

PRACTICAL NEWS & PERSPECTIVES

New Year, New Outlook

Law Firm Leaders Optimistic About 2006 Business Plans

Eighty-nine percent of respondents to an online survey of law firm leaders said they were optimistic about 2006, according to a recent issue of *The American Lawyer*. Only 11 percent of respondents said they were uncertain about the future, and none said they were pessimistic.

While even optimistic firm leaders identified some frustrations — including troubles with satisfying and retaining talented associates and soft demand for transactional work — most still predicted an improved business climate for 2006. Among the high points:

Billing rates will continue to go up.

Forty-six percent of respondents anticipated raising rates by more than 5 percent.

Profits will keep rising, too. Sixty-eight percent of respondents expected profits per partner to grow by more than 5 percent.

Debt loads are declining. Nearly one-third of leaders (32 percent) said their firms carried no long-term debt, while 26 percent said their debt totaled less than \$5 million.

Litigation will remain the No. 1 practice area. Thirty-eight percent of respondents saw litigation as the fastest-growing practice area in 2006, while 30 percent cited corporate work.

Meanwhile, leaders are sticking to the status quo in the area of firm management. Seventy-nine percent said five or fewer lawyers in their firms spent more than half their time on management, about the same proportion as in the previous year's survey. ✱

Helping Hands

U.S. Corporations Pledge Support for Minority-Owned Firms



Five of the United States' leading corporations recently announced an initiative to increase inclusion of minority-owned law firms among those serving corporate America. The five

companies involved in the effort — DuPont, General Motors, Sara Lee, Shell Oil and Wal-Mart — pledged to place at least \$16 million of combined business with minority-owned law firms in 2006, a substantial increase from previous years.

The catalyst for the initiative was a study commissioned by DuPont Legal, which revealed that the number of successful minority-owned law firms representing U.S. corporations had dwindled during the past 15 years. The report, entitled *Study on the Status of Minority-Owned Law Firms in Today's Legal Environment*, cited limited access to corporate counsel, perceived inexperience and racial bias as major obstacles preventing minority-owned law firms from obtaining work from Fortune 500 companies.

Along with their financial commitments, DuPont, General Motors, Sara Lee, Shell Oil and Wal-Mart are also supporting other endeavors that address problems identified in the DuPont Legal study.

Among the initiatives:

- Development of best practices to guide general counsel in driving the use of minority-owned law firms by their in-house staffs and majority firms.
- Creation and dissemination of a national directory of minority-owned firms with the resources and expertise required by corporate America.
- Development of marketing and training materials to facilitate focused networking between minority-owned firms and corporate in-house counsel. ✱

2006

The Power of Partnership

The Wall Street Journal Online, LexisNexis Join Forces to Benefit Law Firms

Law firms and attorneys will have a more complete and comprehensive way to get top business news and legal research as part of a new arrangement launching this month between *The Wall Street Journal* Online and LexisNexis.

Under the agreement, LexisNexis — a leading provider of legal, news and business information services — will become the exclusive distributor of enterprise subscriptions to *The Wall Street Journal* Online to law firms in North America. To strengthen the alliance, *The Wall Street Journal* Online will enhance its coverage of the legal industry, and *Journal* subscriptions available through LexisNexis will offer co-branding, cross-linking and easy access to legal content found on the *lexis.com* service.

For law firm customers, the close integration of the two products will ensure that their lawyers and staff will be prepared and proactive in their client relationships by providing them authoritative, up-to-the-minute business news from *The Wall Street Journal* Online and comprehensive, in-depth research from the *lexis.com* service. To be called, "*The Wall Street Journal* Online in association with LexisNexis," the new service will be accessible through a site license and links on *lexis.com* or via direct seamless access from a law firm intranet.

For more information on this partnership and how it will benefit law firms, visit www.lexisnexis.com/wsj. *



Slow but Steady

Women, Attorneys of Color Make Small Gains at Law Firms

Recent research confirms that women and attorneys of color continue to make slow but steady progress in their representation in U.S. law firms, according to NALP — The Association for Legal Career Professionals.

Data from 2005 revealed that attorneys of color accounted for 4.63 percent of the partners in the United States' major law firms and that women accounted for 17.29 percent of the partners in these firms. This compared with 4.32 percent and 17.06 percent, respectively, in 2004. These numbers suggest that, relative to the attorney population as a whole, and relative to the demographic composition of law school enrollment, female attorneys and attorneys of color continue to be under-represented among partnership ranks at these firms.

Thus, the presence of women comes nowhere near to matching their presence among law school graduates, which has ranged from 40 percent to almost half since the late 1980s. Similarly, the percentage of minority graduates has doubled, from 10 percent to 20 percent during the same time period. Moreover, although the presence of women and attorneys of color at firms has increased each year since 1993, the first year for which NALP compiled this information, the total change since 1993 has been only marginal. At that time, attorneys of color accounted for 2.55 percent of partners, and women accounted for 12.27 percent of partners.

For more information, visit www.nalp.org. *



The Bigger the Law Firm, the Bigger the Closet?

Report Suggests More Openness Prevails in Smaller to Mid-Size Law Firms

While it appears that many mid-size law practices have proportionately more openly gay and lesbian attorneys among their ranks than some U.S. megafirms, there may be a bigger closet in the bigger law firms, according to a recent report in *The National Law Journal*.

Among the 20 law firms with the highest percentage of openly gay and lesbian attorneys this year, most had fewer than 300 attorneys, and the average percentage of such lawyers was 3.2 percent. Meanwhile, only five of the United States' 20 largest firms reported their numbers of openly gay and lesbian attorneys, and within those firms, 1.8 percent of their attorneys in 2005 were openly gay or lesbian. The figures were part of *The National Law Journal's* 2005 survey of the nation's 250 largest law firms.



One reason for the disparity may be that the smaller the firm, the more difficult it is for attorneys to keep their sexual orientations a secret if they so choose, according to Laura Maechtlen, an associate at Seyfarth Shaw and a

board member of the National Lesbian and Gay Law Association. In addition, Maechtlen said that with sometimes fierce competition at the country's largest law firms, gay and lesbian attorneys may be more inclined not to reveal their sexual orientations.

The average size of the 20 firms with the highest percentage of openly gay and lesbian attorneys was 396 lawyers. Of those attorneys, about 13 on average were openly gay or lesbian. In contrast, of the five law firms among the United States' largest 20 firms that provided statistics for their gay and lesbian attorneys this year and last, the average size was 1,460 attorneys. And of those attorneys, an average of less than one openly gay or lesbian attorney worked at those firms. ✱

Still Working Hard

Part-Time Attorney Schedules Are Available, But Under-Utilized

Although most large law firms make part-time schedules available to their experienced attorneys, very few attorneys have taken advantage of this option in the past decade, according to a recent analysis by NALP – The Association for Legal Career Professionals.

The findings from the 2005-2006 *NALP Directory of Legal Employers*, comprising information from more than 1,300 U.S. law offices representing about 110,000 partners and associates, revealed that

96.2 percent of the offices in the *Directory* allowed part-time schedules, either as affirmative policies or on case-by-case analyses.

The number of attorneys reported to be working part time, however, was only 4.0 percent,

compared with 3.9 percent in 2004 and 4.1 percent in 2003. Associates took greater advantage of part-time schedules than did partners, with 5.2 percent of associates working part time, compared with 2.8 percent of partners.

NALP's data also revealed differences in the availability and use of part-time schedules when measured by firm size. For example, part-time schedules were not as widely available in firms with 100 or fewer attorneys, with only 86.3 percent offering such schedules. Associate use of part-time schedules was greatest in firms of 101 to 250 attorneys and 251 to 500 attorneys, at 5.6 percent. Part-time partners, however, were much less common than part-time associates regardless of firm size, with figures ranging only from 2.2 percent to 3.0 percent.

According to NALP, the relatively low use of what may be perceived as a positive perquisite may reflect contemporary law firm cultures. A decision not to pursue a part-time schedule in a law firm setting may also reflect individual concerns about the effect part-time work could have on one's career path.

For more information, visit www.nalp.org. ✱



By the Book

Hildebrandt International Releases Law Firm Management Handbook

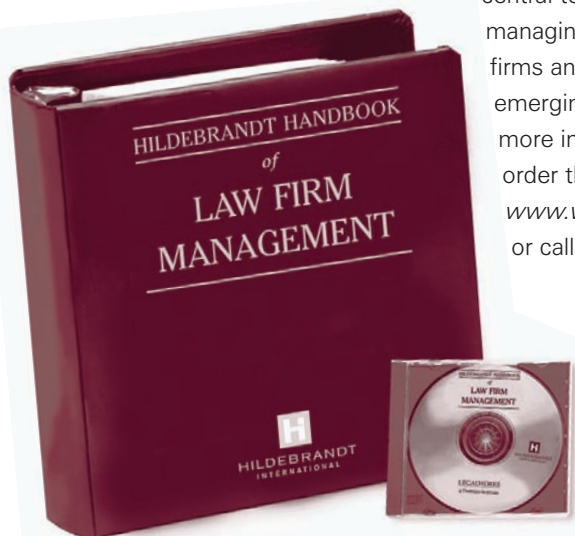
Hildebrandt International, a leading management consulting firm to the legal industry, recently released a new title with cutting-edge insights and strategies for managing a successful modern law firm: *The Hildebrandt Handbook of Law Firm Management*.

Published by Legalworks, *The Hildebrandt Handbook of Law Firm Management* draws on the extensive collective experience of Hildebrandt's consultants and articulates the best practices, insights and key strategies necessary for running a successful law firm. Among the key topics:

- Strategic planning in today's competitive marketplace
- Guidelines for good leadership and management
- Issues relating to partner compensation and their impact on strategy implementation
- Understanding the role of marketing in building and managing client relationships
- Structuring effective professional development programs
- Identifying, assessing and structuring ancillary business opportunities
- Business operations and management processes of law firms
- Proliferation of law firms' ancillary businesses and services related to the delivery of legal services

The Hildebrandt Handbook of Law Firm Management provides top-line thinking on the day-to-day issues

central to leading and managing modern law firms and identifies key emerging trends. For more information or to order the book, visit www.west.thomson.com or call (800) 328-4880. *



The Case for Space

Survey Suggests Office Ambiance Influences On-the-Job Innovation

Mood lighting may influence more than one's romantic mindset; it can impact an employee's creative quotient as well, according to a recent survey from The Creative Group. More than half (55 percent) of advertising and marketing executives polled said office environments – including layout, décor and lighting – greatly affected on-the-job innovation. Another 38 percent of respondents reported one's workplace impacted staff creativity at least somewhat.

Advertising and marketing executives were asked, "In your opinion, to what extent, if any, does a company's office environment — including layout, décor and lighting – greatly affect creative output?" Their responses:

Greatly	55%
Somewhat	38%
Not very much	5%
Not at all	2%

"Physical surroundings can heavily influence an employee's ability to concentrate and perform well," said Tracey Fuller, executive director of The Creative Group, a specialized staffing service that provides marketing, advertising, creative and Web professionals on a project basis. "Companies can encourage productivity and innovation by providing staff members with comfortable, attractive areas for team meetings, as well as individual work stations that can be tailored to personal needs and preferences."

Among The Creative Group's tips for developing a productive and stimulating office environment:

Construct "creativity" zones. Designate a few office areas where informal meetings or spontaneous brainstorming sessions can occur. Equip each room with industry publications and a white board to jot down ideas.

Let there be light. Maximize opportunities to benefit from natural daylight; position desks near windows so workers can have external views.

Install an idea wall. Transform the walls of a communal area — the lounge or cafeteria, for example — into a blank canvas for spontaneous scribbling.

For more information, visit www.creativegroup.com. *

Resources for Families

Thomson FindLaw Launches Online Family Law Center

To provide individuals with a one-stop legal resource covering all major family law topics, Thomson FindLaw recently introduced a comprehensive Family Law Center at *FindLaw.com*. The site provides legal information and answers to legal questions and helps consumers evaluate their legal options during important life events.

The FindLaw Family Law Center features information on a wide range of topics, including prenuptial agreements, cohabitation and marriage, divorce,

child custody and support and domestic violence. The site also provides comprehensive and easy-to-understand articles, checklists, legal forms and links to a variety of state-specific resources and government agencies. It also features the *West Legal Directory*, the largest and most referenced directory of lawyers

and law firms. The directory helps individuals search by legal issue, location or attorney name to find attorneys and research their qualifications and experience.

"Our mission is to give people the information they need to make informed decisions," said Scott Kinney, vice president and general manager of Thomson FindLaw. "We built the Family Law Center to be a helpful, trustworthy resource for those seeking a legal perspective of their relationship and parenting issues."

Thomson FindLaw says the Family Law Center fills a critical niche because family law impacts nearly every household in the United States. About 2.2 million couples will get married this year, and 1.1 million couples will get divorced, according to data from the U.S. Center for Health Statistics. The center also says more than 1 million adults live with an unmarried partner, and more than 100,000 adoptions occur annually.

For more information, visit family.findlaw.com. *



Financial Incentives Hold Steady

Most CFOs Polled Don't Expect Raises or Bonuses This Year

Most U.S. employees are not expected to receive higher raises and bonuses in 2006 than they did in 2005, according to a new survey by Robert Half International. Less than one-third (29 percent) of chief financial officers (CFOs) polled said they would give bigger salary increases in 2006, and only 20 percent anticipated increasing bonus amounts.

More than 1,400 U.S. CFOs were asked, "For 2006, do you anticipate offering higher raises than in 2005?" Their responses:

Yes	29%
No	64%
Don't know/no answer	7%

CFOs also were asked, "For 2006, do you anticipate offering higher bonuses than in 2005?" Their responses:

Yes	20%
No	67%
Don't offer bonuses	7%
Don't know/no answer	6%

CFOs who said they expected to increase raises and bonuses in 2006 were asked by what percentage these forms of compensation would rise. The mean responses were 5 percent for raises and 7 percent for bonuses.

"Many companies may be hesitant to increase employee compensation because of other expenses impacting the business, such as rising health care and energy costs," said Max Messmer, chairman and CEO of Robert Half International and author of *Motivating Employees for Dummies*. "But an overly cautious approach can be detrimental, particularly as the competition for top candidates intensifies. Firms that fail to reward good performance risk losing their best talent. Organizations unable to offer higher raises and bonuses should look for other ways to recognize and motivate their teams, such as offering professional development opportunities."

For more information, visit www.rhi.com. *

Dedicated to Diversity

More Law Firms Incorporate Committees, Managers in Key Area

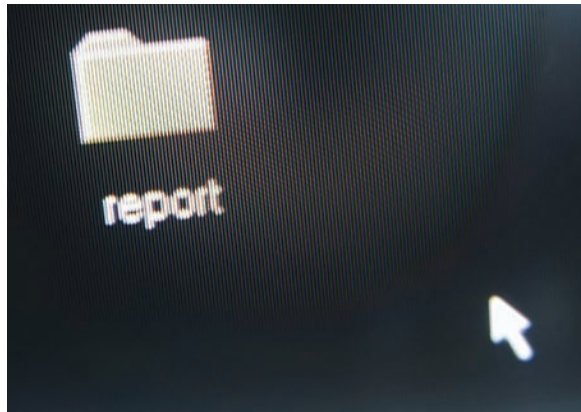
A recent Altman Weil survey found that 46 percent of participating U.S. law firms had a dedicated Diversity Manager or Director, and 93 percent utilized a Diversity Committee.

"These results seem to indicate an increased seriousness in law firms in meeting diversity challenges laid out by their corporate clients in recent years," said Altman Weil Senior Consultant Virginia Grant. "Not only are we seeing almost universal presence of Diversity Committees in large law firms, but also more dedicated management positions, and more lawyers — particularly partners — in those positions."

According to the survey, 56 percent of Diversity Managers are lawyers in their firms, and of those lawyers, 75 percent are partners. In the balance of firms, the position is held by a legal administrator or there is shared responsibility among lawyers and administrative staff. In 47 percent of law firms, the Diversity Manager report directly to the Chair or Managing Partner of the firm. An additional 18 percent report to a Board of Directors or Executive Management Committee, the survey reported.

"When the Diversity Manager reports to the highest level of management, it sends an important signal about the strategic importance of diversity in that firm," Grant said.

For the full survey report, including complete tabulated data, visit www.altmanweil.com/news/DiversitySurvey.cfm. *



Better Safe Than Sorry

Nearly Three in Four U.S. Workers Check Credit Reports for Accuracy

Seventy-four percent of U.S. workers have checked their credit reports due to concerns about identity theft or credit ratings, according to an IDResources survey by ComPsych Corp., a leading provider of employee assistance programs.

Employees were asked: "Have you checked your credit report?" Their responses:

Yes, I want to know my credit rating.	54%
Yes, I'm worried about identity theft.	20%
No, I haven't checked because I don't want to know the truth or deal with the hassle.	14%
No, I haven't checked because I'm not worried about it.	12%

"Many who are anxious about their ratings have overextended themselves in terms of debt load," said Richard A. Chaifetz, chairman and CEO of ComPsych. "And with the continued increase in cases of identity theft, employees are understandably concerned about catching potential problems.

"Because of the time it takes to repair one's credit history — sorting out fraudulent transactions, police reports and credit scores, most of which is done during business hours — employers are increasingly offering legal and financial services to help workers resolve such problems," he added.

For more information, visit www.compsych.com. *

