2019 LAW FIRM LEADERS SURVEY:
MORE LAW FIRM MERGERS AHEAD IN WASHINGTON DC

58% report they were approached to combine with another firm in the past year. DC remains a highly sought-after growth destination.

Many DC firms remain entrenched, and only 20% are open to considering a combination with another firm in the next three to five years. But of the firms considering combinations, more likely than not (55%), firm leaders are interested in a transformational combination with a larger or similarly-sized firm.

Many firms continue to prioritize growth in DC (45%) more than any other geography. Outside of the Beltway, the Bay Area was the highest-priority growth geography (33%). This emerging geographic focus potentially reflects new practice priorities. After litigation (43%) and regulatory (27%) practices, cybersecurity/privacy (20%) was the most commonly mentioned growth area.

While a majority of firms (53%) experienced an increase in demand after the 2018 mid-term elections, 89% of participating firms expect a more competitive market in 2019.

EXECUTIVE SUMMARY

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• Survey respondents were exclusively managing partners and other senior leaders of Washington DC law firms ranging in size from less than 10 to nearly 150 attorneys.
• The survey findings are based on the contributions of 36 respondents.
• The objective of the survey was to learn about the outlook that respondents have for the future, including the nature and extent of their growth aspirations.
• The survey was conducted in the first half of 2019.
• The average headcount of participating firms is 35 attorneys.
• 78% of participating firms’ headcount is located in Washington DC.
• 41% of participating firms’ headcount is focused on Regulatory, followed by Litigation (30%), Investigations (16%), Antitrust (6%), Corporate (6%), and Environmental (6%).
• 42% of respondent firms are ranked by Chambers for their chosen areas of focus.
• 81% of respondent firms are ranked by U.S. News for their chosen areas of focus.

WHAT follows are HIGHLIGHTS from this YEAR’S REPORT.
For more information, contact Kent Zimmermann at 312-810-8008 or zimmermann@consultzg.com.
1. & 2. When thinking about your firm in 2019 vs. the overall law firm environment in DC, are you?

- Optimistic
- Concerned

**YOUR FIRM**
- 100%

**ENVIRONMENT GENERALLY FOR LAW FIRMS IN DC**
- 86%
- 14%
3. When thinking about your firm in 2019 vs. the overall law firm environment in DC, are you?

- Increased: 53%
- Decreased: 3%
- No Change: 44%
4. Do you expect that your firm’s Revenue Per Lawyer (“RPL”) will increase in 2019 versus 2018?

- 1-5%: 57%
- 5-10%: 26%
- 10%+: 9%
- Same or Lower: 9%

5. What is likely to drive growth in your firm’s Revenue Per Lawyer (“RPL”) in 2019 versus 2018?

- Increasing Demand: 83%
- Increasing Productivity: 51%
- Increasing Rates: 40%
- Improving Realization: 26%
- Reducing Firm Size: 11%
- Other: 9%
6. Which of the following practices/industry sector teams would you most like to continue to grow or add in the next 3 to 5 years?

- Litigation: 43%
- Regulatory: 27%
- Privacy/Cybersecurity: 20%
- Patent Litigation: 17%
- Tax: 13%
- Real Estate: 13%
- Labor & Employment: 13%
- Energy: 13%
- White Collar Including Government: 10%
- M&A: 10%
- IP Prosecution: 10%
- FinTech/Blockchain Technology: 10%
- Venture Capital: 7%
- Private Wealth: 7%
- Private Equity: 7%
- Life Sciences Including Biotechnology: 7%
- Licensing/Technology Transfer: 7%
- Healthcare: 7%
- Antitrust: 3%
7. Which of the following geographies would you like to grow or add in the next 3 to 5 years?

- Washington, D.C. 45%
- San Francisco/Bay Area 33%
- Chicago 16%
- New York 13%
- Los Angeles 13%
- Content With Current Footprint 11%
- Denver 10%
- Boston 10%
- Philadelphia 6%
- Dallas 6%
- Austin 3%
8. In the coming year, do you feel the level of competition from national, non-D.C.-based law firms will:

- **Increase** 89%
- **Decrease** 11%
9. In the past year, has your firm been approached to combine with another firm?

- Yes: 58.33%
- No: 41.67%
10. Would you consider a combination with another firm within the next 3-5 years?

- Interested: 20%
- Not Interested: 80%

11. Of the firms interested in combining, are you interested in a combination with a larger firm?

- Similarly Sized or Larger: 45%
- Smaller: 55%
12. What would be your top three objectives if you combine with another firm?

- Enhancing competitive position relative to larger competing firms: 47%
- Putting the firm on a long-term trajectory of stability: 41%
- Bolstering the firm’s breadth and depth in chosen areas of strength: 37%
- Transitioning leadership: 30%
- Expanding service offerings to clients: 30%
- Increasing the strength of the firm’s brand among clients and talent: 26%
- Increasing profitability: 26%
- Increasing the resources the firm would need to attract and retain sought-after talent: 22%
- Diversifying practice areas outside of your core practice focus: 11%
- Expanding geographic footprint: 11%
- Growing headcount and top-line growth: 7%
- Other: 4%
13. What are the three biggest challenges facing your firm in the next 3 to 5 years?

- Transitioning leadership to the next generation: 57%
- Transitioning client relationships to the next generation: 49%
- Increasing competition for top talent from national, non-DC based firms: 46%
- Increasing competition for clients from national, non-DC based firms: 31%
- Softening demand from clients: 26%
- Increasing downward rate pressure: 23%
- Other: 14%
14. How would you describe the headcount of your firm relative to your three most significant competitors?

- Smaller
- ~Same
- Larger

- 77.78%
- 16.67%
- 5.56%
15. What are your three highest priorities for your firm in the next 3-5 years?

<table>
<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing breadth and depth to become more preeminent in the minds of clients and talent</td>
<td>50%</td>
</tr>
<tr>
<td>Building a firm that will be more stable for the future</td>
<td>47%</td>
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<tr>
<td>Expanding your most valuable client relationships</td>
<td>44%</td>
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<tr>
<td>Upgrading the firm’s client base</td>
<td>25%</td>
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<tr>
<td>Hiring sought-after laterals and groups</td>
<td>25%</td>
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<tr>
<td>Growing market share by growing headcount and gross revenue</td>
<td>19%</td>
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<tr>
<td>Finding ways to compete more effectively against lower-cost competitors</td>
<td>14%</td>
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<tr>
<td>Building consensus about how to best compete against your strongest competitors</td>
<td>14%</td>
</tr>
<tr>
<td>Other</td>
<td>11%</td>
</tr>
<tr>
<td>Diversifying into other practice areas</td>
<td>11%</td>
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<td>Expanding to new geographies</td>
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The 2019 Law Firm Leaders Survey - Washington DC was sponsored by leading law firm consultancy, Zeughauser Group.

For more information about this survey contact Kent Zimmermann at zimmermann@consultzg.com or (312) 810-8008.

To learn more about Zeughauser Group, visit www.consultzg.com.