

Law Firm Strategy: We're Not Going Back Again.....

By [Joseph B. Altonji](#) on August 21, 2012

We are now five years into the “new normal” for the legal industry. Five years since the credit shocks of August 2007 issued the first high-profile hint of the challenges to come for the economy overall and for law firms specifically. Five years since speculation ended about which firm would be first to raise the “national starting salary” for new associates to \$200,000. And five years since the law firm business model that everyone knew and loved hit the wall.

It took another year, of course, and the economic meltdown known as the “great recession” before everyone really knew the world had changed. And a year after that before people started to believe it might last a long time. But by then demand for lawyers had fallen dramatically (it still hasn't recovered and likely won't soon), thousands of NLJ 250 lawyers and staff had lost their jobs, new law school grads found their prospects delayed or destroyed, billing rates were under siege and cost control became the new mantra of the profession. We had entered a demand (client) driven world for the first time in the memory of every actively practicing lawyer. And we are not going back anytime soon – if ever.

Broader economic trends will come and go, and we all hope that our modest current economic recovery somehow becomes far stronger – which would, of course, benefit lawyers. But the underlying factors driving change in the business models of law firms everywhere will not end with a better economy. The demand for efficiency, cost control, value, client service, performance, accountability and competitiveness is here to stay. And with it a recognition that law firms must be managed for their unique circumstances – their practice, clients and strategy – rather than according to some one-size-fits-all “best practices” approach to law firm management. Each firm is unique, and success in today's world requires leadership that is prepared to recognize the specific realities of their individual firm, and act accordingly to make their firm as strong as it can be.

As we survey the industry it is clear that some firms are much farther along on this path than others. While the headline statistics on performance over the past few years have suggested limited if any demand growth, it is abundantly clear that around that mean of limited growth, there are few firms really at the mean. But there are many firms seeing tremendous year-over-year gains – and just as many today that are really struggling, in some cases for their very existence. Our own work for the first year of our new firm has made clear to us just how widespread unease and distress have become. But the firms who have moved aggressively to deal with the new realities of the industry have seen their profitability and their opportunities grow in response.

We built the LawVision business concepts around the central premise that the key to each individual firm's success was to focus intensely on how to make the most of the strengths and assets that firm possessed – and to structure, manage and market the firm accordingly. The days where firms could expect to succeed by mimicking the actions of others are now long gone, and aren't coming back. But the opportunities for effective leaders to truly differentiate their firms have never been greater – and the stakes involved have never been higher. That is the new reality of the legal industry.