

Law Firm Leaders Survey 2008

The Year Ahead

Looking ahead to 2009, with respect to your law firm, you are:

| | Percentage |
|-------------|------------|
| Optimistic | 38% |
| Pessimistic | 10% |
| Uncertain | 53% |

How do you expect the deal flow in 2009 to compare with 2008?

| | Percentage |
|-----------|------------|
| Increase | 29% |
| Stay flat | 39% |
| Decrease | 31% |

In which practice area do you expect to see the most revenue growth in 2009?

| | Percentage |
|--------------------------|------------|
| Litigation | 42% |
| Bankruptcy/restructuring | 35% |
| Intellectual property | 11% |
| Corporate | 7% |
| Real estate | - |
| Other | 5% |

In 2009, the percentage of your firm's work that originates from outside the United States will:

| | Percentage |
|------------------------|------------|
| Increase significantly | 4% |
| Increase moderately | 58% |
| Stay flat | 37% |
| Decrease moderately | 1% |
| Decrease significantly | - |

By how much do you expect head count at your firm to change in 2009?

| | Percentage |
|----------------------------------|------------|
| Increase by more than 10 percent | 7% |
| Increase by 5-10 percent | 34% |

| | |
|----------------------------------|-----|
| Increase by less than 5 percent | 31% |
| Remain the same | 21% |
| Decrease by less than 5 percent | 4% |
| Decrease by 5-10 percent | 2% |
| Decrease by more than 10 percent | - |

How will the size of your first-year associate class of 2009 compare with that of the 2008 class?

| | Percentage |
|---------------------|------------|
| It will be larger | 11% |
| It will be the same | 46% |
| It will be smaller | 43% |

In which practice area do you expect to see the biggest growth in head count during 2009?

| | Percentage |
|---------------------------|------------|
| Litigation | 51% |
| Intellectual property | 18% |
| Bankruptcy/ restructuring | 15% |
| Corporate | 11% |
| Real estate | - |
| Other | 5% |

How much of a problem is associate retention for your firm?

| | Percentage |
|-----------------|------------|
| A major problem | 7% |
| A minor problem | 46% |
| Not a problem | 46% |

How do you expect the U.S. economy to perform in 2009?

| | Percentage |
|------------------|------------|
| Grow rapidly | 1% |
| Grow slightly | 17% |
| Flat growth | 38% |
| Decline slightly | 32% |
| Decline sharply | 12% |

What will you do with billing rates for 2009?

| | Percentage |
|--------------------------------------|------------|
| Increase them by more than 5 percent | 35% |
| Increase them by 5 percent or less | 63% |

| | |
|---------------------------------|----|
| Hold them flat or decrease them | 3% |
|---------------------------------|----|

What changes are you currently seeing in client behavior regarding billing?

| | Percentage |
|---|------------|
| More clients are requesting discounts | 75% |
| Clients are paying bills later | 65% |
| Clients are requesting deeper discounts | 51% |
| Other | 8% |
| Multiple responses were allowed. | |

With respect to profits per partner, in 2009 you expect:

| | Percentage |
|---------------------------------------|------------|
| They will grow by more than 5 percent | 23% |
| They will grow by 5 percent or less. | 43% |
| They will be flat or decrease | 35% |

In light of forecasts of flat or reduced profits per partner for the Am Law 200, how would you characterize the morale among the partners at your firm?

| | Percentage |
|----------------------|------------|
| Very optimistic | 8% |
| Somewhat optimistic | 41% |
| Neutral | 39% |
| Somewhat pessimistic | 13% |
| Very pessimistic | - |

As of today, how much debt is your firm carrying?

| | Percentage |
|--------------------------|------------|
| None | 39% |
| Less than \$5 million | 19% |
| \$5 million-\$10 million | 9% |
| More than \$10 million | 33% |

How does your firm's level of debt in 2008 compare with 2007?

| | Percentage |
|---------------------|------------|
| We borrowed more | 8% |
| We borrowed less | 17% |
| It's about the same | 75% |

Does your firm plan to increase the capital contribution of the partners over the next year?

| | Percentage |
|------------------------------|------------|
| Yes, by less than 5 percent | 34% |
| Yes, by 5-10 percent | 12% |
| Yes, by more than 10 percent | 6% |
| No | 49% |

Is your firm looking for a merger partner?

| | Percentage |
|-----|------------|
| Yes | 25% |
| No | 75% |

Generally, do you think the nation is headed in the right direction?

| | Percentage |
|-----|------------|
| Yes | 28% |
| No | 72% |

Ten-year Outlook

Over the next ten years, do you think your firm will outsource more of its legal work to lower-cost jurisdictions either offshore or within the U.S.?

| | Percentage |
|-----|------------|
| Yes | 38% |
| No | 62% |

Over the next ten years, do you think your firm will adopt a more varied associate structure? (For example, a lower percentage of partner-track hires, a higher percentage of contract and staff lawyers, etc.)

| | Percentage |
|-----|------------|
| Yes | 76% |
| No | 24% |

Over the next ten years, do you think your firm will reduce the percentage of equity partners and increase the percentage of non-equity partners?

| | Percentage |
|-----|------------|
| Yes | 68% |
| No | 32% |

Some high-profile general counsel have suggested that due to the advent of new technology and increased commoditization of legal services, many, if not most, Am Law 200 firms will have to change their business and billing practices. Do you agree?

| | Percentage |
|-----|------------|
| Yes | 69% |
| No | 31% |

Firm Management

Do you spend more than half of your time on firm management?

| | Percentage |
|-----|------------|
| Yes | 87% |
| No | 13% |

How many lawyers in your firm spend more than half of their time on firm management?

| | Percentage |
|---------------|------------|
| None | 10% |
| Five or fewer | 76% |
| Six to ten | 13% |
| 11-20 | 2% |
| More than 20 | - |

In the last 12 months, how many of the firm's 20 top billing clients have you met with to discuss the client's satisfaction with your firm's performance?

| | Percentage |
|---------------|------------|
| None | 6% |
| Five or fewer | 48% |
| Six to ten | 28% |
| 11-15 | 14% |
| 16-19 | 2% |
| All 20 | 2% |

(The American Lawyer, December 2008)