

# *2010 Law Firm Statistical Survey*

Managing Partner's Report (MPR)

Issued: May 2011



# Managing Partner's Report

Issued: May 2011

## Confidential

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## **NATIONAL LAW FIRM TRENDS**

2010 LAW FIRM STATISTICAL SURVEY

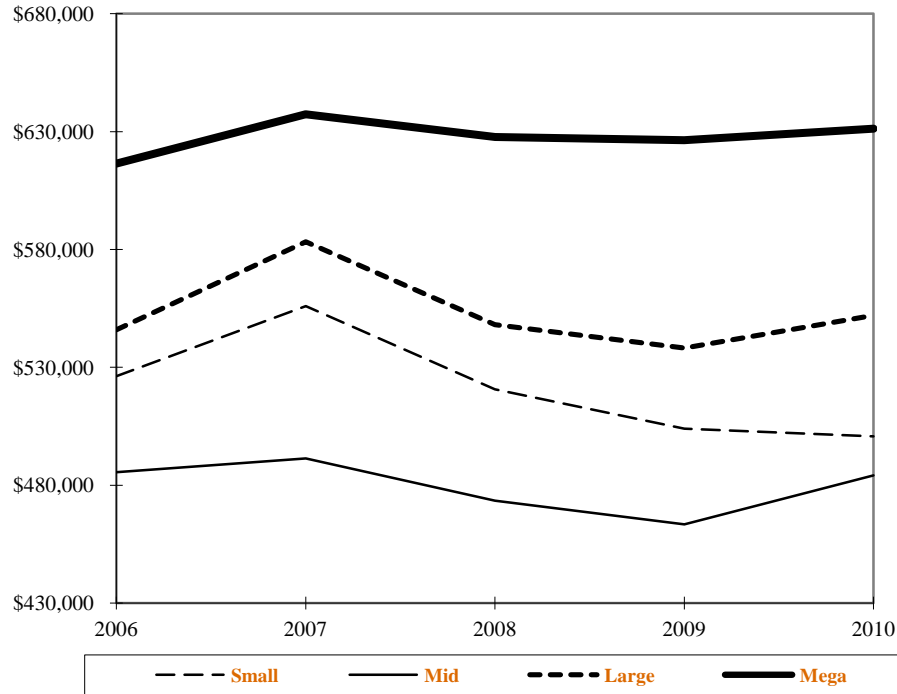
Managing Partner's Report

NATIONAL LAW FIRM TRENDS

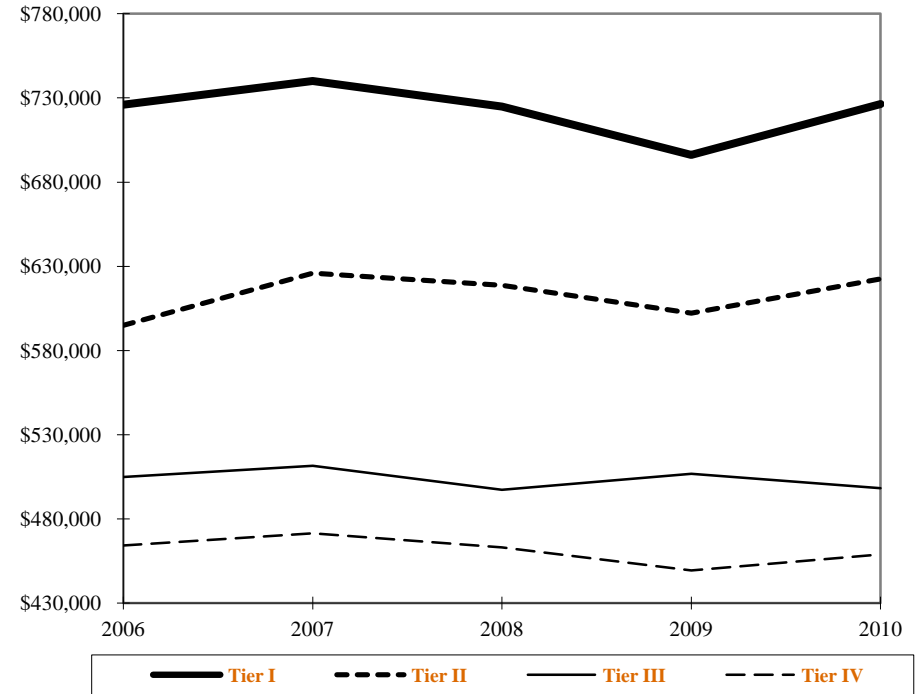
Gross Fees per Lawyer by Firm Size and Market

inflation adjusted median values, 2006 - 2010

Size Comparisons



Tiered<sup>1</sup> Geographical Market Comparisons



Growth Rates - Gross Fees per Lawyer

	Small	Mid	Large	Mega
'06 to '10	(4.8%)	(0.3%)	1.1%	2.4%
'09 to '10	(0.6%)	4.5%	2.6%	0.8%

**Small:** 50-100 attorneys  
**Midsize:** 101-250 attorneys  
**Large:** 251-500 attorneys  
**Mega:** >500 attorneys

Growth Rates - Gross Fees per Lawyer

	Tier I	Tier II	Tier III	Tier IV
'06 to '10	0.0%	4.6%	(1.3%)	(1.1%)
'09 to '10	4.3%	3.4%	(1.7%)	2.1%

**Tier I:** Chicago, Los Angeles, San Francisco, Silicon Valley  
**Tier II:** Atlanta, Boston, Dallas, Houston, Minn., Phila, Wash DC  
**Tier III:** Charlotte, Cleveland, Detroit, Pittsburgh, Seattle, St. Louis  
**Tier IV:** All Other Cities

<sup>1</sup>Tier groups were developed to offer comparisons among similar firms, using a combination of factors including market size, economic rating, retail and wholesale trade, and industrial activity. NYC-based firms have been excluded from all Tier groups.

2010 LAW FIRM STATISTICAL SURVEY

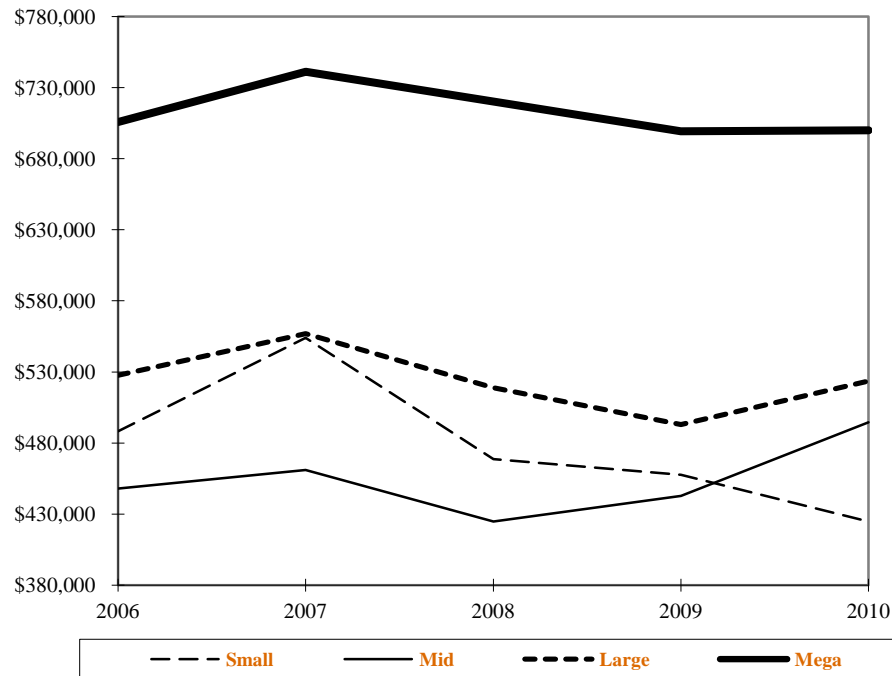
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NATIONAL LAW FIRM TRENDS

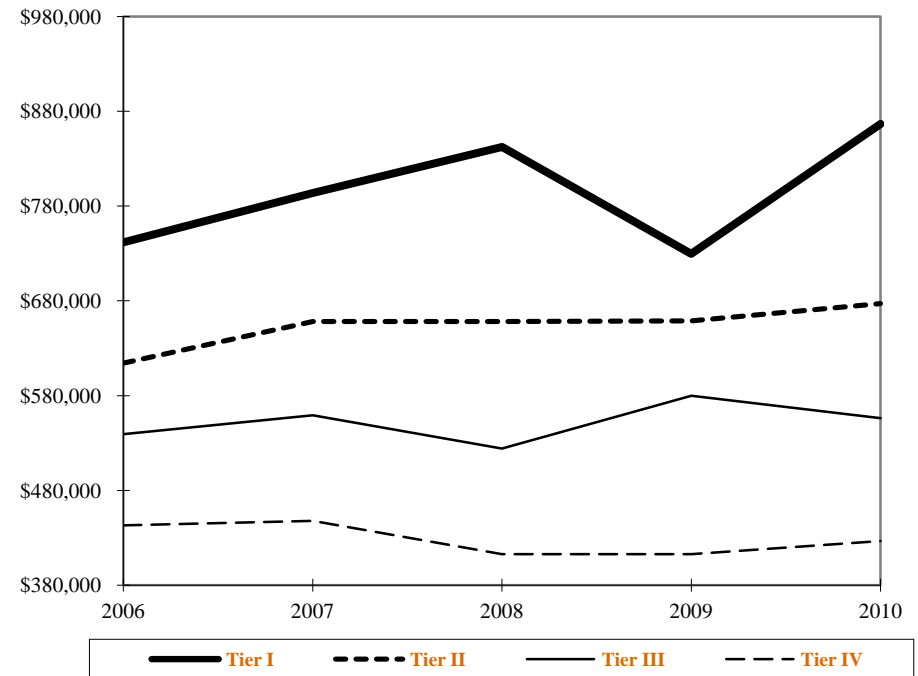
Net Income per Equity Partner by Firm Size and Market

inflation adjusted median values, 2006 - 2010

Size Comparisons



Tiered<sup>1</sup> Geographical Market Comparisons



Growth Rates - Net Income per Equity Partner

	Small	Mid	Large	Mega
'06 to '10	(13.0%)	10.4%	(0.8%)	(0.8%)
'09 to '10	(7.1%)	11.7%	6.2%	0.1%

**Small:** 50-100 attorneys  
**Midsized:** 101-250 attorneys  
**Large:** 251-500 attorneys  
**Mega:** >500 attorneys

Growth Rates - Net Income per Equity Partner

	Tier I	Tier II	Tier III	Tier IV
'06 to '10	16.9%	10.3%	3.1%	(3.7%)
'09 to '10	18.8%	2.8%	(4.1%)	3.3%

**Tier I:** Chicago, Los Angeles, San Francisco, Silicon Valley  
**Tier II:** Atlanta, Boston, Dallas, Houston, Minn., Phila, Wash DC  
**Tier III:** Charlotte, Cleveland, Detroit, Pittsburgh, Seattle, St. Louis  
**Tier IV:** All Other Cities

<sup>2</sup>Tier groups were developed to offer comparisons among similar firms, using a combination of factors including market size, economic rating, retail and wholesale trade, and industrial activity. NYC-based firms have been excluded from all Tier groups.

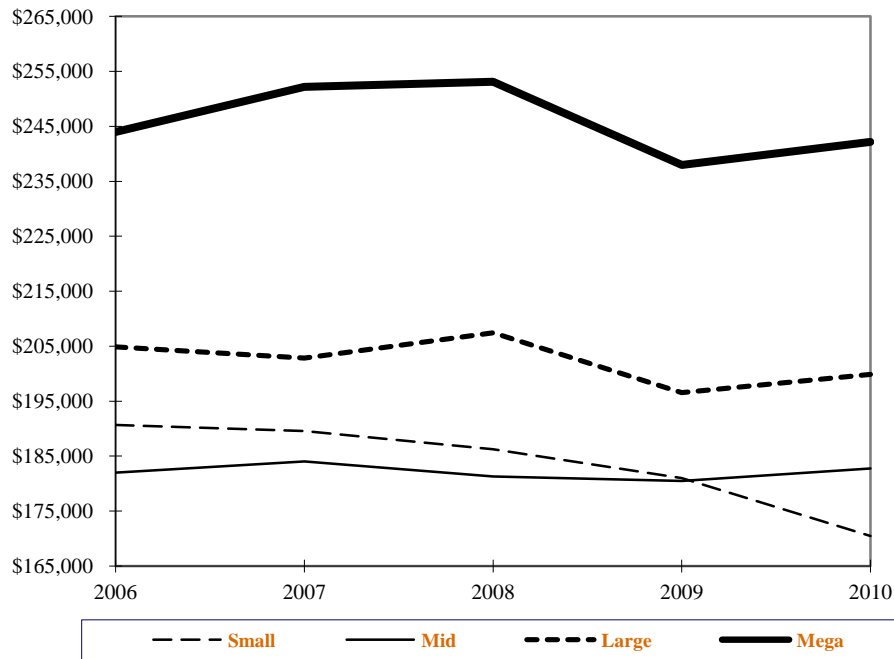
2010 LAW FIRM STATISTICAL SURVEY

Managing Partner's Report

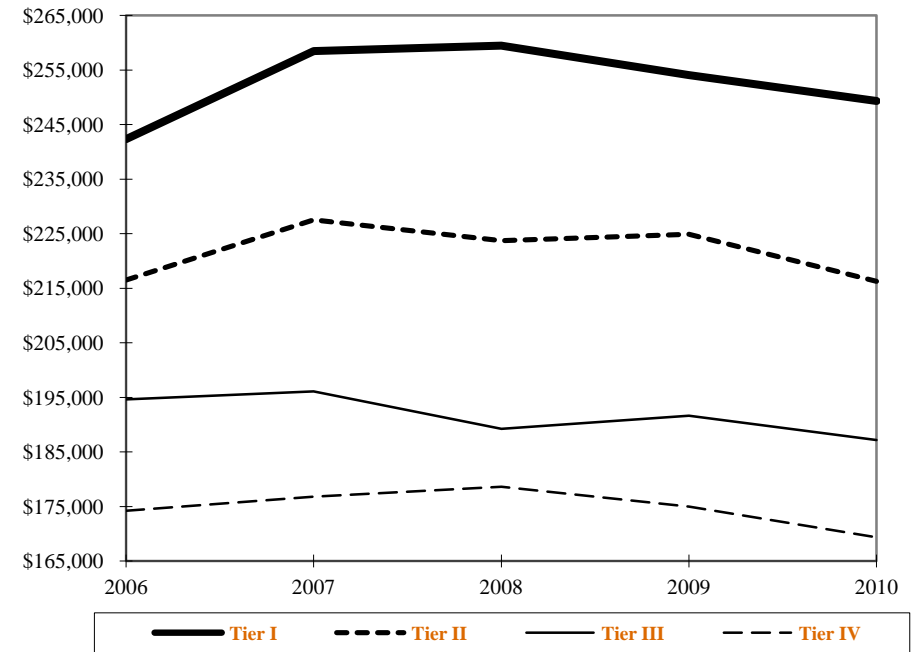
NATIONAL LAW FIRM TRENDS

**Operating Expenses per Lawyer<sup>1</sup> by Firm Size and Market**  
inflation adjusted median values, 2006 - 2010

Size Comparisons



Tiered<sup>2</sup> Geographical Market Comparisons



Growth Rates - Operating Expenses per Lawyer

	Small	Mid	Large	Mega
'06 to '10	(10.6%)	0.4%	(2.4%)	(0.7%)
'09 to '10	(5.8%)	1.3%	1.7%	1.8%

- Small:** 50-100 attorneys
- Midsized:** 101-250 attorneys
- Large:** 251-500 attorneys
- Mega:** >500 attorneys

Growth Rates - Operating Expenses per Lawyer

	Tier I	Tier II	Tier III	Tier IV
'06 to '10	2.9%	(0.1%)	(3.9%)	(2.8%)
'09 to '10	(1.9%)	(3.8%)	(2.3%)	(3.2%)

- Tier I:** Chicago, Los Angeles, San Francisco, Silicon Valley
- Tier II:** Atlanta, Boston, Dallas, Houston, Minn., Phila, Wash DC
- Tier III:** Charlotte, Cleveland, Detroit, Pittsburgh, Seattle, St. Louis
- Tier IV:** All Other Cities

<sup>1</sup> Excludes compensation, discretionary benefits and taxes of Associates, Senior and Staff Attorneys. If a firm does not provide benefits and taxes, a default value of 15% of compensation is used.

<sup>2</sup> Tier groups were developed to offer comparisons among similar firms, using a combination of factors including market size, economic rating, retail and wholesale trade, and industrial activity.

NYC-based firms have been excluded from all Tier groups.

2010 LAW FIRM STATISTICAL SURVEY

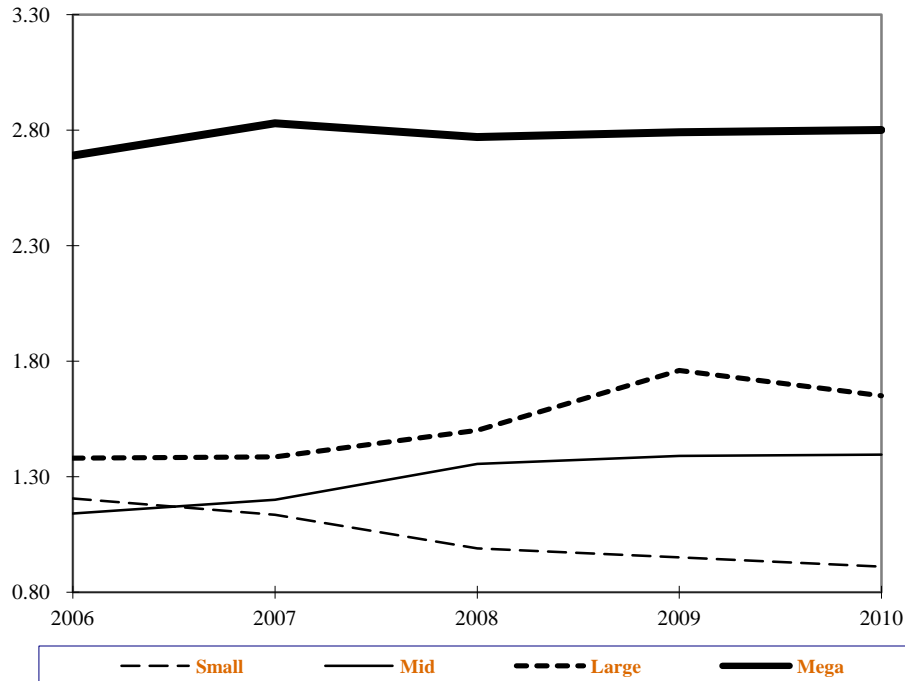
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NATIONAL LAW FIRM TRENDS

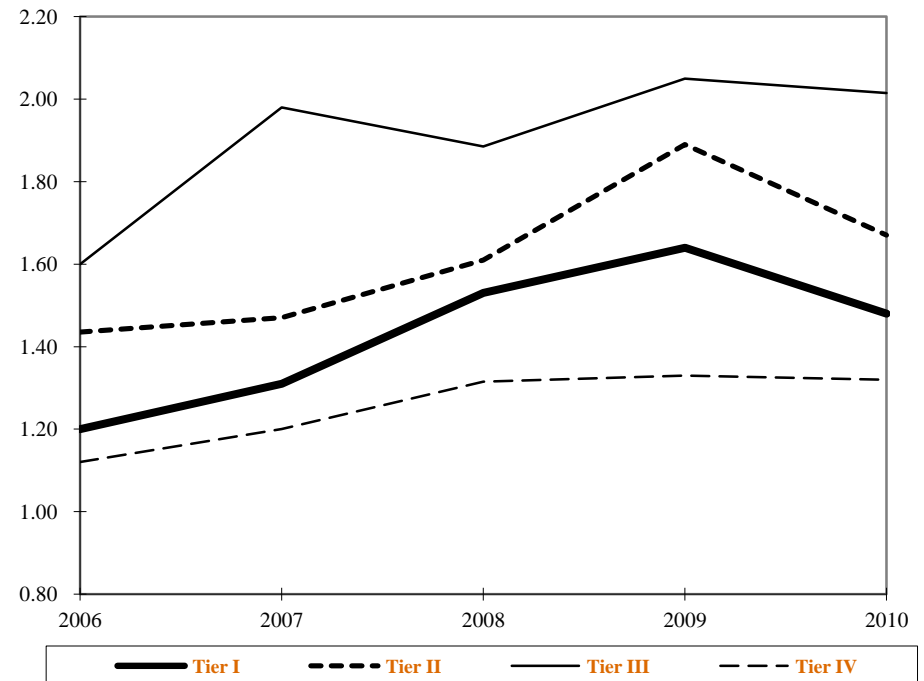
Ratio of Other Lawyers<sup>1</sup> to Equity Partners by Firm Size and Market

median values, 2006 - 2010

Size Comparisons



Tiered<sup>2</sup> Geographical Market Comparisons



Growth Rates - Leverage

	Small	Mid	Large	Mega
'06 to '10	(24.5%)	22.4%	19.6%	4.1%
'09 to '10	(4.2%)	0.4%	(6.3%)	0.4%

**Small:** 50-100 attorneys  
**Midsized:** 101-250 attorneys  
**Large:** 251-500 attorneys  
**Mega:** >500 attorneys

Growth Rates - Leverage

	Tier I	Tier II	Tier III	Tier IV
'06 to '10	23.3%	16.4%	25.9%	17.9%
'09 to '10	(9.8%)	(11.6%)	(1.7%)	(0.8%)

**Tier I:** Chicago, Los Angeles, San Francisco, Silicon Valley  
**Tier II:** Atlanta, Boston, Dallas, Houston, Minn., Phila, Wash DC  
**Tier III:** Charlotte, Cleveland, Detroit, Pittsburgh, Seattle, St. Louis  
**Tier IV:** All Other Cities

<sup>1</sup> Includes Non-Equity Partners, Associates, Senior and Staff Attorneys.

<sup>2</sup> Tier groups were developed to offer comparisons among similar firms, using a combination of factors including market size, economic rating, retail and wholesale trade, and industrial activity.

NYC-based firms have been excluded from all Tier groups.

2010 LAW FIRM STATISTICAL SURVEY

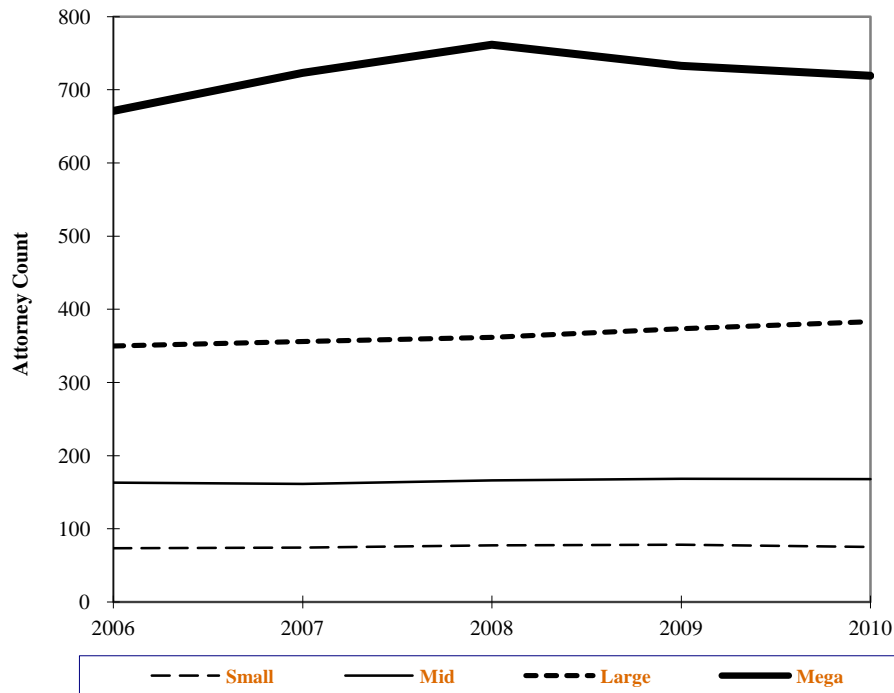
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NATIONAL LAW FIRM TRENDS

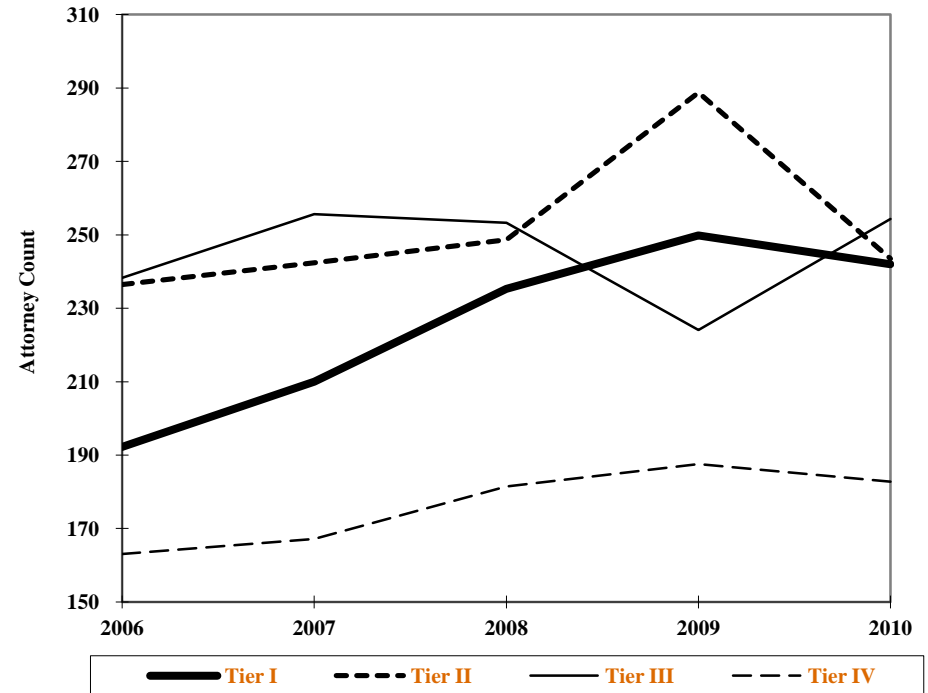
Legal Staff Growth by Firm Size and Market

median values, 2006 - 2010

Size Comparisons



Tiered<sup>1</sup> Geographical Market Comparisons



Growth Rates - Attorney Count

	Small	Mid	Large	Mega
'06 to '10	2.4%	3.0%	9.6%	7.2%
'09 to '10	(4.0%)	(0.2%)	2.6%	(1.8%)

- Small:** 50-100 attorneys
- Midsized:** 101-250 attorneys
- Large:** 251-500 attorneys
- Mega:** >500 attorneys

Growth Rates - Attorney Count

	Tier I	Tier II	Tier III	Tier IV
'06 to '10	25.9%	3.0%	6.7%	12.1%
'09 to '10	(3.1%)	(15.7%)	13.5%	(2.6%)

- Tier I:** Chicago, Los Angeles, San Francisco, Silicon Valley
- Tier II:** Atlanta, Boston, Dallas, Houston, Minn., Phila, Wash DC
- Tier III:** Charlotte, Cleveland, Detroit, Pittsburgh, Seattle, St. Louis
- Tier IV:** All Other Cities

<sup>1</sup>Tier groups were developed to offer comparisons among similar firms, using a combination of factors including market size, economic rating, retail and wholesale trade, and industrial activity. NYC-based firms have been excluded from all Tier groups.

## YOUR FIRM'S RESULTS

*In this section, your Total Firm data is displayed with the following comparison groups:*

*Group 1: National Groups X-XIII Combined - Firms*

*Group abbreviation: Nat'l*

*Group 2: AmLaw 100*

*Group abbreviation: AmLaw 100*

*Group 3: AmLaw Second 100 All*

*Group abbreviation: AmLaw Second*

*Information about each of these groups is provided on the following page.*

## 2010 LAW FIRM STATISTICAL SURVEY

Managing Partner's Report

## YOUR FIRM'S RESULTS

*Comparison Group Information**Group Abbreviation**Number of Members in the Group**Your Firm Displayed in this Report is a Member of the Group**Defined Size Range\* of Group Members (# of Attorneys)*

Maximum

Minimum

*Your Firm Size (# of Attorneys)**Average Size of Group Members (# of Attorneys)**Reporting Entities Included in the Group*

Number of Total Firms (single office firms or multi-office firms)

Number of Principal Offices

Number of Non-Principal Offices

*Professional Staffing*

Number of members with:

- multiple classes of partners

- multiple classes of non-partner attorneys

	Nat'l	AmLaw 100	AmLaw Second
<i>Number of Members in the Group</i>	49	28	38
<i>Your Firm <u>Displayed in this Report</u> is a Member of the Group</i>	No	No	No
<i>Defined Size Range* of Group Members (# of Attorneys)</i>			
Maximum	No Maximum	No Maximum	No Maximum
Minimum	251	No Minimum	No Minimum
<i>Your Firm Size (# of Attorneys)</i>			
<i>Average Size of Group Members (# of Attorneys)</i>	554	702	345
<i>Reporting Entities Included in the Group</i>			
Number of Total Firms (single office firms or multi-office firms)	49	28	38
Number of Principal Offices	0	0	0
Number of Non-Principal Offices	0	0	0
<i>Professional Staffing</i>			
Number of members with:			
- multiple classes of partners	44	26	32
- multiple classes of non-partner attorneys	39	23	31

\* For all groups that have a defined size range and include data for total firms and individual offices of multi-office firms, group membership is based on the size of the total firm and not the size of the individual office.

\*\* omitted due to insufficient data

2010 LAW FIRM STATISTICAL SURVEY

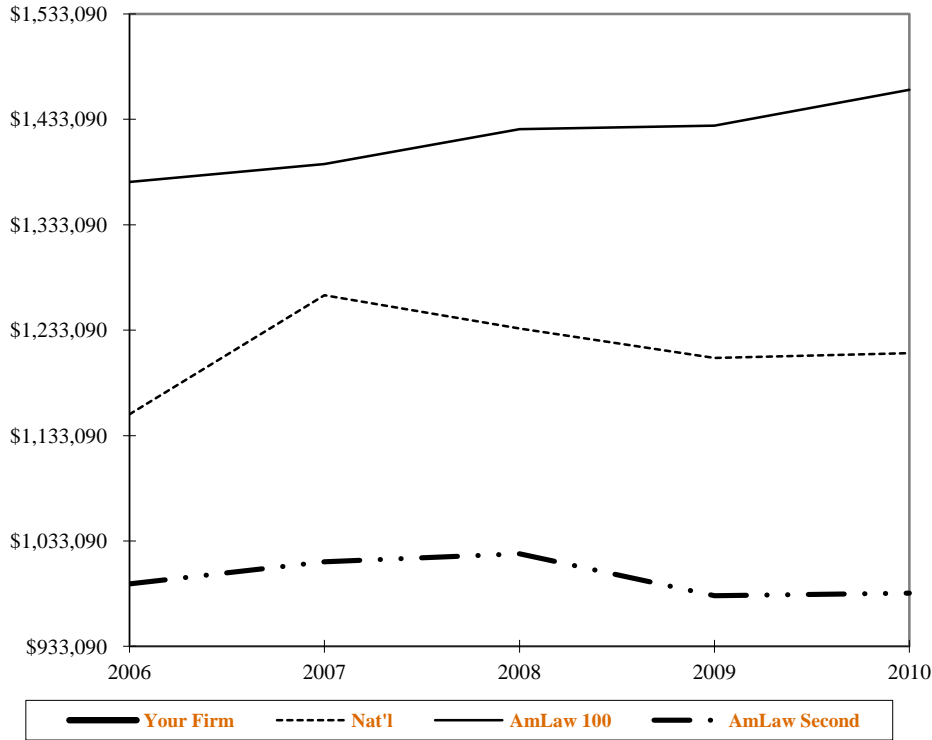
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YOUR FIRM'S RESULTS

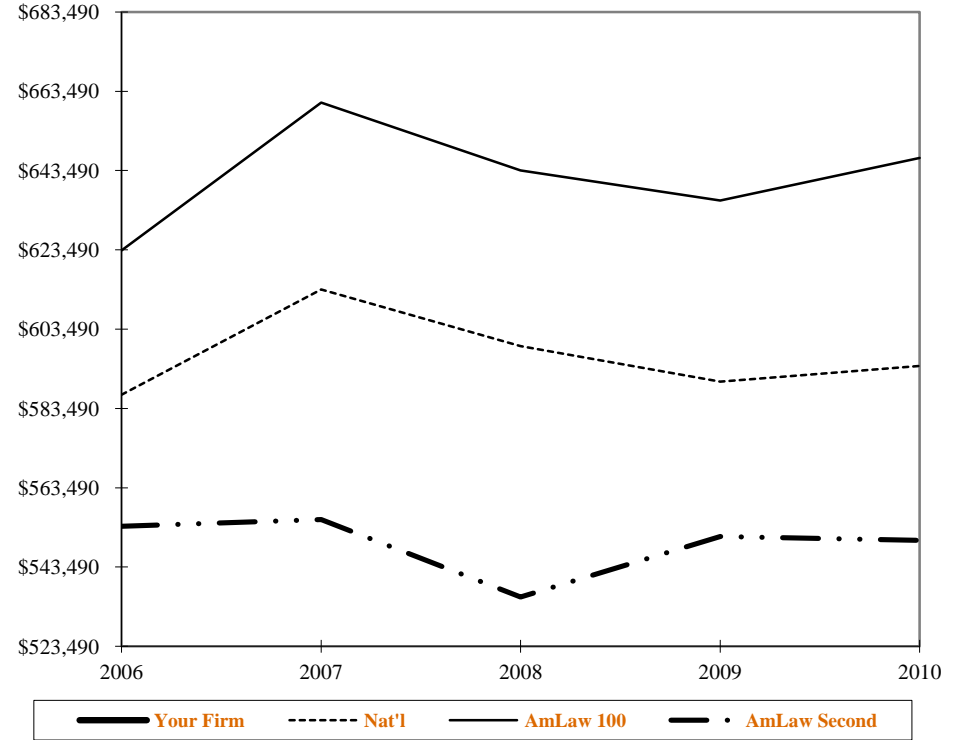
Revenue Trends

inflation adjusted median values, 2006 - 2010

Gross Fees per Partner



Gross Fees per Lawyer



Growth Rates - Gross Fees per Partner

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'06 to '10		5.0%	6.4%	(0.9%)
'09 to '10		0.4%	2.4%	0.3%

Growth Rates - Gross Fees per Lawyer

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'06 to '10		1.2%	3.8%	(0.6%)
'09 to '10		0.7%	1.7%	(0.2%)

Gross Fees per Partner represents the average fee revenue generated from the firm's professional activities (reported on a cash basis) per Partner full time equivalents (FTEs). Likewise, Gross Fees per Lawyer represents the average fee revenue generated per lawyer, as measured on an FTE basis. Ordinarily, highly leveraged firms (i.e., firms that have a high ratio of non-Partner timekeepers to Partners) will experience higher Gross Fees per Partner than firms having lower leverage. And, firms having lower leverage will have relatively higher Gross Fees per Lawyer than highly leveraged firms.

\*\* omitted due to insufficient data

2010 LAW FIRM STATISTICAL SURVEY

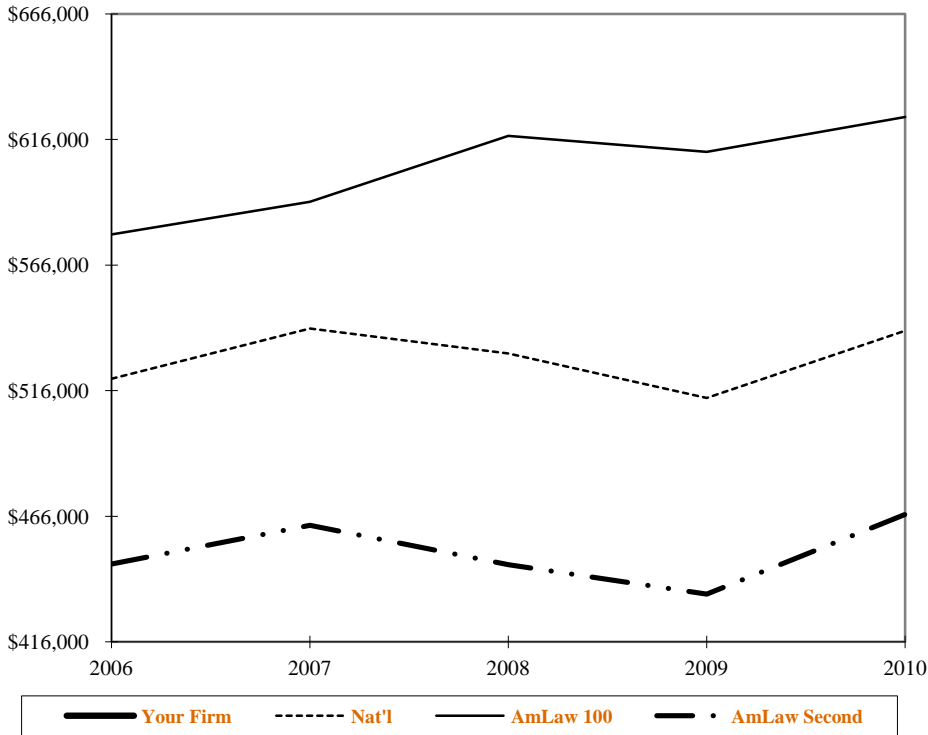
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YOUR FIRM'S RESULTS

**Profitability Trends**

*inflation adjusted median values, 2006 - 2010*

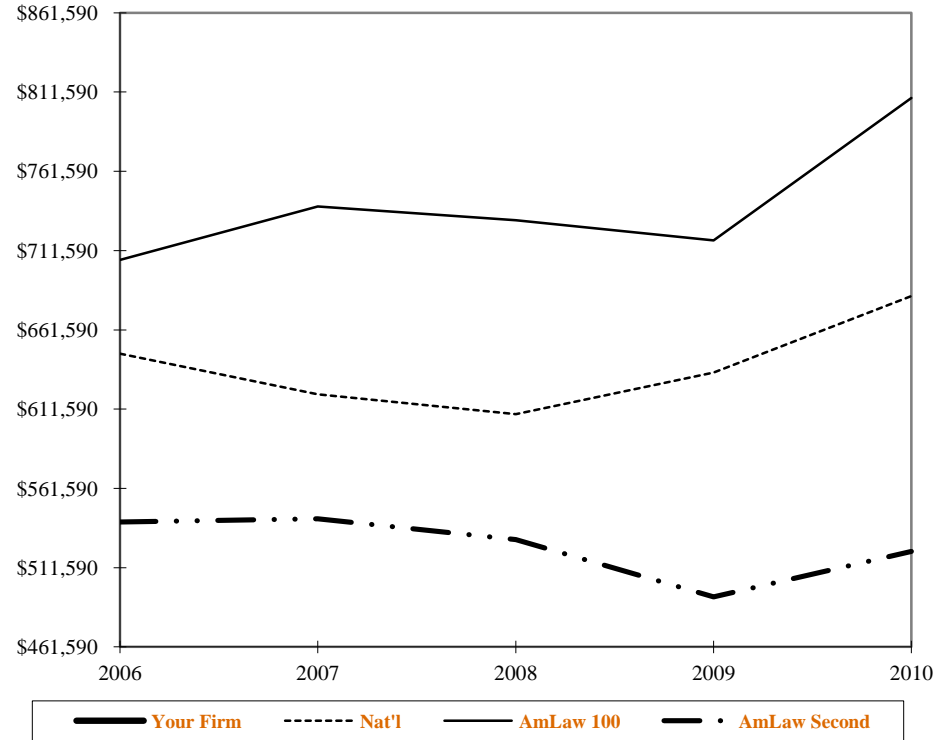
**Net Income per Partner**



**Growth Rates - Net Income per Partner**

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'06 to '10		3.7%	8.1%	4.4%
'09 to '10		5.2%	2.3%	7.3%

**Net Income per Equity Partner**



**Growth Rates - Net Income per Equity Partner**

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'06 to '10		5.6%	14.5%	(3.4%)
'09 to '10		7.6%	12.5%	5.8%

Net Income per Partner is reported on a cash basis, after payments to former Partners and Of Counsel. Net Income per Equity Partner is determined after deducting Non-Equity Partner compensation. Some firms have experienced increases in Net Income per Equity Partner exclusively by implementing or substantially increasing the use of a Non-Equity Partner class of attorneys.

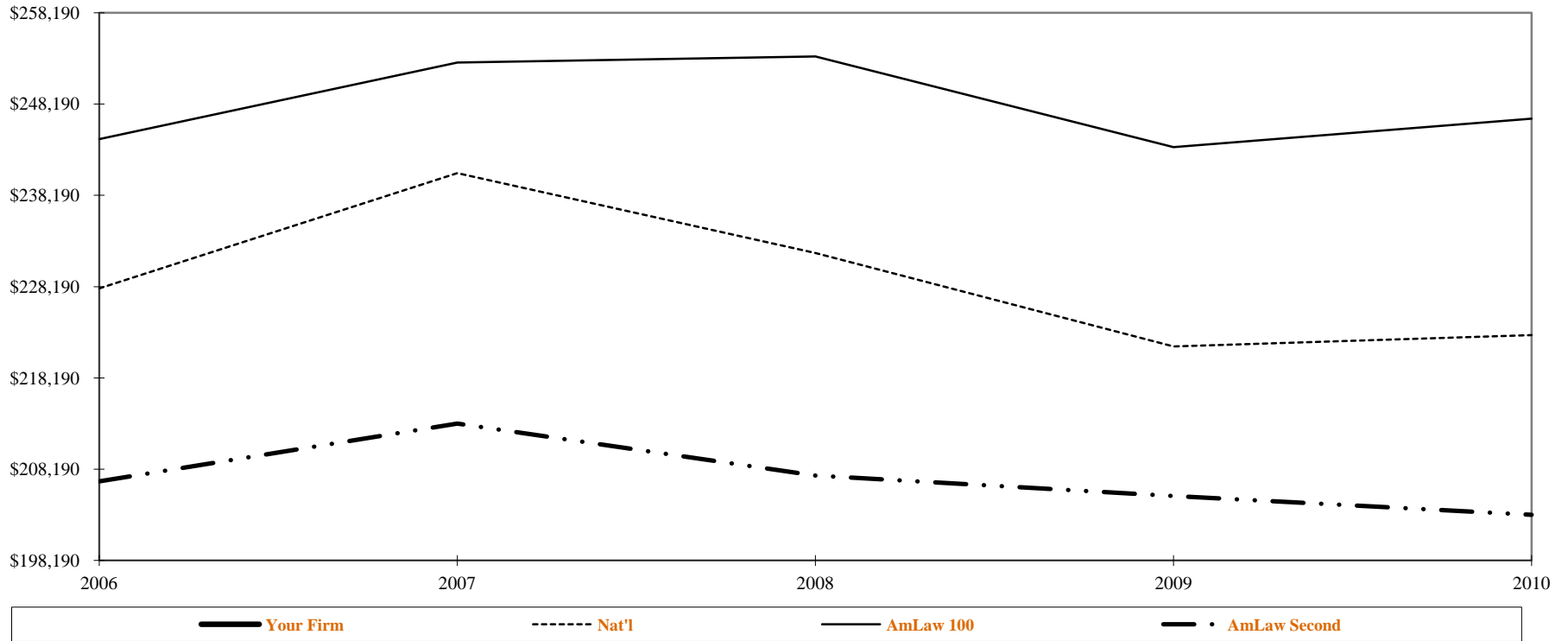
\*\* omitted due to insufficient data

**2010 LAW FIRM STATISTICAL SURVEY**

Managing Partner's Report

**YOUR FIRM'S RESULTS**

**Operating Expenses<sup>1</sup> per Lawyer**  
inflation adjusted median values, 2006 - 2010



**Growth Rates - Operating Expenses<sup>1</sup> per Lawyer**

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'06 to '10		(2.2%)	0.9%	(1.8%)
'09 to '10		0.6%	1.3%	(1.0%)

<sup>1</sup> Excludes compensation, discretionary benefits and taxes of Associates, Senior and Staff Attorneys. If a firm does not provide benefits and taxes, a default value of 15% of compensation is used.

2010 LAW FIRM STATISTICAL SURVEY

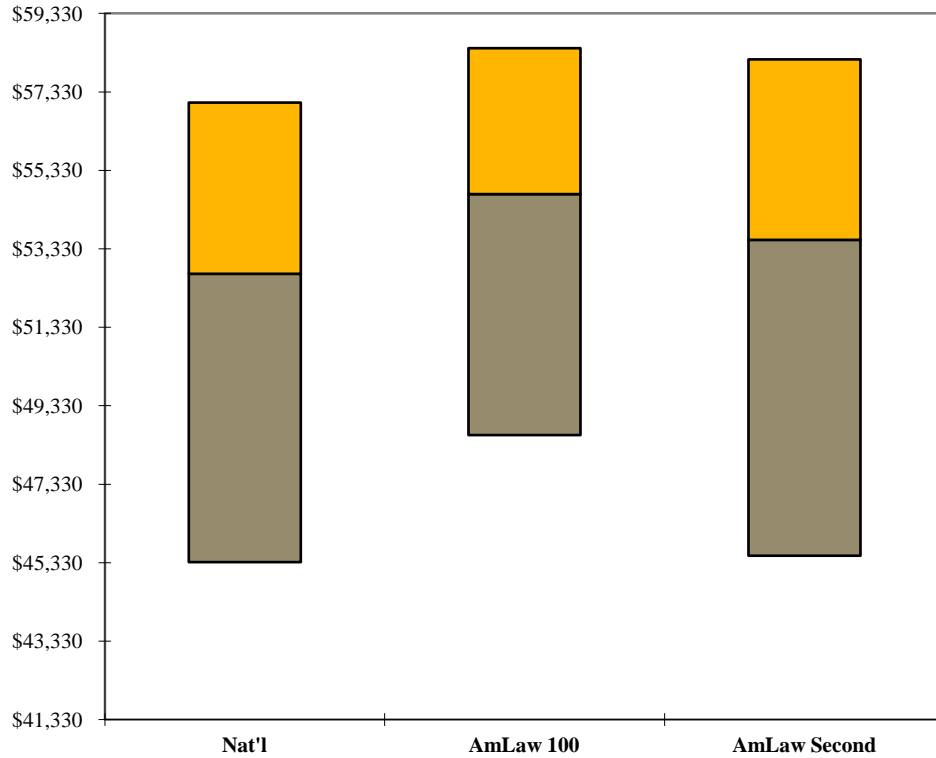
Managing Partner's Report

YOUR FIRM'S RESULTS

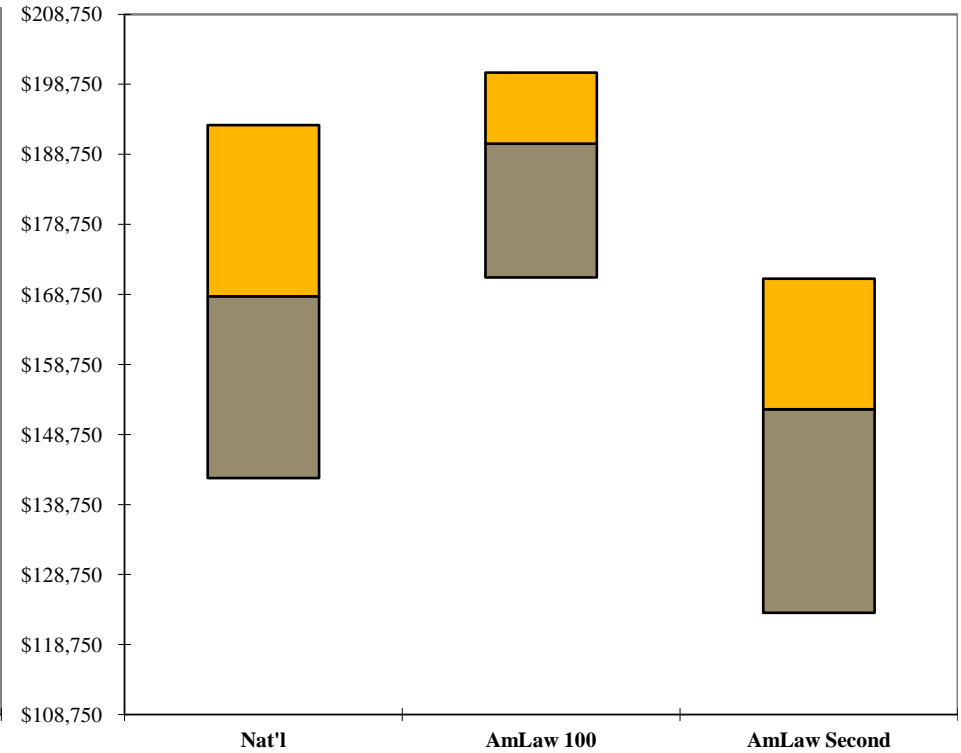
Expense Summary

quartile values, 2010

Direct Practice Support Expenses per Lawyer



Indirect Expenses per Lawyer



Growth Rates - Direct Expenses per Lawyer

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'09 to '10		(2.2%)	(7.6%)	(2.0%)

Growth Rates - Indirect Expenses per Lawyer

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'09 to '10		1.6%	7.0%	2.3%

Direct Practice Support Expenses include the compensation and benefits of staff who are directly involved in the delivery of legal services including non-lawyer timekeepers (Lobbyists, Specialists, Litigation Support, Patent Agents, Legal Assistants, Case Clerks, Law Clerks & Trust Accountants), Secretaries and Word Processors. Indirect Expenses include the compensation and benefits of all administrative support staff (excluding Secretaries and Word Processors) and all operating expenses. If a firm does not provide a benefits percentage value, a default of 15% of compensation for the attorneys and 20% of compensation for all other timekeepers is used.

See the Appendix for a guide to interpreting graphs in this format.

\*\* omitted due to insufficient data

2010 LAW FIRM STATISTICAL SURVEY

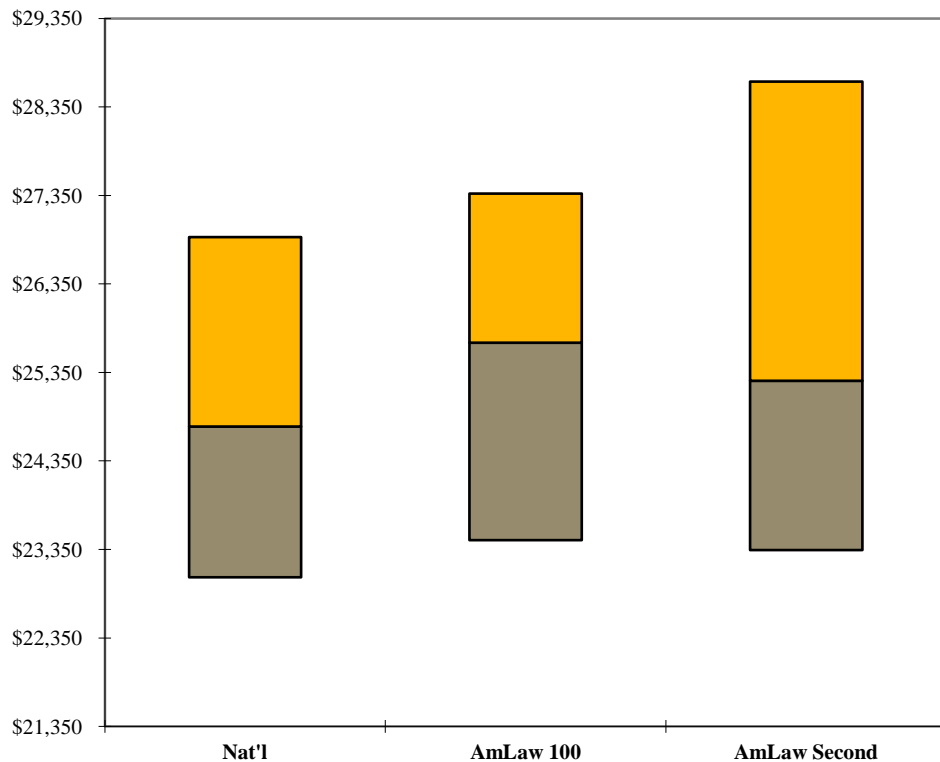
Managing Partner's Report

YOUR FIRM'S RESULTS

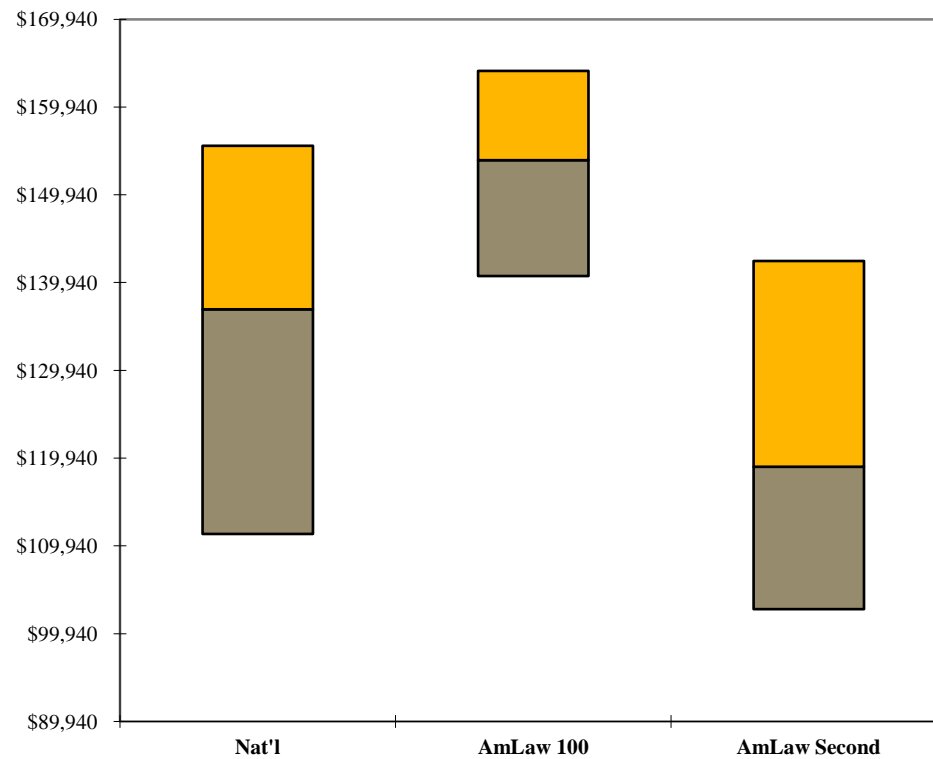
Expense Summary

quartile values, 2010

Direct Practice Support Expenses per Timekeeper



Indirect Expenses per Timekeeper



Growth Rates - Direct Expenses per Timekeeper

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'09 to '10		(3.6%)	(1.2%)	(3.1%)

Growth Rates - Indirect Expenses per Timekeeper

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'09 to '10		4.4%	11.2%	5.6%

Direct Practice Support Expenses include the compensation and benefits of staff who are directly involved in the delivery of legal services including Secretaries and Word Processors. Indirect Expenses include the compensation and benefits of all administrative support staff (excluding Secretaries and Word Processors) and all operating expenses. If a firm does not provide a benefits percentage value, a default of 15% of compensation for the attorneys and 20% of compensation for all other timekeepers is used.

See the Appendix for a guide to interpreting graphs in this format.

\*\* omitted due to insufficient data

2010 LAW FIRM STATISTICAL SURVEY

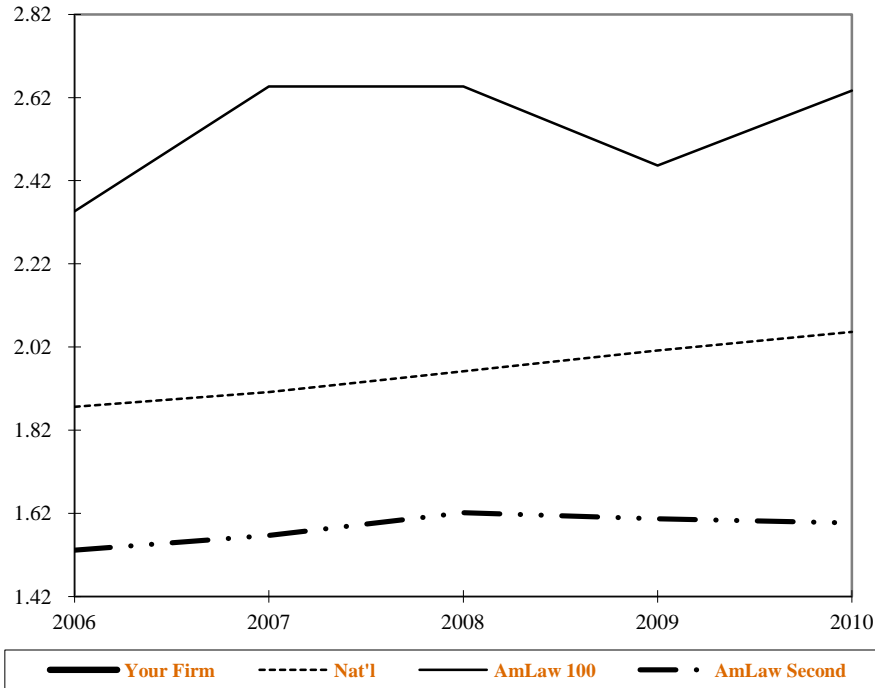
Managing Partner's Report

YOUR FIRM'S RESULTS

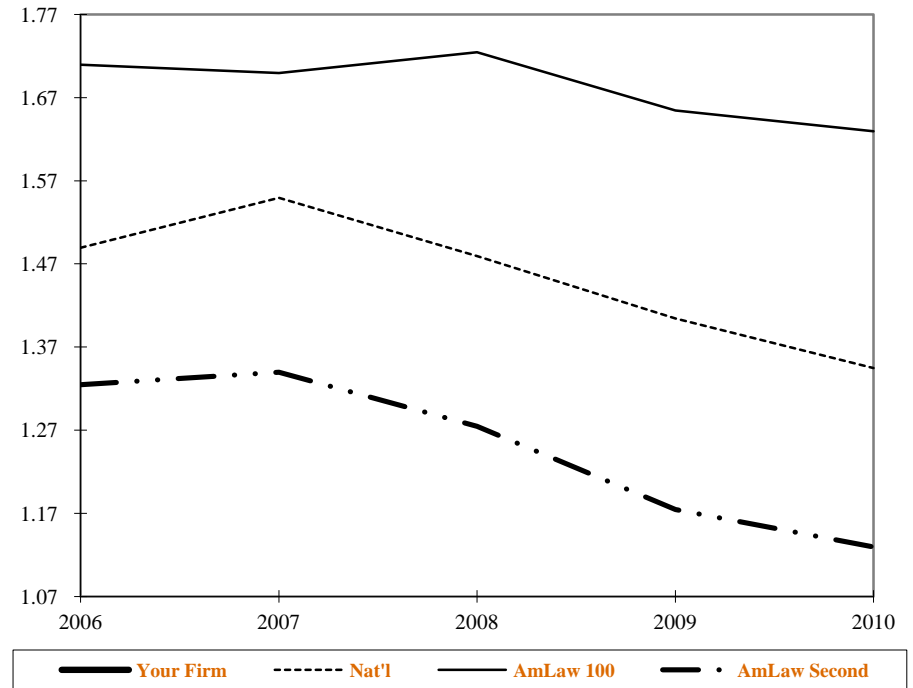
**Leverage Ratios**

median values, 2006 - 2010

Ratio of Other Lawyers<sup>1</sup> to Equity Partners



Ratio of Non-Partner Timekeepers<sup>2</sup> to Partners



Growth Rates - Other Attorney Leverage

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'06 to '10		9.6%	12.3%	4.2%
'09 to '10		2.2%	7.3%	(0.6%)

Growth Rates - Other Timekeeper Leverage

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'06 to '10		(9.8%)	(4.7%)	(14.8%)
'09 to '10		(4.3%)	(1.5%)	(3.8%)

The ratios presented on this page provide alternative perspectives on law firm partner "leverage" (i.e., timekeeper staffing in support of a partner's efforts). These calculations are designed to acknowledge that beneficial leveraging can be achieved from utilizing multiple partner and non-partner attorney tiers or classifications, as well as from non-lawyer timekeepers. The more traditional measure of staff leverage - Ratio of Associates to Partners - has decreased in significance as law firms have increased their usage of other attorney classifications, including non-equity partners and senior attorneys.

<sup>1</sup> Includes Non-Equity Partners, Associates, Senior and Staff Attorneys.

<sup>2</sup> Includes Associates, Senior and Staff Attorneys, Lobbyists, Specialists, Litigation Support, Patent Agents, Paralegals, Case Clerks, and Law Clerks & Trust Accountants.

\*\* omitted due to insufficient data

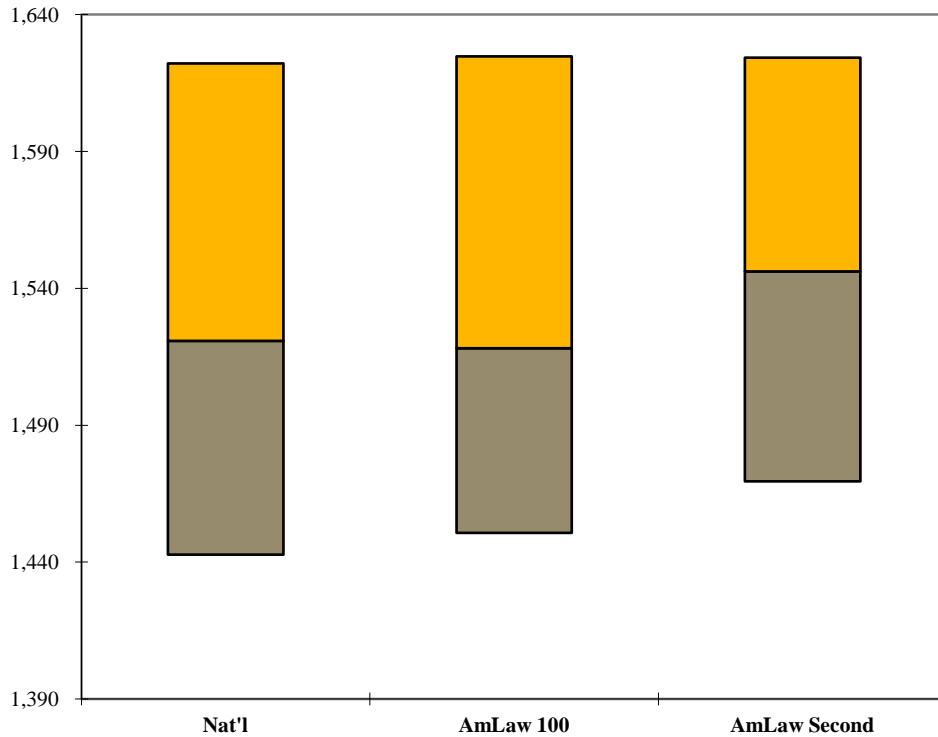
2010 LAW FIRM STATISTICAL SURVEY

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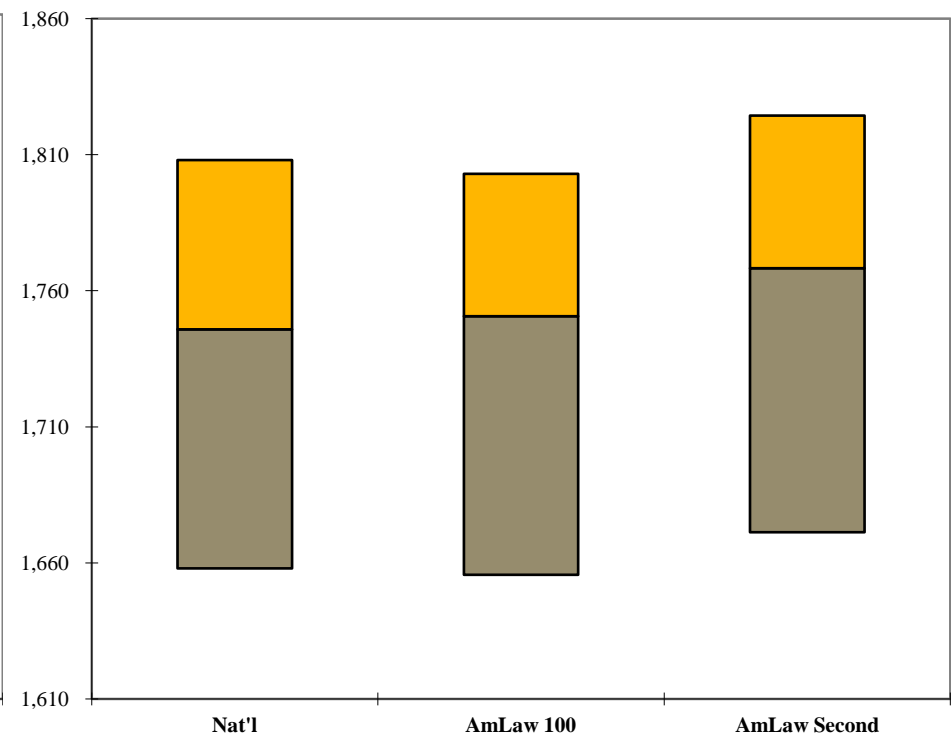
YOUR FIRM'S RESULTS

**Utilization**  
quartile values, 2010

Average Chargeable Hours per Partner



Average Chargeable Hours per Associate



Growth Rates - Partner Utilization

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'06 to '10		(6.6%)	(8.2%)	(5.1%)
'09 to '10		1.3%	2.3%	(0.0%)

Growth Rates - Associate Utilization

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'06 to '10		(1.8%)	(3.1%)	0.5%
'09 to '10		3.2%	3.4%	3.2%

While some firms and their clients have placed substantial emphasis on alternative billing arrangements, the chargeable hour remains the primary method for assigning value to legal services provided. For Survey purposes, the proportion of fees billed under alternative fee arrangements should have little impact on average chargeable hours by staff classification results. In most firms, Associates generally average more chargeable hours than Partners.

See the Appendix for a guide to interpreting graphs in this format.

\*\* omitted due to insufficient data

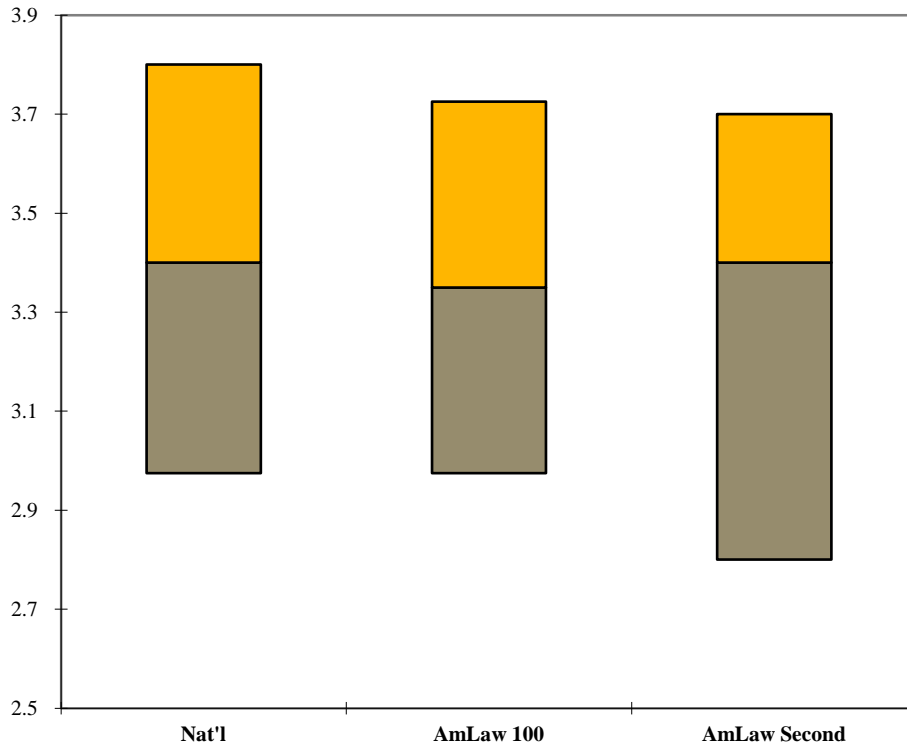
2010 LAW FIRM STATISTICAL SURVEY

Managing Partner's Report

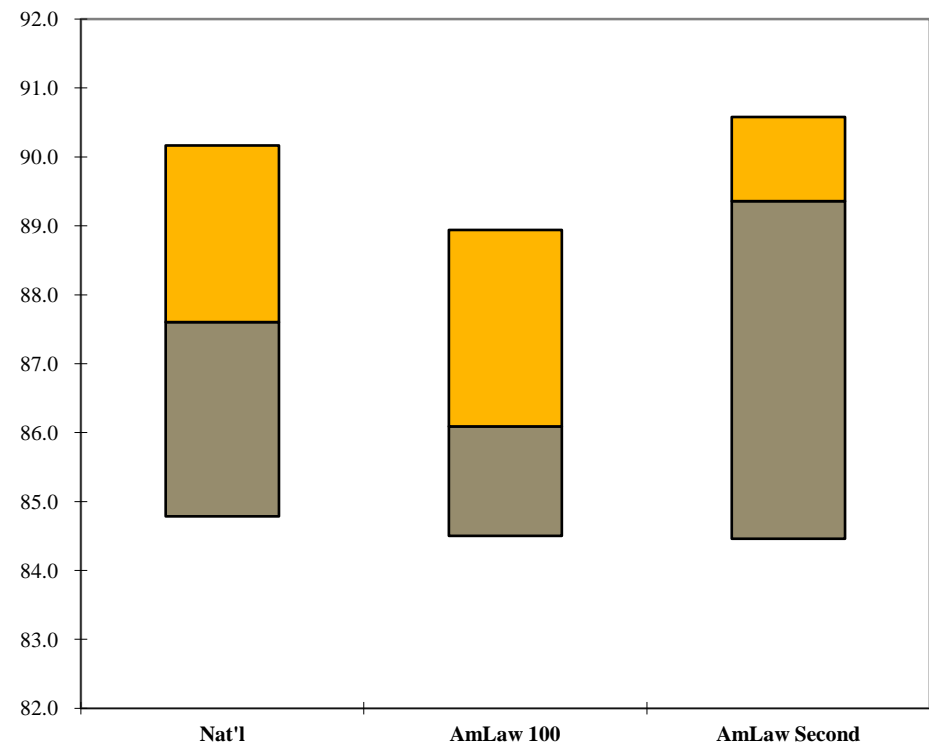
YOUR FIRM'S RESULTS

*Billings and Collections*  
quartile values, 2010

Months Invested in Client Services



Net Realization %<sup>1</sup>



Growth Rates - Investment in Services

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'09 to '10		0.0%	(1.5%)	3.0%

Growth Rates - Net Realization

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'09 to '10		(0.2%)	(1.0%)	0.8%

Months Invested in Client Services represents the size of the firm's inventory of WIP and A/R. The dollar value of WIP and A/R (after reserves) is converted to the equivalent value expressed in terms of an average month's hours production valued at standard rates. This is done to put all firms on a comparable basis. Firms reluctant to reserve or write-off work in process or accounts receivable will experience higher levels of investment in services.

See the Appendix for a guide to interpreting graphs in this format.

<sup>1</sup>The product of Accounts Receivable realization and Work in Process realization.

\*\* omitted due to insufficient data

2010 LAW FIRM STATISTICAL SURVEY

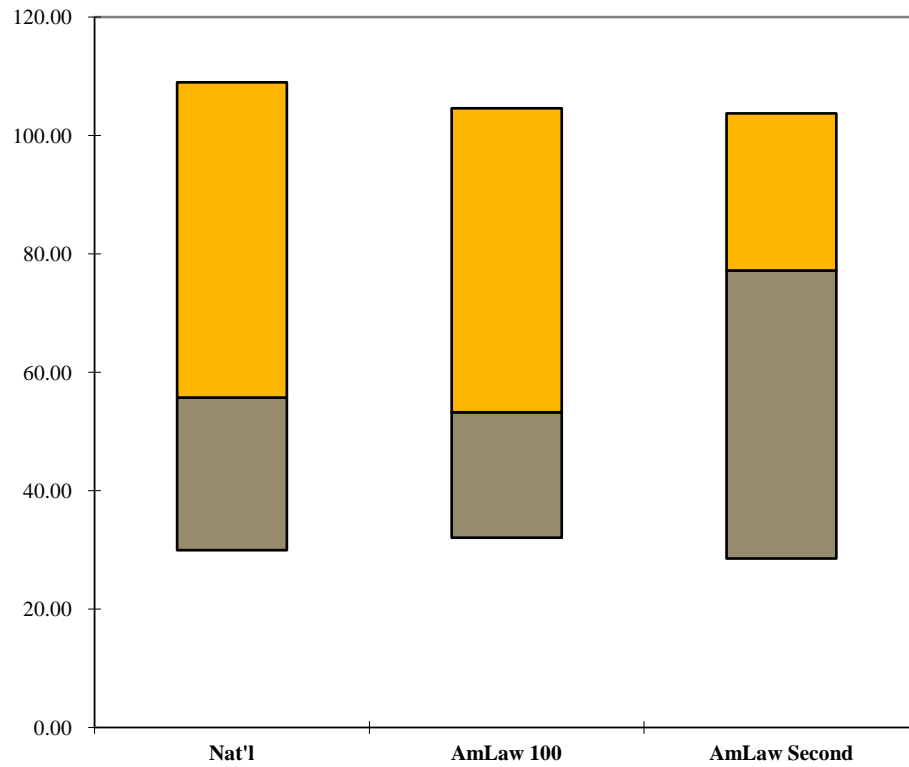
Managing Partner's Report

YOUR FIRM'S RESULTS

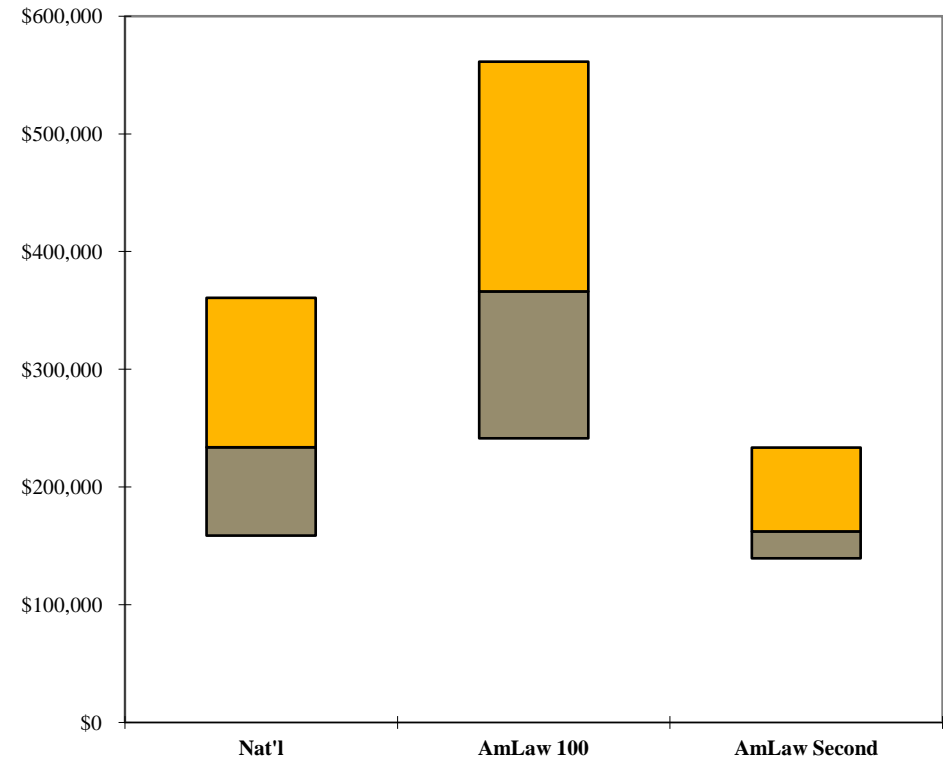
*Permanent Capital<sup>1</sup> and Debt*

quartile values, 2010

Total Maximum Debt as a % of Permanent Capital



Permanent Capital and Total Max. Debt per Equity Partner<sup>2</sup>



Growth Rates - Total Max. Debt as a % of Capital

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'09 to '10		(24.7%)	(46.3%)	3.9%

Growth Rates - Capital & Total Max. Debt per Equity Ptr.<sup>2</sup>

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'09 to '10		(2.4%)	6.6%	(9.6%)

See the Appendix for a guide to interpreting graphs in this format.

<sup>1</sup> Permanent capital consists of a mixture of actual out-of-pocket contributions made by partners and undistributed firm earnings to be held indefinitely. It does not include undistributed earnings that are to be distributed at a predetermined point in the near future.

<sup>2</sup> Calculations are based on an annual full time equivalent basis. If your firm indicated that both Equity and Non-Equity partners contribute capital, no 'Your Firm' value will be displayed for the capital and maximum debt calculation.

\*\* omitted due to insufficient data

**2010 LAW FIRM STATISTICAL SURVEY**

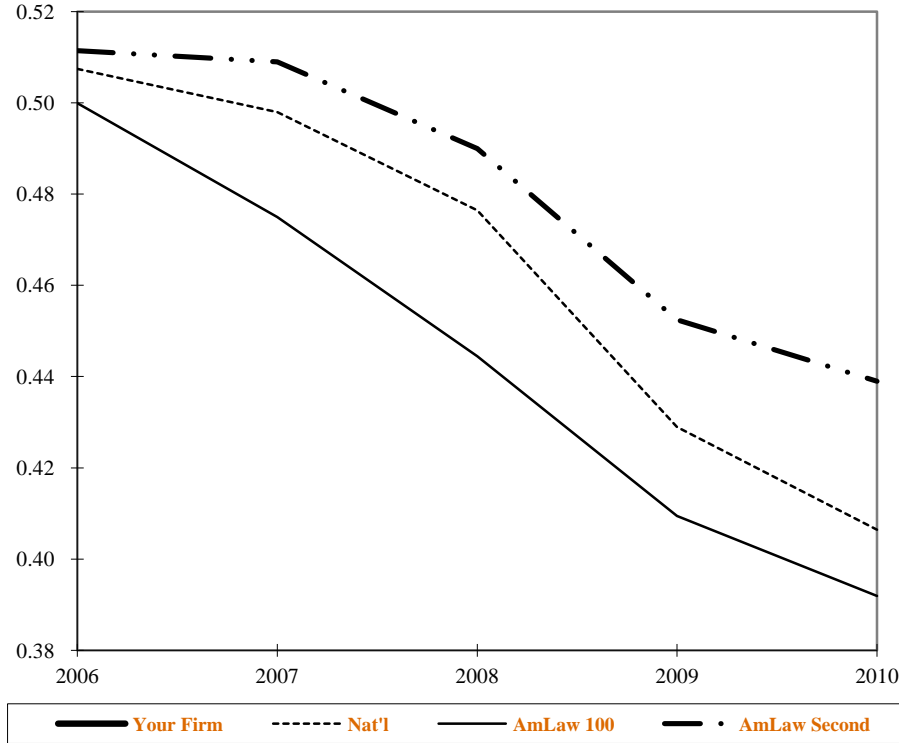
Managing Partner's Report

**YOUR FIRM'S RESULTS**

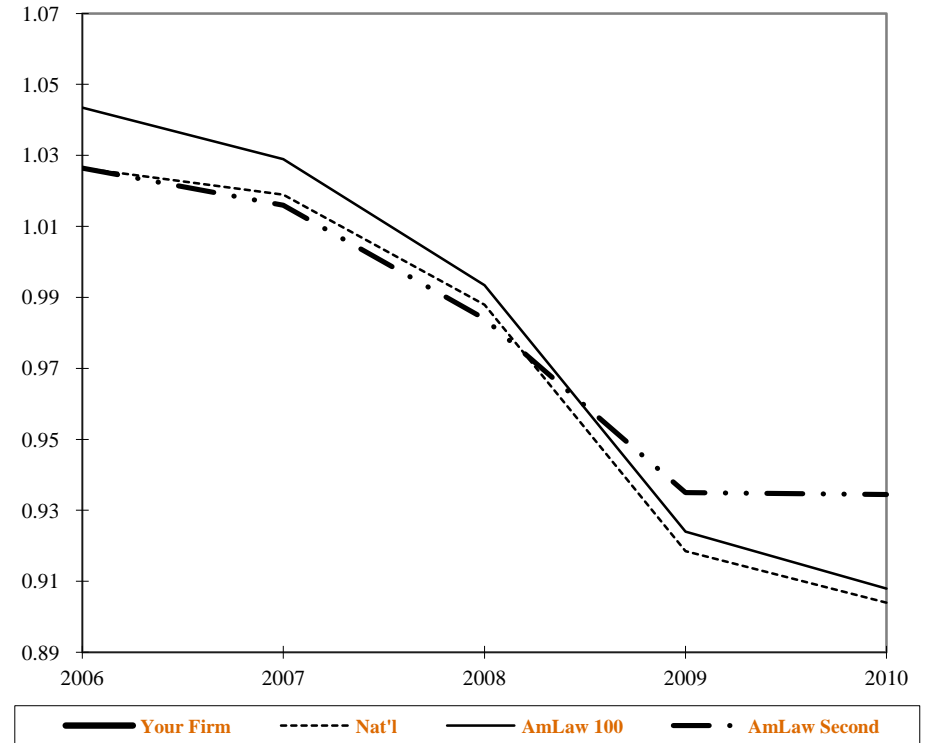
**Support Staff Ratios**

median values, 2006 - 2010

**Ratio of Secretaries and Word Processors to Lawyers**



**Ratio of Total Administrative Support Staff to Lawyers**



**Growth Rates - Sec'y & WP per Lawyer**

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'06 to '10		(20.1%)	(21.8%)	(14.3%)
'09 to '10		(5.3%)	(4.3%)	(3.0%)

**Growth Rates - Support Staff per Lawyer**

	Your Firm	Nat'l	AmLaw 100	AmLaw Second
'06 to '10		(12.0%)	(13.0%)	(9.0%)
'09 to '10		(1.6%)	(1.7%)	(0.1%)

Administrative staffing ratios are closely correlated to a firm's expense structure since compensation costs generally represent well over half of a law firm's expenses.

\*\* omitted due to insufficient data

## APPENDIX

## Guide to Interpreting the Stacked Bar Graphs Presented in this Report

Your Firm's value for the current year is displayed as a dark solid line across the results for all comparison groups.

Each group's results for the current year are displayed as a "floating" stacked bar, which represents:

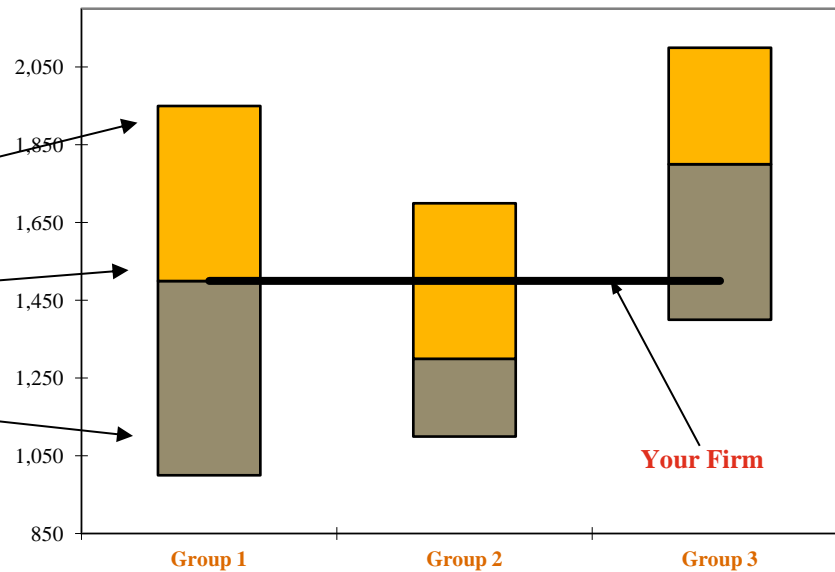
**First Quartile Value**

**Median Value**

**Third Quartile Value**

Given the three group statistics presented, each bar represents the values for the middle 50% of the group. The regions which represent the top 25% and the bottom 25% are implied by position, but they are not depicted.

Average Chargeable Hours per Partner



### Example Interpretation of this Graph:

For the current year, your firm's value is at the Median Level of Group 1, above the Median Level and below the First Quartile Level of Group 2 (i.e., in the Second Quartile), and below the Median Level and above the Third Quartile of Group 3 (i.e., in the Third Quartile).