

2017

+ Executive summary

Legal Trends Report

Executive summary

Data has become the world's most valuable commodity. Yet, for as long as the legal profession has been around, lawyers have lacked the data necessary to make smart decisions about the future of their practice.

Using aggregated and anonymized data from Clio, the world's most widely-used legal practice management platform, supplemented by large-scale research surveys, the *2017 Legal Trends Report* gives us the most in-depth data-driven study of the legal industry.



In search of the missing 6 hours

Last year, the *Legal Trends Report* introduced three key performance indicators—utilization, realization, and collection rates—to measure how much of a lawyer's workday contributes to actual earnings.

As with last year, the most critical finding in this report is that lawyers spend only 2.3 hours (29% of an 8-hour workday) on billable tasks. When factoring in realization and collection rates, firms only collect an average of 1.6 hours of billable time per day, leaving us with the question: What happens to the remaining 6 hours?

To learn more about why lawyers aren't able to dedicate more of their day to billable work, Clio conducted a deeper investigation into how lawyers spend their time, surveying nearly 3,000 legal professionals. The survey results indicated:

- + Office administration, generating and sending bills, configuring technology, and collections are all tasks that, combined, eat away 48% of time that could otherwise be spent on billable tasks.
- + The fact that so much non-billable time is dedicated to business development (33%) suggests earning new clients is a constant concern for most law firms.

How do consumers choose a lawyer?

While law firms report spending 33% of their non-billable hours on business development, when asked how they would spend additional time if they had it, 41% said they would spend even more time looking for clients.

Survey results also showed that 54% of law firms actively advertise to acquire new clients, yet 91% of firms can't calculate a return on their advertising investments, and 94% don't know how much it costs them to acquire a new client.

To learn more about how law firms could improve their client acquisition, Clio surveyed more than 2,000 consumers to learn how consumers seek lawyers and what influences their decision to hire.

- + **When looking for a lawyer**, respondents indicated that they sought referrals from friends/family (62%) and from other lawyers (31%). Online search (37%) and directory listings (28%) were also common. Meanwhile, TV ads (13%), online ads (13%), radio ads (7%), and billboard ads (6%) had a much lower influence among respondents.
- + **When determining who to hire**, respondents indicated that responding to phone/email right away (67%), free initial consultations (64%), fixed fees (47%), accepting credit cards (28%), and willingness to exchange text messages (27%) were common. While online presence was important for finding a lawyer, having a great-looking website was only important to 19% of respondents when choosing to hire a lawyer.

Newly revised Billable Hour Index

In addition to providing average industry rates for individual states and the United States as a whole, the 2017 *Legal Trends Report* includes unique insights on law firms, lawyers, and non-lawyers. The most recent Billable Hour Index rates were (May 2017):

- + Law firm: \$240
- + Lawyer: \$260
- + Non-lawyer: \$149

This year's report also includes year-over-year comparisons between legal professionals working in urban and rural locations, as well as average rates for the 10 largest US metropolitan areas.

- + New York City: \$344
- + Los Angeles: \$323
- + Chicago: \$312
- + Miami: \$310
- + Washington DC: \$304
- + Dallas: \$300
- + Atlanta: \$293
- + Boston: \$287
- + Houston: \$276
- + Philadelphia: \$245

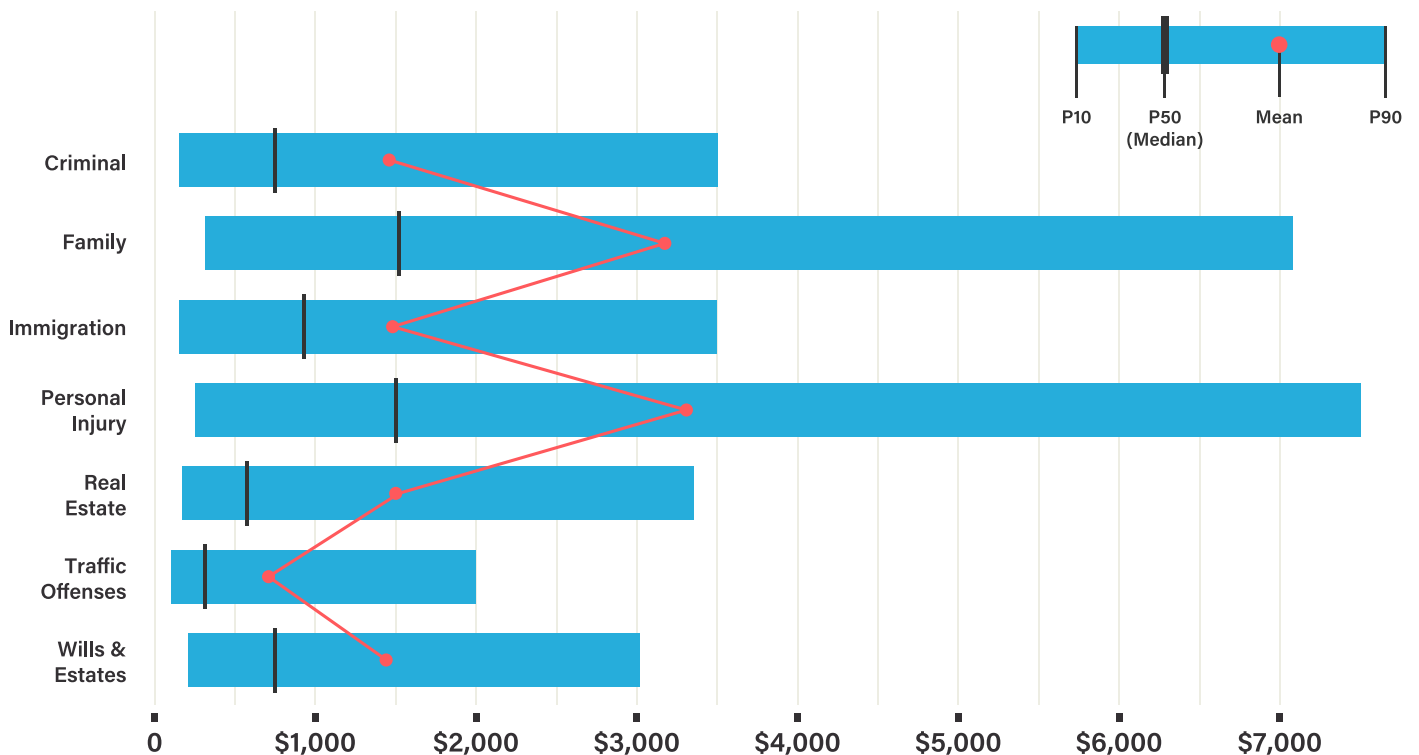


Measuring average case values

Based on survey data, many law firms don't have set targets for how much they plan to make in a given year, or on a case-by-case basis.

- + Only 54% of legal professionals can estimate their annual billings for 2017.
- + Only 40% of firms that track time have hourly billing targets.
- + Only 50% of legal professionals can bill a case based on a set budget.

To help firms better plan their caseloads and to set business targets for their firm, this year's report includes a comprehensive look at average case values based on practice area.





LEGAL TRENDS REPORT
POWERED BY CLIO

Read the full 2017 Legal Trends Report

The *2017 Legal Trends Report* offers the most comprehensive analysis of the legal profession to date, making use of aggregated and anonymized data from the Clio platform, and supplemented by in-depth surveys of consumers and law firms.

Read the full report, including detailed hourly billing rates across 49 states and 30 practice areas.*

[Read the report](#)

*This year's Legal Trends Report uses data from three sources: (1) aggregated and anonymized data collected from more than 60,000 Clio users; (2) a survey of 2,915 legal professionals representing both Clio users and non-Clio users; and (3) a survey of 2,002 consumers.



Founded in 2008, Clio is the most comprehensive cloud-based practice management platform for the legal industry. With the help of the cloud, Clio eases the processes of time tracking, billing, administration, and collaboration for law firms of all sizes. One of Canada's fastest-growing companies with international reach, Clio employs over 240 individuals with a rapidly growing customer base spanning 90 countries.

For the last two years, Clio's growth has been recognized by Deloitte on both the Fast50 and the Fast500 lists.

Learn more at clio.com.

