



LexisNexis Law Firm Billable
Hours Survey
Top Line Report

June 11, 2012

Executive Summary by Law Firm Size

According to the survey, we found that attorneys were not billing all the time they worked. There are opportunities to increase billing efficiency whether by improving capture techniques or delegating non-billable tasks to others. However, those opportunities vary with size of firm.

- Law firms with 11-20 attorneys:
 - Were more effective at billing the hours they work than any other firm size segment
 - On average this segment works 1.1 hours more per day, billing an additional 22% more time than the solo and two attorney firms
 - This segment worked 1/10th of an hour more than the 20+ attorney segment and billed on average 1.8 hours more per day or 19% more time than the 20+ attorney segment.
 - However, even with an 8% gap between hours worked and billed, that is equivalent to ½ day per week or up to 24 days a year of unbillable time (this assumes 2 weeks of vacation, 1 week of sick leave and 1 week for CLE)
- Solo and two-attorney law firms:
 - Were the least effective at billing the hours worked during a day. Some assumptions can be made but these need to be confirmed with another survey i.e. smaller law firm owners do not have administrative staff to delegate non-billable tasks to like larger firms do – many take on administrative work due to lack of resources

The challenge for the solo and two-attorney segment is the tipping point of when to hire a service or staff to do administrative work to increase billable hours vs. doing it themselves.

Executive Summary By State

- Approximately 69% hours worked were billed.
- Delaware survey respondents reported billing 94% of their total time worked.
- Oregon survey respondents reported the lowest efficiency for billing time worked at 41%.
- The least efficient 25% of the respondents, indicated by a light purple color on the map (see page 6) are prevalent in the mid-eastern states, and are segmented as follows:

Solo firms = 18	6-10 Attorney firms = 15
2 Attorney firms = 14	11-20 Attorney firms = 16
3-5 Attorney firms = 23	20+ Attorney firms = 6

- The most efficient 25% of the respondents, indicated by the green color on the map, and are segmented as follows:

Solo firms = 12	6-10 Attorney firms = 17
2 Attorney firms = 11	11-20 Attorney firms = 14
3-5 Attorney firms = 24	20+ Attorney firms = 3

- 79 solo firms responded of which 23% fell into the bottom 25% billing efficiency and 15% reported in the top 25%. Further research needs to be done to see how the 15% of solos in this segment create high billing efficiency.

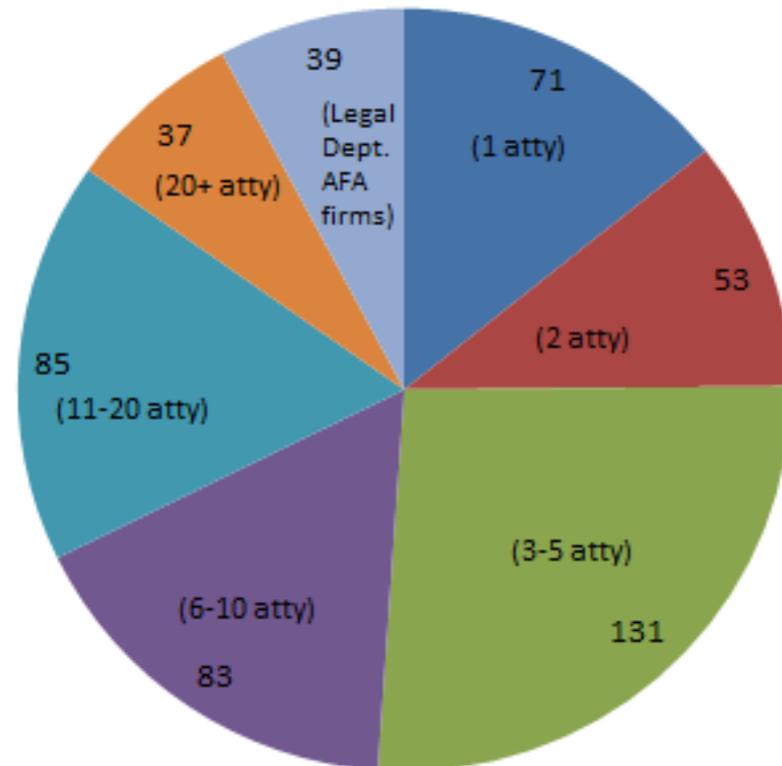
Survey Details

- Billable Hours Survey asked four questions:
 1. Contact information*
 2. Firm Size (Six segment options: 1, 2, 3-5, 6-10, 11-20, 20+)
 3. How many hours on average do you work per day?
 4. How many hours on average do you bill per day?
- *** All questions were required to be answered with the exception of contact information**
- Email went out to ~8,800 LexisNexis® and non-LexisNexis customers, plus posted using LinkedIn®
- Survey was conducted between May 15 – May 25
- Received 499 responses
- Completing the survey and providing their contact information qualified participants for a chance to win one of the following:
 - 8 ea.: \$25 Gourmet coffee card
 - 4 ea.: \$25 Amex gift card
 - 1 ea.: \$50 Amex gift card
 - 1 ea.: E-reader w/\$50 gift card (grand price valued at \$229)

Number of Respondents by Size of Law Firm

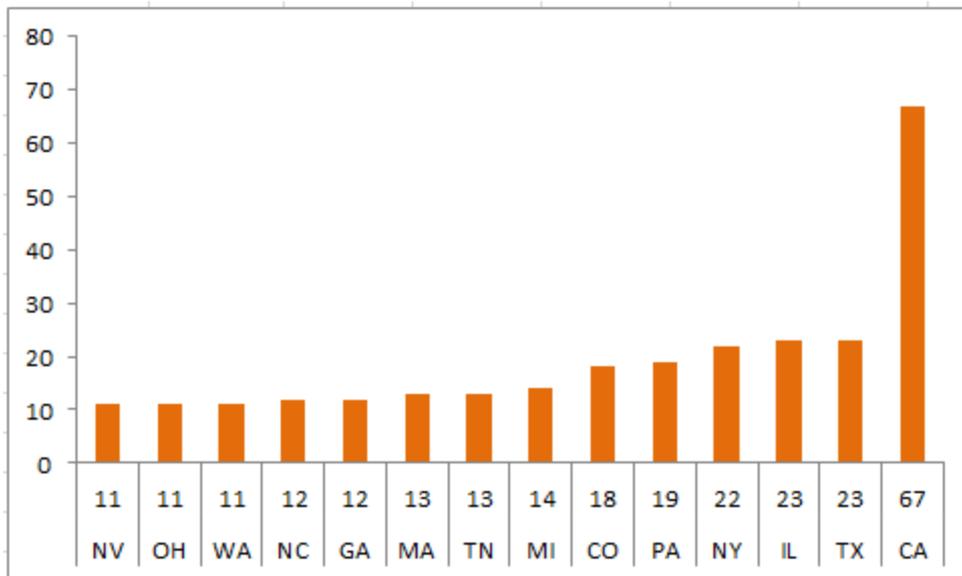
Firm Size	Responses	% by Firm Size
1	71	15.83%
2	53	12.83%
3-5	131	27.66%
6-10	83	18.04%
11-20	85	17.64%
20+	37	8.02%
Legal Dept or AFA firm	39	7.82%
	499	

Respondents by Law Firm Size or Segment



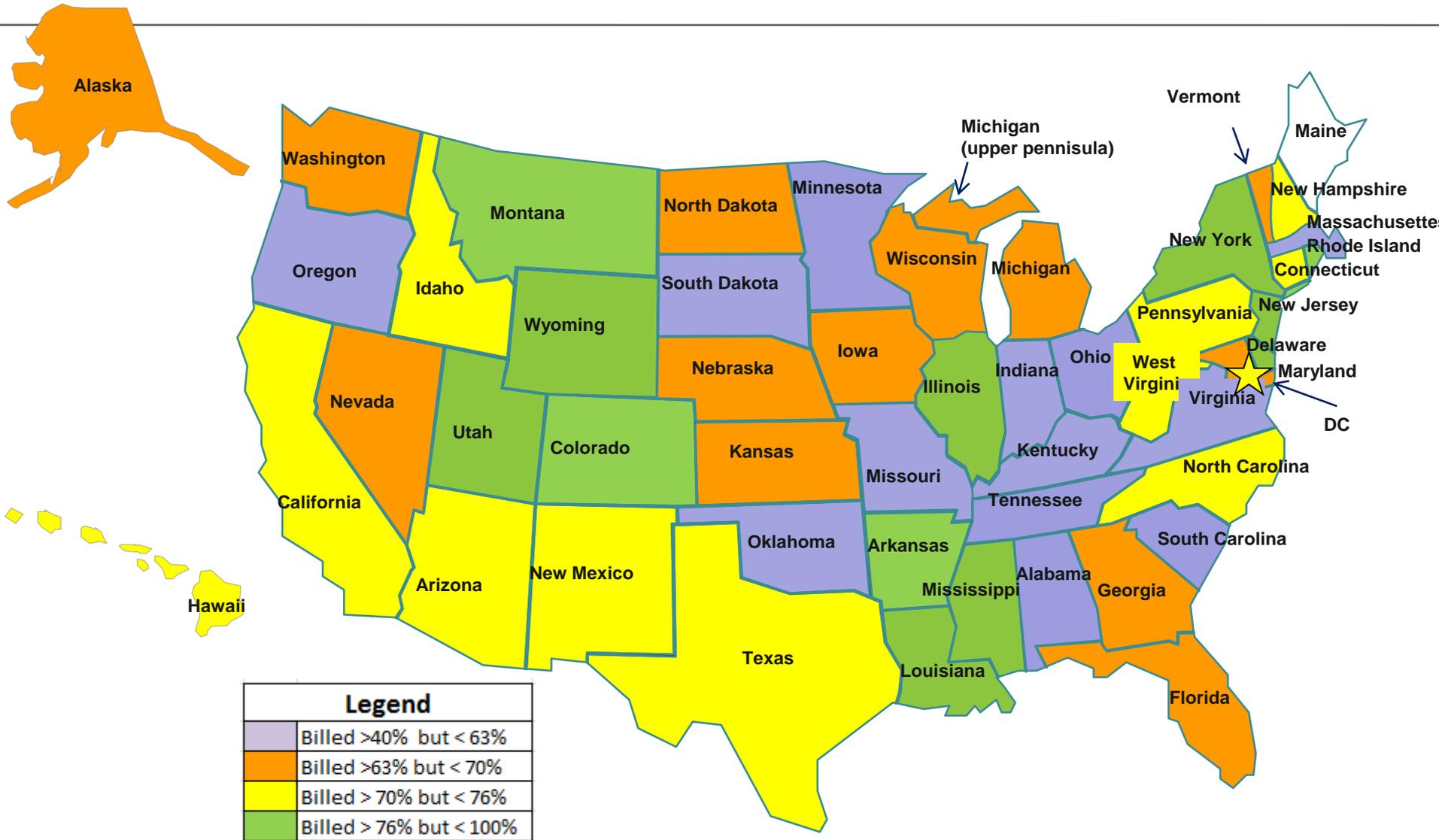
Respondents by Law Firm Size Geographical Location

- All states except Maine were represented in the survey, 14 states had more than 10 survey participants with California leading with 67 respondents
- 19% of respondents did not provide State data (N=95)



States with more than 10 respondents

States most effective at billing their time worked



Legend	
	Billed >40% but <63%
	Billed >63% but <70%
	Billed >70% but <76%
	Billed >76% but <100%

Other Survey Result Views By State

States Ranked by % of Hours Billed versus Hours Worked

OR	40.63%	VT	63.16%	NC	70.05%	AR	76.19%
AL	49.55%	IA	63.70%	PA	70.27%	MT	76.67%
KY	51.14%	WI	63.72%	TX	70.48%	CO	77.07%
VA	51.55%	GA	63.93%	CA	71.02%	NJ	80.86%
SD	55.26%	AK	64.71%	CT	71.88%	NY	80.92%
OK	56.18%	KS	65.35%	DC	72.97%	UT	81.13%
MA	57.15%	FL	66.31%	AZ	73.81%	LA	82.76%
MO	59.26%	MD	66.36%	NM	74.18%	WY	83.33%
IN	59.30%	ND	66.67%	NH	74.29%	RI	83.78%
MN	59.39%	NE	66.67%	HI	75.00%	IL	85.74%
TN	60.66%	MI	67.12%	WV	75.00%	MS	88.55%
OH	60.96%	NV	68.90%	ID	75.83%	DE	94.44%
SC	63.06%	WA	69.44%				

Legend	
	Billed >40% but < 63%
	Billed >63% but < 70%
	Billed > 70% but < 76%
	Billed > 76% but < 100%

% of Hours Billed versus Hours Worked States Alphabetical

AK	64.71%	MT	76.67%
AL	49.55%	N/A	68.51%
AR	76.19%	NC	70.05%
AZ	73.81%	ND	66.67%
CA	71.02%	NE	66.67%
CO	77.07%	NH	74.29%
CT	71.88%	NJ	80.86%
DC	72.97%	NM	74.18%
DE	94.44%	NV	68.90%
FL	66.31%	NY	80.92%
GA	63.93%	OH	60.96%
HI	75.00%	OK	56.18%
IA	63.70%	OR	40.63%
ID	75.83%	PA	70.27%
IL	85.74%	RI	83.78%
IN	59.30%	SC	63.06%
KS	65.35%	SD	55.26%
KY	51.14%	TN	60.66%
LA	82.76%	TX	70.48%
MA	57.15%	UT	81.13%
MD	66.36%	VA	51.55%
MI	67.12%	VT	63.16%
MN	59.39%	WA	69.44%
MO	59.26%	WI	63.72%
MS	88.55%	WV	75.00%
		WY	83.33%

LexisNexis Law Firm Billable Hours Survey Results – All Respondents

- Average for all 499 respondents:
 - The average hours worked on a daily basis was 9 hours
 - The average hours billed on a daily basis was 6 hours
 - This 33% difference in hours worked vs. hours billed can be caused by a number of factors:
 - Not utilizing and/or leveraging staff for non-billable functions
 - Inefficiency of managing and billing client work
 - Goodwill issues i.e.
 - Lawyers spend some of their time engaged in networking, business development and other non-billable activities -- particularly when business is slow.
 - Some lawyers believe they cannot bill all clients for all hours worked so they purposely “discount” the actual number of hours worked in order to keep clients happy.

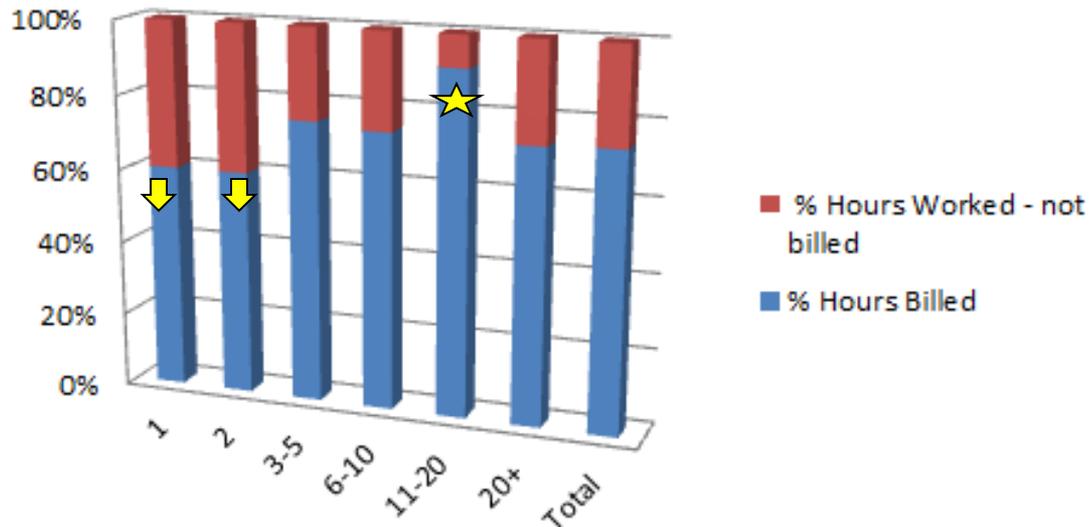
Firm Size	Avg. Hours Worked	Avg. Hours Billed
1	8	5
2	9	5
3-5	9	6
6-10	9	6
11-20	9	9
20+	9	7

On average 1/3 of hours worked are not being billed



Gap of Time Worked vs. Billed by Segment Excluding Legal Departments & Alternative Fee Firms

% of Hours Worked vs. Billed by Firm Size

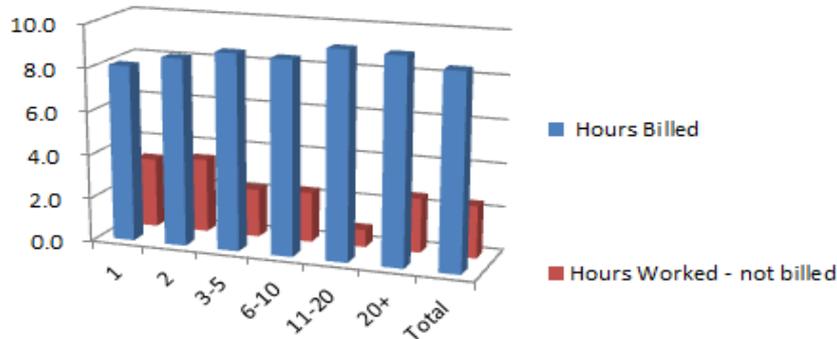


- 39% of time worked is not being billed in the solo and two-attorney firm segment
- 92% of time worked is being billed in the 11-20 attorney segment

Information excludes 39 respondents who claimed not to bill their time

LexisNexis Law Firm Billable Hours Survey Results - Excluding Legal Departments & Alternative Fee Firms

Hours Worked vs. Time Not Billed by Firm Size



Firm Size	Hrs Worked	Hrs Billed
1	8.1	4.9
2	8.6	5.2
3-5	9	6.8
6-10	8.9	6.6
11-20	9.5	8.7
20 +	9.4	6.9

- Average hours worked = 8.9 and average hours billed = 6.9
- When excluding the legal departments and alternative fee firms, billing efficiency improved by .5 hour or 8%
- The solo and two-attorney law firms did not bill 39% of their time worked, making them the least efficient segment
- The 11-20 attorney law firms did not bill 8% of their time worked, or in other words, they billed 92% of their time, making them the most efficient segment
- The rest of the segments have billing gaps of 24-26% between hours worked and billed