THE MPF LAW FIRM
LEADERSHIP & GOVERNANCE SURVEY

May 5, 2016

SURVEY OBJECTIVES, METHODOLOGY AND PARTICIPATING LAW FIRMS
SURVEY OBJECTIVES

- Create the most comprehensive survey about leadership and governance models of smaller and mid-size US law firms
- Provide important benchmarking data to help firm leaders be more effective in their challenging, often ill-defined, roles
- Determine how firms select their leaders and what firm leaders do in their increasingly important roles
- Learn about the strategic priorities of smaller and mid-size US law firms, including their investments in marketing and technology

SURVEY METHODOLOGY

- Confidential, online survey with 35 questions
- 147 law firm leaders participated
- Firms ranging in size from 10-200 lawyers
- Powered by Jaffe, The National Law Review and TheRemsenGroup
- Conducted in April 2016
HOW MANY LAWYERS PRACTICE AT YOUR FIRM?
(by number of lawyers)

<table>
<thead>
<tr>
<th>Lawyers</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 10</td>
<td>11</td>
</tr>
<tr>
<td>11-25</td>
<td>39</td>
</tr>
<tr>
<td>26-40</td>
<td>32</td>
</tr>
<tr>
<td>41-75</td>
<td>31</td>
</tr>
<tr>
<td>76-125</td>
<td>16</td>
</tr>
<tr>
<td>&gt; 125</td>
<td>18</td>
</tr>
</tbody>
</table>

WHICH TERM BEST DESCRIBES YOUR FIRM’S CURRENT PRACTICE?

- Full-Service Commercial Firm (46%)
- Several Recognized Practice Areas (19%)
- Single-Practice Boutique Firm (29%)
- Plaintiff’s/Consumer Firm (5%)
- Insurance Defense Firm (1%)
ABOUT YOU AND YOUR ROLE AS FIRM LEADER

WHAT IS YOUR TITLE?

- Chief Executive Officer: 9%
- Chief Operating Officer: 4%
- Chairman: 6%
- President: 6%
- Managing Partner: 10%
- Exec/Mgt Committee: 9%
- Other: 56%
How long have you served in the leadership role at your firm?

- < 1 year: 10%
- 1-2 years: 11%
- 3-5 years: 34%
- 6-10 years: 16%
- > 10 years: 29%

---

Do you have a formal job description?

- Yes, in writing and we follow it: 19%
- Yes, but not closely followed: 53%
- No: 20%
- Work in progress: 8%
If Yes, How Do You Feel About It?

- Glad. It gives me guidance.
- Wish firm paid more attention to it.
- Wish I didn’t have one.
- Other

If No, Do You Want One?

- Yes (30%)
- No (70%)

Managing Partner Forum®
ADVANCING THE BUSINESS OF LAW

Jaffe
The National Law Review
The Remsen Group
**How does your firm select its managing partner?**

- **Formal Election Process**: 34%
- **Rotation Among Equity Partners**: 42%
- **By Consensus w/out Election**: 14%
- **Founding Partner Still in Charge**: 8%
- **Other**: 2%

**What is the length the managing partner’s term?**

- **1 year**: 14%
- **2 years**: 10%
- **3 years**: 22%
- **Not Defined**: 48%
- **Other**: 5%
ARE THERE TERM LIMITS?

![Bar chart showing term limits.]

WHAT ARE YOUR MOST IMPORTANT CONTRIBUTIONS AS FIRM LEADER?
(Rate on 1-7 scale. 7 is the highest.)

<table>
<thead>
<tr>
<th>Contribution</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consensus Building</td>
<td>5.23</td>
</tr>
<tr>
<td>Strategic Objectives</td>
<td>5.13</td>
</tr>
<tr>
<td>Change Agent</td>
<td>4.84</td>
</tr>
<tr>
<td>Day-to-Day Operations</td>
<td>4.23</td>
</tr>
<tr>
<td>Tough Decisions/Accountability</td>
<td>4.02</td>
</tr>
<tr>
<td>Rainmaking</td>
<td>2.77</td>
</tr>
<tr>
<td>Billable Hours/Collections</td>
<td>1.77</td>
</tr>
</tbody>
</table>
ARE YOU GROOMING YOUR SUCCESSOR?

- Yes: 33%
- No: 22%
- Somewhat: 45%

DO YOU ENJOY THE LEADERSHIP ROLE?
(Rank on 1-7 scale. 1= love it, 7= hate it)

- 1: 23%
- 2: 42%
- 3: 18%
- 4: 8%
- 5: 7%
- 6: 1%
- 7: 2%
ABOUT YOUR FIRM’S GOVERNANCE MODEL

WHICH TERM BEST DESCRIBES YOUR FIRM’S GOVERNANCE MODEL?

- Benevolent Dictatorship
- Established Oligopoly
- Representative Democracy
- Open Democracy
- Office Sharing Arrangement
HOW OFTEN DO FIRM OWNERS MEET FOR DECISION-MAKING PURPOSES?

![Bar Chart](chart1)

HOW OFTEN DOES YOUR FIRM HOLD FIRM RETREATS?

![Bar Chart](chart2)
DOES YOUR FIRM HAVE AN EXECUTIVE/MANAGEMENT COMMITTEE?

- Yes: 26%
- No: 74%

IF YES, HOW OFTEN DOES IT MEET?

- Weekly: 11%
- Twice/Month: 29%
- Monthly: 46%
- Every Other Month: 3%
- Quarterly: 3%
- Ad Hoc: 8%
**If Yes, Is There “Forced” Representation?**

- 73%: Yes, by Practice Area
- 8%: Yes, by Office
- 4%: Yes, by Seniority
- 3%: Yes, by Two or More Criteria
- 5%: No
- 3%: Other

---

**If Yes, Is There a Separate Compensation Committee?**

- 61%: Yes
- 39%: No
Does your firm provide leadership training?

<table>
<thead>
<tr>
<th>Yes</th>
<th>34%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>21%</td>
</tr>
<tr>
<td>Work in Progress</td>
<td>45%</td>
</tr>
</tbody>
</table>

If yes, briefly describe leadership training at your firm:

- Outside consultant
- Successors “shadow” predecessors
- External meetings and conferences
- Internal meetings and training sessions
- Assignments to chair important projects and initiatives
- Self-selected mentorship program
- Recommended reading: Books and articles
**Have There Been Changes to Your Firm’s Governance Model in the Last Five Years?**

- Significantly More Structure: 11%
- Somewhat More Structure: 29%
- About the Same: 59%
- Somewhat Less Structure: 1%
- Significantly Less Structure: 0%

---

**Does Your Firm Have a Multi-Tiered Partnership Structure?**

- Yes. Longer than five years: 24%
- Yes. Relatively new: 10%
- Yes. Considering eliminating it: 10%
- No. But considering it: 56%
- No. Don’t want it: 0%
HAS YOUR FIRM CLEARLY ARTICULATED THE CRITERIA TO BECOME A FIRM OWNER?
(Rank on 1-7 scale. 1= Very clear. 7= Very unclear)

23% 28% 12% 18% 13% 3% 3%
Does your firm have a written firm-wide strategic plan?

- Yes. Longer than five years: 24%
- Yes. Relatively new: 36%
- No. But considering it: 18%
- No. Don't need one: 22%

If yes, how is your firm doing on implementation?

- Excellent: 10%
- Very Good: 56%
- Fair: 34%
- Poor: 0%
IF YES, HAS STRATEGIC PLANNING IMPROVED YOUR FIRM’S PERFORMANCE?

<table>
<thead>
<tr>
<th>Perception</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes. Strong Correlation.</td>
<td>20%</td>
</tr>
<tr>
<td>Yes. Some Correlation.</td>
<td>51%</td>
</tr>
<tr>
<td>Uncertain. Hard to Tell. Improvement.</td>
<td>29%</td>
</tr>
<tr>
<td>No Improvement.</td>
<td>0%</td>
</tr>
</tbody>
</table>

IF NO, WHAT’S YOUR OPINION AS FIRM LEADER?

- 18% I don’t think we need one.
- 4% I’m sold, but not my partners.
- 23% We’re busy. No time to plan.
- 32% Too expensive with little ROI.
- 23% Never thought much about it.
MOST IMPORTANT STRATEGIC PRIORITIES

(Select your firm’s top three priorities.)

<table>
<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing/Business Development</td>
<td>80</td>
</tr>
<tr>
<td>Succession Planning</td>
<td>52</td>
</tr>
<tr>
<td>Growth - Selected Practice Areas</td>
<td>49</td>
</tr>
<tr>
<td>Improved Lawyer Productivity</td>
<td>44</td>
</tr>
<tr>
<td>Cohesive, Firm Culture</td>
<td>42</td>
</tr>
<tr>
<td>Associate Development</td>
<td>36</td>
</tr>
<tr>
<td>Other</td>
<td>17</td>
</tr>
<tr>
<td>Invest in Technology</td>
<td>16</td>
</tr>
<tr>
<td>Standardized Process/Procedure</td>
<td>15</td>
</tr>
</tbody>
</table>

FIRM INVESTMENT IN MARKETING AND BUSINESS DEVELOPMENT
WEBSITE AND INTERNET MARKETING
(Total Investment 2016 vs. 2015)

- Significantly Higher (+25% or more) 15
- Moderately Higher (+11-25%) 20
- Somewhat Higher (+2-10%) 32
- About the Same 51
- Somewhat Lower (-2-10%) 2
- Moderately Lower (-11-25%) 2
- Significantly Lower (-25% or more) 2

---

FIRM EVENTS AND SEMINARS
(Total Investment 2016 vs. 2015)

- Significantly Higher (+25% or more) 7
- Moderately Higher (+11-25%) 11
- Somewhat Higher (+2-10%) 27
- About the Same 76
- Somewhat Lower (-2-10%) 3
- Moderately Lower (-11-25%) 1
- Significantly Lower (-25% or more) 0
RANKINGS AND DIRECTORIES
(Total Investment 2016 vs. 2015)

- Significantly Higher (+25% or more): 0
- Moderately Higher (+11-25%): 8
- Somewhat Higher (+2-10%): 17
- About the Same: 70
- Somewhat Lower (-2-10%): 14
- Moderately Lower (-11-25%): 8
- Significantly Lower (-25% or more): 5

MARKETING STAFF
(Total Investment 2016 vs. 2015)

- Significantly Higher (+25% or more): 0
- Moderately Higher (+11-25%): 11
- Somewhat Higher (+2-10%): 22
- About the Same: 79
- Somewhat Lower (-2-10%): 2
- Moderately Lower (-11-25%): 0
- Significantly Lower (-25% or more): 2
LAWYER SALES TRAINING
(Total Investment 2016 vs. 2015)

- Significantly Higher (+25% or more): 3
- Moderately Higher (+11-25%): 7
- Somewhat Higher (+2-10%): 23
- About the Same: 79
- Somewhat Lower (-2-10%): 2
- Moderately Lower (-11 25%): 0
- Significantly Lower (-25% or more): 2

FIRM INVESTMENT IN TECHNOLOGY AND INFORMATION SYSTEMS
CASE MANAGEMENT SOFTWARE
(Total Investment 2016 vs. 2015)

- Significantly Higher (+25% or more)
  - 5
- Moderately Higher (+11-25%)
  - 11
- Somewhat Higher (+2-10%)
  - 21
- About the Same
  - 77
- Somewhat Lower (-2-10%)
  - 3
- Moderately Lower (-11-25%)
  - 7
- Significantly Lower (-25% or more)
  - 3

CYBER SECURITY
(Total Investment 2016 vs. 2015)

- Significantly Higher (+25% or more)
  - 8
- Moderately Higher (+11-25%)
  - 20
- Somewhat Higher (+2-10%)
  - 46
- About the Same
  - 40
- Somewhat Lower (-2-10%)
  - 5
- Moderately Lower (-11-25%)
  - 2
- Significantly Lower (-25% or more)
  - 1
WEBSITE & INTERNET MARKETING
(Total Investment 2016 vs. 2015)

Significantly Higher (+25% or more) 8
Moderately Higher (+11-25%) 15
Somewhat Higher (+2-10%) 35
About the Same 53
Somewhat Lower (-2-10%) 5
Moderately Lower (-11-25%) 0
Significantly Lower (-25% or more) 1

CRM & DATABASE
(Total Investment 2016 vs. 2015)

Significantly Higher (+25% or more) 7
Moderately Higher (+11-25%) 5
Somewhat Higher (+2-10%) 28
About the Same 74
Somewhat Lower (-2-10%) 2
Moderately Lower (-11-25%) 0
Significantly Lower (-25% or more) 3
**COMPETITIVE INTELLIGENCE**
(Total Investment 2016 vs. 2015)

- Significantly Higher (+25% or more) 1
- Moderately Higher (+11-25%) 5
- Somewhat Higher (+2-10%) 11
- About the Same 96
- Somewhat Lower (-2-10%) 0
- Moderately Lower (-11-25%) 1
- Significantly Lower (-25% or more) 1

**LEGAL RESEARCH**
(Total Investment 2016 vs. 2015)

- Significantly Higher (+25% or more) 1
- Moderately Higher (+11-25%) 2
- Somewhat Higher (+2-10%) 14
- About the Same 92
- Somewhat Lower (-2-10%) 8
- Moderately Lower (-11-25%) 2
- Significantly Lower (-25% or more) 1
HOW DO YOU FEEL ABOUT YOUR FIRM’S FUTURE?

- 25% Highly Optimistic
- 16% Somewhat Optimistic
- 3% Not Sure. Work to Do.
- 56% Somewhat Pessimistic

CONTACT US

John Remsen, Jr.
404.885.9100
JRemsen@TheRemsenGroup.com