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Benchmarking In A Changing Economy

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Benchmarking Definitions

- **Financial Benchmarking**
 - performing a financial analysis and comparing the results in an effort to assess your overall competitiveness and productivity.
- **Strategic Benchmarking**
 - involves observing how others compete. This type is usually not industry specific meaning it is best to look at other industries
- **Performance Benchmarking**
 - allows the initiator firm to assess their competitive position by comparing products and services with those of target firms

Benchmarking Terminology

Demand: The growth of billable hours.

Productivity: Hours billed per Lawyer

Profitability: Determined by taking the total annual gross revenue by client and subtracting the costs associated with serving that client, including how long the firm has to wait for the payments. Factors include:

- **billing rates:** whether hourly, blended (an average), fixed fee or other measure;
- **utilization:** the percentage of an average work week that a lawyer bills;
- **realization:** the amount of time actually billed and collected;
- **leverage:** the ratio of non-partners (associates, paralegals, staff) to partners;
- **expenses:** related to both operations and compensation, as a percent of revenues.

Benchmarking - Rates

Collected Rates (Collection Period)

Offices

Office	My Firm	Peers (Median)	Variance
New York City NY	\$301	\$424	(29.0%)
Boston MA	\$367	\$426	(13.9%)
Buffalo NY	\$412	*	N/A
Hartford CT	\$289	*	N/A
Stamford CT	\$288	*	N/A
Wilmington DE	X	\$362	N/A
Baltimore MD	\$332	*	N/A
Harrisburg PA	\$368	\$364	1.0%
Philadelphia PA	\$320	\$343	(6.5%)
Pittsburgh PA	\$315	*	N/A
Washington DC	\$304	\$398	(23.7%)
Atlanta GA	\$419	\$318	31.7%
Miami FL	X	\$338	N/A
Tampa FL	X	\$268	N/A
Portland OR	X	\$334	N/A
Seattle WA	X	\$322	N/A
Los Angeles CA	\$303	\$399	(24.0%)
Sacramento CA	X	\$435	N/A
San Diego CA	X	\$386	N/A
San Francisco CA	\$339	\$394	(14.1%)
Silicon Valley CA	\$378	\$382	(0.8%)
Austin TX	X	\$359	N/A
Dallas TX	\$331	\$359	(7.7%)
Denver CO	X	\$302	N/A
Houston TX	\$378	\$365	3.8%
Phoenix AZ	X	\$282	N/A
San Antonio TX	X	\$324	N/A
Chicago IL	\$354	\$350	1.3%
Cleveland OH	\$402	*	N/A
St. Louis MO	X	\$245	N/A
London (UK)	\$302	\$519	(41.8%)
Paris (France)	X	\$434	N/A
Brussels (Belgium)	\$487	\$437	11.4%

Benchmarking - Rates

Practice Groups

Practice Group	My Firm	Peers (Median)	Variance
Admin/Reg - General	\$319	\$410	(22.2%)
Antitrust	\$312	\$437	(28.7%)
Bankruptcy	\$386	\$426	(9.2%)
Corp - Other	\$398	\$383	4.1%
Environmental	\$383	\$393	(2.4%)
IP - Litigation	X	\$378	N/A
IP - Patents	X	\$327	N/A
Lobbying/Public Policy	X	\$430	N/A
Labor/Employment	\$346	\$352	(1.8%)
Litigation	\$298	\$352	(15.5%)
Product Liability	X	\$300	N/A
Real Estate	\$378	\$397	(4.7%)
Tax	X	\$458	N/A
Trusts & Estates	X	\$372	N/A
Corp - Mergers & Acquisitions	\$365	\$410	(10.9%)
Corp - Capital Markets	\$315	\$439	(28.3%)
Corp - Structured Finance	\$345	\$415	(16.9%)
Admin/Reg - Fin. Institutions	X	\$443	N/A
Admin/Reg - Sec. Regulation	X	\$504	N/A
Admin/Reg - FCC	X	\$423	N/A
Admin/Reg - Consumer Safety	X	\$424	N/A
IP - Copyright & Trademarks	X	\$342	N/A
Litigation - Ins. Coverage	X	\$388	N/A
Litigation - Insurance Defense	X	\$417	N/A

Benchmarking Examples: Rates

Timekeepers

Timekeeper	My Firm	Peers (Median)	Variance
Total All Lawyers	\$387	\$421	(8.1%)
Total All Partners	\$473	\$530	(10.7%)
Equity Partner	\$522	\$546	(4.5%)
1 - 10 Years	\$577	\$464	24.5%
11 - 13 Years	\$644	\$469	37.2%
14 - 16 Years	\$444	\$515	(13.9%)
17 - 19 Years	\$462	\$512	(9.9%)
20 - 22 Years	\$451	\$532	(15.1%)
23 - 25 Years	\$511	\$550	(7.1%)
Grad Date Not Found	\$536	\$465	15.2%
Over 25 Years	\$509	\$569	(10.6%)
Non-Equity Partner	\$435	\$481	(9.5%)
1 - 10 Years	\$430	\$456	(5.8%)
11 - 13 Years	\$394	\$447	(11.7%)
14 - 16 Years	\$414	\$458	(9.6%)
17 - 19 Years	\$439	\$480	(8.6%)
20 - 22 Years	\$460	\$447	3.0%
23 - 25 Years	\$434	\$480	(9.4%)
Grad Date Not Found	\$482	\$522	(7.7%)
Over 25 Years	\$470	\$510	(7.9%)
Associate	\$301	\$325	(7.5%)
Associate (1st Year)	\$257	\$253	1.6%
Associate (2nd Year)	\$267	\$273	(2.1%)
Associate (3rd Year)	\$284	\$291	(2.5%)
Associate (4th Year)	\$278	\$312	(10.9%)
Associate (5th Year)	\$305	\$338	(9.8%)
Associate (6th Year)	\$314	\$354	(11.2%)
Associate (7th Year)	\$345	\$371	(7.0%)
Associate (Over 7 Years)	X	\$382	N/A
Grad Date Not Found	\$363	\$221	64.2%
Of Counsel	\$392	\$468	(16.3%)

Expense Benchmarking

Peer Group: Temporary Performance Peer Group
Measure: Per FTE Lawyer
Offices: All

Time: Last 12 Months (JUL08-JUN09)
Calculation: Total
Practice Groups: All

Compensation

Offices

Office	My Firm	Peers (Avg)	Variance
New York City NY	\$109,110	\$154,395	(29.3%)
Albany NY	X	\$112,263	N/A
Boston MA	\$135,748	\$139,026	(2.4%)
Buffalo NY	\$84,654	*	N/A
Hartford CT	\$67,532	\$166,831	(59.5%)
Newark NJ	X	\$128,210	N/A
Stamford CT	\$47,809	*	N/A
Wilmington DE	X	\$83,675	N/A
Baltimore MD	\$91,534	*	N/A
Harrisburg PA	\$90,833	\$127,902	(29.0%)
Philadelphia PA	\$98,222	\$146,269	(32.8%)
Pittsburgh PA	\$137,349	\$108,615	26.5%
Washington DC	\$108,730	\$141,649	(23.2%)
Atlanta GA	\$122,170	\$60,692	101.3%
Charlotte NC	X	\$137,668	N/A
Jacksonville FL	X	\$94,613	N/A
Miami FL	X	\$133,836	N/A
Orlando FL	X	\$95,114	N/A
Tallahassee FL	X	\$132,754	N/A
Tampa FL	X	\$101,404	N/A
Portland OR	X	\$115,556	N/A
Seattle WA	X	\$99,477	N/A
Los Angeles CA	\$97,711	\$143,950	(32.1%)
Sacramento CA	X	\$181,289	N/A
San Diego CA	X	\$137,014	N/A
San Francisco CA	\$66,072	\$167,049	(60.4%)
Silicon Valley CA	\$98,219	\$157,144	(37.5%)

Expense Benchmarking

Peer Group: Temporary Performance Peer Group
Measure: Per FTE Lawyer
Offices: All

Time: Last 12 Months (JUL08-JUN09)
Calculation: Total
Practice Groups: All

Marketing and Client Development

Offices

Office	My Firm	Peers (Avg)	Variance
New York City NY	\$9,543	\$9,696	(1.6%)
Albany NY	X	\$10,106	N/A
Boston MA	\$10,326	\$8,915	15.8%
Buffalo NY	\$9,432	*	N/A
Hartford CT	\$9,619	\$13,312	(27.7%)
Newark NJ	X	\$6,385	N/A
Stamford CT	\$9,410	*	N/A
Wilmington DE	X	\$7,576	N/A
Baltimore MD	\$9,478	*	N/A
Harrisburg PA	\$9,430	\$7,654	23.2%
Philadelphia PA	\$9,481	\$7,922	19.7%
Pittsburgh PA	\$9,427	\$7,181	31.3%
Washington DC	\$9,418	\$9,457	(0.4%)
Atlanta GA	\$9,481	\$8,654	9.6%
Charlotte NC	X	\$7,410	N/A
Jacksonville FL	X	\$9,094	N/A
Miami FL	X	\$7,768	N/A
Orlando FL	X	\$9,315	N/A
Tallahassee FL	X	\$9,073	N/A
Tampa FL	X	\$8,987	N/A
Portland OR	X	\$9,253	N/A
Seattle WA	X	\$8,036	N/A
Los Angeles CA	\$9,972	\$11,584	(13.9%)
Sacramento CA	X	\$11,772	N/A
San Diego CA	X	\$10,199	N/A
San Francisco CA	\$9,456	\$8,826	7.1%
Silicon Valley CA	\$9,323	\$9,401	(0.8%)
Austin TX	X	\$11,064	N/A

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