

The MPF 2021 Law Firm Leadership Survey Results

May 2021



Table of Contents

- Survey Objectives and Methodology
- Participating Law Firms
- You and Your Role as Firm Leader
- Firm Governance Models
- Strategic Planning and Implementation
- Marketing and Business Development
- Key Performance Indicators (KPIs)
- Impact of COVID-19 Pandemic

Business Partners



Survey Objectives and Methodology

Survey Objectives

- Create the most comprehensive survey about how smaller and mid-size US and Canadian law firms are evolving and adapting to the changing marketplace for legal services
- Provide important benchmarking data to help law firms operate in a more profitable and business-like manner
- Assist law firm leaders to be more effective in their challenging, and increasingly important, roles
- Understand the strategic priorities of mid-size law firms, including their investments in marketing, business development and technology
- Identify how law firms are using KPIs and metrics to measure and improve firm performance and profitability
- Determine how law firms are evolving beyond the COVID-19 pandemic and resetting for the future

Methodology

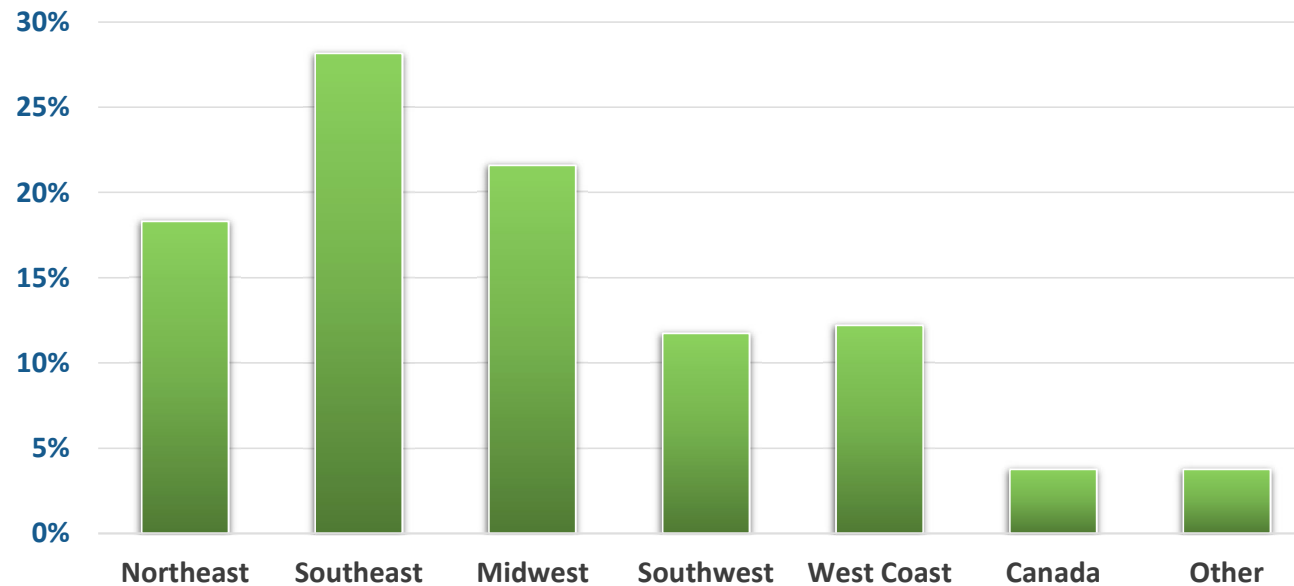
- Confidential, online survey with 48 questions
- 213 managing partners and law firm leaders participated
- Firms ranging in size from 10-200 lawyers
- Conducted in April 2021

About Participating Law Firms

How many lawyers practice at your firm?

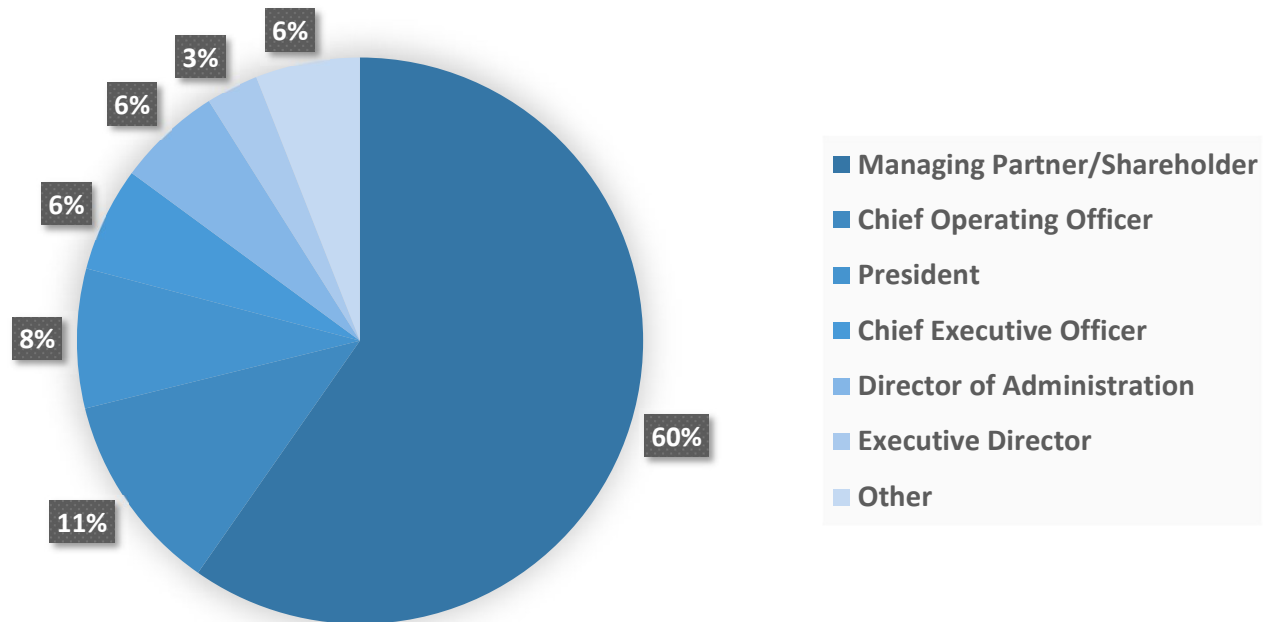


In which region does your firm concentrate its practice?

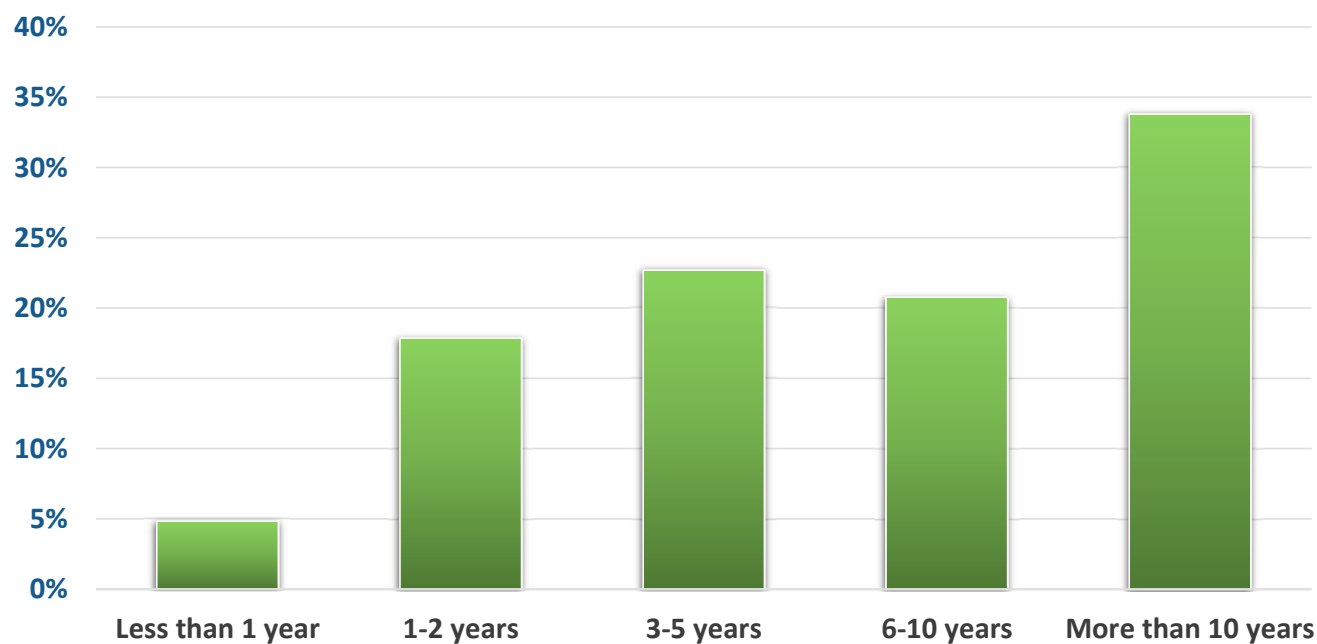


About You and Your Role as Firm Leader

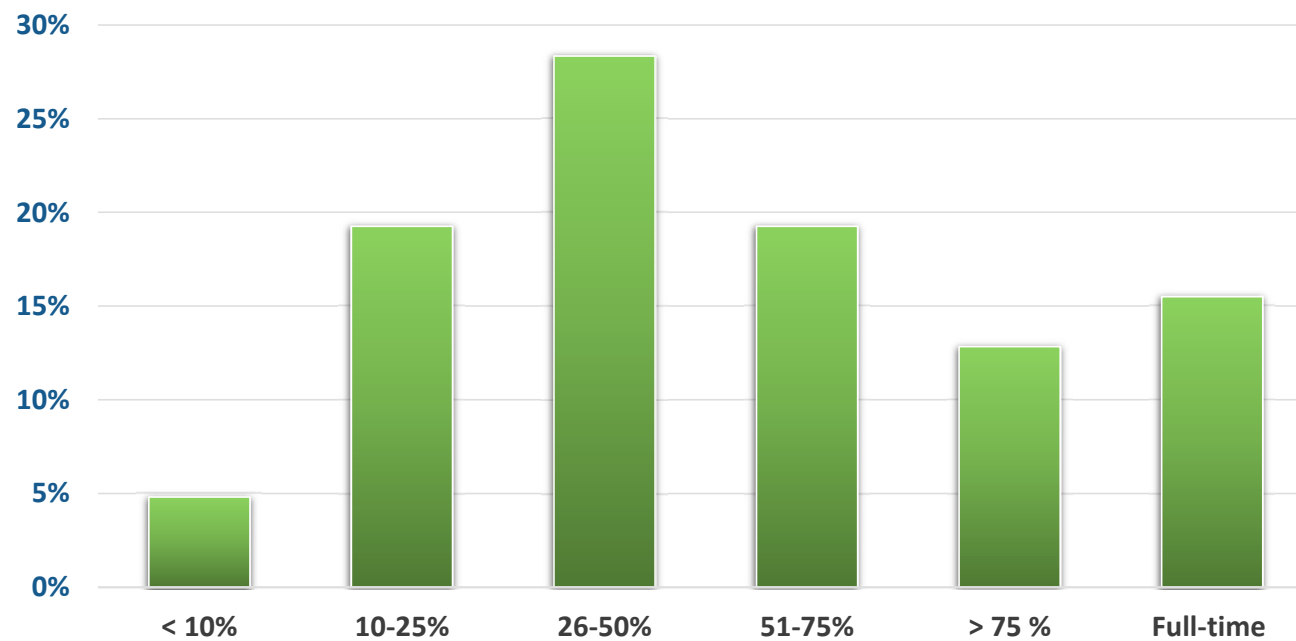
What is your leadership title?



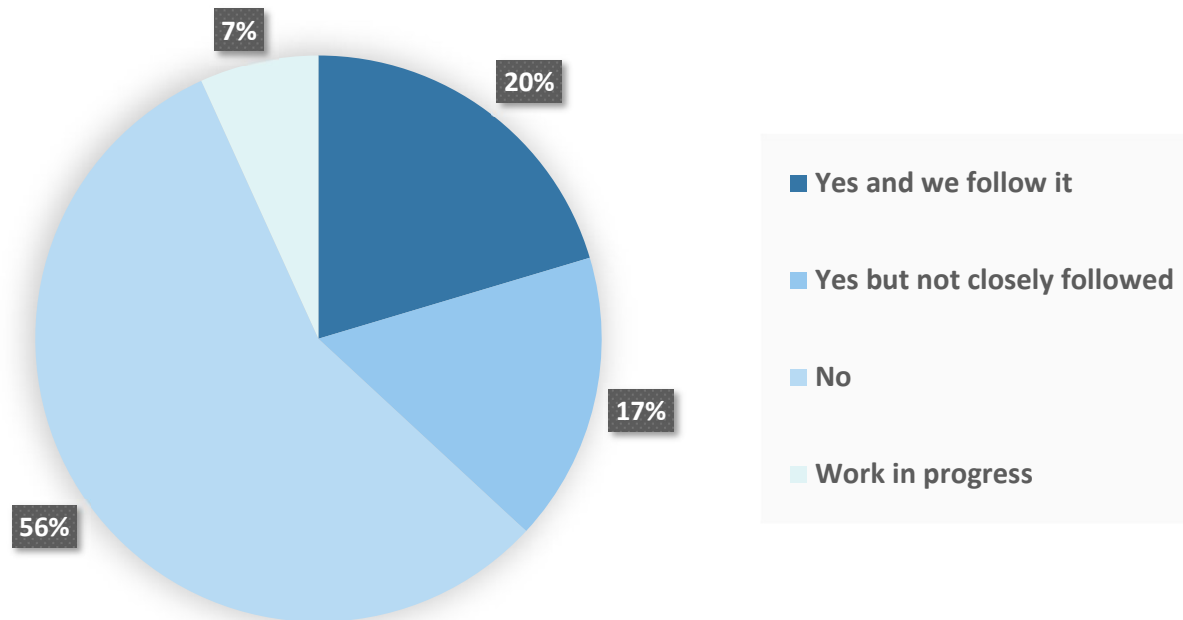
How long have you served in your current leadership role?



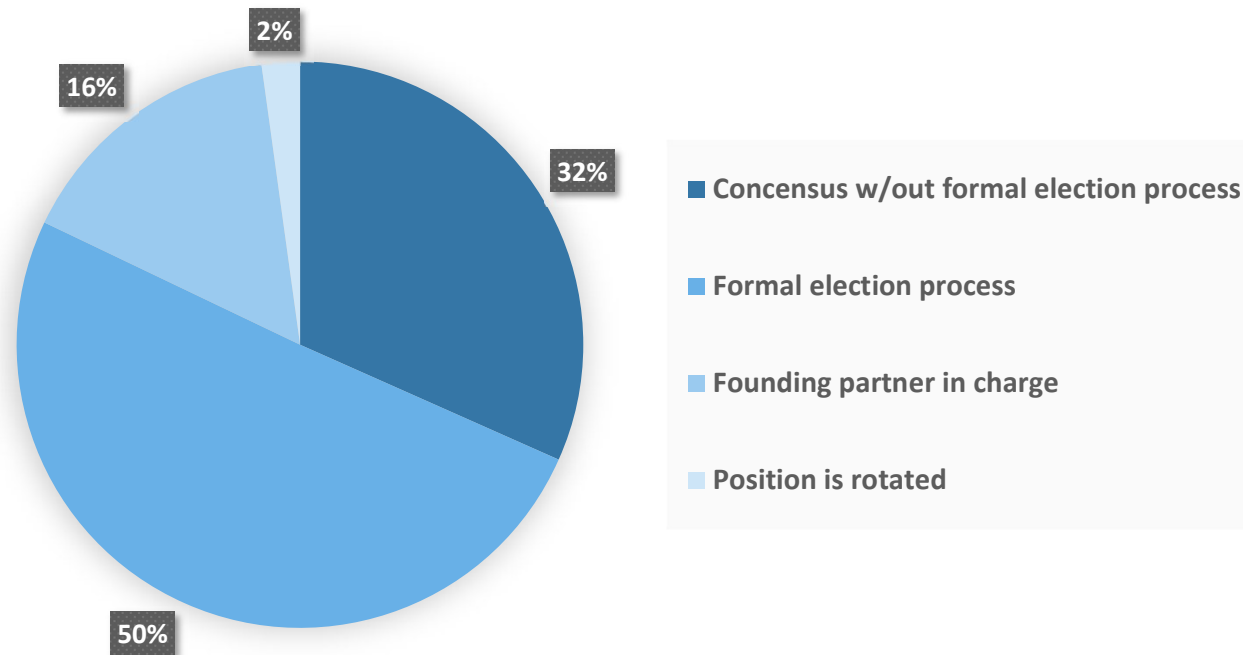
How much time do you invest in your leadership role?



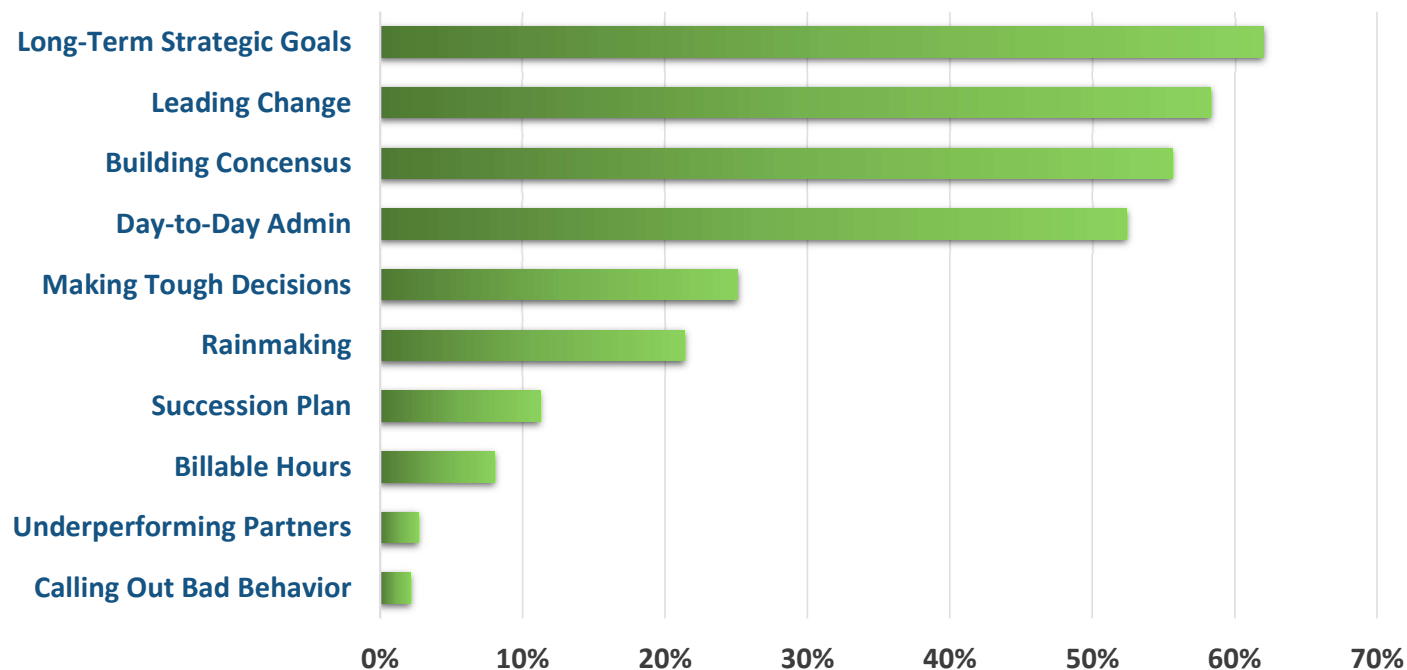
Do you have a formal job description?



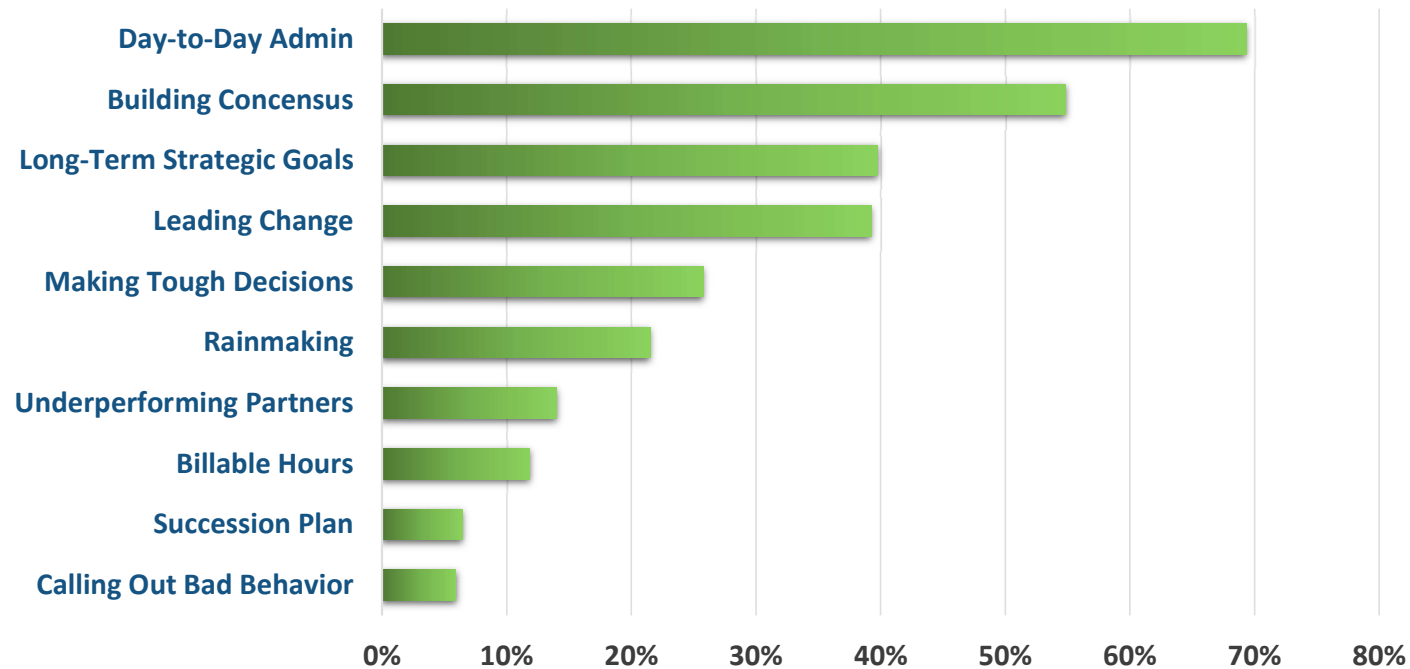
How does your firm select its managing partner/firm leader?



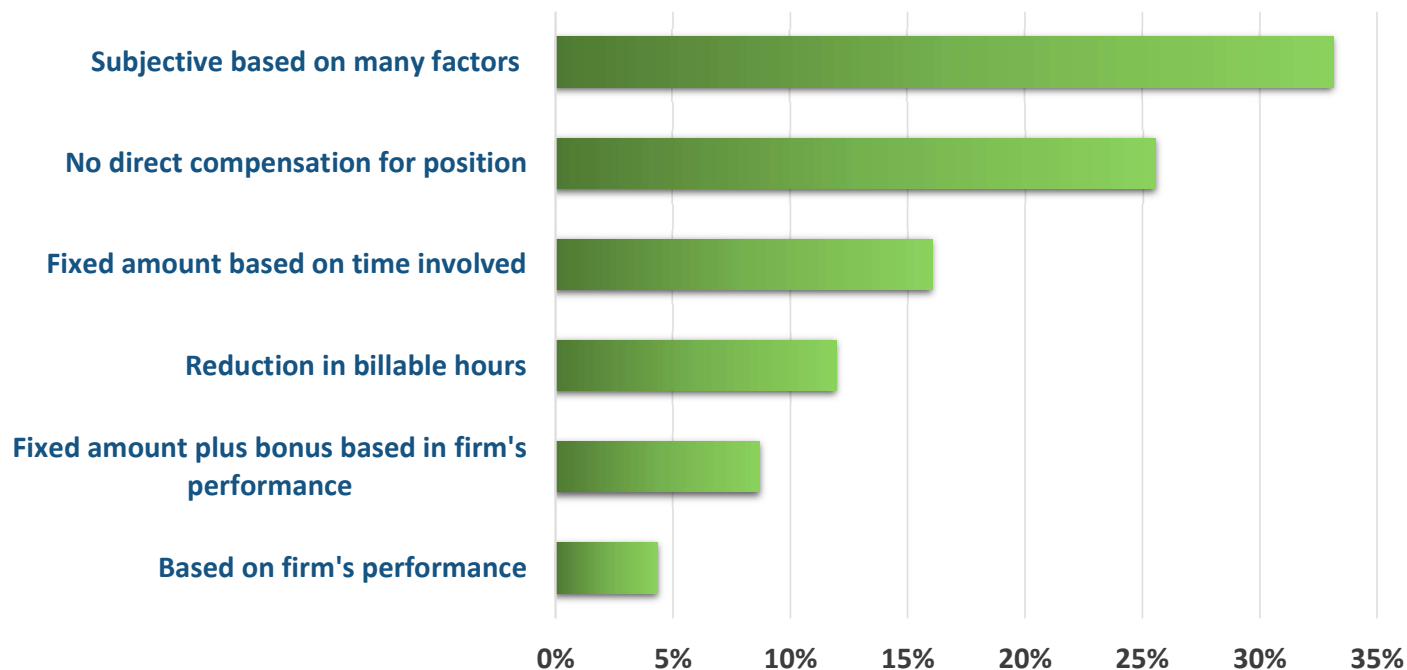
What are your most important contributions as firm leader?



Where do you spend your time in your leadership role?



How are you compensated for your role as firm leader?



Additional comments on compensation

- Compensated based on historical MP compensation plus recognition of book of business.
- All compensation is subjective in our firm based on a variety of factors.
- We are finally providing a discretionary bonus to all 4 members of the management committee ... But the total last year 45k on revenue on 19.5 million.
- Prior MP didn't bill time. I've tried to keep my practice going, but it is proving impossible with all the day-to-day requirements of the position.
- 2% of the year-end net profits.
- Nothing extra; I'm paid like everyone else.
- Paid like other shareholders and evaluated based upon my individual performance, including those associated with my role as managing partner.

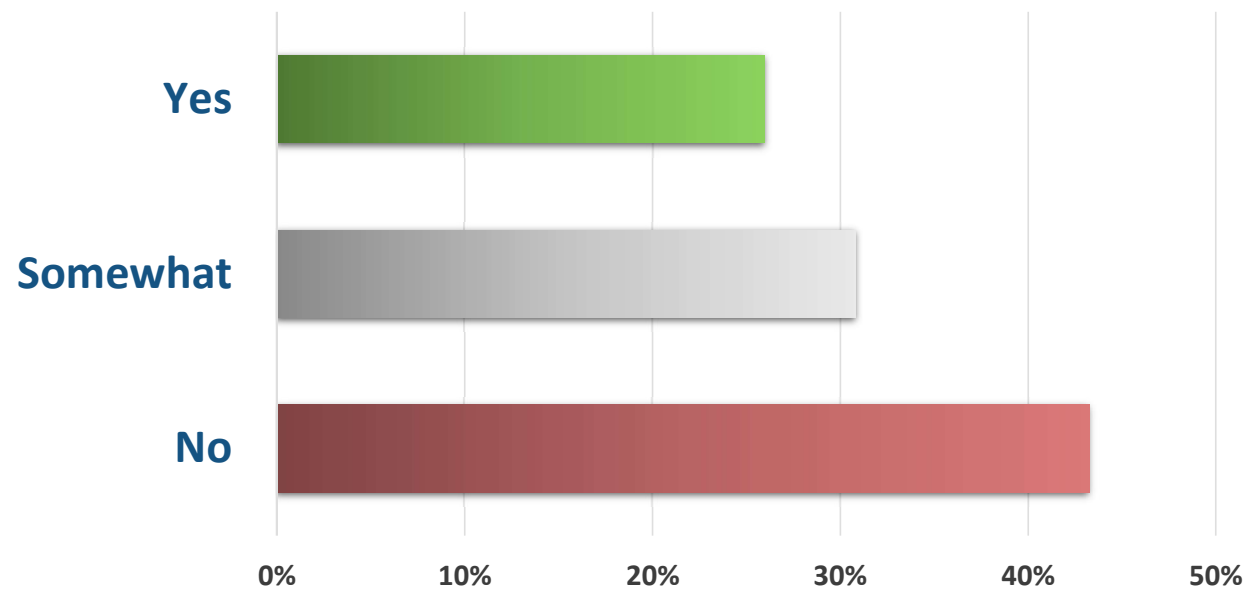
Additional comments on compensation

- Fixed annual amount in addition to equity partner income.
- Percentage of earnings.
- Fixed Amount Regardless of Time Spent or Firm Performance.
- MP is paid a fixed amount, with % of financial contributions, but formula/arrangement is only known within closed doors of Compensation Committee.
- Compensated only on profitability.
- CEO position therefore no "traditional" managing partner role.
- % of firm ownership + end of year bonus.

Additional comments on compensation

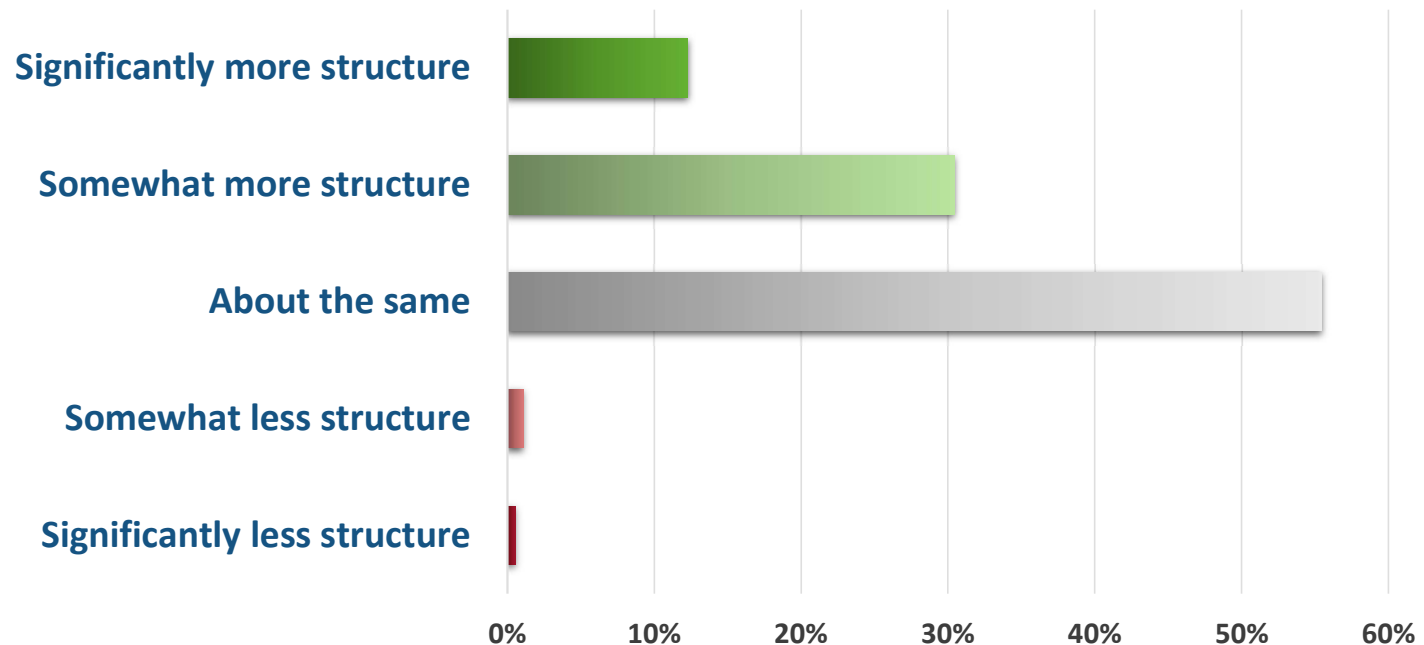
- Flat stipend for a year of service.
- Additional ownership points for role.
- The difference between my compensation and the top 5 equity partners is minimal -- a very slight bump.
- MP receives a fixed amount in addition to his/her participation in regular Shareholder Compensation Plan that largely rewards individual production.
- Stipend.
- Generally under appreciated and under compensated.
- I have no billable hour requirement.

Are you grooming your successor?

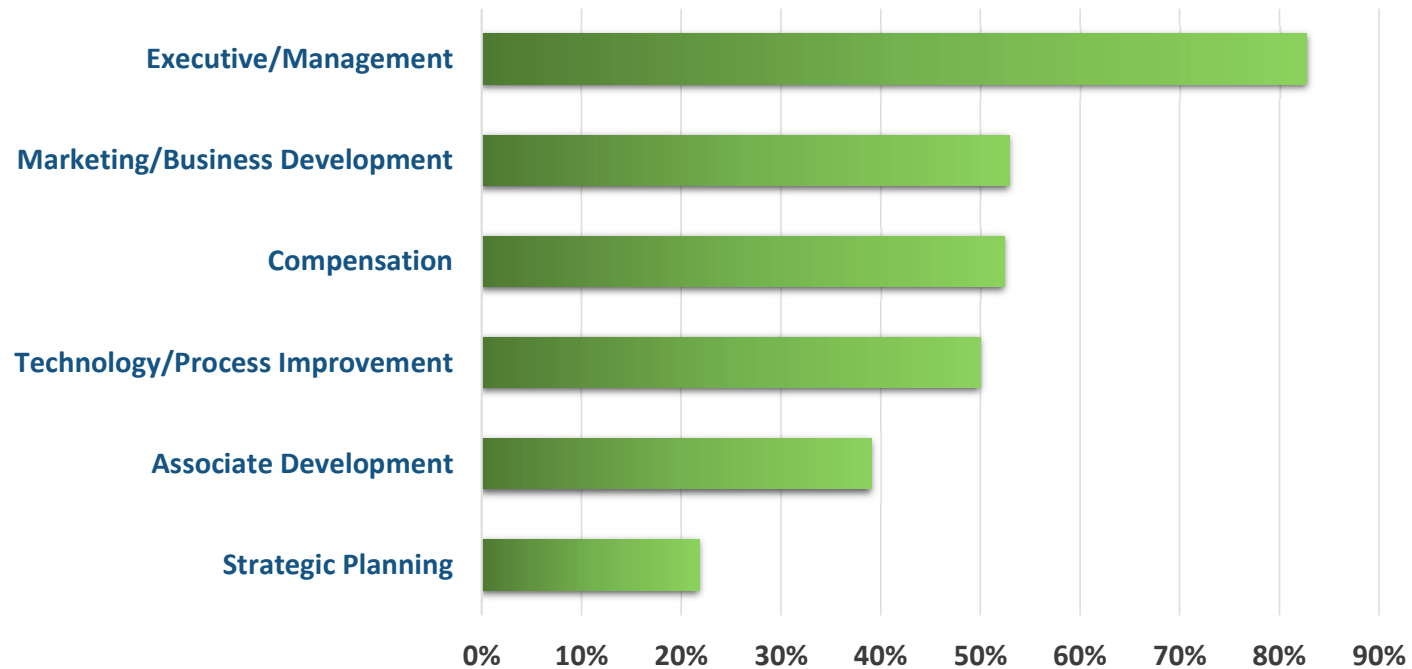


About Your Firm's Governance Model

Any changes to your firm's governance model in last five years?



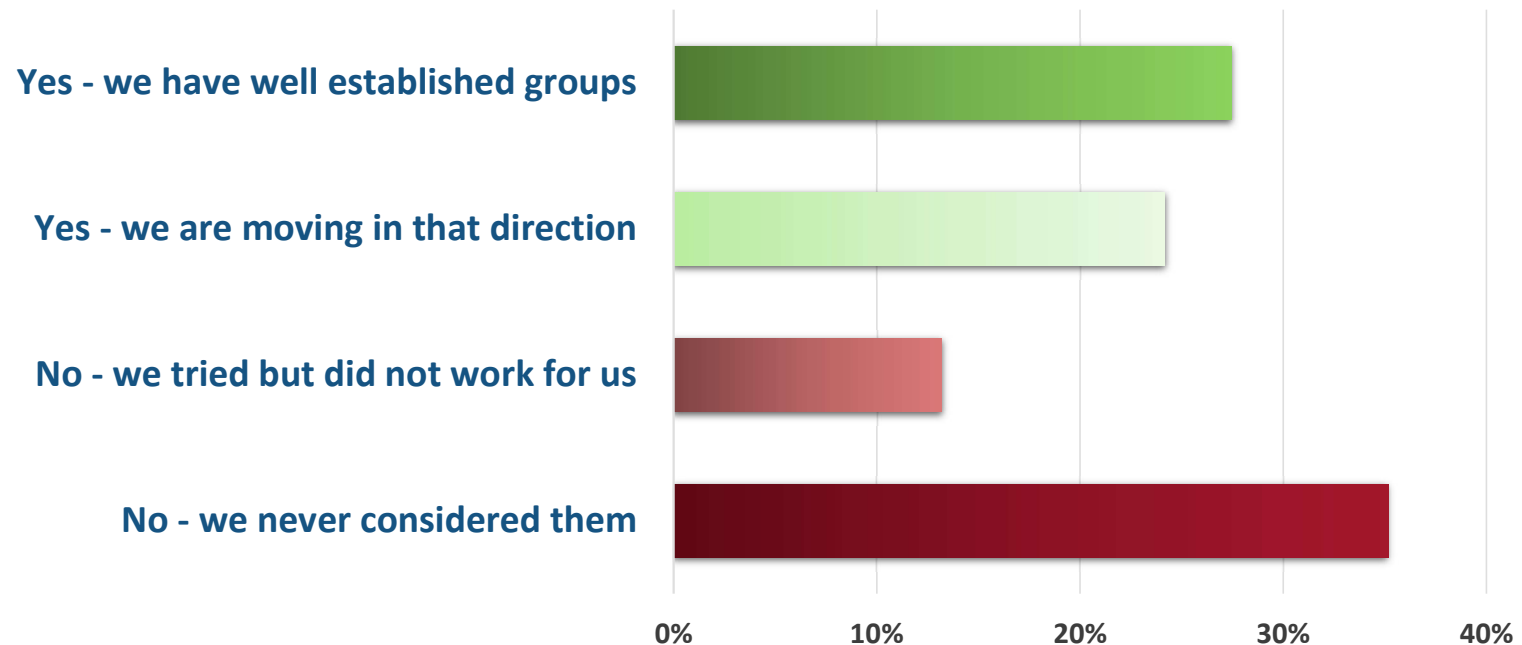
What standing committees does your firm have in place?



Other committees mentioned

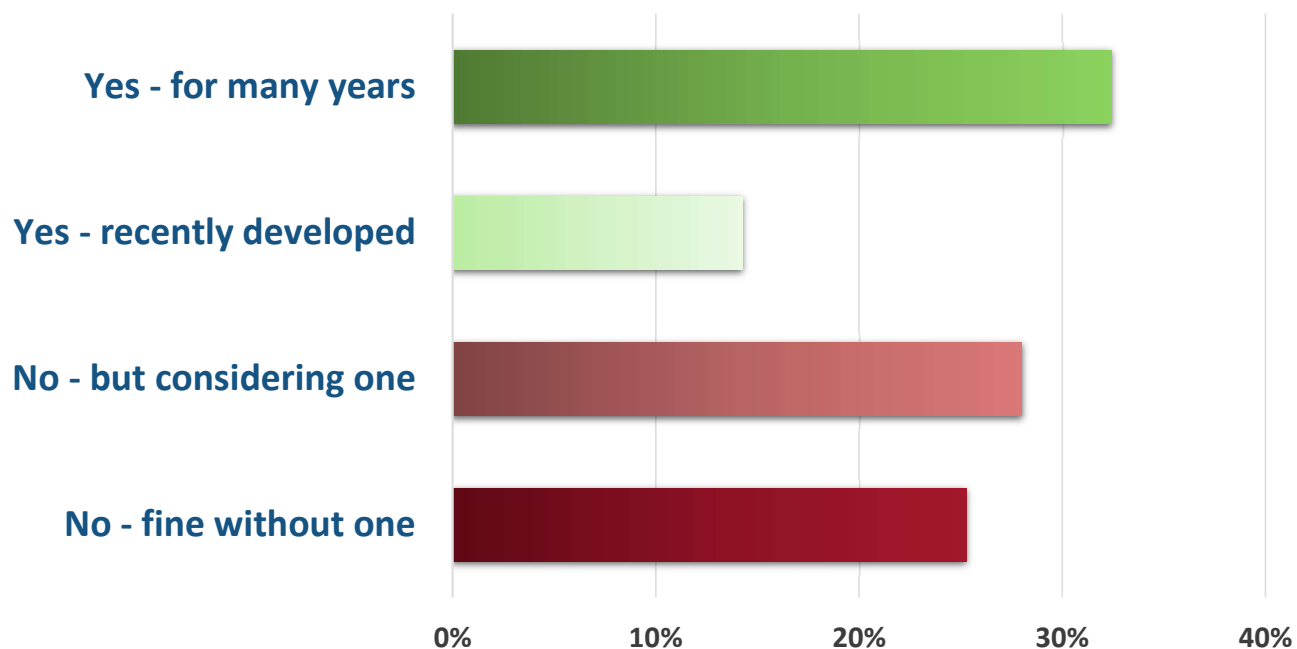
- Diversity and Inclusion - 14 mentions
- Hiring/Recruiting - 7 mentions
- Pension/Retirement - 3 mentions
- Partner Admission - 3 mentions
- Investment - 2 mentions
- Culture - 2 mentions
- Growth/Lateral - 2 mentions
- Charitable Giving - 2 mentions
- Return to Office/Remote workplace - 2 mentions
- Next Gen, Employee Relations, Innovation, Pro-Bono, Risk Management, Benefits, Social - 1 mention each

Does your firm have industry practice groups in place?

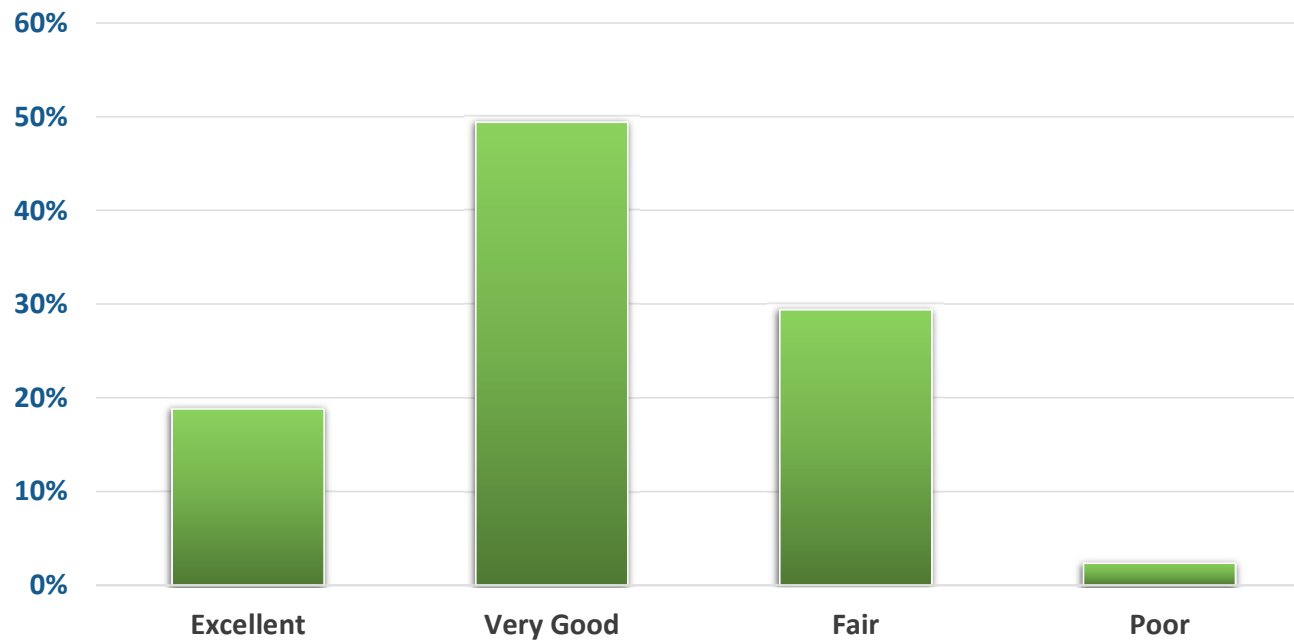


About Strategic Planning and Implementation

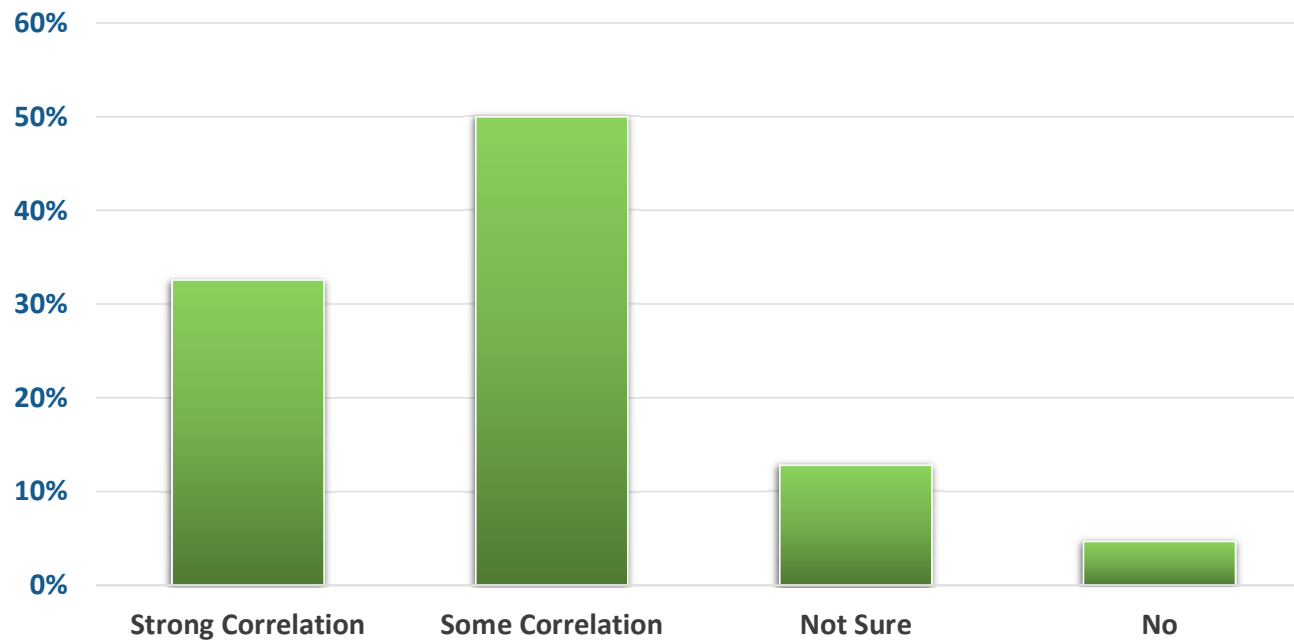
Does your firm have a written firm-wide strategic plan?



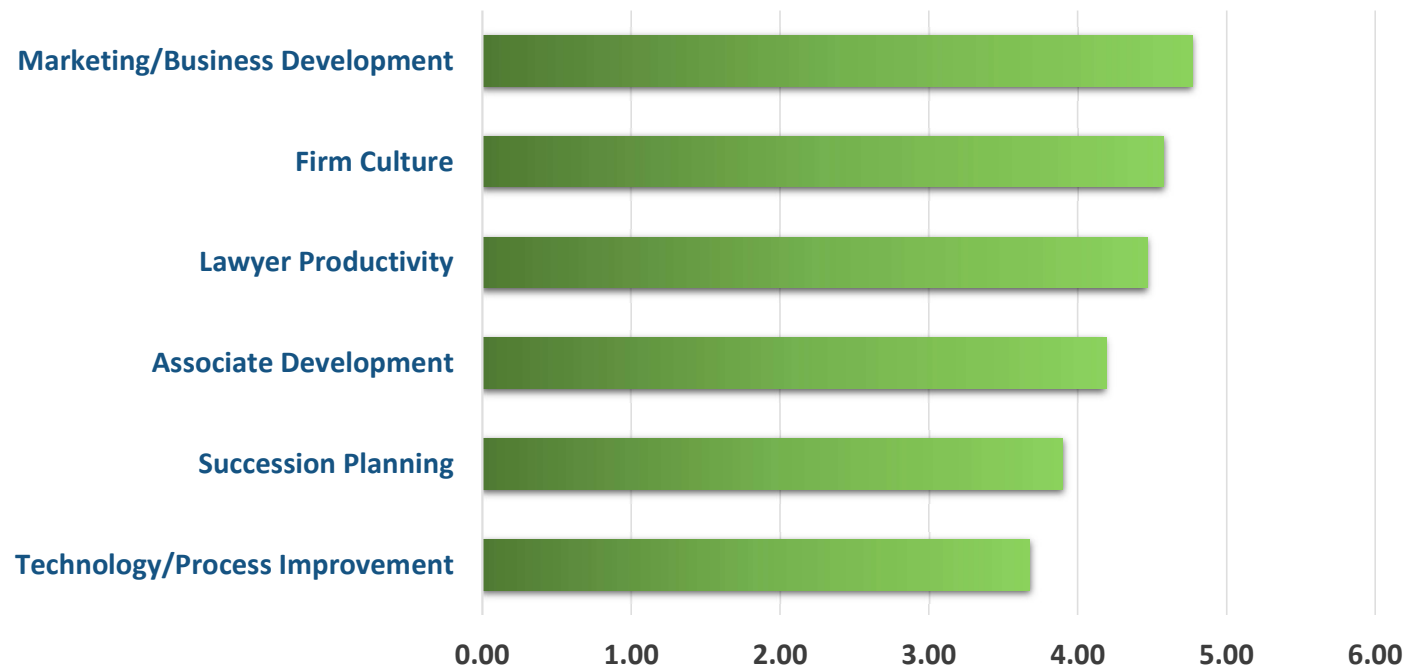
If yes, how well does your firm implement its goals?



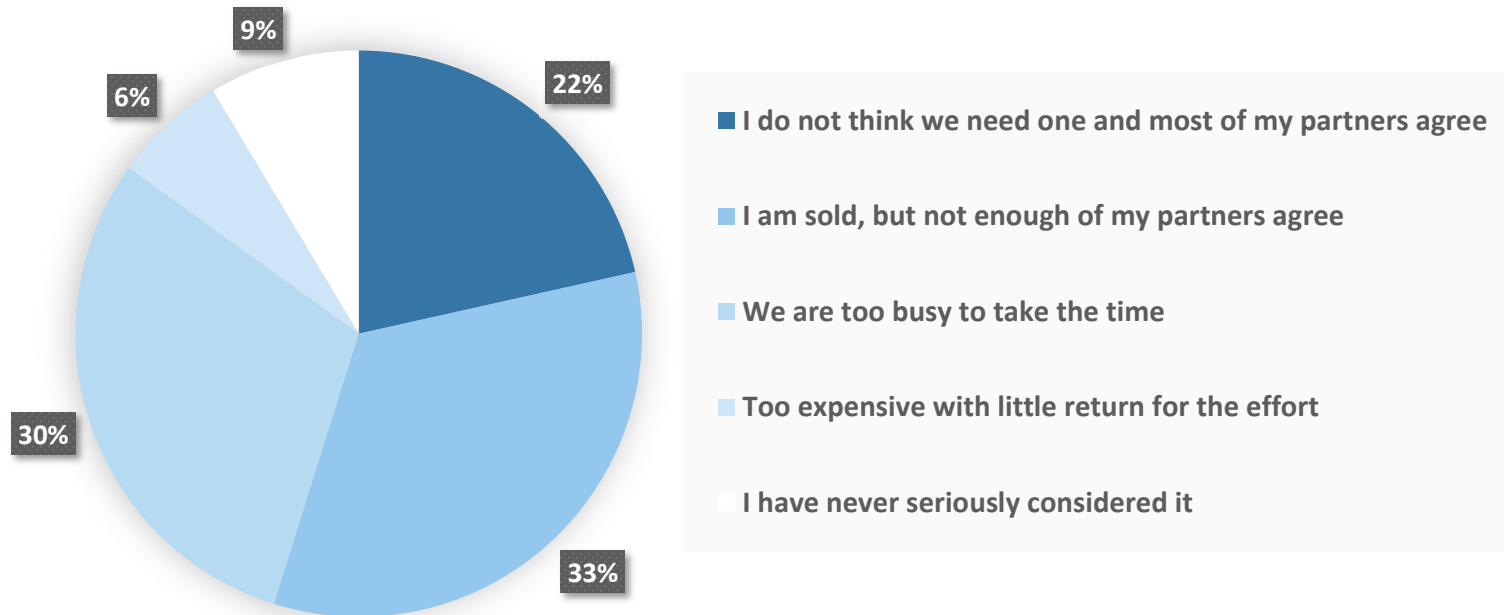
If yes, has strategic planning improved your firm's performance?



What are your firm's top strategic priorities for 2021-2022?

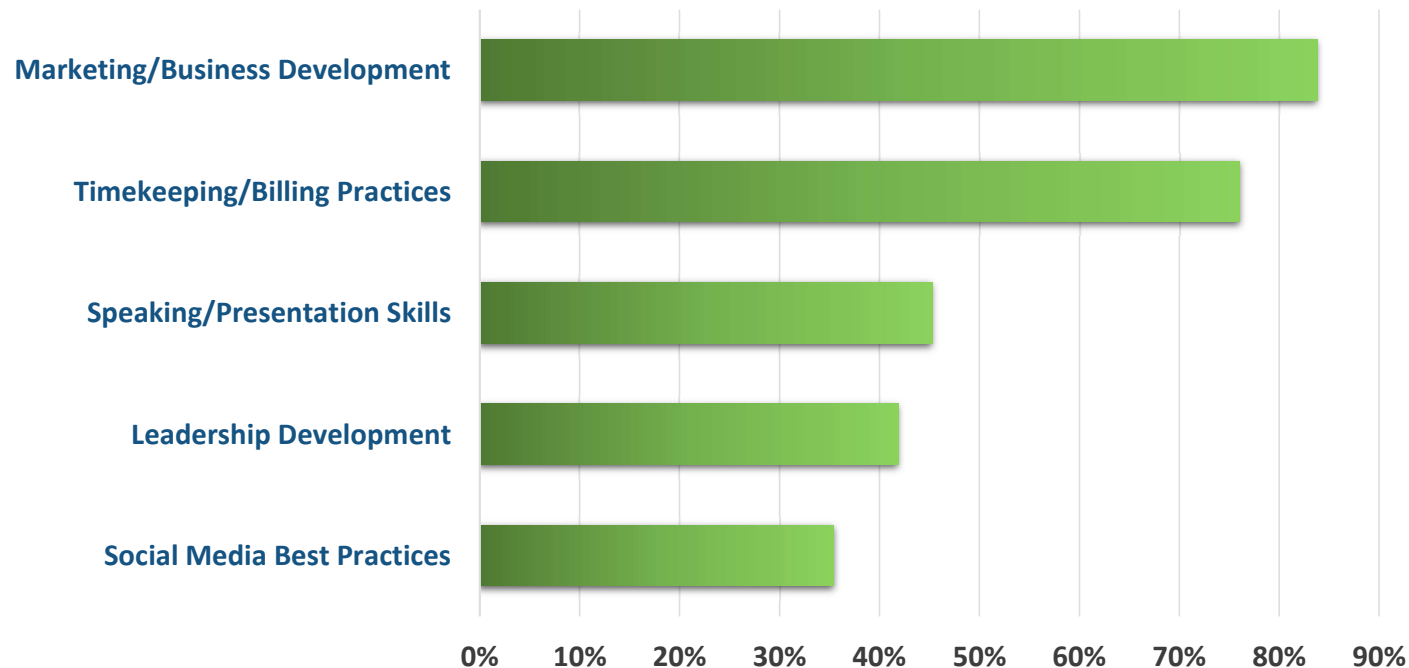


If no, what is your opinion about strategic planning?

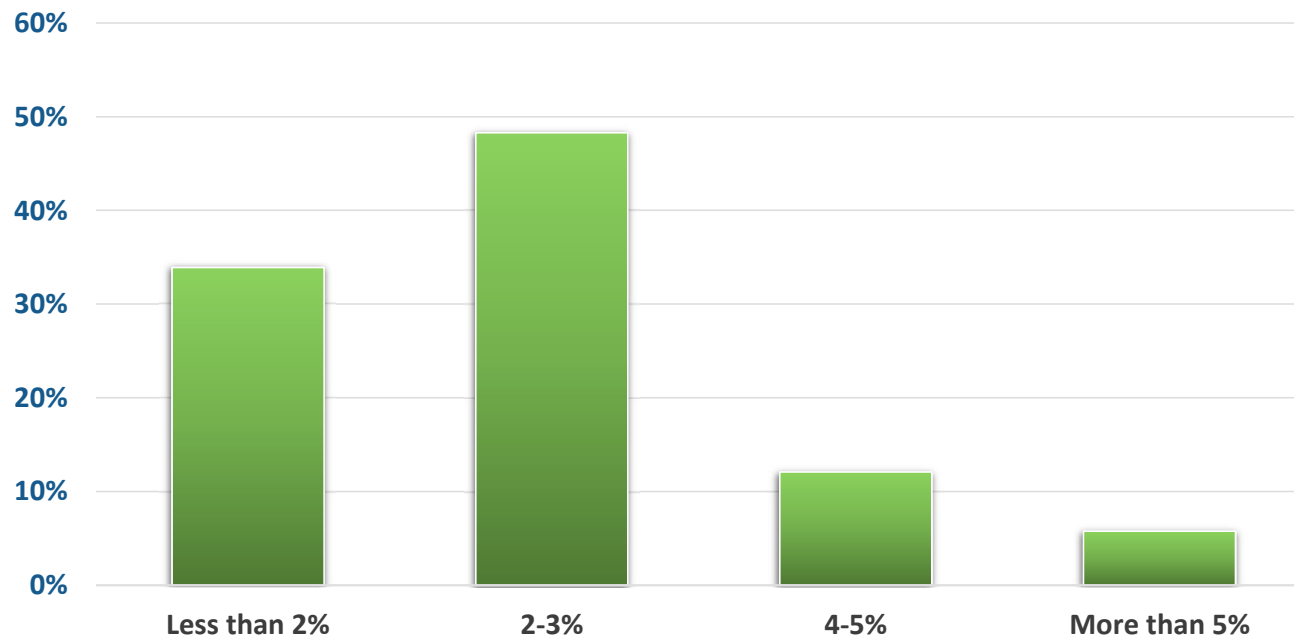


About Marketing and Business Development

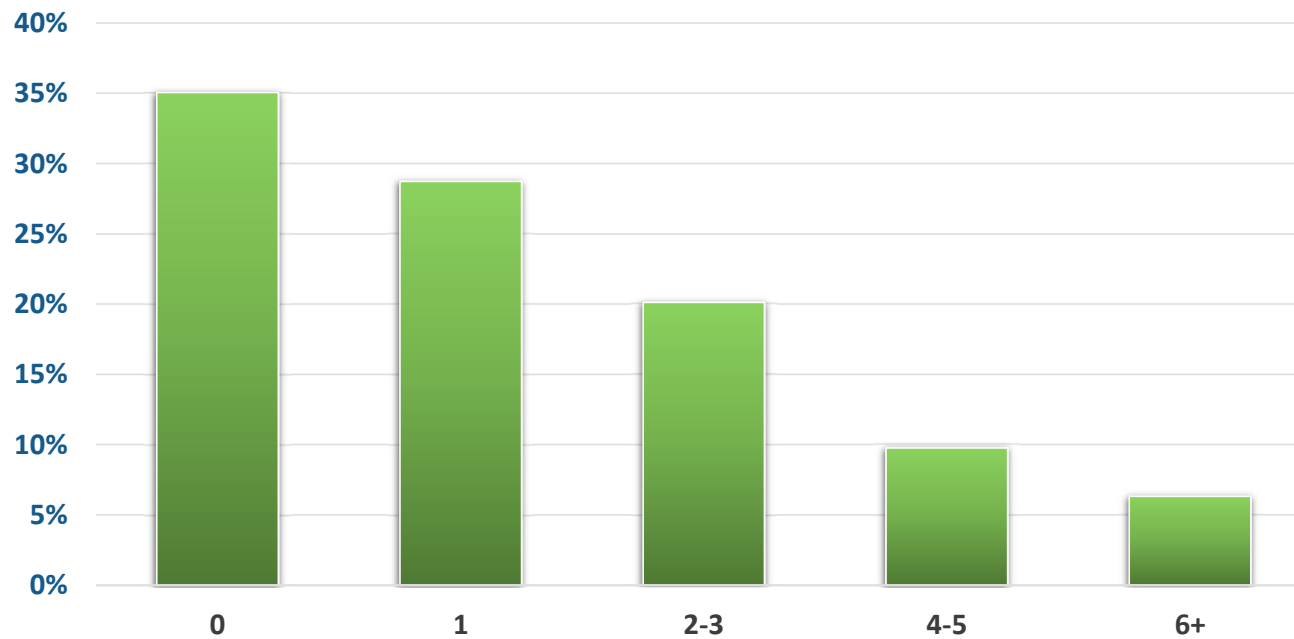
In what areas does your firm provide training for its young lawyers?



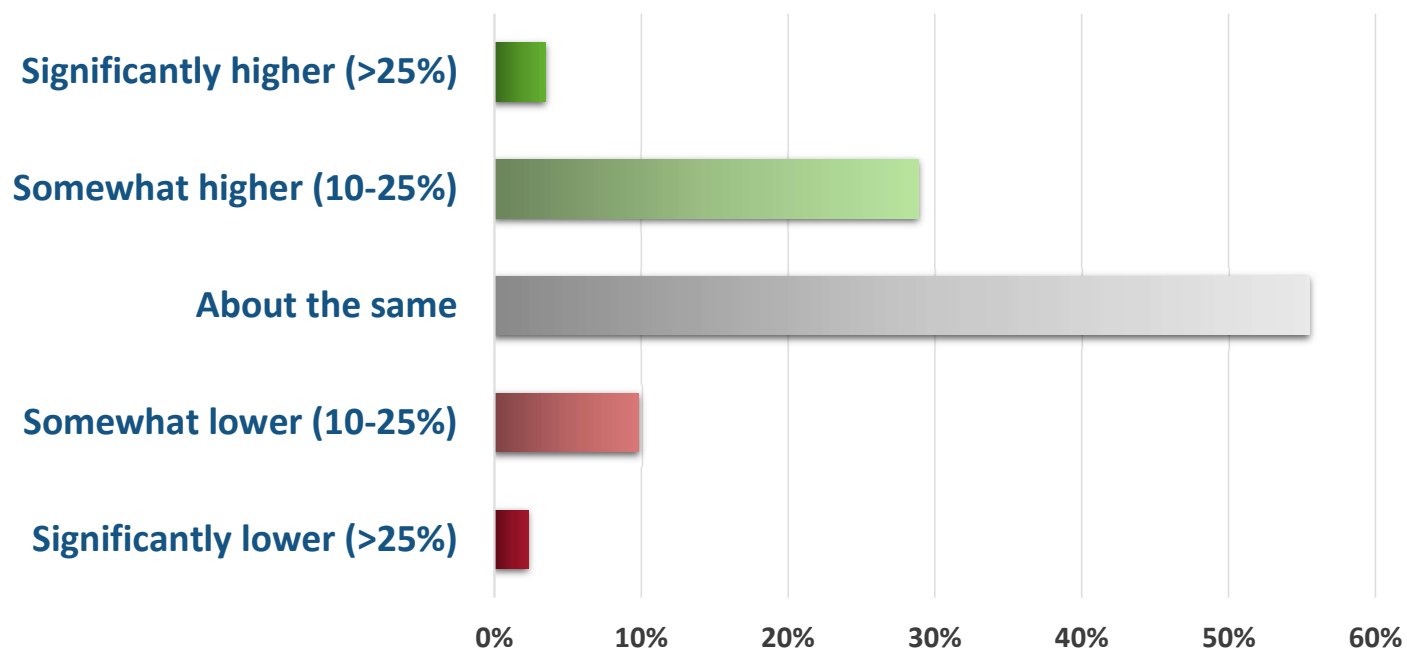
What percentage of revenue does your firm invest in marketing/business development?



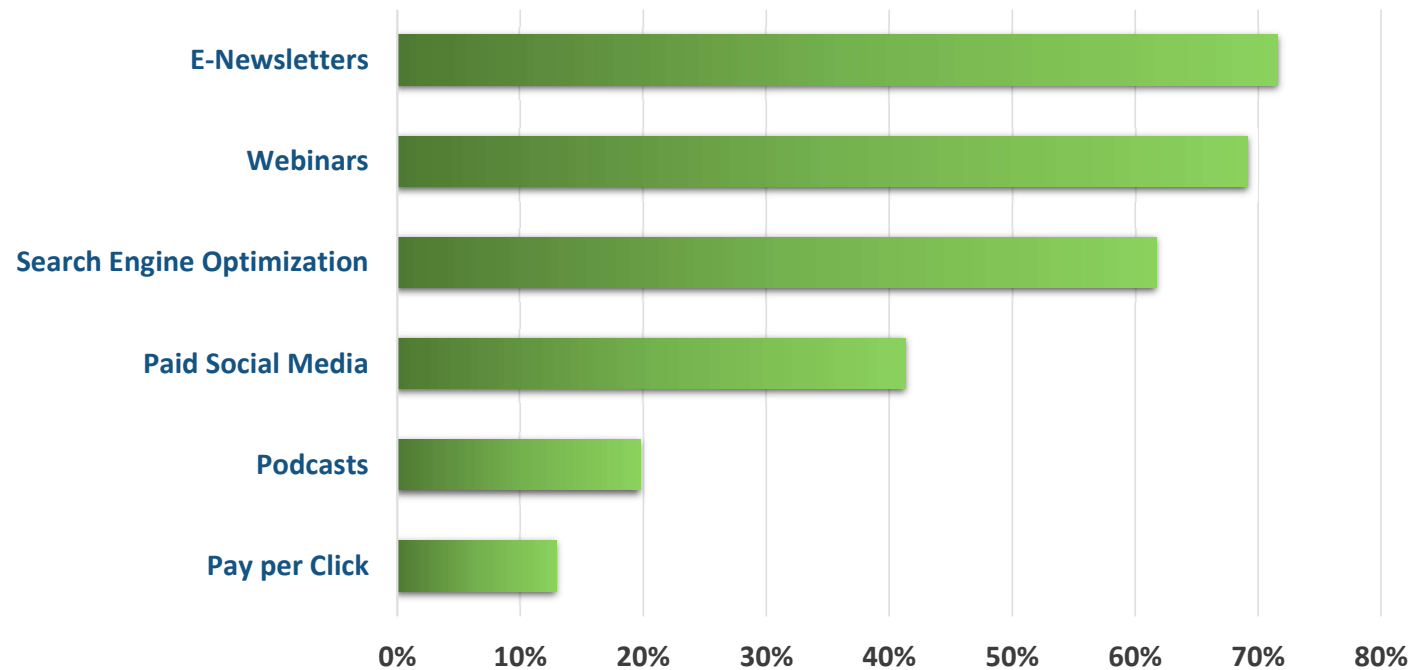
How many FTEs in your firm's marketing/business development department?



Your firm's marketing/business development budget (2021 v 2020)



Which of these digital marketing tactics does your firm deploy?



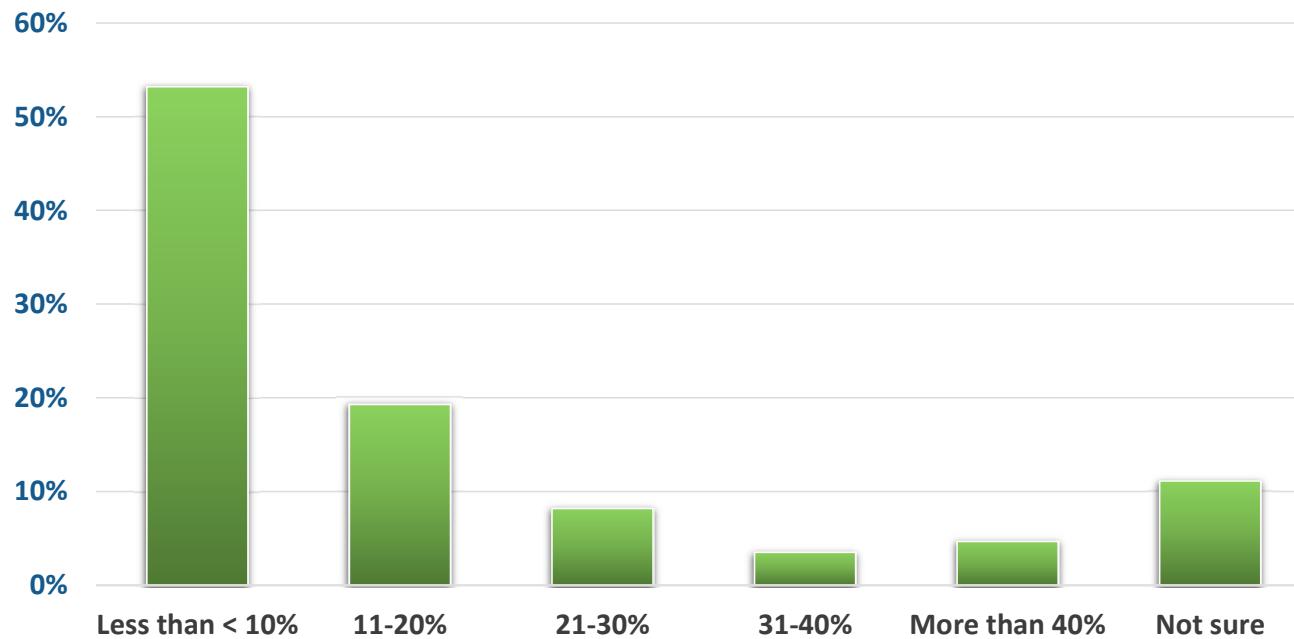
Other digital marketing tactics

- Industry articles.
- On-line entertainment for clients; such as magic shows, museum programs, celebrity lectures and many more personal and legal on-line meetings.
- Free social media (LinkedIn).
- E-mails.
- Client alerts, blogs.
- Articles, client alerts and direct emails.
- Website/e-blasts.

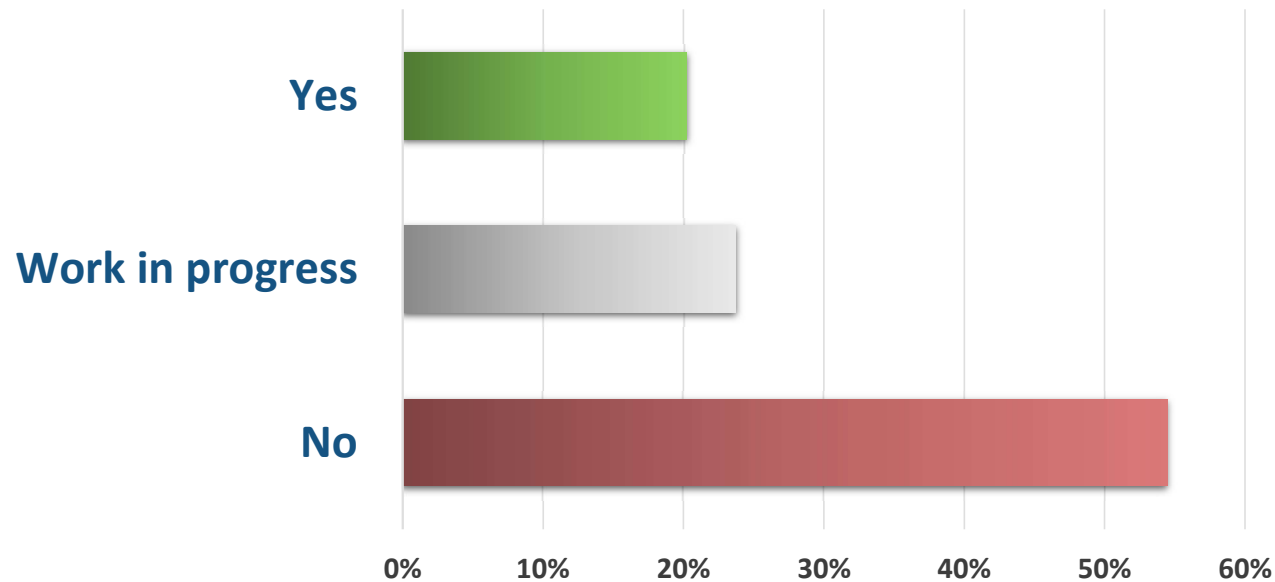
Other digital marketing tactics

- Moving away from online ads. Used very limitedly.
- Unpaid social media.
- Great system we put in place two years ago - very targeted and informative on who is opening and reading what, and who is not.
- LinkedIn, Twitter, Instagram, Pinterest.
- Unpaid social media (LinkedIn, Twitter, Instagram).
- Increased social media postings.
- Regular social media posts on important developments.
- Free Facebook and LinkedIn.

What percentage of Firm's marketing budget is allocated to digital media?

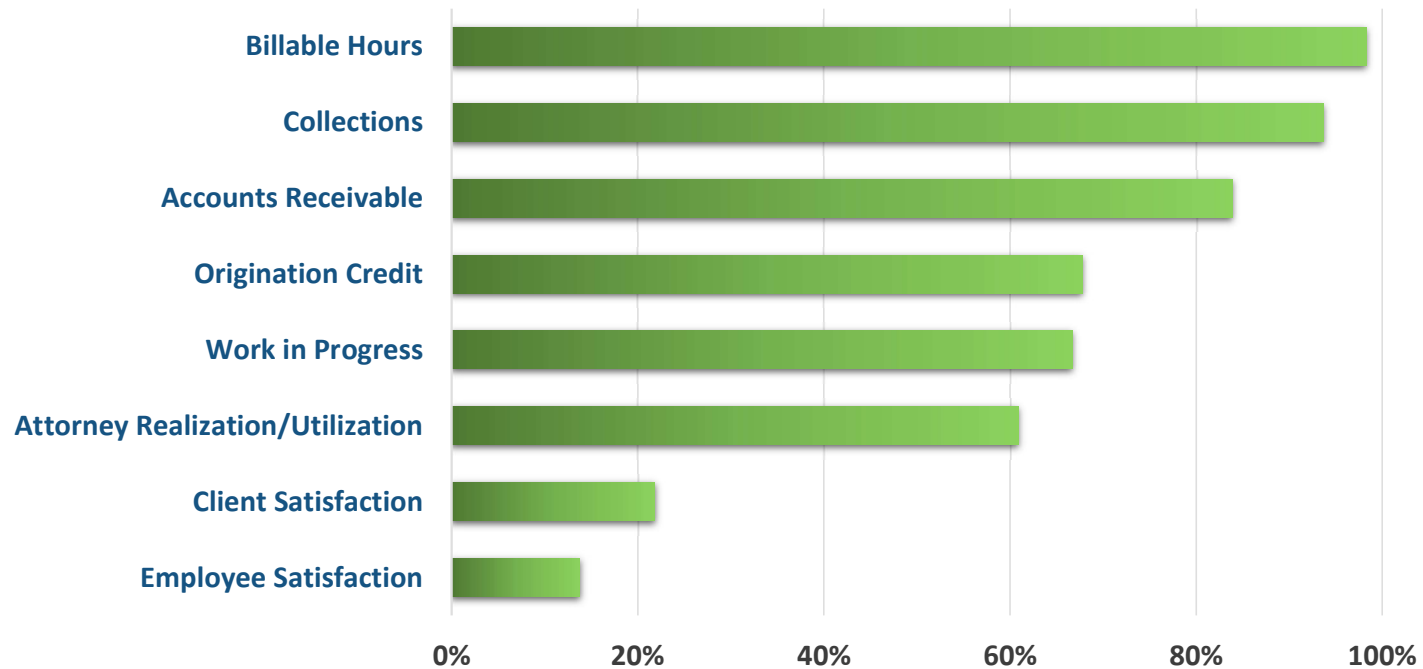


Does your firm have a formal digital marketing strategy?



About Key Performance Indicators (KPIs)

Which of these KPIs does your firm measure on a regular basis?



Other KPIs firms monitor

- Profitability per attorney, practice group, client.
- Primary focus is on the pipeline - WIP, AR, timekeeper productivity.
- Profit.
- Section profitability.
- Contemporaneous billing, marketing efforts, timely reporting and guideline compliance, budget accuracy, cycle time, case severity, client assignments, open/close ratio, many more....
- Certain non-billable (e.g., DEI, pro bono) and bus dev efforts.
- Attorney efficiencies.
- Biller credit; working credit.
- Profitability.

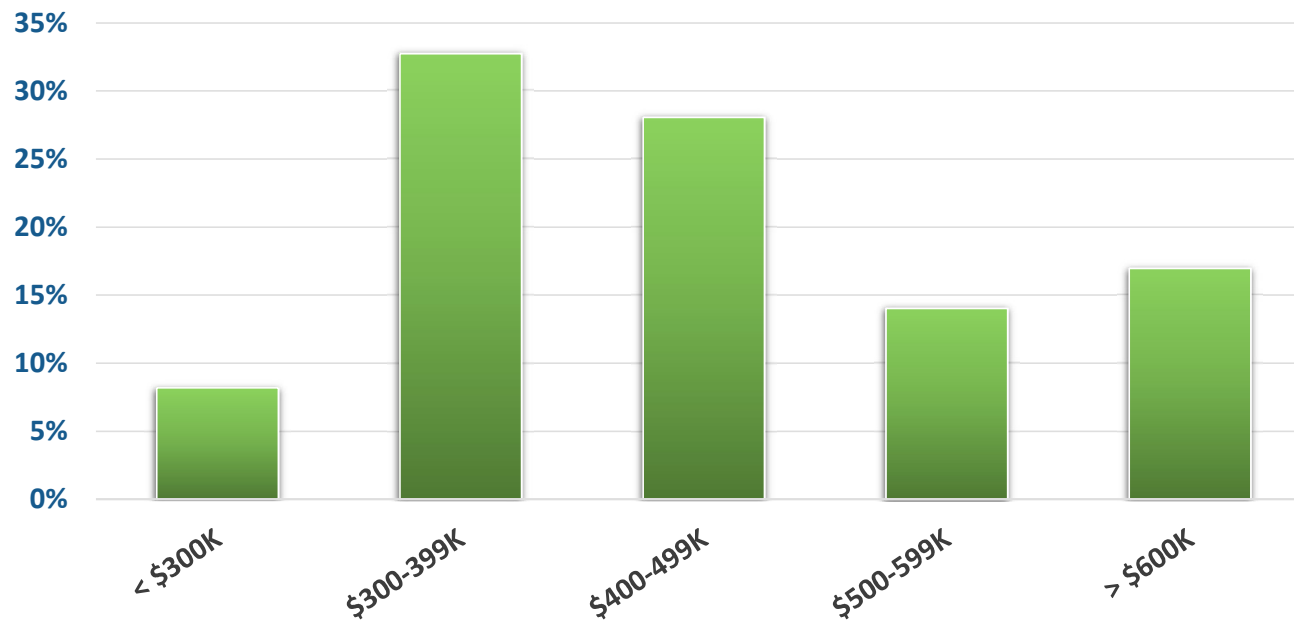
Other KPIs firms monitor

- Client/matter profitability.
- Client manager and matter manager credits.
- Pro bono hours, administrative time.
- Business development and client/matter originations. Nonbillable activity of partners advancing the goals of the law firm.
- Matter and book of business profitability.
- Delegation, non-billable time for pro bono, business development, etc.
- New client and new matter metrics by PG and whole firm.
- Top 75 clients relative to previous year.
- Various compensation related metrics.
- Firmwide realization, management/responsible attorney credit, etc.

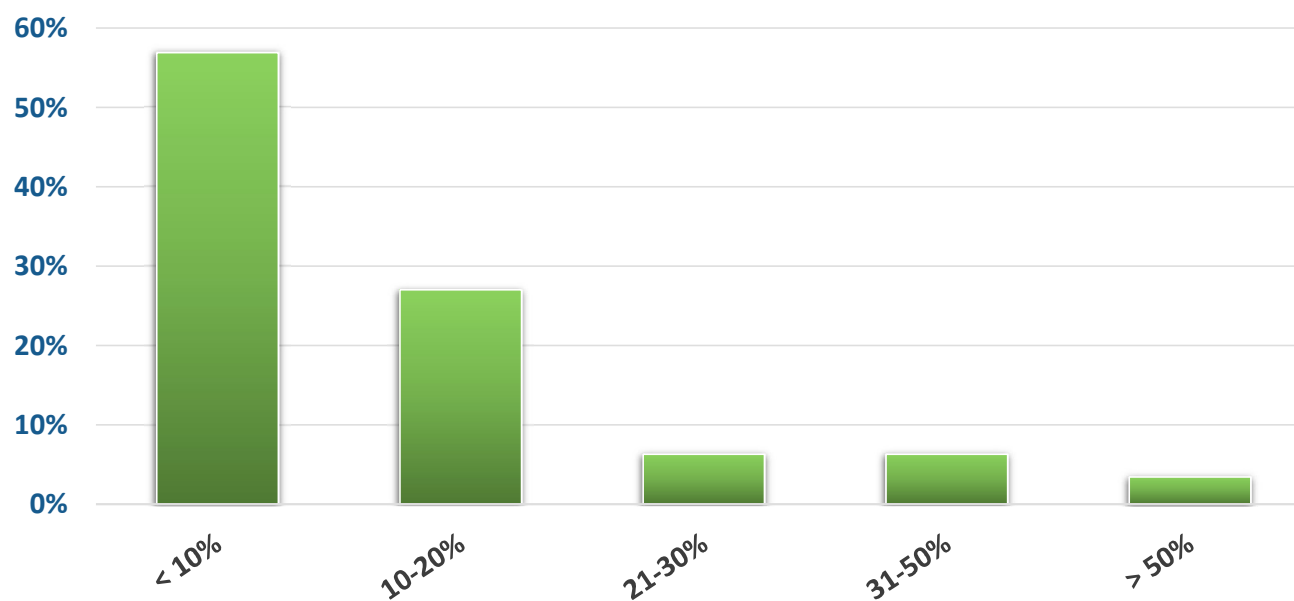
Other KPIs firms monitor

- Voluntary attrition to other law firms.
- We track "split" origination credits.
- Cycle time of files (length of time file is open).
- Revenue/FTE and Revenue/Attorney, Breakeven Analysis, Trend Analysis.
- New client origination, median bill value, number of FTE lawyers.
- Expenses.
- Effective hourly rates.
- Potential client calls, new clients retained, referral sources .

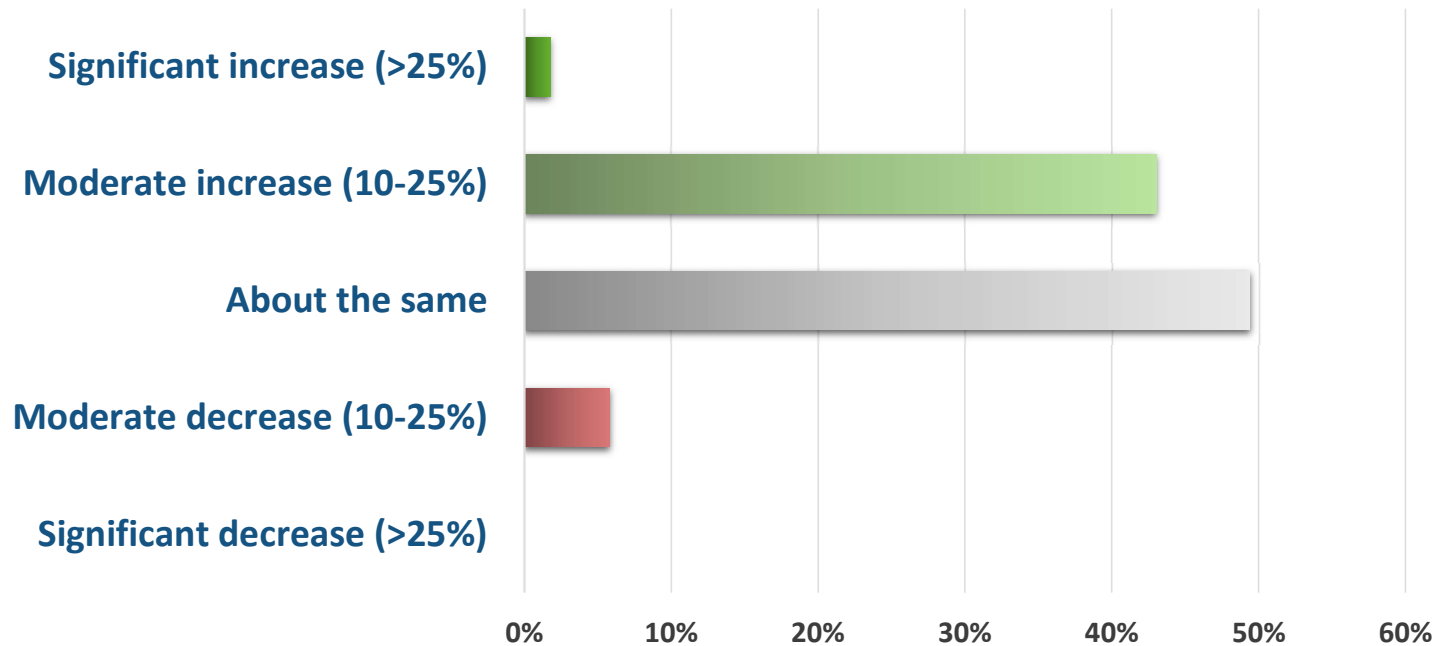
What was your firm's Revenue per Lawyer (RPL) in 2020?



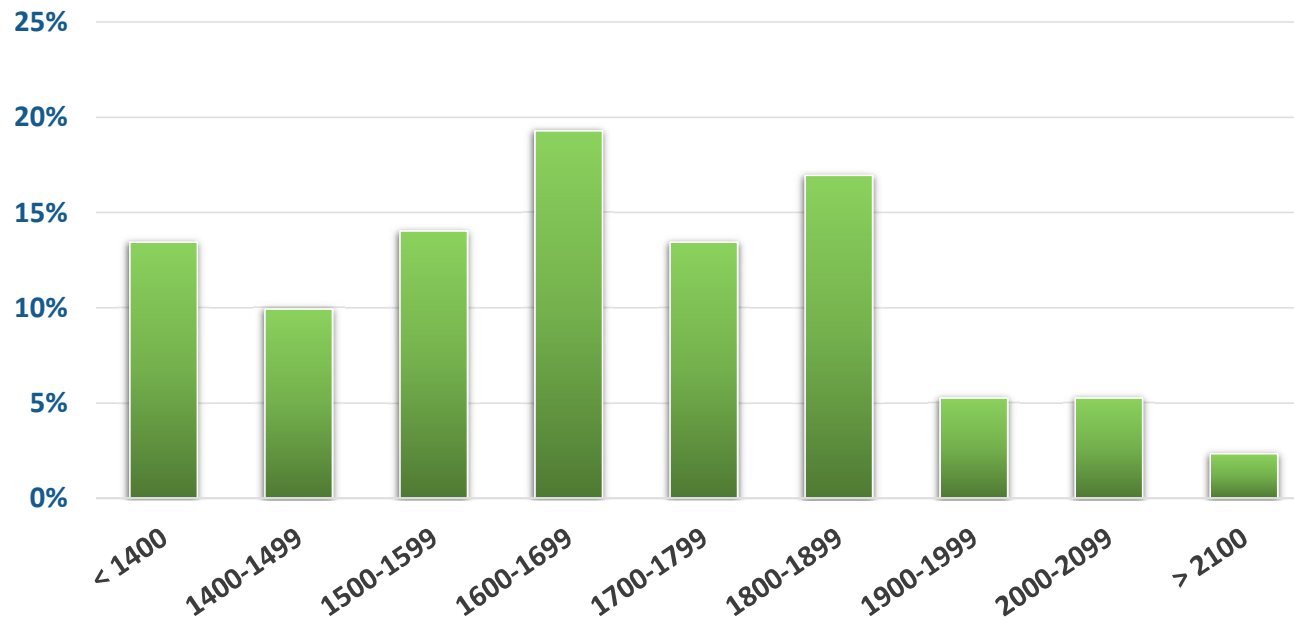
What percentage of your firm's revenue is generated by alternative fee arrangements (AFAs)?



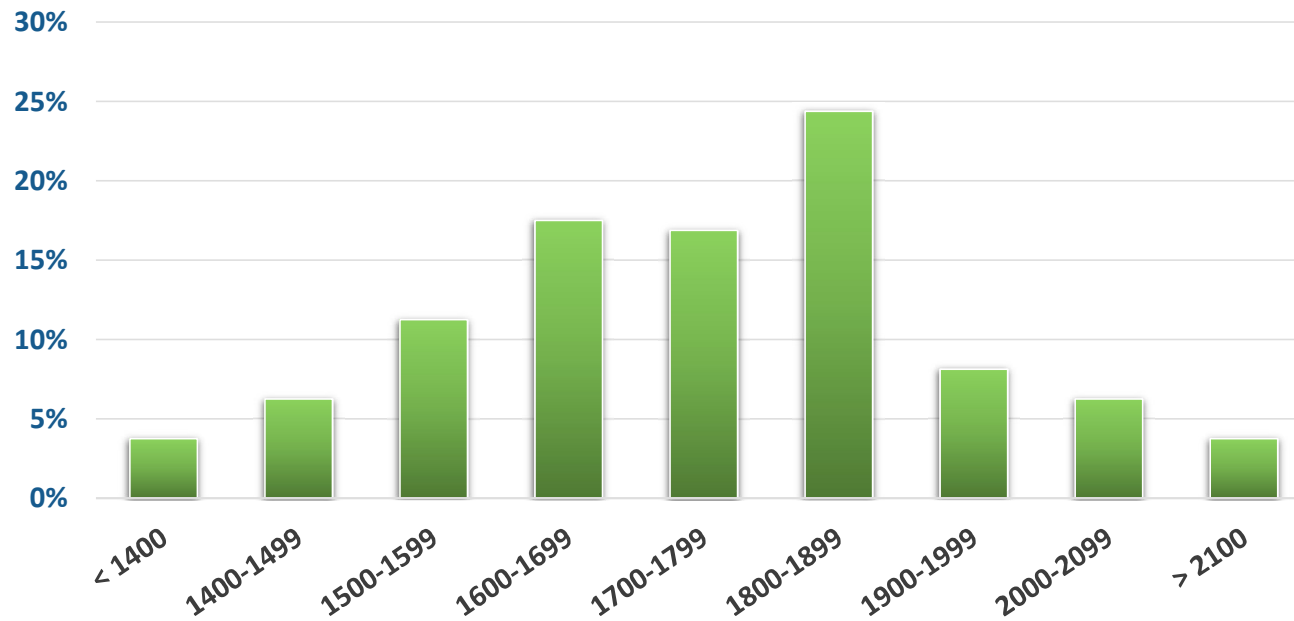
Compared to 2020, what is your firm's projected RPL for 2021/2022?



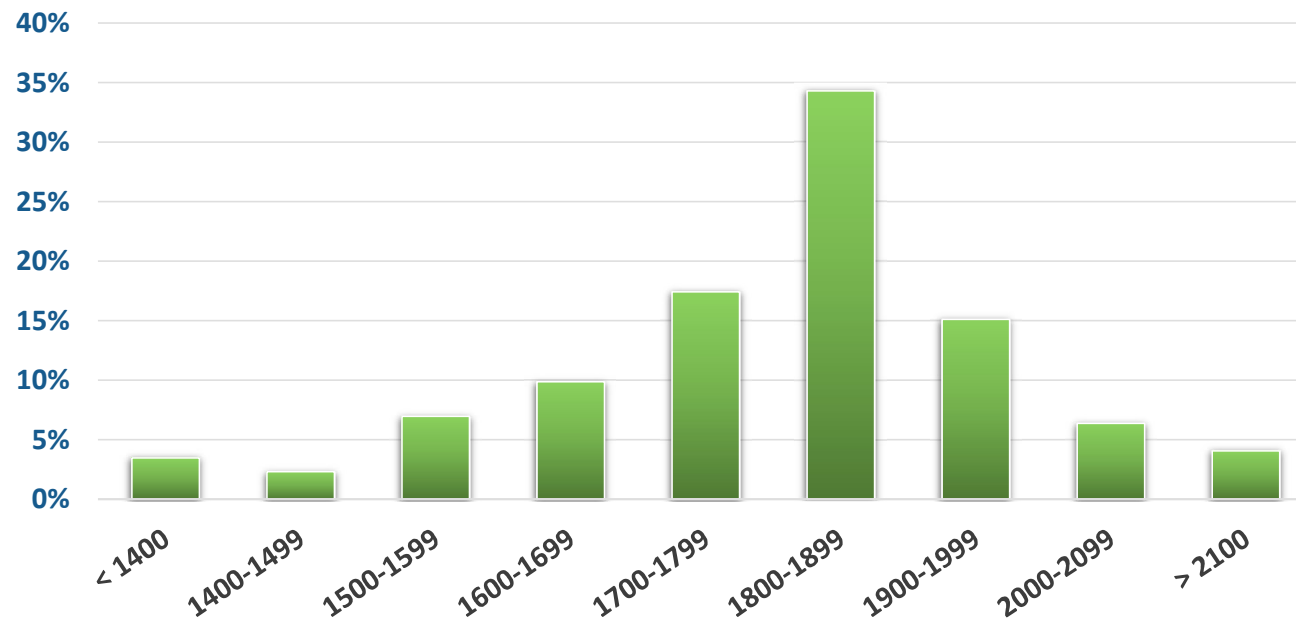
What is your firm's annual billable hour expectation for EQUITY PARTNERS?



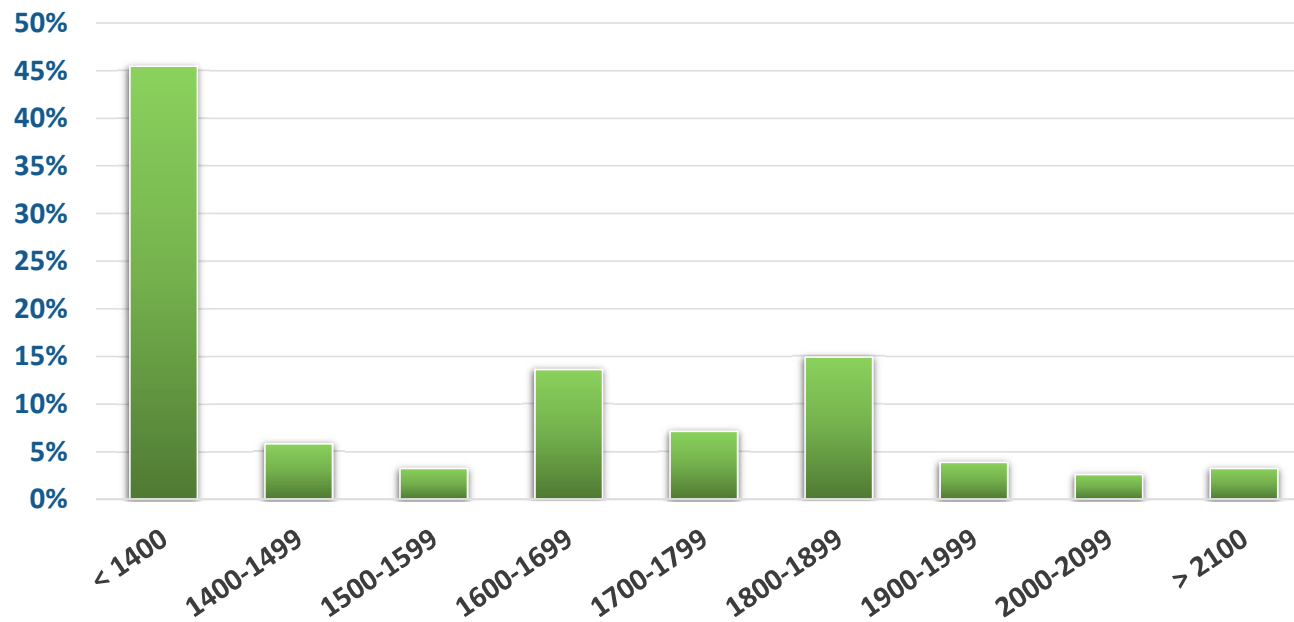
What is your firm's annual billable hour expectation for NON-EQUITY PARTNERS?



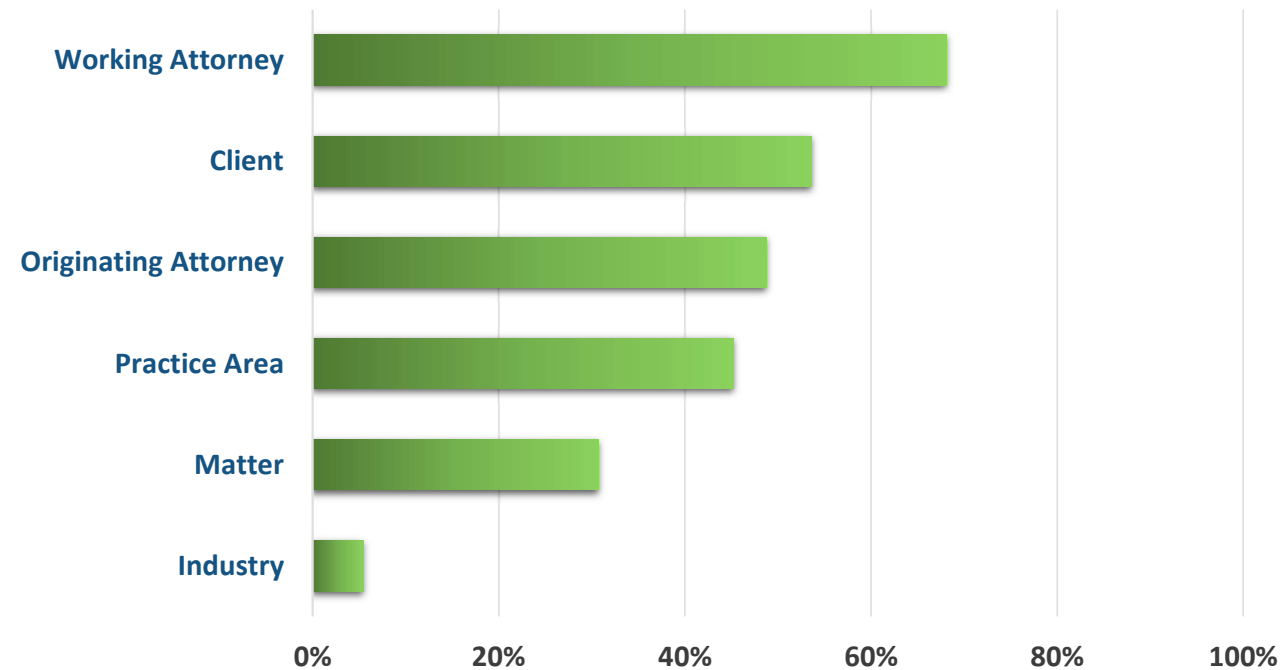
What is your firm's annual billable hour expectation for ASSOCIATE ATTORNEYS?



What is your firm's annual billable hour expectation for OF COUNSEL?



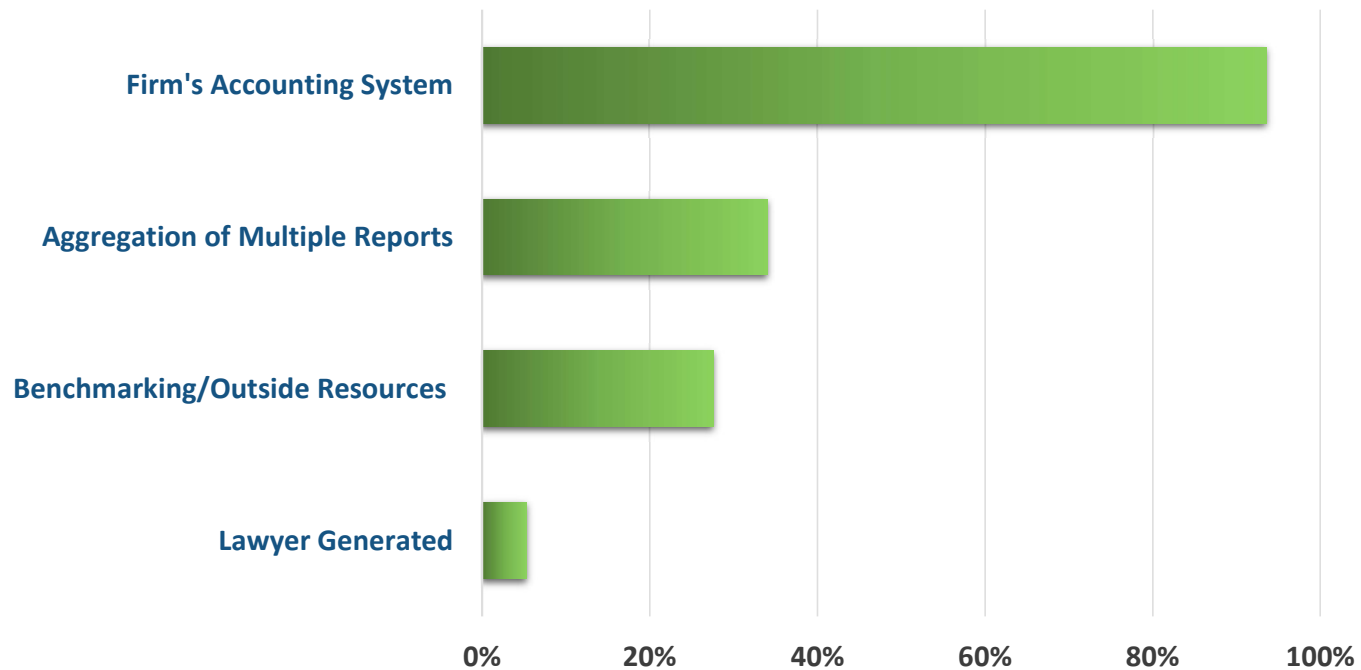
In what ways does your firm measure and analyze profitability?



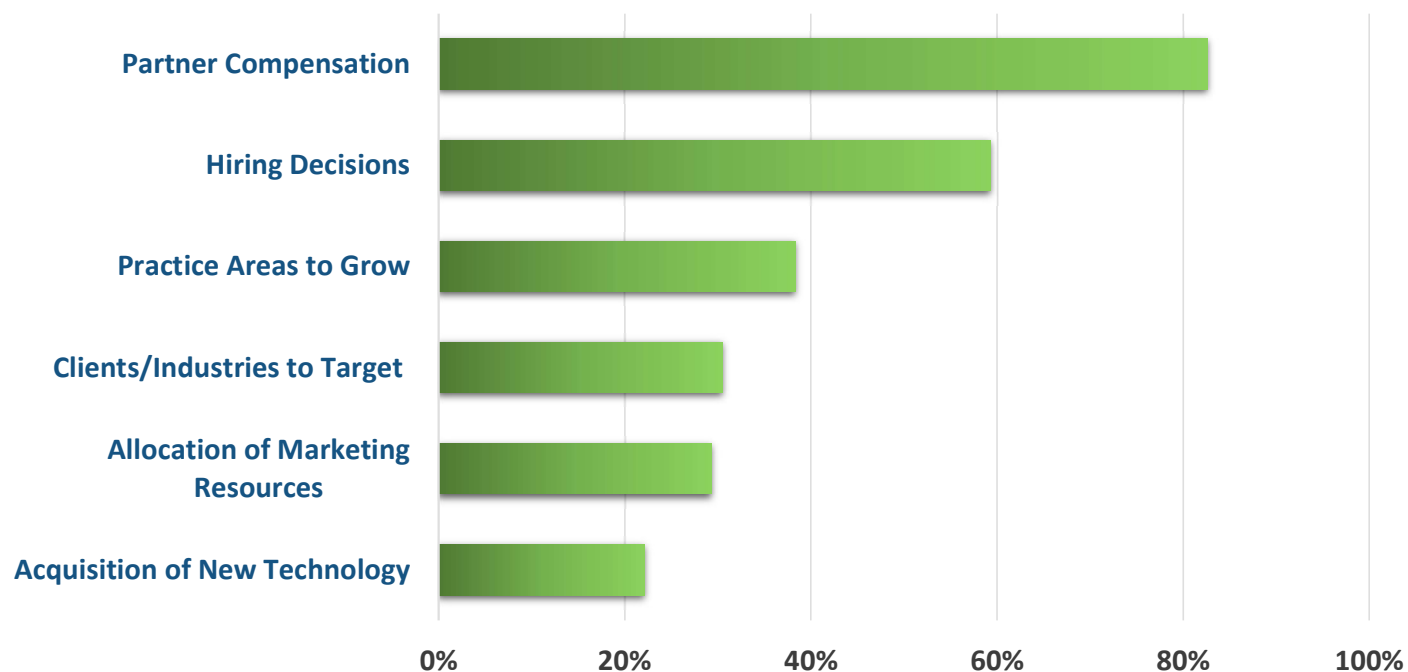
Other decisions based on profitability

- Pricing.
- Keeping or terminating relationships with clients.
- Staffing and promotion to equity partner.
- We make decisions based on what serves the public interest.
- Decisions on retention of clients.
- We are new to formally analyzing profitability data.
- At this point, we are using it to better set rates and staffing on client matters.
- All investments - in people, tech, marketing, etc.
- Profitability analysis is new for us. We are working on it.

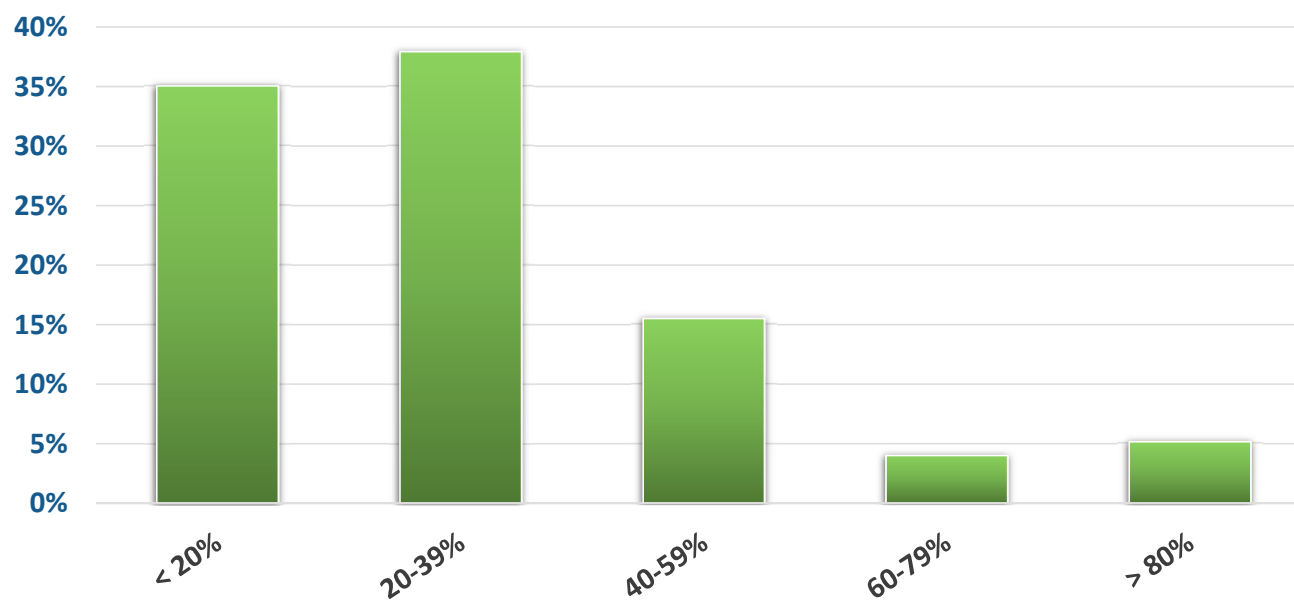
Where does your firm acquire its profitability data?



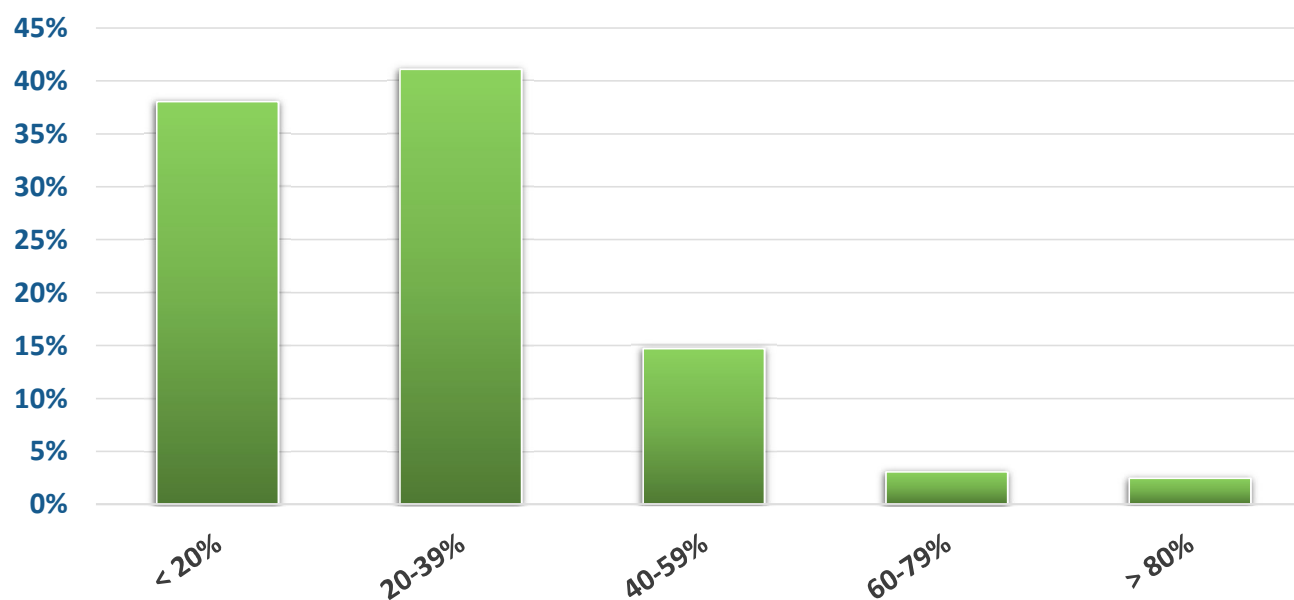
Which of these KPIs does your firm monitor on a regular basis?



What percentage of your firm's revenue is generated by lawyers in their 60s or older?

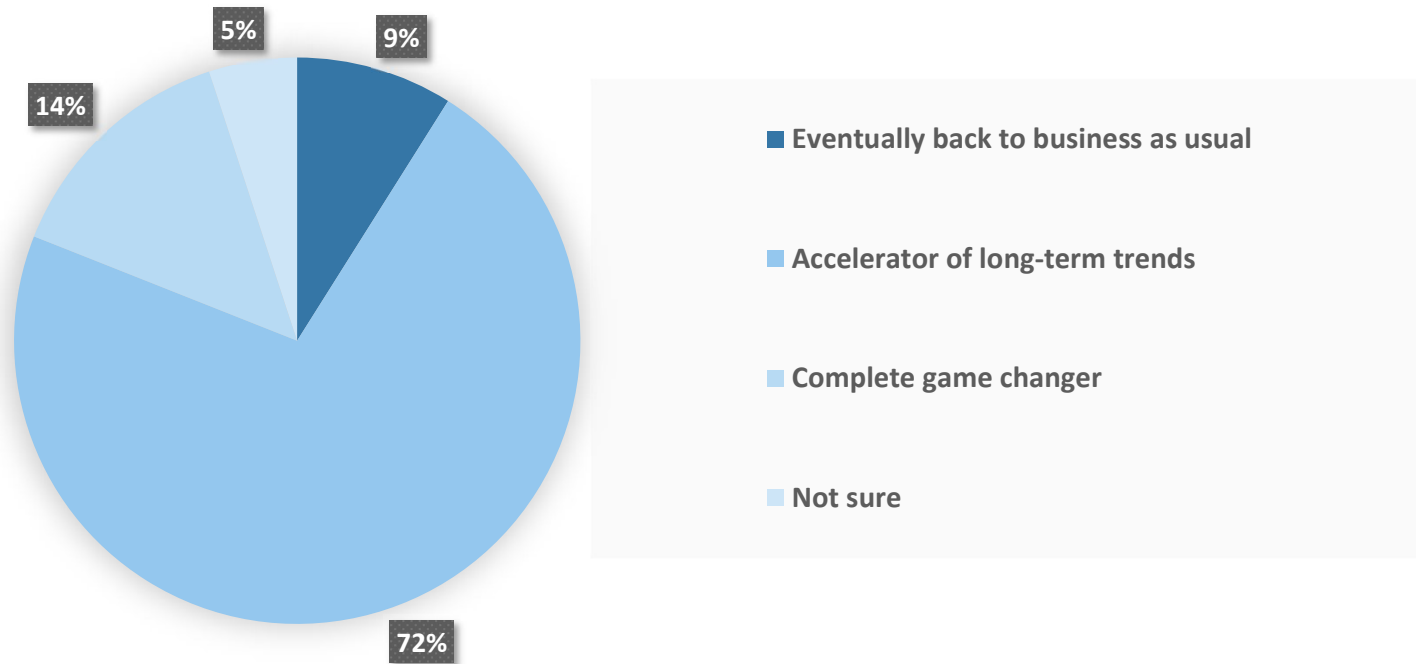


What percentage of your firm's equity partners are women and/or minorities?

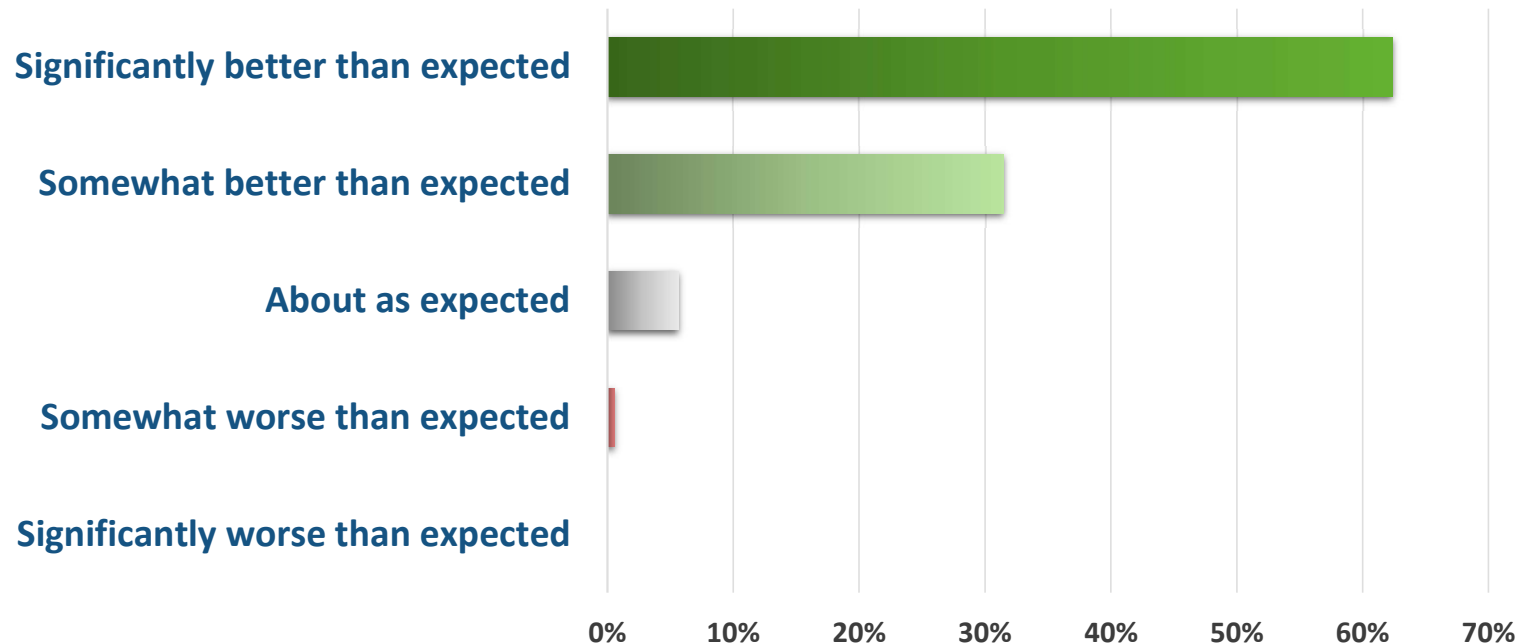


About the Impact of COVID-19 Pandemic

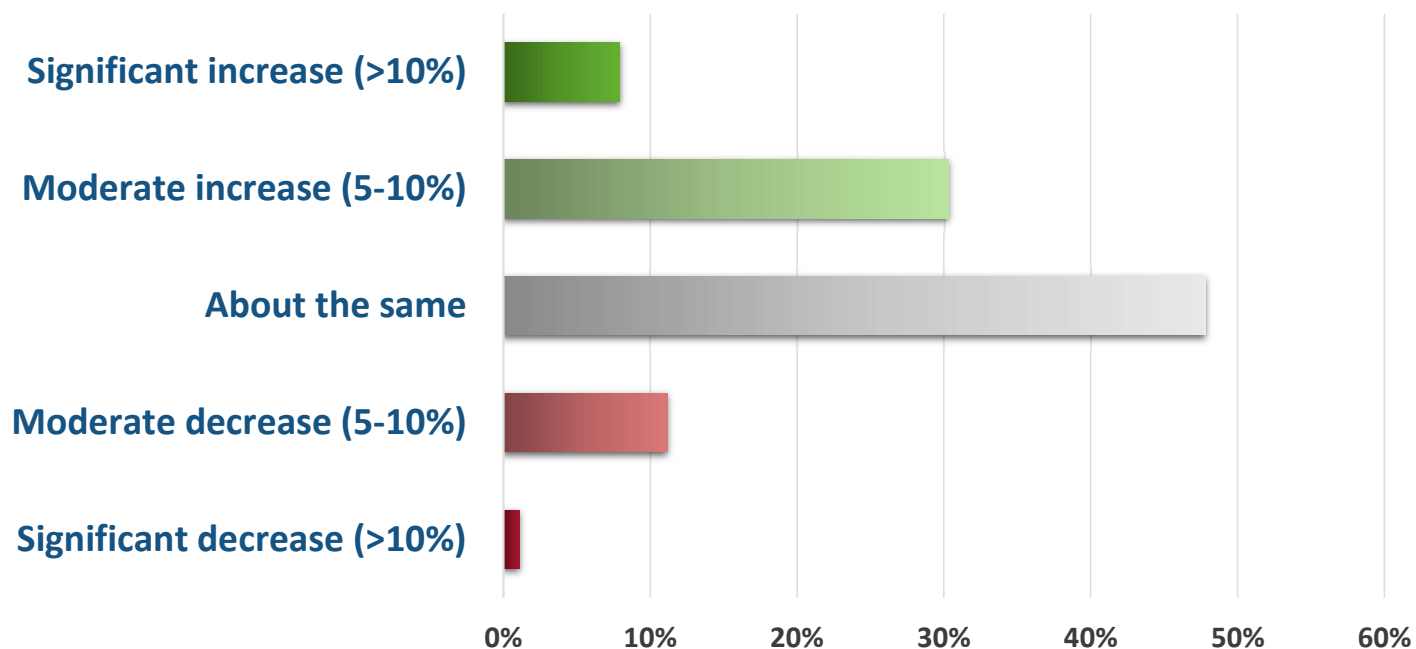
What will be the long-term impact of COVID on the legal profession?



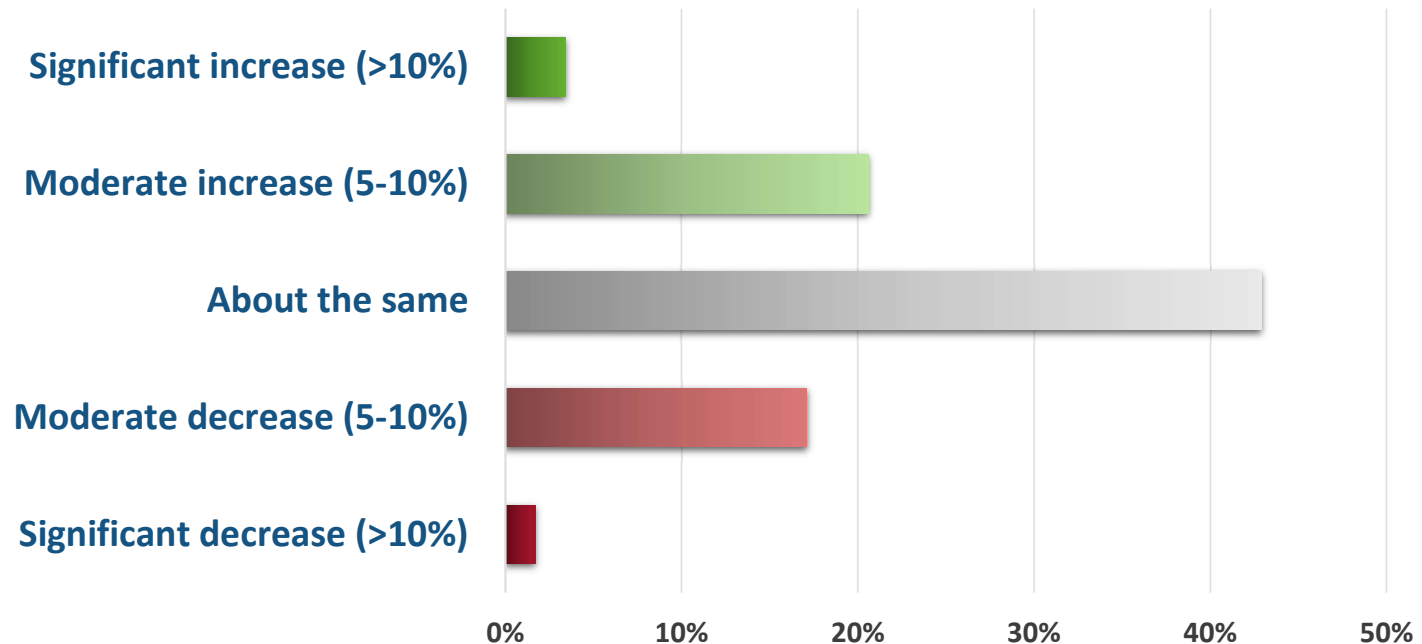
How well has your firm adjusted to the impacts of COVID?



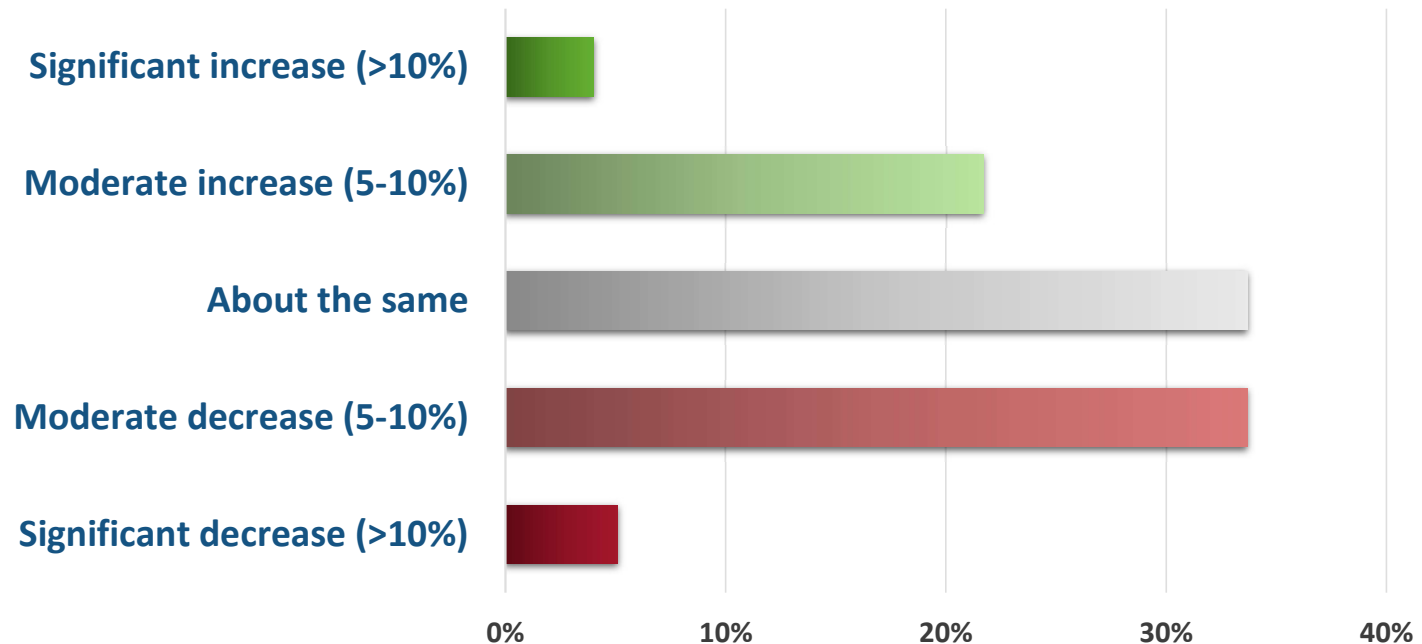
How has remote working impacted EQUITY PARTNER productivity?



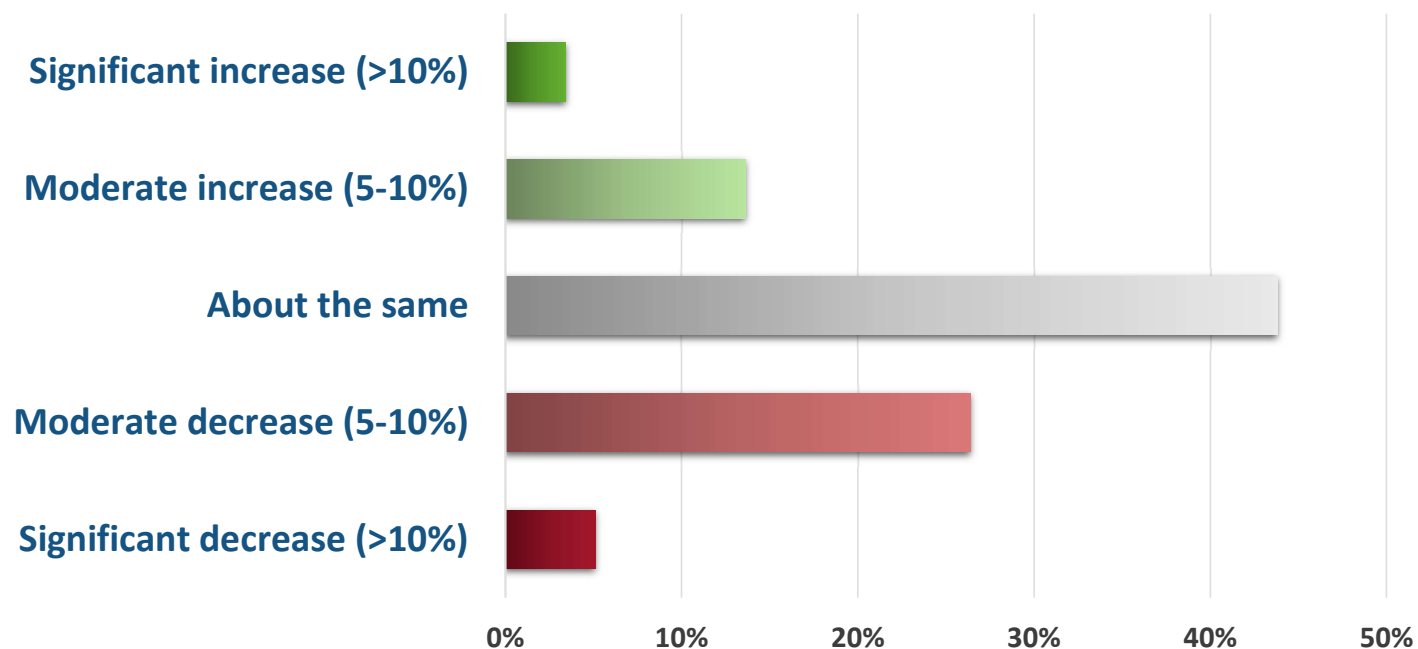
How has remote working impacted INCOME PARTNER productivity?



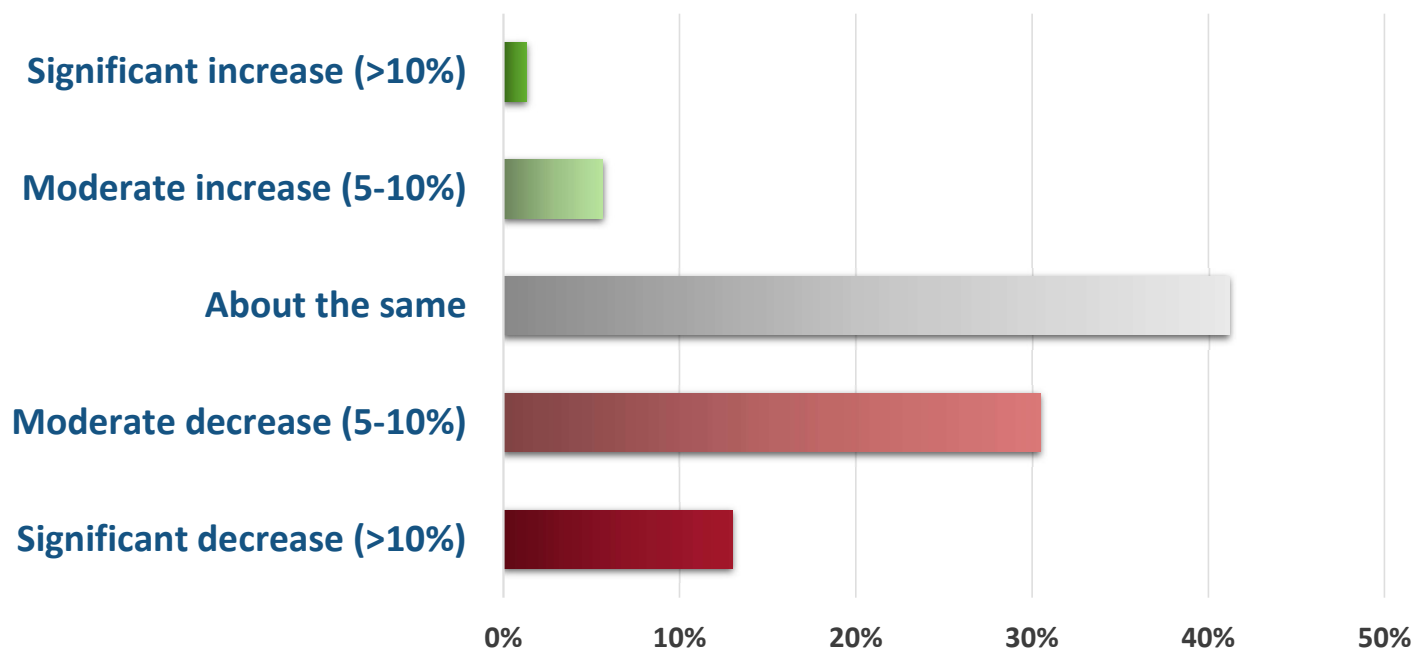
How has remote working impacted ASSOCIATE productivity?



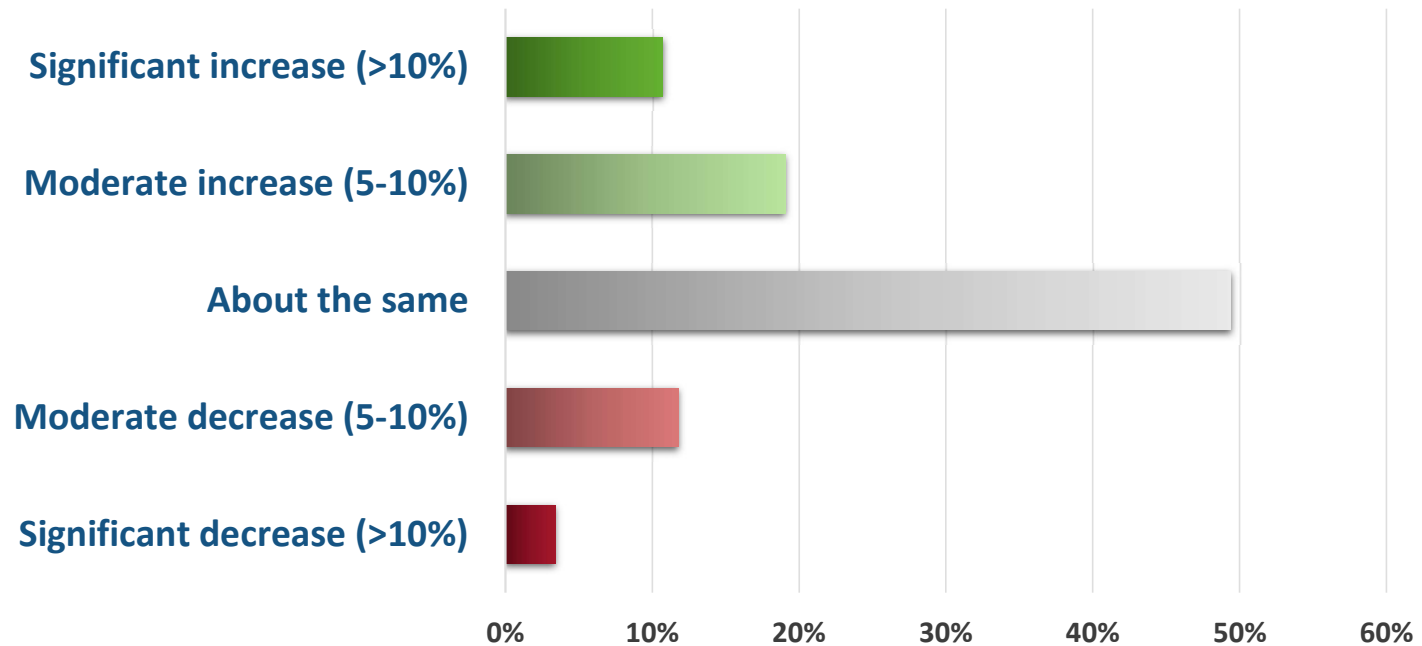
How has remote working impacted PARALEGAL productivity?



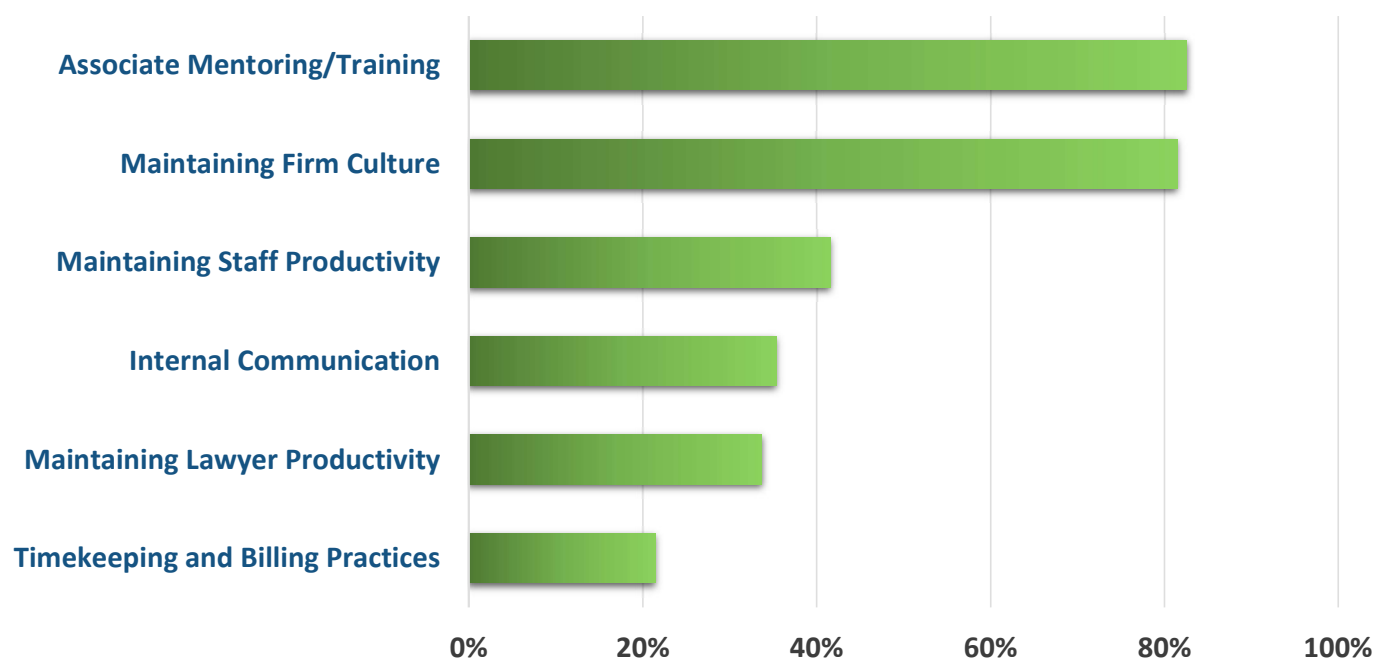
How has remote working impacted LEGAL ASSISTANT productivity?



How has remote working impacted ADMINISTRATION productivity?



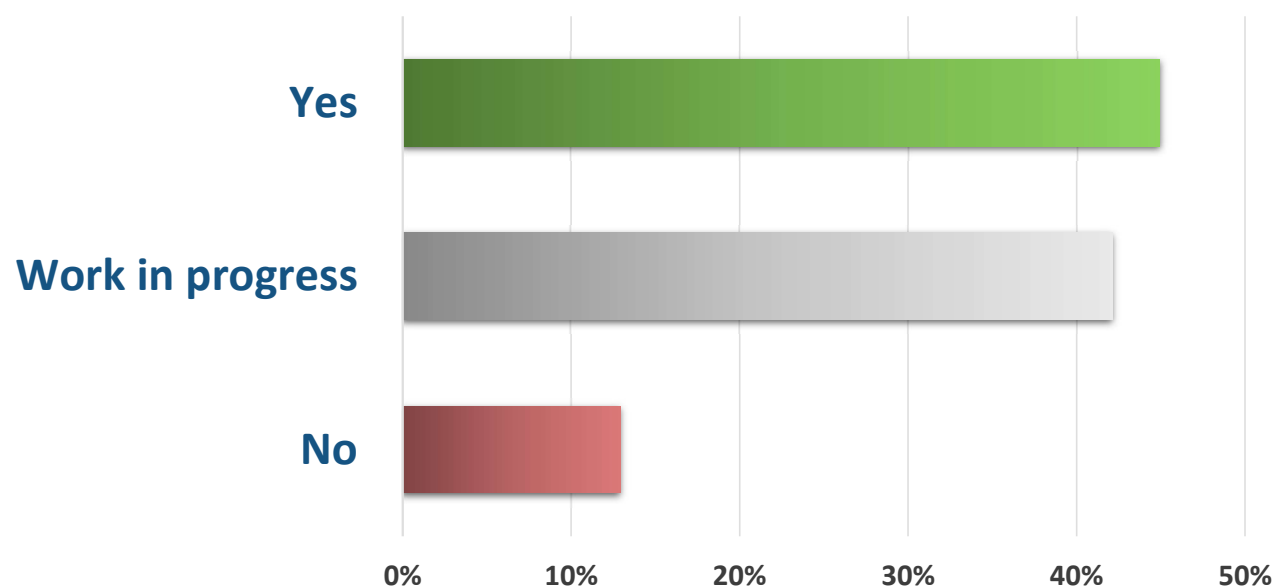
What are your firm's top three challenges with remote working?



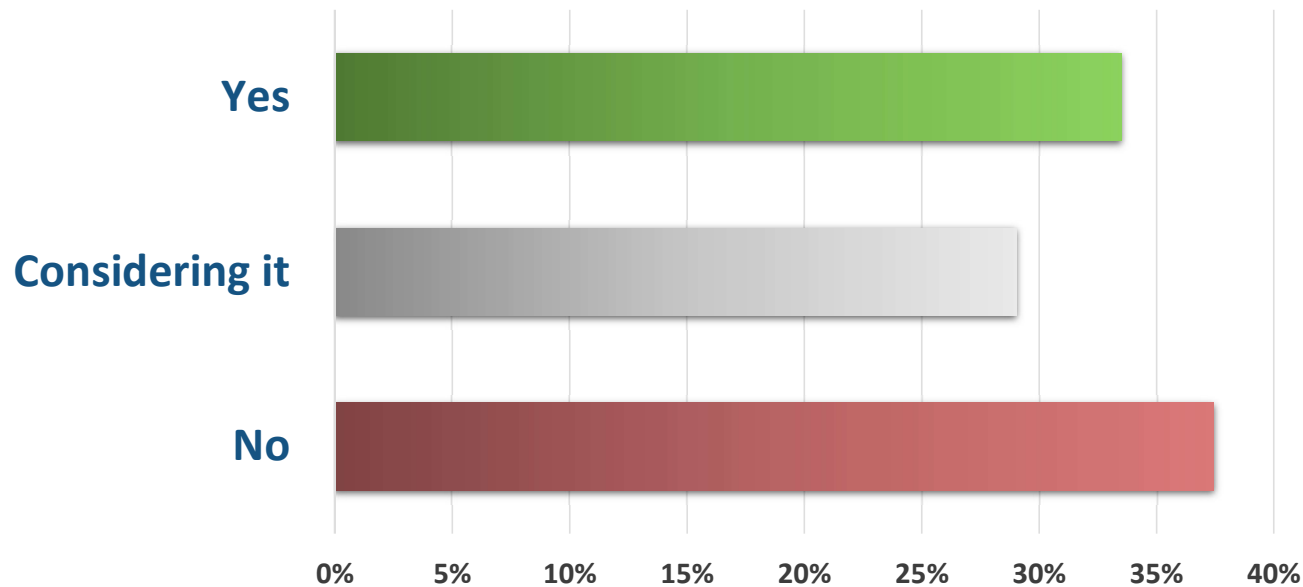
Other challenges

- Accounts payable/printing checks.
- We have zero challenges with respect to remote work.
- Mental health and decision making.
- Maintaining morale.
- Revising admin processes to accommodate WFH employees.
- Missing being together as we enjoy each other's company.
- Addressing the one-year toll WFH and the pandemic is having on resilience, energy, and engagement.
- Preference for in person communication.
- Associate mentoring and training - need to be here!
- Staying connected.
- We only remained remote for 2.5 months. We are full time in office.

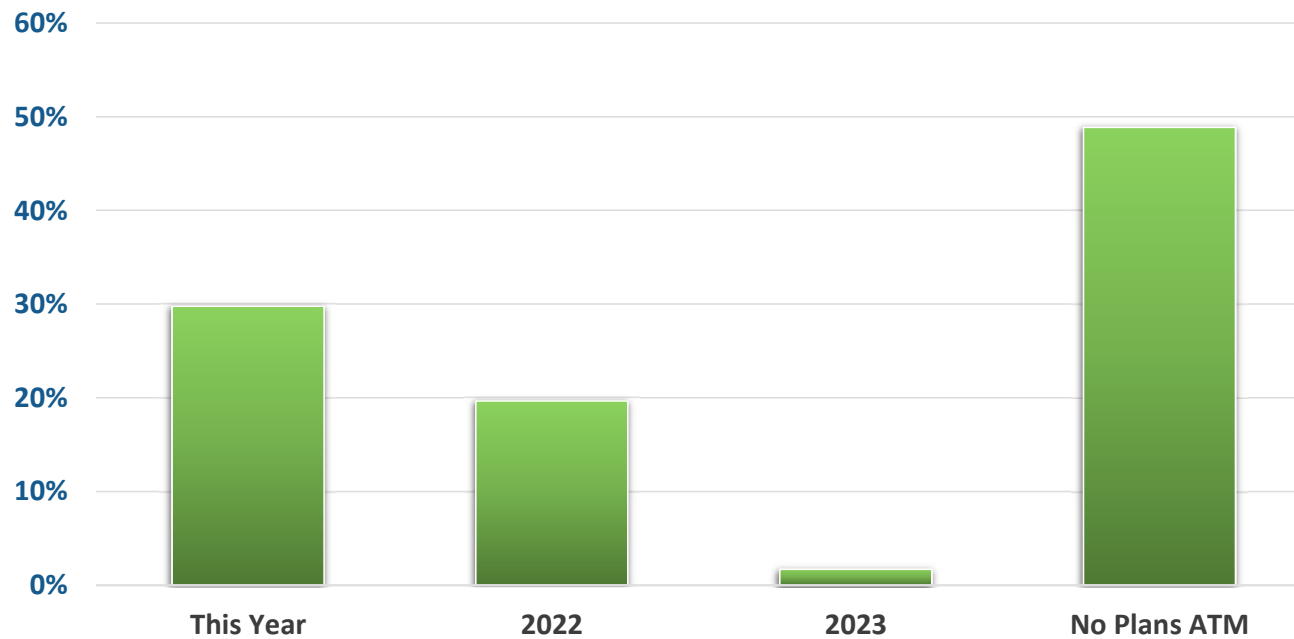
Does your firm have its return-to-office plan in place?



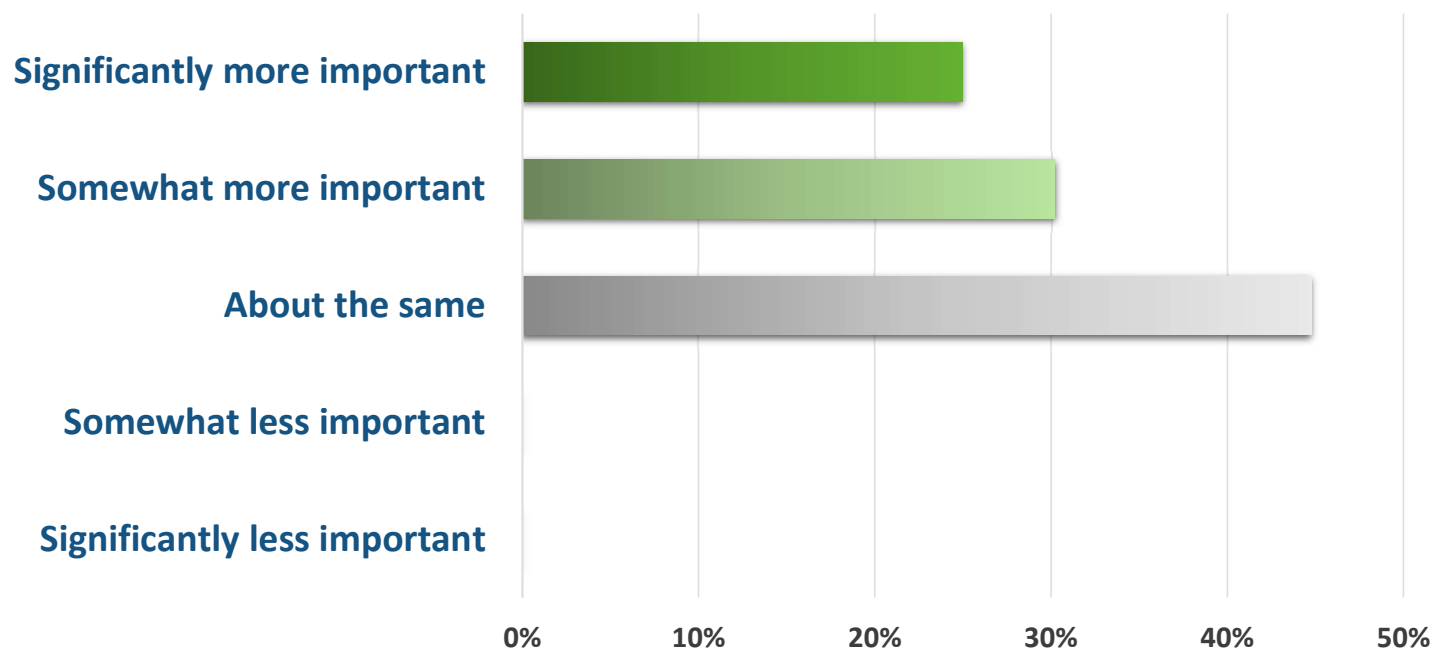
Does your firm plan to become more “virtual” on a permanent basis?



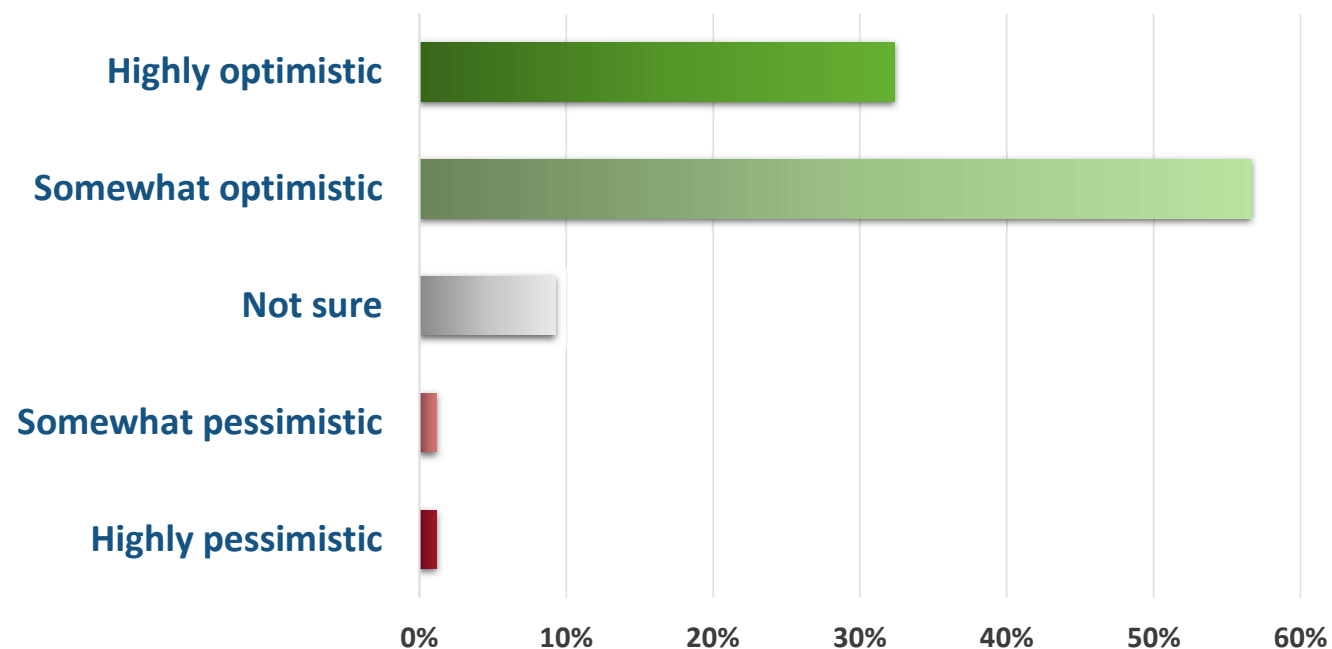
When is your firm planning to hold its next in-person retreat?



Has your firm's investment in digital marketing changed since COVID?



Which statement best describes your feelings about your firm's future?



Business Partners

