LEOPARD
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ANNUAL

State of Legal Industry Report

2022

Preview
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Executive Summary

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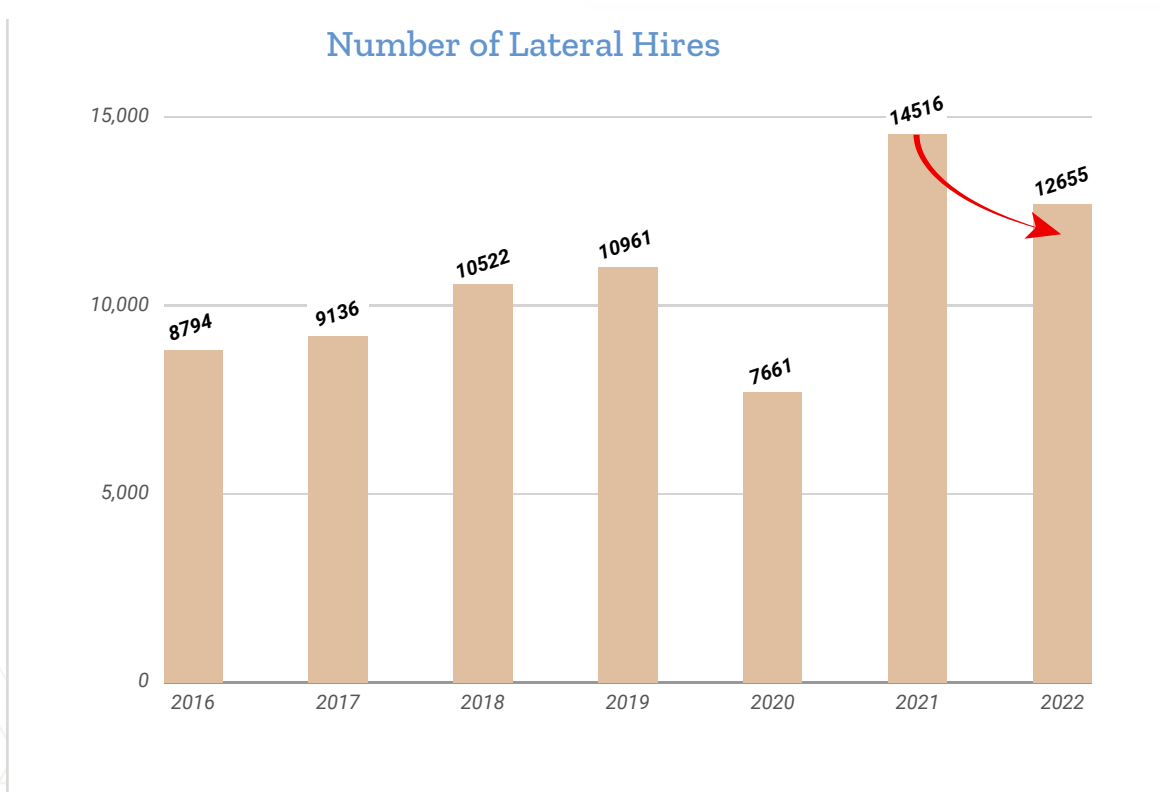
The pandemic threw the world into chaos, and the legal industry was not immune to the whirlwind of COVID-19. In January 2021, we reported on the severe downturn the pandemic caused in hiring and the sea change of events that it brought to many areas of the industry in 2020. The following year, we reported on an unprecedented hiring boom that saw sky-high lateral numbers and a tug-of-war for mergers and acquisitions (M&A) attorneys. 2021 saw M&A growth unleashed from the constraints of 2020, and firms responded by staffing quickly to service those needs. However, what goes up, must come down, and that pattern changed abruptly in the first quarter of 2022. Hiring slowed, jobs disappeared, and M&A slowed to a trickle, which became the story to watch in 2022. While fears of recession spread across the industry, we saw a correction, a recalibration of staffing that could begin to stabilize the law firm world.

At first glance, the number of laterals hired in 2022 looks like a sharp decline from the previous year. However, it's important to add context to those numbers. The last two years were the outliers, and 2022 looks to be the correction the industry needed to return to normal after two abnormal years.

(For more detailed analysis, see lateral attorney hiring for Top 200 Law Firm in section 3).

Number of Lateral Hires

Year	Lateral Hires
2016	8794
2017	9136
2018	10522
2019	10961
2020	7661
2021	14516
2022	12655

The pandemic still affects the economy, the world, and the legal industry. Many companies must deal with its residual impact and resulting unpredictable economic fluctuations. The legal industry is now at a time of reset, and a firm's decisions today could affect its future for years to come.

2023: The Year of Recalibration

The backend of the pandemic was complicated in 2022 by outside pressures. A new war in Ukraine, supply chain issues, and worldwide inflation brought new worries to business and legal leaders. As interest rates rose, the demand for M&A fell, leaving many newly hired associates with little to do. Some firms responded by laying off associates in large numbers. Other firms responded by not hiring to replace those who left on their own accord. Either way, the once hot corporate M&A associate was no longer in demand.

Despite layoffs in the tech and legal industries, the economy has remained stubbornly optimistic. Across many industries, hiring is firm, which complicates the fix to inflation by the federal reserve. The higher interest rates caused a pullback on M&A work, but today's mortgage rate of 6.6% is significantly lower than the 8% rate that was available in 2000. Once the initial shock of higher rates is absorbed, M&A will return, and firms will seek those associates again. It might be wise for firms to hold on to these specialists now because the need will return, and luring them back after layoffs can be brutal.

Litigation is currently king, with more opportunities than any other practice area. While the overall number of job openings was down for 2022, it's necessary to have context. That year was an outlier, and the number of job opportunities in each area was markedly the highest anyone would typically see. It would be natural for that number to drop; it's a necessary correction to ensure that firms do not over-hire.

To access the full report you can log in to Leopard Solutions or purchase here at a special early access price of $175.
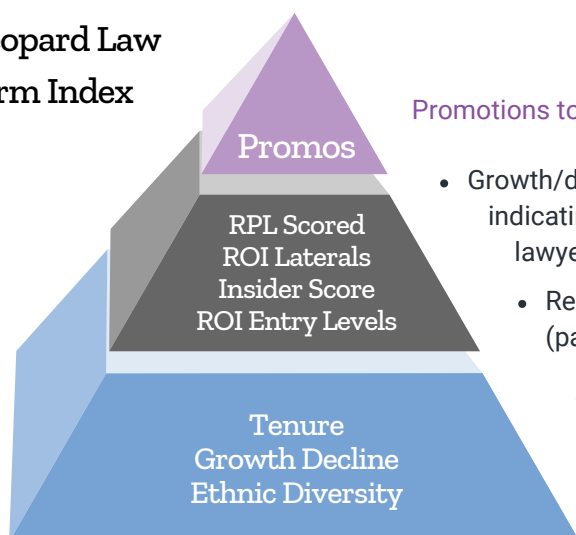
Or contact Sales@LeopardSolutions.com

Methodology

Product	Description

Leopard Law Firm Index

Promotions to Partners

- Growth/decline in revenue per lawyer (RPL) over a 5-year period, indicating increases or declines in how clients value the lawyers at a firm
  - Relative success in lateral recruiting and retention (partners and association)
    - Average lawyer tenure at a firm which speaks to relative stability at firms
      - Growth or decline in lawyer headcount

(Pyramid diagram: Promos / RPL Scored, ROI Laterals, Insider Score, ROI Entry Levels / Tenure, Growth Decline, Ethnic Diversity)

Since 2020, the Leopard Law Firm Index has provided law firm leaders with an invaluable tool for measuring law firm growth and stability. Leveraging its proprietary rating system to monitor fluctuations in the legal industry. LLFI is updated twice weekly using hard data instead of self-reported survey material. The Index focuses on the overall health of a law firm – in real time. The relevance of our data and the continued volatility of the market create situations where firms that perform well in other rankings – especially those based on a once-per-year snapshot in time – may not perform as well in ours.

The Leopard Law Firm Index is not solely based on financial metrics and self-reported data. It considers fact-based data, such as attorney growth and retention, financial stability over time, attorney promotions, and how ethnically diverse the firm is compared to others.

The Leopard Law Firm Index illustrates a current score for each firm from 0 to 500, with 500 being the highest possible score. There are four distinct statuses in the scoring system:

- **0 TO 124 – POOR**
- **125 TO 249 – FAIR**
- **250 TO 374 – GOOD**
- **375 TO 500 – VERY GOOD**

Leopard Law Firm Index Movement 2022

(Pie chart: 50%, 38%, 9%, 3%)

- 50% of firms increase in points
- Only 9% saw a decrease in points
- Only 3% dropped in status
- 38% of firms moved up in status
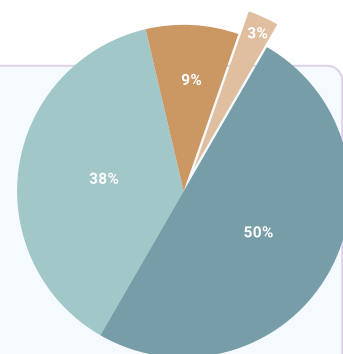
Leopard Law Firm Index is a dynamic rating system for law firms based on uncompromised, quantitative datasets that are numeric and weighted proportionately to the size of the firm. The Leopard index is not fixed on any one set of firms, it is a rating system of all Leopard Solutions firms ranked for profitability, viability, growth, and potential opportunity. The law firm index will change as data changes and provides an overview of how firms are doing in real-time.

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Product	Description
Leopard Diversity Probability Index	Since its inception in 2020, Leopard Solutions' diversity filter has aided the industry in hiring under-represented groups. Leopard Solutions users can search for candidates with a high probability of ethnic or gender diversity. Users looking for firm intelligence can also benchmark firms based on their attorney diversity profiles. Leopard Solutions uses many publicly verified sources that enable the creation of our diversity filter tool. Each diversity identifier is given a score that points to either a high or low probability of being diverse.

The probability of diversity score is derived objectively with no distinct ethnicity and personal data is not stored on any type of ethnic information in our database. |

1 NAME *First and Last*

2 LOCATION *Native Country*

3 DATA *Memberships*

4 EDUCATION *Law School & Undergrad*

5 BIOGRAPHY *Mentions of Background*

We are only looking at data points to help us discover the PROBABILITY of diversity within the attorneys in our database. The general error rate is within +- 5%, which is true for 95% of our total firms. However, we know there are outliers where the error rate might be higher, and we will continue to gather data and adjust as needed.

Firmscape™	Leopard Firmscape incorporates law firm data through a variety of reports, analyzing current and historical data on lateral movement, attorney promotions, corporate representation, growth and decline of headcount, law firm diversity, and law firm financials. Updated twice a week, Leopard Firmscape is the go-to resource for law firms with competitive intelligence and research.

The right data can help uncover legal market trends, help law firms better position themselves against their competition and help placement professionals match law firms with potential candidates. Users can manipulate data utilizing 18 different reports. The main 'Firmscape' report gives the user a 360° view of all the data points on a law firm in a single downloadable report. |
| **Leopard BI**™ | Leopard BI gives you the tools, data, and access to predictive models for business development you need for the legal industry. Harness the power of 20 years of research data along with predictive analytics as a go-to resource to measure benchmark and predict and accelerate business development. These unique tools provide law firm leadership, consulting professionals, and corporate counsel informative and measured outcomes utilizing current and accurate data on topics such as law firm alumni, attorney history, mergers and acquisitions, firm connections, attorney recruiting and retention and more. |

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Leopard Solutions is a leading legal market intelligence provider for professionals seeking to build an analytical understanding for better business and recruiting strategies within the legal industry.

Our diverse data solutions are designed to fulfill a wide variety of intelligence needs, from job searches to recruitment to competitive intelligence in the legal industry serving law firms, legal service providers, recruiters, law schools, and corporations. Leopard's data and technology are continuously updated to ensure market relevance and a competitive edge. Established in 2002, Leopard Solutions has grown into one of the most recognized and trusted legal market data providers in the United States. We are proud to be a diverse employer and a certified Women's Business Enterprise.

For more information, visit us at www.leopardsolutions.com

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