

2014 – The Year to Try Something Different

By [Joseph B. Altonji](#) on February 12, 2014

The early returns on 2013, including public numbers, such as those from Citigroup, Peer Monitor, and private results, all point toward the continuation of a decidedly “mixed” industry outlook. Strong firms continue to get stronger, albeit often more slowly, while others bear the brunt of the continuing weakness of demand for legal services. Overall demand for lawyer time was down last year – and has been basically flat since hitting bottom shortly after the start of the financial crisis. Many firms report having missed their budgets, and many more saw their own demand and productivity levels falling, even while some of these firm saw modest revenue “improvements” from realized rate growth. Two percent revenue growth driven by three percent price increases is not “growth,” even when thinning the partner ranks drives up profitability.

Five years on from the crash it is clear that some firms have found a winning formula to drive growth and profitability, while others have not. The “[winners and losers](#)” theme we have focused on so consistently is becoming increasingly entrenched. If this trend continues, more and more of the firms losing market share will be forced to face new and perhaps very difficult decisions.

Einstein famously noted that insanity could be defined as “doing the same thing over and over again and expecting different results.” But how many firms facing continuing performance erosion are effectively doing the same thing, over and over again? When we visit firms like this, we often see the same type of behaviors, and the same type of management messages used for the past half-decade, with little effect. How many of these statements sound familiar?

- *“We just need more business. Everyone needs to get out and find more work.”*
- *“Everybody just needs to work a little harder, and bill a few more hours each week, and we’ll be fine.”*
- *“Our strategy is to get a bigger share of the higher value work in our marketplace.”*

For a large number of firms, messages and goals of this type simply stopped working long ago – if they ever did. Maybe it’s time to do something different?

So what might be “different” for firms on the wrong side of the current divide? The real answer to this will be different for each firm, of course, but to spark some thinking, what if:

- The vast majority of marketing funds were specifically allocated to partners who were demonstrably good at building business, and these partners were told their only goal was to boost their book by 50% this year? Let those “really good lawyers” who don’t have enough to do, take on a greater share of the billable work.
- Firms that have seen a significant share of their firm’s overall business move in the direction of price pressured, standardized legal work actually embraced that change rather than fight it or try to get more “high value work?” If a firm mastered the art of delivering a set of relatively standard services at a good value point, that firm might be rewarded with a significant uptick in the demand for such services.
- The idea that a midsize firm wanted to “control its own destiny” was put to the test? While there are plenty of

highly successful midsize firms on the positive side of growth and success these days, there are plenty of others who are not. Maybe combining the best parts of the firm with another that has a more successful business model might be just the change that's needed.

We are not advocating any one-size-fits-all strategy or set of tactics for firms that continue to struggle, but it is clear as we enter 2014 that the divide between the weak and strong is becoming more entrenched and harder to bridge. We urge those on the wrong side of this divide to rethink their approach, while they still can. What if 2014 became the year to try something different?