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New Reports Predict More Rightsizing To Come

By: Leslie White

While managing partners or chairmen of large law firms seem to be feeling more optimistic about the future, and while associate layoffs appear to have slowed down, new reports predict more rightsizing to come. It looks like the next wave of layoffs and pay reductions might be hitting non-equity partners. Moreover, the woes that are affecting associates such as layoffs, pay reductions, and deferred start dates are likely to continue as well.

According to a new survey released by survey Hildebrandt International, while two-thirds of the 133 managing partners or chairmen of large law firms said they felt better about the economy and expected it to continue to get better over the next six months, many of those same law firm managers also predicted more layoffs because of increases in expenses.

The Recorder reports that one in three law firm leaders surveyed by Hildebrandt expect to cut non-equity pay and one in four expect to trim their equity partner ranks. Released Tuesday, Hildebrandt's 10th Managing Partner Confidence Index (PDF) notes that, "It's been a brutal six months..." yet the sense among firm managers is that "the worst of the recession may finally be over."

And while firm leaders appear less pessimistic in this survey, they are clearly predicting more hardship. The Hildebrandt report predicts more "rightsizing" to come. That includes more firms cutting associate pay, ditching summer programs and delaying start dates.

"Despite the expected reductions in headcount, cuts may not completely make up for continued weak demand, and productivity, or billable hours per lawyer, will likely stay flat or decline slightly over the next 12 months," the report concludes.