



# BTI Premium Practices Forecast

## Survey of Corporate Legal Spending

2011  
Executive Summary



## Executive Summary

### **No KO for Legal Market: Signs of Renewed Life**

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There comes a point in every boxing match when audience members cling to the edge of their seats and wonder, “How does he keep getting back up?” After taking its knocks for the past two years, the legal market is showing some surprising signs of life. Though not the watershed many law firms are wishing for, the promise of renewed growth in such stalwarts as M&A, Labor and Class Action Litigation offer sparks of hope for a brighter tomorrow.

The legal market is poised to grow 1.2% in 2011 according to BTI’s newest research with corporate counsel clients. Though a far cry from the double-digit growth of the good old days (client spending on outside counsel nearly doubled between 2001 and 2007), it is a welcome reprieve from the earth-shattering tumble of 10.8% in 2009.

Which means one thing for law firms: the only way to grow is at the expense of another firm. We are in a Predator’s Paradise.

## Executive Summary

### **A Predator's Paradise: The Legal Market 2011**

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Displacing another law firm is virtually the only way to increase revenue in today's legal market. With outside counsel spending barely rising and client pressure to keep rates in check, law firms must make bold moves to win a bigger piece of a smaller pie.

Outside counsel spending, after doubling between 2001 and 2007, now hovers just below 2006 levels. Prospects for year-end 2010 and 2011 are slight, offering 0.6% and 1.2% growth, respectively. For all intents and purposes, the overall legal market is in a holding pattern.

Yet most law firms indicate they aspire to grow revenue at rates higher than the 1.2% promised by client spending increases. In fact, BTI's recent survey of law firm leaders shows optimism for individual practices ranging from 2.5% to 8.2% growth for 2011.

In other words, law firms want to defy the rules. And they can.

By taking work away from their competitors. The hunt is on.

## Executive Summary

### **2010: A Year of Retrenchment for Clients**

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2010 marked a year of retrenchment for clients—and many law firms. Corporate counsel, embracing their newfound buying power, put the brakes on skyrocketing billing rates. They renegotiated their position with existing law firms and deliberately and systematically began reducing their reliance on outside counsel. At the same time, many clients undertook core departmental and management changes to mitigate risk and contain liability.

- 30.8% of corporate counsel restructured their in-house teams to centralize decision-making, consolidate key functions and improve efficiency
- Clients added 10 FTEs, on average, to their internal legal departments, primarily adding support resources to leverage in-house attorney ranks
- 24.1% fewer clients report cost control is their top goal, shifting their frame of reference instead to value—which jumped to the second most important goal for 2011



## Executive Summary

### Top Market Drivers for 2011

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#### BTI Top Market Drivers for 2011

1. Take no prisoners—virtually no matter is immune from clients' demand for value
  - Corporate counsel growing more comfortable wielding economic power
2. Beefed-up internal staff adds flexibility and rate pressure to law firm hires
3. Corporate counsel using pass/fail test to assess law firms' client service
4. Never-ending recession breeds skepticism and stymies spending
  - Select companies actively bucking the trend
5. Resolution rates skyrocket—clients plan to settle 1 in 3 active cases in 2011
6. Obama administration props up Labor & Employment, Litigation and Regulatory
7. Shareholder activism driving demand for counsel and strategy



## Table of Contents ► Click on any title to go directly to the chapter

<b>Executive Summary</b> .....	1	• Tactical Practices .....	39
<b>Client Spending, Goals and Priorities</b> .....	6	– Labor & Employment .....	40
• Legal Spending .....	9	– Environmental .....	44
• Internal Staffing Levels .....	10	– Corporate .....	48
• Top Corporate Counsel Goals and Issues .....	11	– Restructuring .....	52
• Spending on Outside Counsel .....	13	• Gateway Practices .....	58
• Client Legal Budgets .....	14	– Investigations .....	59
<b>Premium Practices Forecast 2011</b> .....	15	– Bet-the-Company Litigation .....	62
• Legal Services Market .....	17	– Bankruptcy .....	65
• Defining the Opportunities .....	19	– IP Litigation .....	68
• Premium Practices Forecast 2011 .....	21	• Cornerstone Practices .....	73
• Powerhouse Practices .....	22	– Securities .....	74
– M&A .....	23	– IP .....	77
– Class Actions .....	27	– Tax .....	80
– Litigation .....	31	– Real Estate .....	82
– Regulatory .....	35	<b>BTI Opportunity Zones 2011</b> .....	85
		<b>Survival Tactics for Law Firms</b> .....	88
		<b>About BTI</b> .....	90
		<b>Research Methodology and Approach</b> .....	92





## About BTI

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**BTI is the leading provider of strategic research to the legal community—performing more market research about law firms than virtually anyone. BTI has helped more than 150 law firms and professional services firms improve client service through compelling research and advice. We conduct the only continuous benchmarking market study in the legal services industry.**

**Based on more than 2,800 one-on-one interviews, BTI brings a vast understanding of clients to help the world's largest professional services firms in all aspects of client relationships.**

**More than 70 of the 100 largest law firms use BTI's services and research to:**

- Implement robust client feedback programs
- Assess brand awareness and market positioning
- Target market opportunities
- Establish best practices and benchmarks to drive performance

**BTI conducts the most insightful custom client surveys as part of world-class client feedback programs to drive consistent client service delivery for leading professional services firms.**



## BTI Research and Publications

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### ***Litigation Outlook 2011: Changes, Trends and Opportunities for Law Firms***

In BTI's first-ever in-depth look at the future of litigation, more than 310 corporate counsel and AmLaw 200 practice leaders weigh in on exactly how spending, management and law firm hiring criteria are changing. Discover how a rise in new matters combines with a flat spending outlook to drive hiring opportunities and increase competition. Learn which firms—by name—clients consider to be best positioned to serve them in 5 distinct types of litigation, including IP, Securities and Employment.

### ***The BTI Client Service All-Star Team for Law Firms 2010***

The only independent, client-driven attorney ranking. *The BTI Client Service All-Stars 2010* celebrates 165 attorneys who deliver the best client service according to candid feedback from more than 240 corporate counsel at large and Fortune 1000 companies. This year's honorees buck current trends, winning client recognition for unsurpassed client service in an environment of ambiguity and turmoil.

### ***The BTI Client Relationship Scorecard: Ranking Law Firm-Client Relationships 2010***

17 activities drive superior client relationships. 4 matter most. Discover how clients rate more than 210 law firms in these key activities—including Client Focus, Commitment to Help, Legal Skills and Provides Value for the Dollar. Learn which firms rank best, *The BTI Client Service 30*, and which 3 firms enjoy a 9-year track record at the top. Plus, learn exactly how corporate counsel score your firm in this year's new Client Service Score Spotlight, a private supplemental report provided at no additional cost to you.

You can order these and other compelling BTI research or publications at [www.bticonsulting.com](http://www.bticonsulting.com).



## Research Methodology and Approach

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- This report draws on more than 2,800 interviews conducted over the span of 10 years. BTI's study includes between 50% and 55% of companies participating in prior years. This approach provides for accurate analysis of longitudinal trends while simultaneously allowing for insights into new, changing and up-and-coming opportunities.
- Spending, budget and practice assessments for 2010 and 2011 are based on more than 240 new interviews. One-on-one telephone interviews are ongoing. This year's new analysis relies on interviews conducted between June 1, 2010, and September 17, 2010.
- This analysis includes interviews with:
  - 19.0% of the Fortune 100
  - Average revenue of \$17.6 billion
  - Median revenue of \$4.1 billion



## Research Methodology and Approach

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BTI conducts all interviews using multiple techniques. These include:

- Structured questions
- Forward-looking questions
- Quantitative questions
- Experience-based questions

Our interview team averages more than 15 years' experience interviewing C-level and top executives.

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To order your copy of *BTI Premium Practices Forecast 2011: Survey of Corporate Legal Spending*, please call Sabreena Kropp at +1.617.439.0333 or [click here](#) to order online.





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