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2015 Detailed Operations Report

Compiled from the 2015 Law Firm Statistical Survey
(LFSS)

Issued: May 2016



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Detailed Operations Report

National Custom Small/Midsize - Firms (xNYC) (11 members)

Issued: May 2016

Group Report

The Detailed Operations Report (DOR) was developed to supplement the revenue and expense benchmarking information contained within the Finance & Operations Reports. The benchmarking information contained within each DOR is derived from the detailed worksheets provided with each Survey participant's data submission.

Confidential

This report is intended solely for the use of Partners and authorized employees of the participating firm.

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Guide to Interpreting the Statistics Presented in this Report

The statistics reported in the PricewaterhouseCoopers 2015 Law Firm Statistical Survey include quartile and median group information based on the number of members in each comparison group. As such, the PwC Survey results are generated and presented in the Final Reports using Microsoft® Excel worksheet functions.

Median Value

The middle value of a set of numbers arranged in descending order. The median, unlike the mean, is not affected by extreme data values. The median divides the data so that half of all the data items are greater than or equal to the median.

Remarks:

- If a range of numbers contains empty cells, those values are ignored; however, cells with the value zero are included.
- If there is an even number of values in the set, then the median returns the average of the two values in the middle.

Quartile Values

Any of three points that divide an ordered distribution into four parts each containing one-quarter of the values.

One-fourth of the data lies above the first quartile (hence three-quarters below it). Similarly, one-quarter of the data lies below the third quartile (hence three-quarters above it). The first and third quartiles are the medians of the lower half and upper half of the data.

Remarks:

- A quartile is a number or cutoff, and not a range of values. Your Firm may be above or below the first quartile, but not in the first quartile.
- The second quartile is by definition the median.

Example

The Phoenix comparison group includes 11 members. The standard billing rates are sorted in descending order and the median and quartile values are determined as follows:

Firm Value:	\$1,000	Firm Rank:	1	
	900		2	
	875		3	
	850	←	4	<i>\$863 - Represents the value at the first quartile; 3.5 represents the entry point to the top 25%</i>
	850		5	
	840	←	6	<i>\$840 - Represents the value at the median; 6.0 represents the entry point to the top 50%</i>
	800		7	
	750		8	
	700	←	9	<i>\$725 - Represents the value at the third quartile; 8.5 represents the entry point to the bottom 25%</i>
	650		10	
	650		11	

Note: If your firm is ranked 12th in the above example, then your firm is NOT a member of the comparison group and falls below all 11 firms included in the group.

2015 LAW FIRM STATISTICAL SURVEY

National Custom Small/Midsize - Firms (xNYC) (11 members)

Operations per Lawyer

		2015				
		Your Firm		Group		
		Average	Rank/Of	1 st Quartile	Median	3 rd Quartile
<input checked="" type="checkbox"/> Gross Fees			/ 11	\$586,273	\$438,194	\$416,066
Operating Expenses						
Compensation						
Lobbyists				**	**	**
Specialists				**	**	**
Litigation Support				**	**	**
Patent Agents				**	**	**
Paralegals			/ 11	17,494	10,890	9,359
Case Clerks			/ 3 ‡	3,574	2,046	1,766
Law Clerks			/ 7 ‡	1,279	833	721
Administrative Management			/ 10	6,830	2,685	2,192
Practice Group Management				**	**	**
Secretarial			/ 11	28,377	24,013	20,411
Word Processing			/ 4 ‡	2,914	1,849	963
Professional Staff Recruiting			/ 3 ‡	1,135	953	919
Human Resources/Personnel			/ 8 ‡	3,116	1,941	1,494
Professional Development				**	**	**
Finance/Accounting			/ 11	8,133	5,955	4,679
Information Systems			/ 10	7,092	5,642	4,939
Knowledge Mgmt/Library Svcs			/ 7 ‡	1,142	1,035	739
Marketing			/ 10	2,876	2,210	1,384
Business Intake & Conflicts			/ 7 ‡	1,742	882	638
Other Staff			/ 11	5,988	5,491	2,968
Other Employee Costs ¹			/ 11	23,233	19,576	15,838
Employee Costs ¹			/ 11	104,898	89,152	72,070
<input checked="" type="checkbox"/> Occupancy *			/ 11	36,845	26,781	17,713
<input checked="" type="checkbox"/> Office Operating Expense *			/ 11	12,281	11,099	7,941
<input checked="" type="checkbox"/> Information Systems *			/ 11	15,609	13,085	10,144
<input checked="" type="checkbox"/> Professional Activities *			/ 11	5,010	4,558	3,493
<input checked="" type="checkbox"/> Marketing *			/ 11	9,487	8,261	6,541
<input checked="" type="checkbox"/> Professional Recruiting *			/ 11	1,578	447	359
<input checked="" type="checkbox"/> Professional Liability Insurance			/ 10	6,744	5,547	4,940
<input checked="" type="checkbox"/> Other Insurance & Taxes *			/ 11	6,457	3,245	1,293
<input checked="" type="checkbox"/> Communications *			/ 11	5,334	3,842	2,380
<input checked="" type="checkbox"/> Reference Materials *			/ 11	6,559	5,626	5,009
<input checked="" type="checkbox"/> Professional Services *			/ 11	4,614	3,715	1,474
<input checked="" type="checkbox"/> Client Disbursements Written-Off/Misc. *			/ 11	2,049	1,097	520
Other Expenses			/ 11	103,965	89,784	74,413
Operating Expenses ¹			/ 11	217,025	181,192	150,033
Operating Income			/ 11	371,040	301,534	264,645
<input checked="" type="checkbox"/> Payments to Former/Inactive Partners & Of Counsel *			/ 9	6,448	4,143	1,327
<input checked="" type="checkbox"/> Other Non-Operating Charges/Credits *			/ 11	1,871	885	418
Net Income Prior to Attorney Compensation			/ 11	\$367,558	\$294,457	\$259,638
<input checked="" type="checkbox"/> These categories have detailed components on subsequent pages.						

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

** omitted due to insufficient data

‡ less than 75% population response

2015 LAW FIRM STATISTICAL SURVEY

National Custom Small/Midsize - Firms (xNYC) (11 members)

Detailed Revenue Components - per Lawyer

Gross Fees

		2015			
	Your Firm		1 st Quartile	Group Median	3 rd Quartile
	Average	Rank/Of			
<u>Include Fees For:</u>					
Legal services: Law Firm Timekeepers		/ 10	\$612,668	\$454,552	\$427,398
Legal services: Contract Timekeepers			**	**	**
Commissions and other fees			**	**	**
Directors' fees			**	**	**
Other professional service income			**	**	**
Revenue from other personal services			**	**	**
Recovery of non-legal time (support staff time billed)			**	**	**
Other		/ 5 ‡	2,629	1,072	12
<u>Deduct (if included above):</u>					
Fees paid to outside participating attys for client srvc			**	**	**
Expenses associated with the contract timekeepers			**	**	**
Fees paid to consulting orgs. for lit. support services			**	**	**
Any hard disb. recoveries for non-personnel expenses			**	**	**
Total Gross Fees		/ 11	\$586,273	\$438,194	\$416,066

Your firm total may not foot due to rounding.

** omitted due to insufficient data

‡ less than 75% population response

2015 LAW FIRM STATISTICAL SURVEY

National Custom Small/Midsize - Firms (xNYC) (11 members)

Detailed Expense Components - per Lawyer

Occupancy & Office Operating

		2015		
		Your Firm	Group	
		Average Rank/Of	1 st Quartile Median 3 rd Quartile	
Occupancy Expenses				
Rent - premises only	/ 10		\$32,200	\$25,317 \$15,662
Apartment rental fees			**	** **
Building chargebacks			**	** **
Depreciation of owned premises			**	** **
Utilities	/ 6 ‡		584	397 203
Occupancy and real estate taxes			**	** **
Leasehold improvements (amortization)	/ 8 ‡		1,188	508 380
Maintenance and repairs to premises	/ 9		648	518 266
Off-site storage	/ 9		1,597	1,332 1,159
Office moving settlement costs	/ 5 ‡		411	333 121
Outside consultant fees (architects)			**	** **
Office housekeeping			**	** **
Security	/ 3 ‡		232	218 115
Other	/ 3 ‡		276	184 128
Subtotal	/ 10		\$37,672	\$28,163 \$19,105
Deduct: Sublease income & occupancy from clients for OT	/ 4 ‡		833	569 329
Total Occupancy	/ 11		\$36,845	\$26,781 \$17,713
Office Operating Expenses				
Photocopying	/ 8 ‡		\$1,799	\$1,467 \$682
Stationery, printing, supplies and binding	/ 10		1,946	1,851 1,697
Small office equipment (non-IS related)	/ 6 ‡		367	242 120
Facilities management/sub-contracted svcs	/ 5 ‡		4,226	798 519
Office furniture & fixtures depreciation	/ 8 ‡		4,883	2,284 855
Interest expense for purchased assets (non-IS)	/ 5 ‡		927	432 184
Maintenance and repairs to office equipment	/ 8 ‡		398	163 54
Rental of office furniture & fixtures	/ 4 ‡		2,602	1,093 137
Administrative dues/education	/ 9		276	233 193
Admin travel, meals and accommodations	/ 8 ‡		1,399	341 191
Overtime parking and taxi charges			**	** **
Overtime meals for administrative staff			**	** **
Automotive expenses	/ 4 ‡		129	43 12
Non-lawyer hiring expense	/ 9		873	651 556
Office coffee, soda, parties, etc.	/ 10		1,449	933 667
Moving expenses for admin inter-office transfer	/ 4 ‡		356	139 97
Gifts, flowers for employees	/ 6 ‡		329	245 160
Plants - rental and care	/ 4 ‡		226	196 164
Other	/ 10		956	398 250
Subtotal	/ 10		\$14,051	\$11,366 \$8,848
Deduct: Client reimbursement of hard/soft disbs.	/ 7 ‡		1,932	283 181
Total Office Operating Expenses	/ 11		\$12,281	\$11,099 \$7,941

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2015 LAW FIRM STATISTICAL SURVEY

National Custom Small/Midsize - Firms (xNYC) (11 members)

Detailed Expense Components - per Lawyer

Information Systems, Professional Activities & Marketing

	Your Firm		2015		
	Average	Rank/Of	1 st Quartile	Group Median	3 rd Quartile
Information Systems Expenses					
Depreciation of technology		/ 7 ‡	\$3,674	\$2,813	\$1,466
Computer supplies and equipment (non-capitalized)		/ 10	954	477	404
Interest on debt for purchased technology			**	**	**
Amortization of software		/ 3 ‡	2,287	1,931	1,807
Lease payment/rental expenses		/ 6 ‡	5,783	4,046	1,177
Maintenance and repairs to computer equipment		/ 9	1,769	483	129
Software licensing fees		/ 6 ‡	1,549	392	333
Software maintenance fees		/ 8 ‡	6,525	3,009	2,630
Outside consulting service fees		/ 7 ‡	1,232	499	242
Other		/ 5 ‡	1,634	528	435
Subtotal		/ 10	\$16,967	\$13,421	\$10,098
Deduct: Client reimbursement of hard/soft disbs.			**	**	**
Total Information Systems		/ 11	\$15,609	\$13,085	\$10,144
Professional Activities Expenses					
Professional association dues		/ 10	\$1,850	\$1,754	\$1,598
Association travel, meals and accommodations		/ 6 ‡	1,196	884	592
Continuing legal education and seminars		/ 10	1,478	952	717
Partner/firm meetings and retreats		/ 9	1,559	1,365	466
New Associate development programs			**	**	**
Bar Review Fees			**	**	**
Other		/ 3 ‡	592	345	314
Total Professional Activities		/ 11	5,010	4,558	3,493
Marketing Expenses					
Advertising and listings in publications/directories		/ 9	\$2,434	\$1,546	\$1,097
Brochures and other publications		/ 6 ‡	574	252	90
Internet home page and website expenses		/ 4 ‡	1,147	598	252
Marketing consulting and training		/ 4 ‡	695	337	279
Market research			**	**	**
Seminar expenses (where firm is a sponsor)		/ 4 ‡	471	202	65
Club dues and expenses		/ 6 ‡	1,868	1,115	680
Practice/Business development meals & ent.		/ 7 ‡	3,200	1,697	1,256
Attendance at industry meetings			**	**	**
Client relations & business promotion expenses		/ 9	3,340	1,222	785
Travel, meals & accommodations					
seminars/speaking engagements		/ 4 ‡	1,207	732	492
Other		/ 5 ‡	628	418	62
Total Marketing		/ 11	\$9,487	\$8,261	\$6,541

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2015 LAW FIRM STATISTICAL SURVEY

National Custom Small/Midsize - Firms (xNYC) (11 members)

Detailed Expense Components - per Lawyer

Professional Staff Recruiting, Other Insurance/Taxes & Communications

	2015			
	Your Firm		Group	
	Average	Rank/Of	1 st Quartile	Median 3 rd Quartile
Professional Staff Recruiting Expenses				
Travel, meals and accommodations		/ 6 ‡	\$272	\$195 \$147
Summer associate program costs		/ 5 ‡	193	160 145
Brochures and other publications			**	** **
Recruiting agency fees and advertising		/ 8 ‡	1,321	525 170
Campus registration fees/Interview fees			**	** **
Relocation of new lawyer hires		/ 4 ‡	305	194 113
Moving exp. for inter-office transfer of legal staff			**	** **
Other			**	** **
Total Professional Staff Recruiting		/ 11	\$1,578	\$447 \$359
Other Insurance & Taxes				
Insurance				
Property		/ 8 ‡	\$863	\$664 \$490
Auto			**	** **
Travel/Accident			**	** **
Other		/ 6 ‡	2,605	584 260
Taxes				
Personal Property		/ 5 ‡	609	381 290
State and local business taxes and fees		/ 6 ‡	3,791	3,460 1,140
Local profit-related taxes			**	** **
Unincorporated business taxes			**	** **
Sales & Use tax		/ 6 ‡	230	71 17
Other		/ 4 ‡	969	312 18
Total Other Insurance & Taxes		/ 11	\$6,457	\$3,245 \$1,293
Communications Expenses				
Telephone		/ 10	\$1,849	\$1,634 \$1,047
Postage		/ 9	725	580 442
Smartphones		/ 3 ‡	1,131	1,022 762
Facsimile		/ 3 ‡	60	58 35
Outside data communication		/ 8 ‡	1,754	1,203 737
Maintenance & repairs to equipment		/ 4 ‡	284	67 22
Outside messenger services		/ 6 ‡	940	246 118
Depreciation on purchased telephone systems		/ 3 ‡	621	616 423
Depreciation/rent on telecommunications systems			**	** **
Other			**	** **
Subtotal		/ 10	\$5,377	\$4,373 \$2,837
Deduct: Client reimbursement of hard/soft disbs.		/ 5 ‡	104	86 69
Total Communications		/ 11	\$5,334	\$3,842 \$2,380

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2015 LAW FIRM STATISTICAL SURVEY

National Custom Small/Midsize - Firms (xNYC) (11 members)

Detailed Expense Components - per Lawyer

Reference Materials, Professional Services & Client Disbursements Written-Off/Misc.

	Your Firm		2015		
	Average	Rank/Of	1 st Quartile	Group Median	3 rd Quartile
Reference Materials Expenses					
Purchases of books, subscriptions, etc.		/ 10	\$3,447	\$3,047	\$2,697
Depreciation of capitalized library books			**	**	**
Automated legal research services		/ 8 ‡	5,813	4,051	1,793
Library software maintenance costs			**	**	**
Supplies & research materials			**	**	**
Other			**	**	**
Subtotal		/ 10	\$8,709	\$7,144	\$5,865
Deduct: Client reimbursement of hard/soft disbs.		/ 7 ‡	2,388	994	655
Total Reference Materials		/ 11	\$6,559	\$5,626	\$5,009
Professional Services Expenses					
Fees paid to outside attorneys for services to the firm (vs. to clients)		/ 7 ‡	1,074	119	41
Accounting/bookkeeping		/ 5 ‡	577	471	251
Auditing		/ 4 ‡	840	595	402
Human Resource & Training Consultants			**	**	**
Payroll processing		/ 9	518	362	344
Management consulting		/ 6 ‡	1,673	552	204
Legal Survey participation fees		/ 4 ‡	115	81	57
Other		/ 9	1,148	518	266
Total Professional Services		/ 11	\$4,614	\$3,715	\$1,474
Client Disbs. Written-Off & Miscellaneous Expenses					
Unbilled disbursements written-off		/ 5 ‡	\$2,346	\$1,435	\$848
Billed disbursements written-off		/ 9	1,097	459	270
Business meals and entertainment chargeable to clients written-off			**	**	**
Miscellaneous		/ 3 ‡	801	154	(278)
Subtotal		/ 10	\$2,198	\$1,401	\$512
Deduct: Subsequent recoveries of unbilled and billed disbs.			**	**	**
Total Client Disb. Written-Off & Miscellaneous		/ 11	\$2,049	\$1,097	\$520

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2015 LAW FIRM STATISTICAL SURVEY

National Custom Small/Midsize - Firms (xNYC) (11 members)

Detailed Expense Components - per Lawyer

Payments to Of Counsel, Former/Inactive Partners & Non-Operating Charges/Credits

		2015		
		<i>Your Firm</i>	<i>Group</i>	
		<i>Average</i>	<i>Rank/Of</i>	<i>1st Quartile</i>
				<i>Median</i>
				<i>3rd Quartile</i>
Payments to Of Counsel & Former/Inactive Partners				
Payments to former/inactive partners (and estates, where applicable)	/ 5 ‡	\$2,415	\$1,523	\$661
Unfunded retirement plan payments		**	**	**
Payments to Of Counsel	/ 6 ‡	7,436	5,168	1,967
Total Pmts. to OC & Former/Inactive Ptnrs	/ 9	\$6,448	\$4,143	\$1,327
Non-Operating Charges & Credits				
Charges				
Charitable contributions	/ 9	\$848	\$766	\$374
Political contributions		**	**	**
Interest on loans to fund working capital needs	/ 6 ‡	752	501	180
Interest on retained earnings		**	**	**
Investment real estate property tax		**	**	**
Other		**	**	**
Subtotal Charges	/ 10	\$2,183	\$928	\$787
Credits				
Gains (losses) on sale of assets	/ 3 ‡	455	444	136
Interest/dividend income	/ 7 ‡	293	83	55
Other	/ 3 ‡	47	32	(199)
Subtotal Credits	/ 9	\$444	\$98	\$65
Total Non-Operating Charges & Credits	/ 11	\$1,871	\$885	\$418

Your firm total may not foot due to rounding.

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