

Special Excerpt: Lawyer Staffing Structures

2010

Law Firms in Transition

An Altman Weil Flash Survey



Law Firms in Transition 2010

Lawyer Staffing Structures

Partnership in US law firms is now harder to attain and will remain so according to the *2010 Law Firms in Transition* survey.

Nearly 40% of firms made fewer partnership offers in 2009, and 50% indicated that they will or might do so in 2010. Over a quarter of all law firms reported de-equitizing partners in 2009 and 37% will or might do so this year. An additional 14% extended the partnership track in 2009 and 20% will or might do so in 2010. The majority of firms expect each of these trends to be permanent going forward.

This is a key element in the changing equation of law firm finance. Firms will maintain their profits per partner, in large part, by managing the number of partners they admit.

When asked about other staffing alternatives, firms expressed a growing enthusiasm for contract lawyers. In 2009, 39% of law firms reported using contract lawyers. In 2010, 53% will or might do so; and, 52% expect that contract lawyers will become a permanent part of their staffing plans.

By contrast, less than 10% of firms outsourced or offshored legal work in 2009 or plan to do so in 2010. Only 28% of law firms expect outsourcing of legal work to be permanently adopted in the future, and 22% expect the same for offshoring.

Despite the potential for cost savings, law firms remain highly skeptical of outsourcing and offshoring and will likely only adopt them when pushed by clients to do so.

Survey Methodology

Conducted in April and May of 2010, the survey polled Managing Partners and Chairs at 787 US law firms with 50 or more lawyers. Completed surveys were received from 218 firms (28%), including 38% of the 250 largest US law firms.

The full survey is available online to download at: www.altmanweil.com/LFiT2010. Special reports based on law firm size ranges are available exclusively to survey participants.



About the Authors

Thomas S. 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 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.

He is Fellow of the College of Law Practice Management (COLPM) and serves as a Judge for the College's InnovAction Awards which recognize outstanding innovation in the delivery of legal services worldwide. He is a member of the COLPM Futures Committee. In 2008, Mr Clay was named as one of the "100 Legal Consultants You Need to Know."

Eric A. Seeger is a Senior Consultant with Altman Weil, Inc. He works with large and small law firms in the areas of strategy formulation, practice group planning, merger search, merger assessment and organizational audit. 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.

Prior to joining Altman Weil, Mr. Seeger was an independent consultant to law firm and corporate executives. He served as strategic planning officer of an AmLaw 200 law firm for four years. Previously, he performed market analysis for a global manufacturer, holding leadership positions in the industry's trade association, and served in budgeting and planning capacities for a major university.

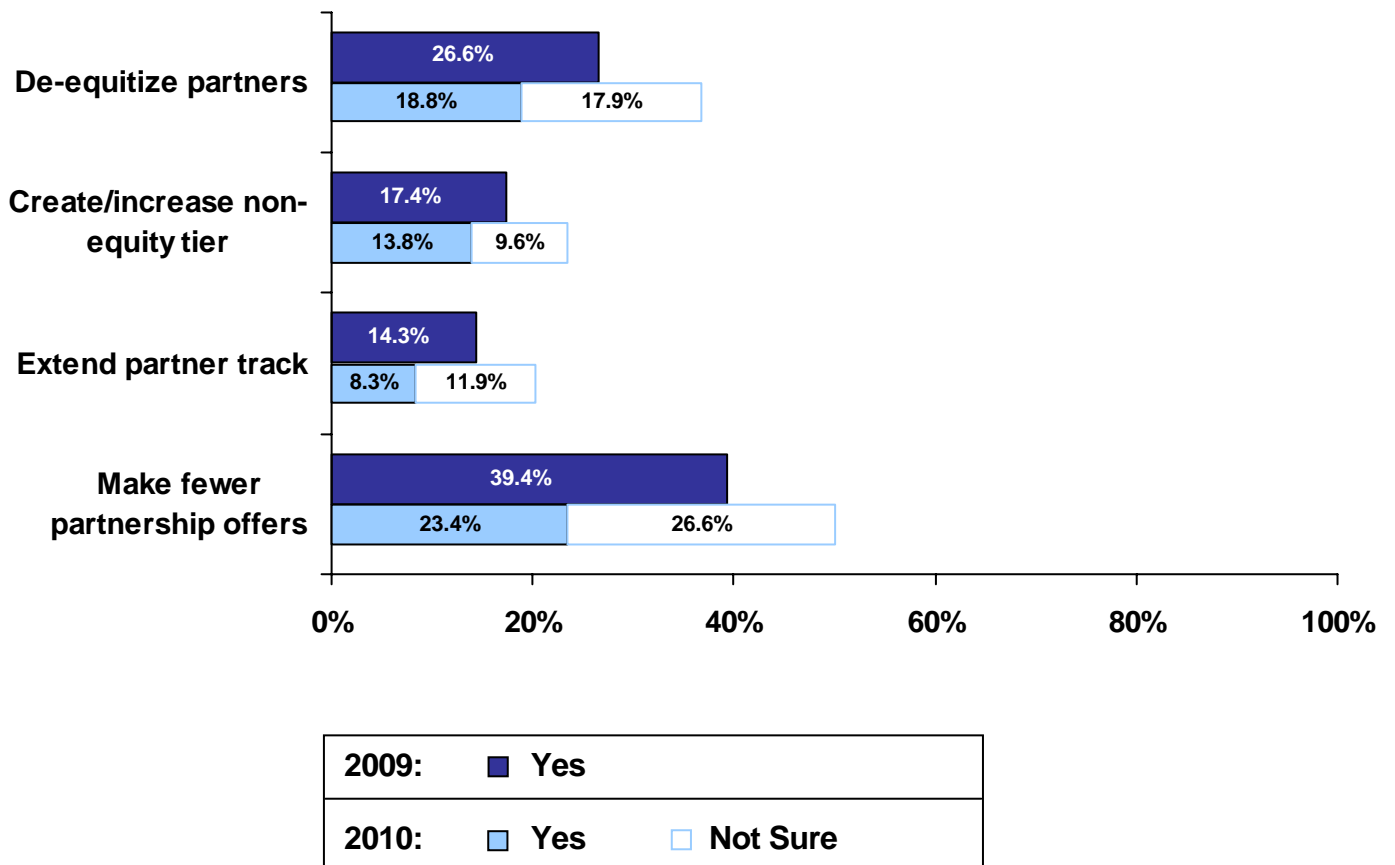
About Altman Weil, Inc.

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.

Partnership Structure: 2009-2010

Did your firm do any of the following in 2009? Will you do so in 2010?

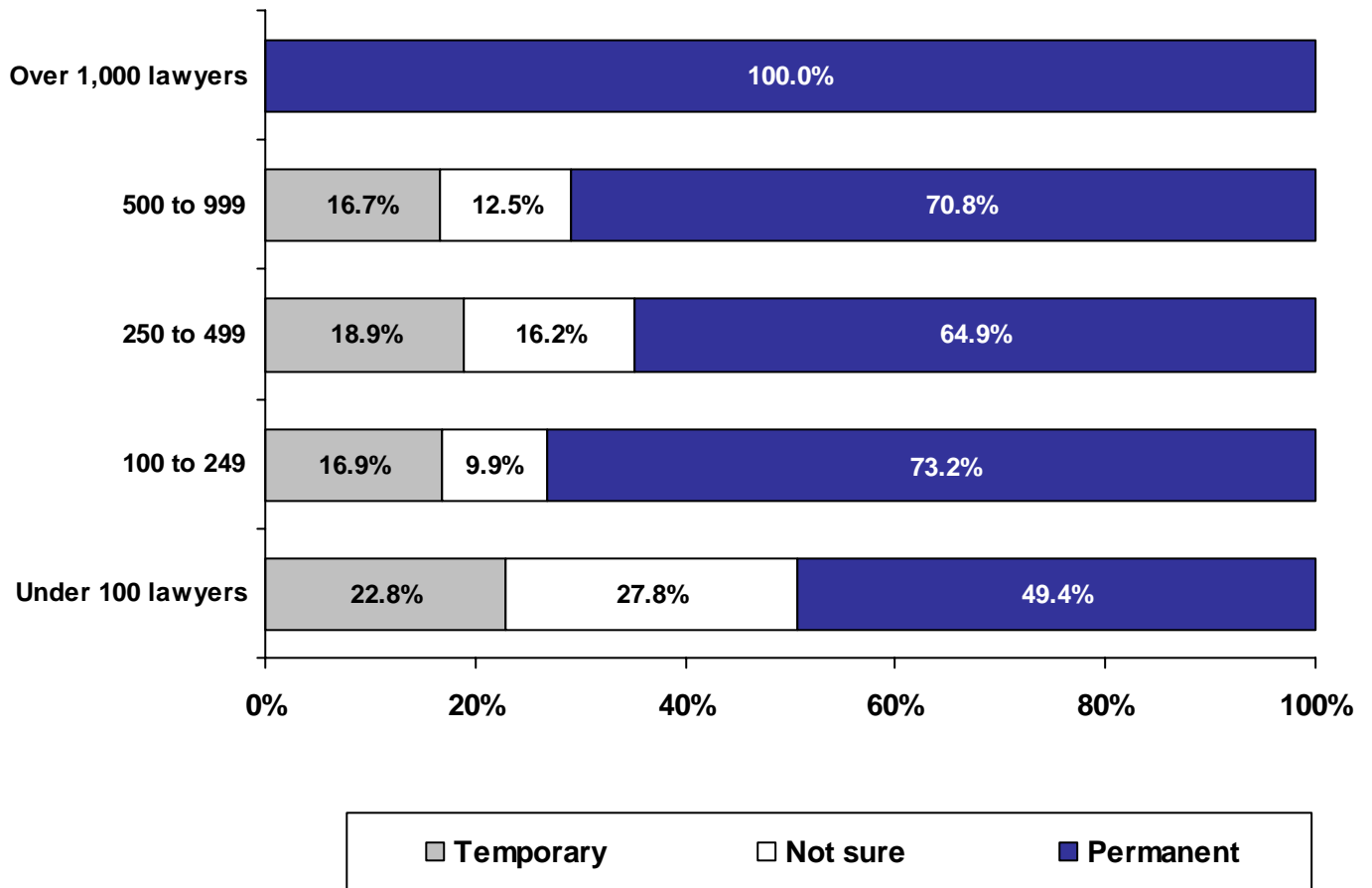
All firms



Fewer Equity Partners - Future

In light of the events of 2009, do you think fewer equity partners is a temporary trend or will it be adopted as standard by most firms going forward?

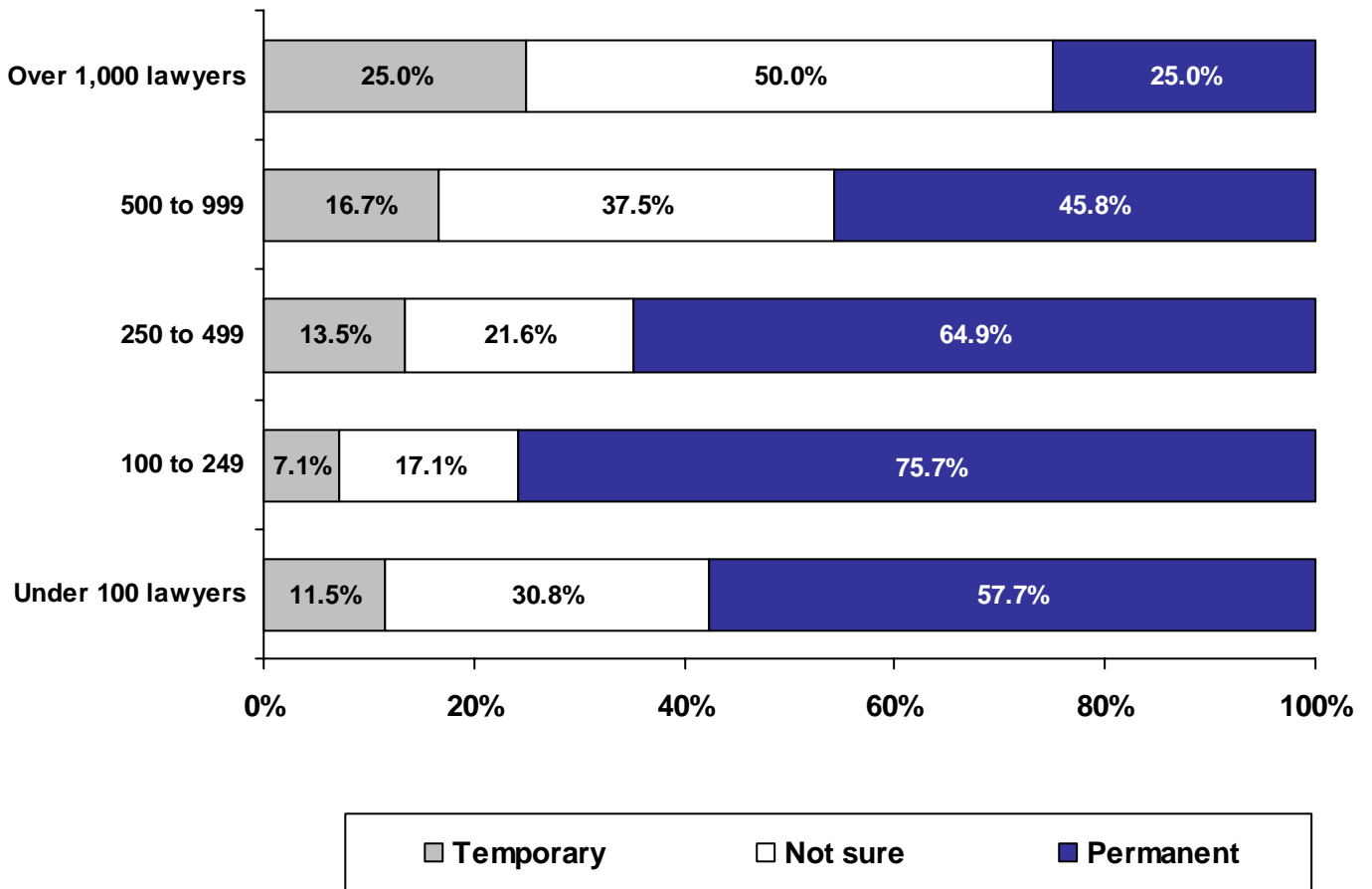
By firm size



More Non-Equity Partners - Future

In light of the events of 2009, do you think more non-equity partners is a temporary trend or will it be adopted as standard by most firms going forward?

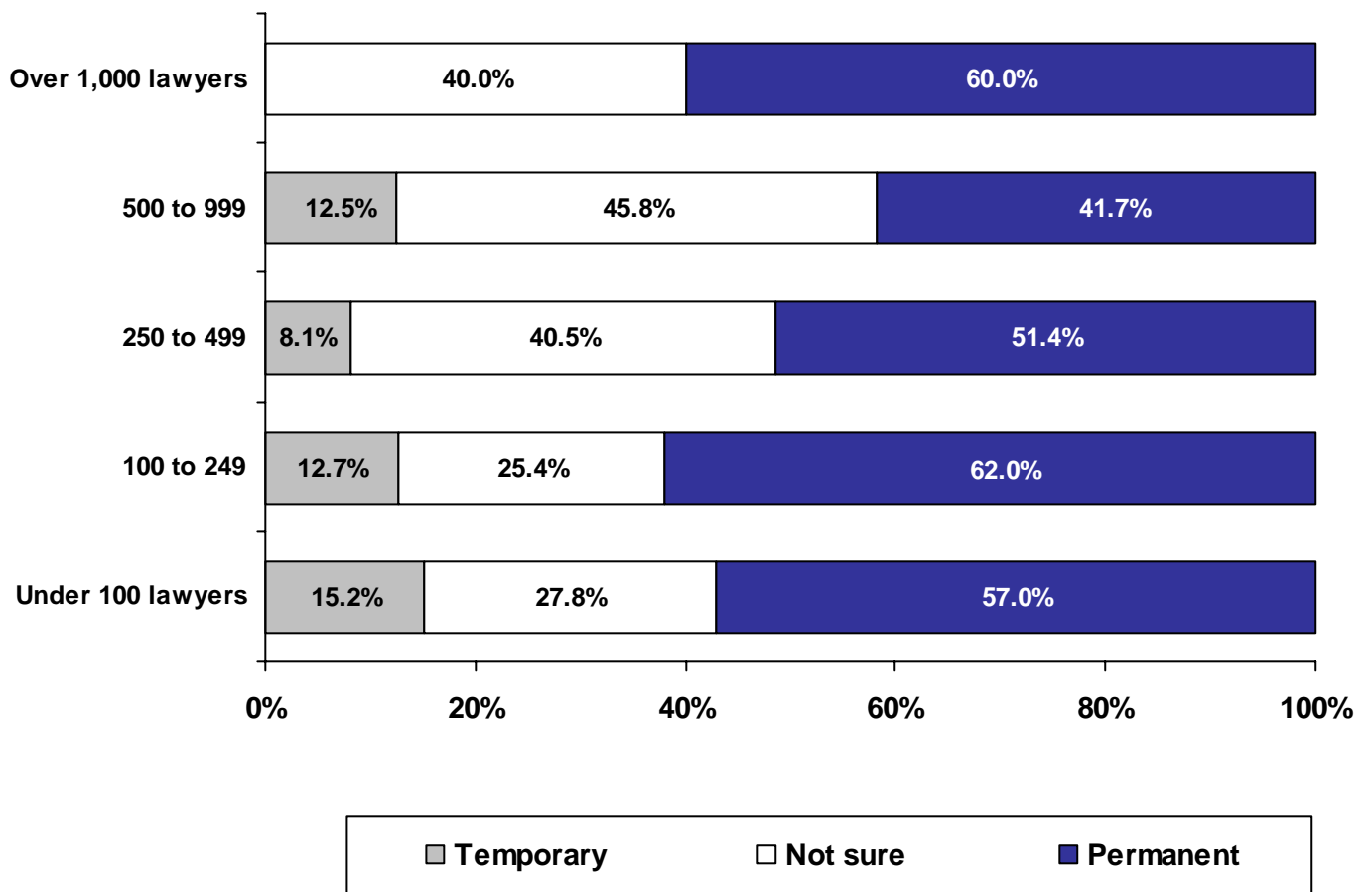
By firm size



Longer Partner Track - Future

In light of the events of 2009, do you think a longer partner track is a temporary trend or will it be adopted as standard by most firms going forward?

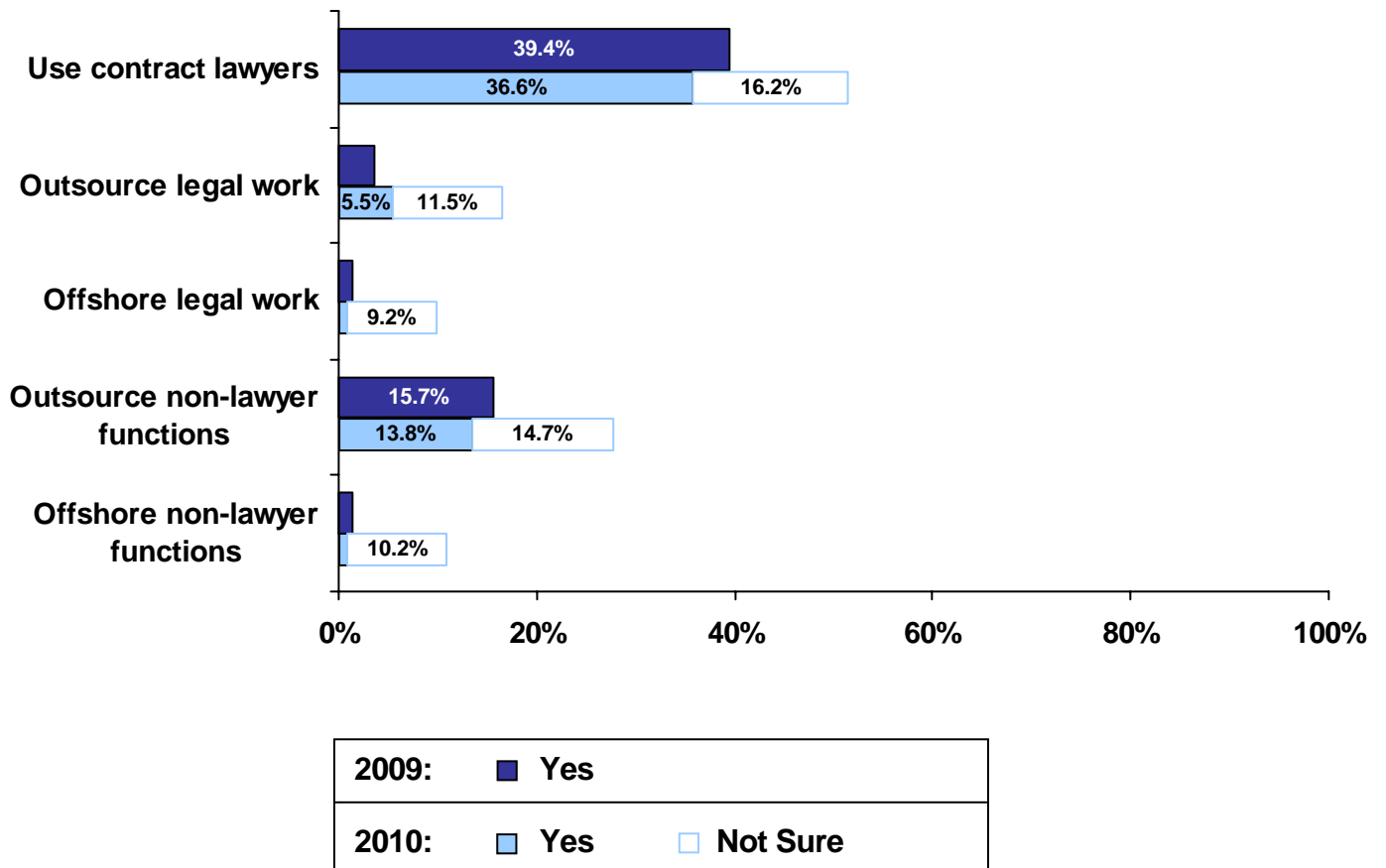
By firm size



Staffing Alternatives: 2009-2010

Did your firm do any of the following in 2009? Will you do so in 2010?

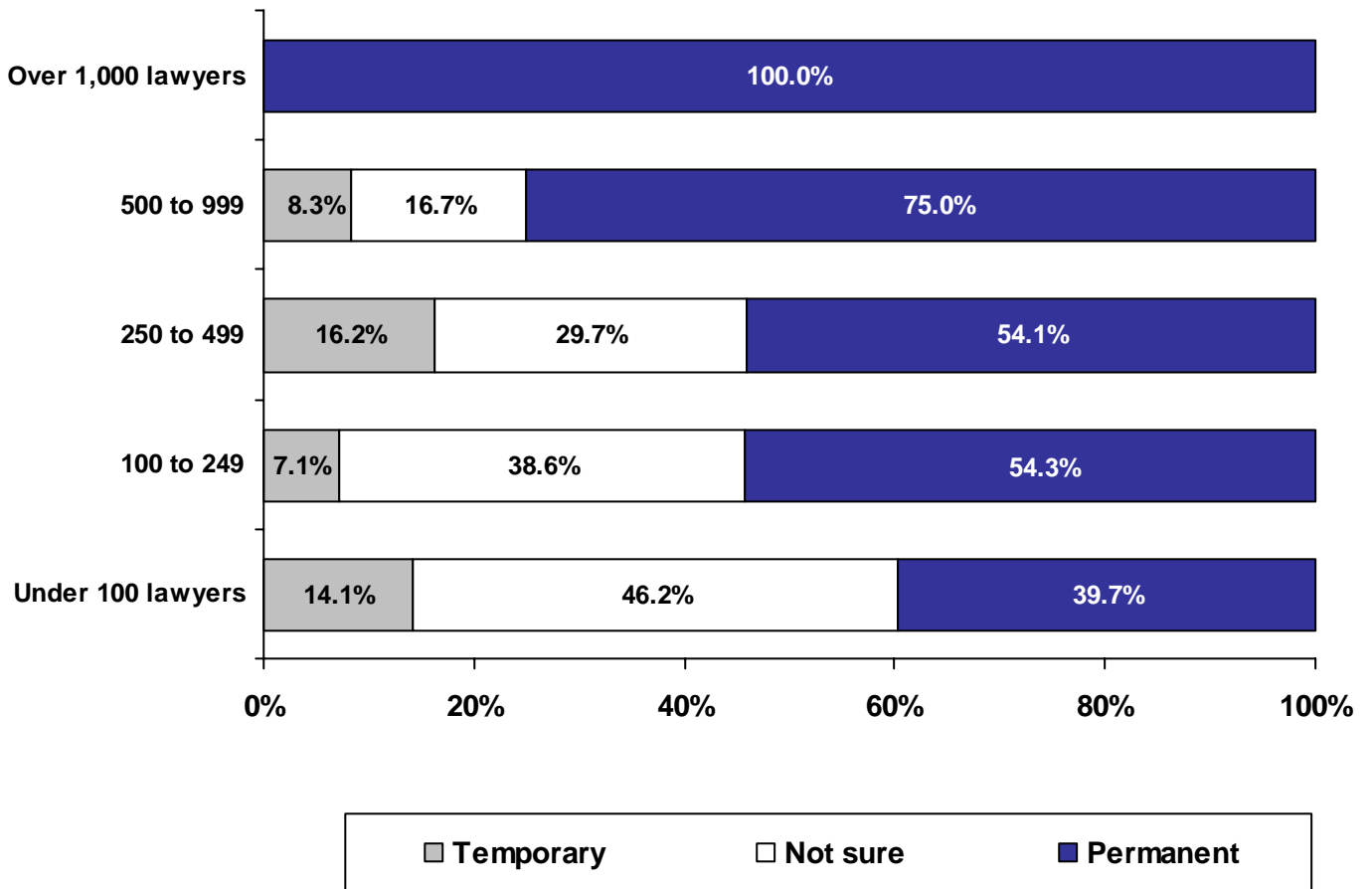
All firms



More Contract Lawyers - Future

In light of the events of 2009, do you think more contract lawyers is a temporary trend or will it be adopted as standard by most firms going forward?

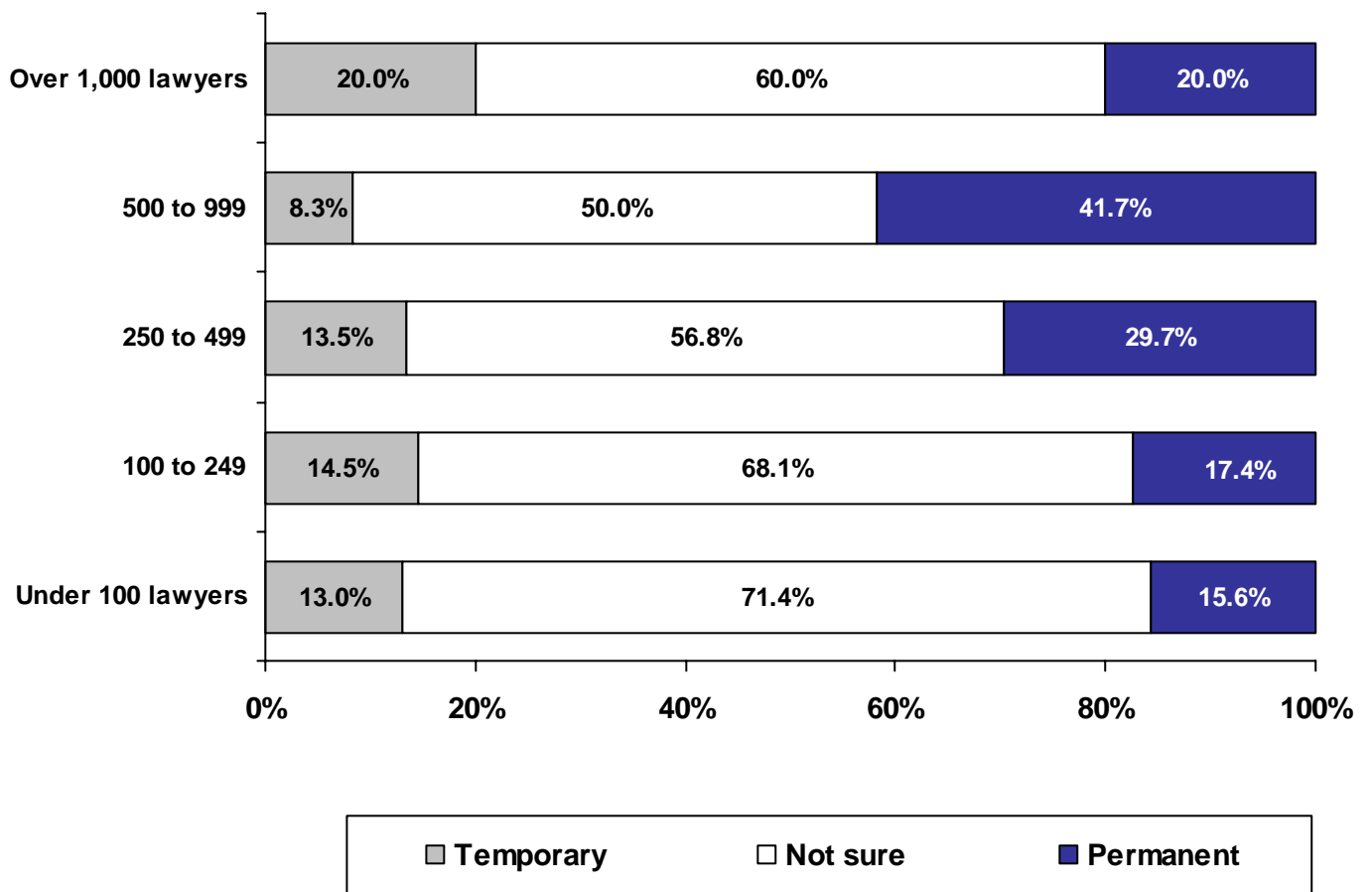
By firm size



Offshoring Legal Work - Future

In light of the events of 2009, do you think offshoring legal work is a temporary trend or will it be adopted as standard by most firms going forward?

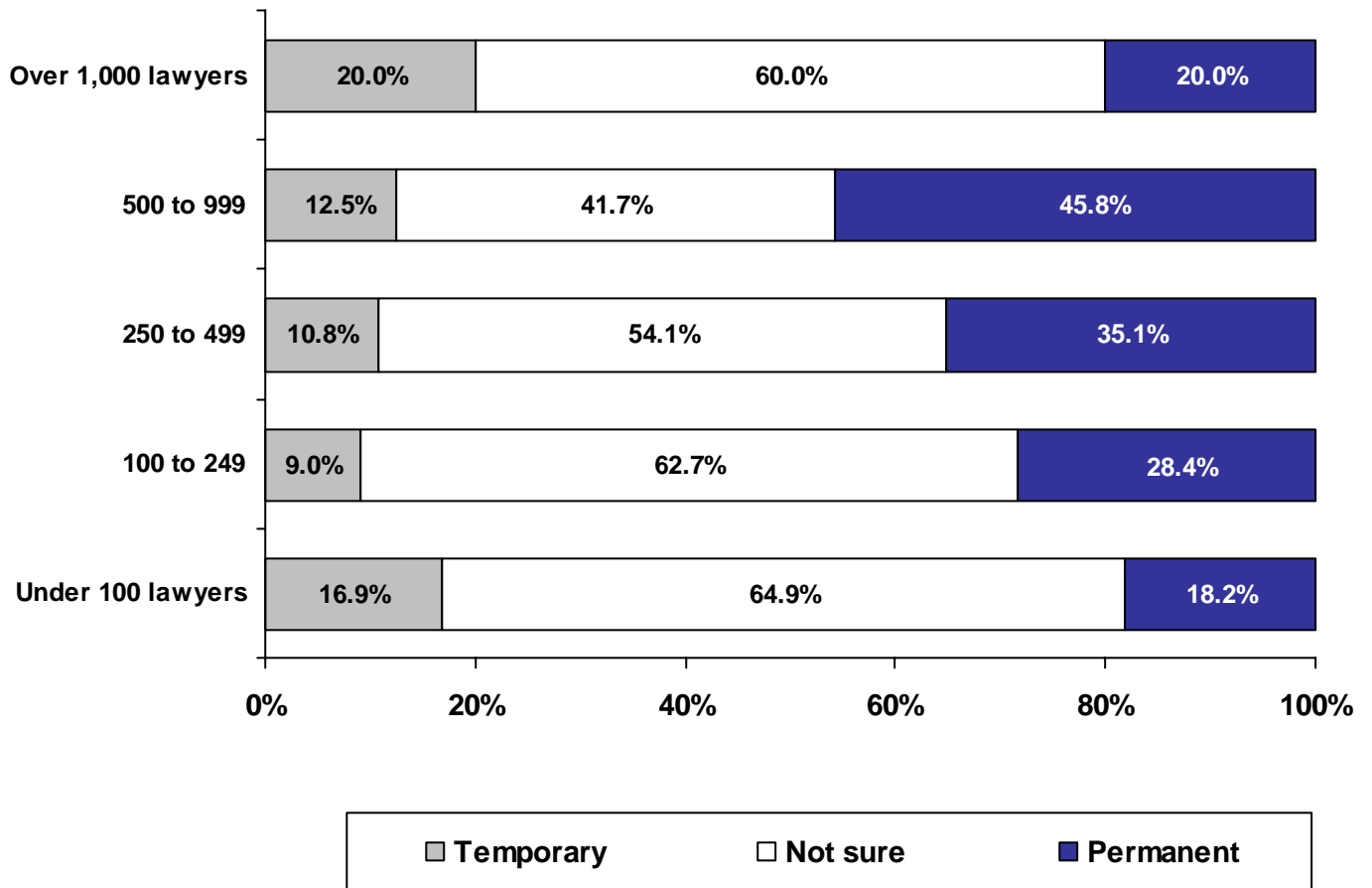
By firm size



Outsourcing Legal Work - Future

In light of the events of 2009, do you think outsourcing legal work is a temporary trend or will it be adopted as standard by most firms going forward?

By firm size



Demographics

In April and May 2010, Altman Weil surveyed Managing Partners and Chairs at 787 law firms with 50 or more lawyers. We received responses from 218 firms for a 28% response rate.

Firm Size	All US Law Firms	Survey Participants	% Response
1,000 +	19	5	26%
500 – 999	62	24	39%
250 – 499	83	37	46%
100 – 249	253	71	28%
50 – 99	370	81	22%
All	787	218	28%

The respondent group includes:

- 38% of 2009 NLJ 250 law firms
- 37% of 2010 AmLaw 200 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 2010. Survey participants reported their own headcounts.

* Five firms invited to participate in the 50-100 lawyer category reported their size as under 50 at the time of the survey. We have included their responses in the 50-99 lawyer category.