

State of the Legal Industry Survey

Executive Summary

A new study of opinions among legal professionals and law school students across the U.S. reveals deep divisions between private practice attorneys and their corporate counsel clients on several key issues, including: the law firm business model, the current state of the U.S. legal industry, and what the future holds for American law firms and legal professionals.

SUMMARY OF FINDINGS

Corporate counsel say law firms are not doing enough to respond to the economic downturn

- 71% of corporate counsel responded that law firms today are not doing enough to respond to the current financial pressures on their business model
- Almost half of the in-house counsel polled (46%) say they have requested rate cuts since the start of the economic downturn, yet less than one in five (18%) private practice attorneys say their law firms have reduced billing rates
- Only 38% of corporate counsel believe that law firms are being responsive on changing fees and costs given the current economic recession
- 69% of corporate counsel have shifted work in-house since the start of the economic downturn; 56% have reduced spend on outside counsel

Private practice attorneys say clients are too focused on costs, at the expense of quality and results

- More than half of corporate counsel surveyed (58%) say they believe law firms are too profitable; however, most private practice attorneys (77%) believe their clients are too focused on reducing costs, at the expense of quality and long-term results

This just-released survey, commissioned by LexisNexis, is the first of its depth and breadth to be conducted on the legal industry since the start of the economic crisis. Of the 550 respondents polled, 300 were private practice attorneys, 150 were in-house corporate counsel and 100 were law school students.

- According to the survey, private practice attorneys say their firms have taken a number of steps in 2009 to respond to the changed economic climate: 43% have conducted layoffs; 41% say their firms have offered alternative fee arrangements; 33% have implemented hiring freezes; 29% have deferred start dates; and 26% have reduced salaries since the start of the economic downturn

Opinions are split on the future of the legal industry

- Only 53% of corporate counsel and 52% of private practice attorneys believe the recession will permanently change the way business is done in the legal industry
- 57% of corporate counsel believe the billable hour will give way to alternative billing arrangements
- More than half of corporate counsel responded that they will shift work in-house (57%) and reduce the amount of their total spend on outside counsel (55%) in 2010
- When asked what actions their law firm is most likely to take in 2010, the top two responses among private practice attorneys were: conduct layoffs (18%) and defer start dates for new hires (18%)

The next generation of lawyers feel ill-equipped for the business of the law; many are considering alternatives to a career in law

- According to the survey, 65% of law school students (and 90% of lawyers) say that school teaches students legal theory, but does not teach the practical business skills needed to practice law in today's economy
- 35% of law school students responded that they do not feel adequately prepared to succeed in the changing legal marketplace
- One fifth (21%) of law school students say that based on the changing legal marketplace, they regret attending law school

For more information, and/or for complete survey findings, please contact:

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