

Financial Management, Before and After the Challenging Economy: A Roundtable Discussion

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What?

Law Firms Aren't Recession Proof?

"I Don't Have To Tell You Things Are Bad"

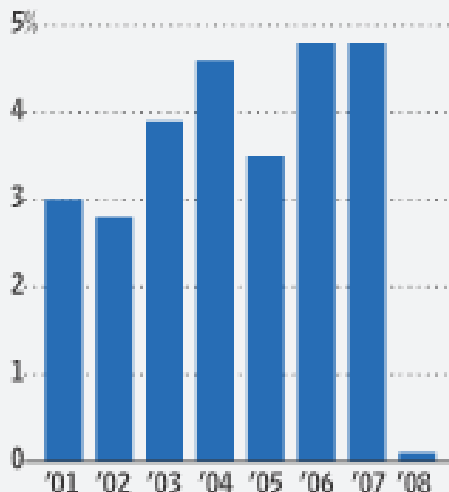
FICO



The Slide in Law Firm Demand (billable hours)

Legal Squeeze

Growth in demand for legal services, measured by change in gross billable hours.

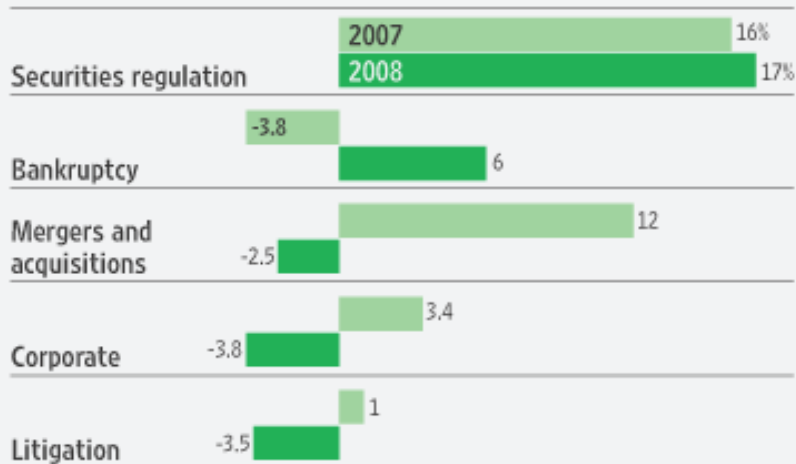


Notes: 2008 data through Sept. 30. Based on data from 140 U.S. law firms

Source: Citi Private Bank

Corporate-Law Slump

Change in gross billable hours, by legal practice area



Note: Based on data from 74 law firms

Source: Hildebrandt International

What are Firms Doing?

- Cutting Heads/costs:
 - Deferring Associates
 - Reducing first year salaries
 - General staff and support services layoffs
- Investing in 'More Heads' despite layoffs
 - More lawyer hiring in 2008
 - 2008 was the second fastest-growing year since 2001
- Putting their 'heads in the sand'
 - "Down 3%? That's much better than we'd expected. I guess law firms have once again shown they're bulletproof."



Sobering Stats

- 54 people laid off from major law firms this week (40 lawyers, 14 staff)
 - 569 people this month (229 lawyers, 340 staff)
 - 11,319 people this year (4,260 lawyers, 7,059 staff)
- As of 7/24/09

Remember

There are only two problems in business:

Not enough sales and everything else



What Firms Could Do

Where are you today?

- Survey the Partners
 - SWOT
- Where are you competitively?
- Analyze Your Cash Position
 - Clean up DSO and AR

Where do you want to be?

- Identify Objectives and Developing Strategies
- Increase your Marketing Efforts
- Commit Partner Time to Marketing Time
 - Evaluate the partner comp plan

Final thoughts

“So the need for bold action and innovative thinking is upon us. Firm leaders have the chance to fix a broken business model -- a model that relies too heavily on leverage and billing rate increases to drive profit growth, thumbs its nose at the concept of pay for performance, especially at the associate level, and assumes clients will continue to accept the billable-hour model”

Dan DiPietro, Law.Com

Questions for our Panel

- What actions do you see your firm/your client firms taking since January 2008 in reacting to the recession?
- What actions can firms, particularly the IT organization and related support and services teams, to align with the business of the firm in the current economy?
- When the economy recovers, what lessons can be applied from this recession? What changes to business practices?