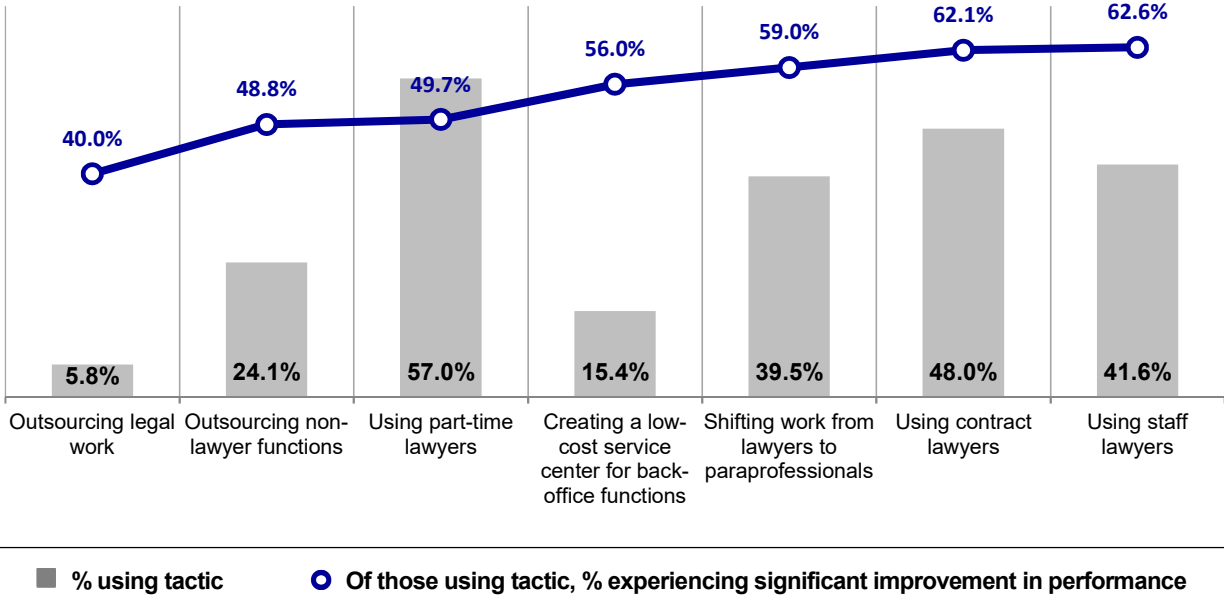
Finally, in considering the best way to pursue change in your law firm, do not forget the 'why' of change. Although knowing what's working tactically in peer firms likely will provide a measure of comfort, you will still need to make the strategic case for change. For our thoughts on that, we recommend that you review the complete *2019 Law Firms in Transition Survey* which includes an introductory essay on law firm strategy and change.

Download the complete 2019 Survey at: www.altmanweil.com/LFiT2019

Alternative Staffing: What Works

This chart combines findings from the two prior questions. Each bar shows the percentage of law firms using the tactic. Data points on the line show the percentage of those firms using each tactic that report it has delivered a significant improvement in performance.

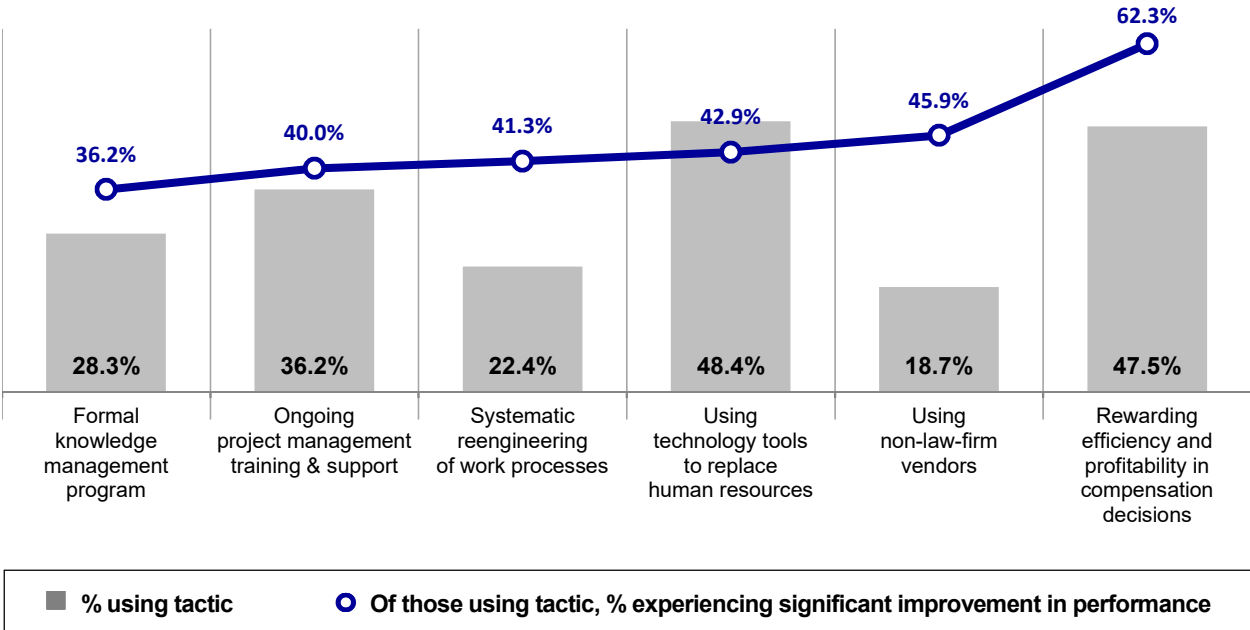
Comparison of Use and Results:



Efficiency Tactics: What Works

This chart combines findings from the two prior questions. Each bar shows the percentage of law firms using the tactic. Data points on the line show the percentage of those firms using each tactic that report it has delivered a significant improvement in performance.

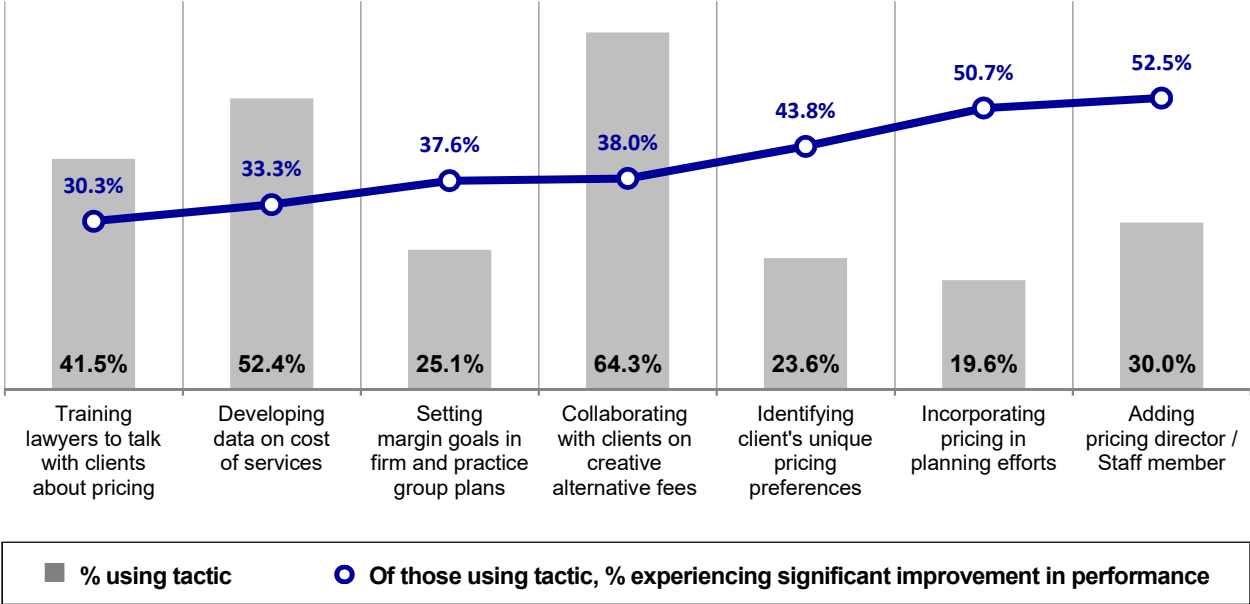
Comparison of Use and Results:



Pricing Tactics: What Works

This chart combines findings from the two prior questions. Each bar shows the percentage of law firms using the tactic. Data points on the line show the percentage of those firms using each tactic that report it has delivered a significant improvement in performance.

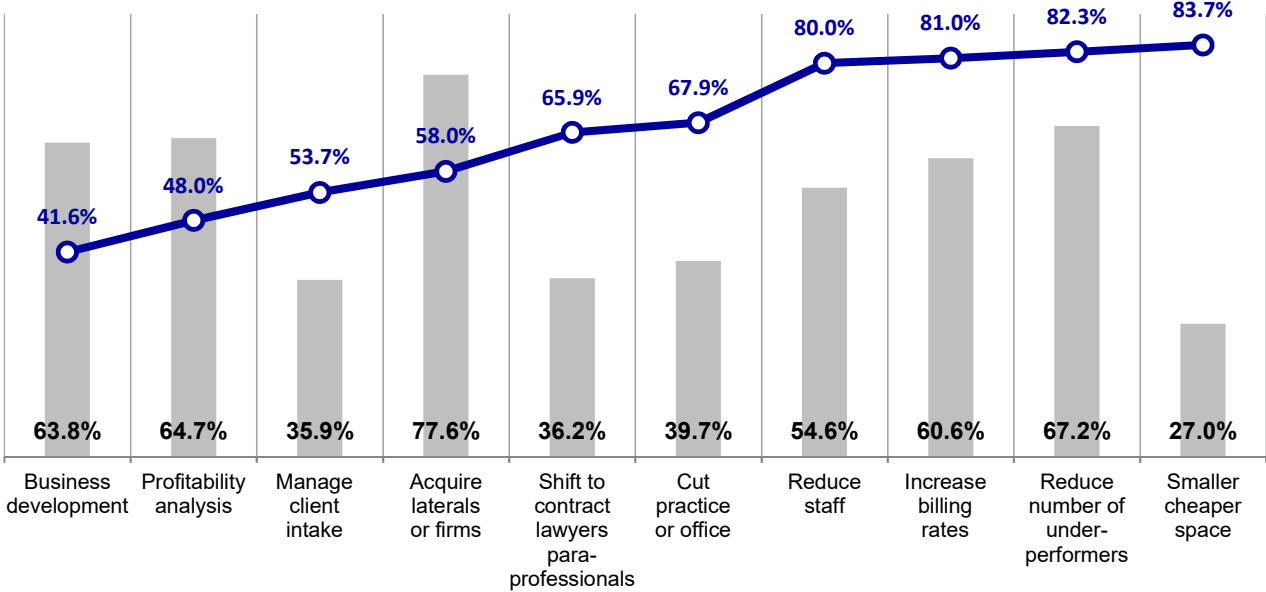
Comparison of Use and Results:



Profitability Tactics: What Works

This chart combines findings from the two prior questions. Each bar shows the percentage of law firms using the tactic. Data points on the line show the percentage of those firms using each tactic that report it has delivered a significant improvement in performance.

Comparison of Use and Results:



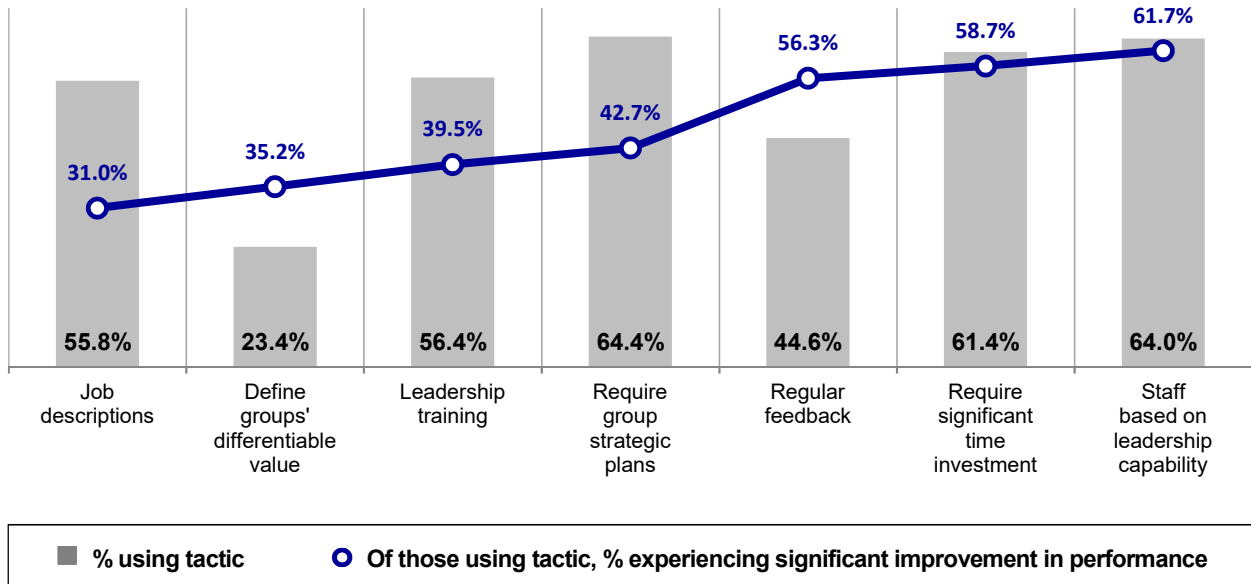
■ % using tactic ● Of those using tactic, % experiencing significant improvement in profitability

Practice Groups: What Works

NEW

This chart combines findings from the two prior questions. Each bar shows the percentage of law firms using the tactic. Data points on the line show the percentage of those firms using each tactic that report it has delivered a significant improvement in performance.

Comparison of Use and Results:

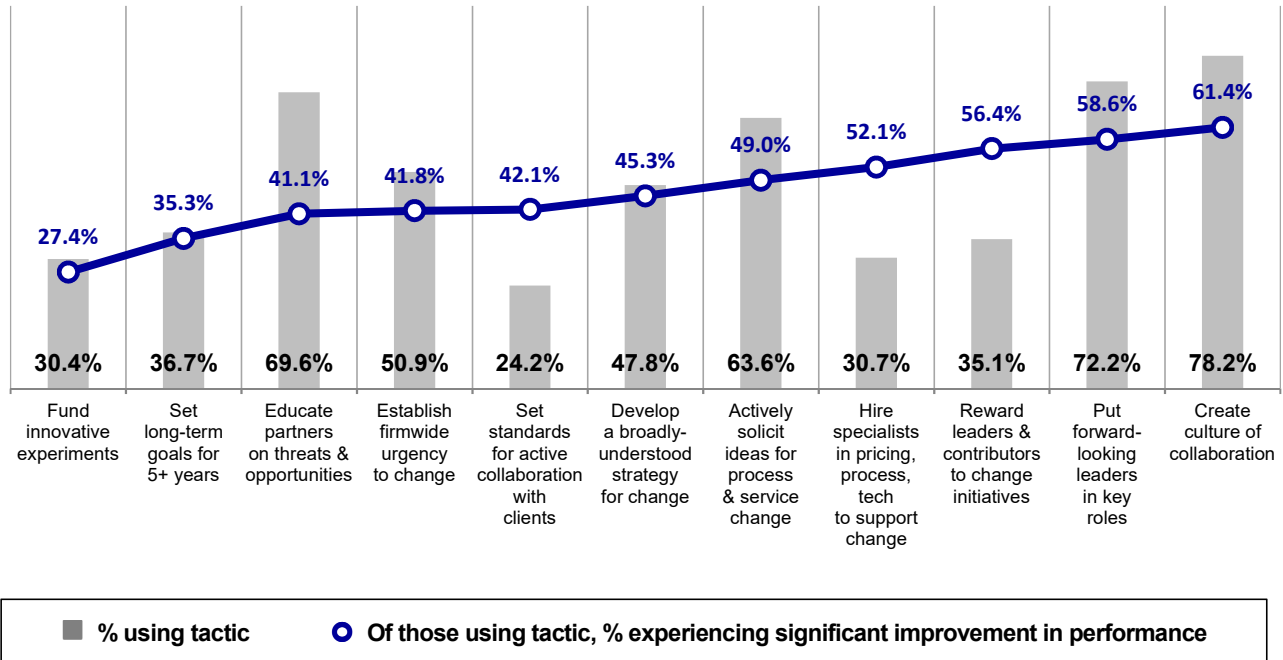


Leading Change: What Works

NEW

This chart combines findings from the two prior questions. Each bar shows the percentage of law firms using the tactic. Data points on the line show the percentage of those firms using each tactic that report it has delivered a significant improvement in performance.

Comparison of Use and Results:

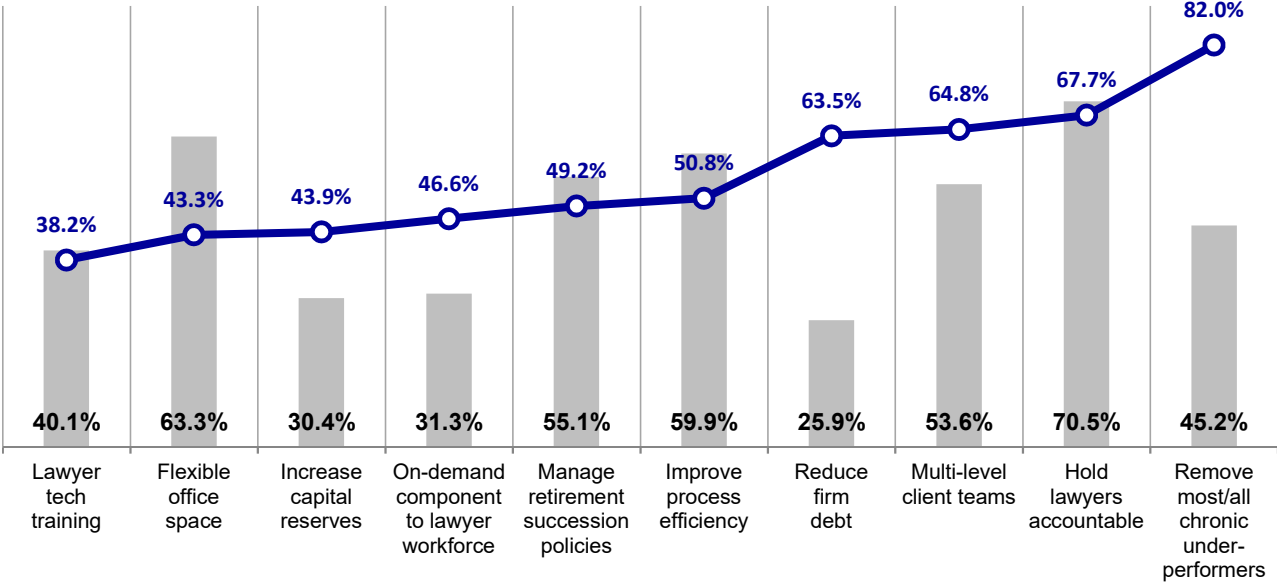


Sustainability Tactics: What Works

NEW

This chart combines findings from the two prior questions. Each bar shows the percentage of law firms using the tactic. Data points on the line show the percentage of those firms using each tactic that report it has delivered a significant improvement in performance.

Comparison of Use and Results:

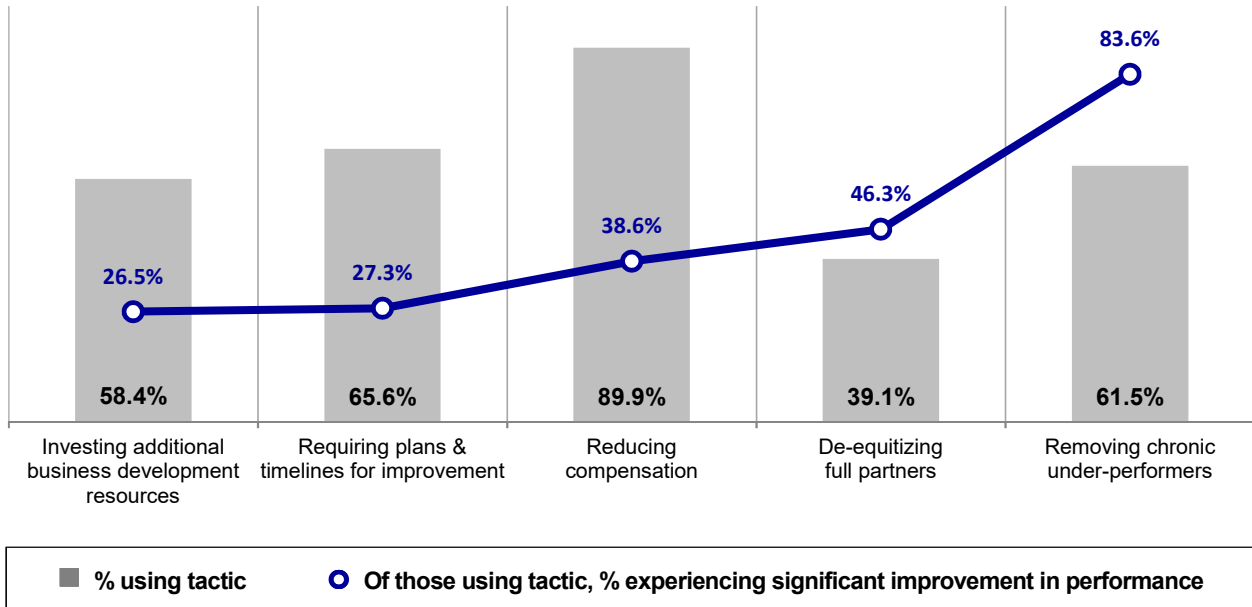


■ % using tactic ● Of those using tactic, % experiencing significant improvement in performance

Under-Performance: What Works

This chart combines findings from the two prior questions. Each bar shows the percentage of law firms using the tactic. Data points on the line show the percentage of those firms using each tactic that report it has delivered a significant improvement in performance.

Comparison of Use and Results:



2019 Survey Participant Demographics

In March and April 2019, Altman Weil surveyed Managing Partners and Chairs of 810 US law firms with 50 or more lawyers. We received responses from 362 firms, a 45% response rate.

Firm Size*	All US Law Firms	Survey Participants	% Response
1,000 +	32	15	47%
500 – 999	66	34	52%
250 – 499	76	43	57%
100 – 249	230	118	51%
50 – 99	406	152	37%
All	810	362	45%

The respondent group includes**:

- 46% of 2018 AmLaw 200 law firms
- 49% of 2018 NLJ 500 law firms

* The exact number of lawyers in a law firm changes frequently. The universe of law firms surveyed is based on published directories and league tables available in spring 2019. Survey participants reported their own lawyer headcounts.

** Some firms participated anonymously and therefore could not be assigned to NLJ or AmLaw categories.

About the Authors

Thomas S. Clay is a principal of Altman Weil, Inc. With over 30 years of 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 the United States. Mr. Clay heads complex 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.

Eric A. Seeger is a principal of Altman Weil, Inc. He works with law firms in the areas of strategy formulation and execution, practice group planning and practice leader training, merger search, organizational issues and retreats. Mr. Seeger directs Altman Weil's market research department. Over the years he has managed hundreds of strategic research projects for law firms and legal vendors.

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The 2019 Law Firms in Transition Survey

Conducted in March and April 2019, the *Law Firms in Transition Survey* polled Managing Partners and Chairs at 810 US law firms with 50 or more lawyers. Completed surveys were received from 362 firms (45%), including 49% of the 500 largest US law firms and 46% of the AmLaw 200.

A copy of the survey can be downloaded at: www.altmanweil.com/LFiT2019.

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