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Episode title: Taking the temperature of the nation's legal market

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Bill Josten: The annual report on the state of the legal market has been a marketplace staple for insights on law firm financial performance and trends influencing the legal space for well over a decade, a joint venture between the Georgetown Law Center for Ethics and the Legal Profession and the Thomson Reuters Institute. The report, which is released each January, combines real-world quantitative findings on law firm financial performance with in-depth analysis of the macro-level trends driving the future of the legal profession. We're joined today by the report's lead author Jim Jones, a senior fellow at the Georgetown Center. While the report gets huge uptake every year, in fact this year edition has nearly 3000 downloads to date, along with widespread media coverage, relatively few people get to hear directly from Jim about his thoughts on the report and some of its themes. Now Jim, the report is a fantastic piece, and it largely speaks for itself, and it's one of the things I love about working with you on this report is its own little universe. You know, we can always know what you're thinking, but I'm glad we had this opportunity to dive a bit deeper into a couple of the areas the report covers, because there there's a lot of depth that I think the written word just doesn't necessarily allow us to fully get into, right? You and I've had the opportunity to do a lot of media interviews together in the last six weeks since this thing came out. And there's been a couple of topics that have come up in some of those interviews that I think are worth exploring a little bit more, and one of the more common questions and I think we've maybe heard this in every interview that we've done so far has been something along the lines of attorneys are telling us that they're working harder than ever before, but when you look at the data, and I forget the exact figure in the report, but we look at the data in the report towards the end we've got findings that show that the average attorney is billing about 10 fewer hours per lawyer per month. So, the question has been, how do we square that? They say they're working harder than ever. And yet, compared to 15 years ago, they're just not, you know, it's 120 fewer hours a year that they're billing. So how do we square that circle? I think the audience of the articles done a decent job of covering that, but it's a really nuanced topic. There's a lot of tentacles and stuff to it, so I thought it was worth a bit more explanation so kick us off. How do you square that circle?

Jim Jones: OK, thanks Bill. Good to be with you. Well, I think the quick answer is that some lawyers are working a lot harder than before, but not all of them. Otherwise, the numbers wouldn't show up the way they do. Seriously, I think one thing to keep in mind here is that when we show the billable hours worked per month by lawyers in various firms, we are showing an average across a huge number of data points. I mean, remember we have 171 firms in the Peer Monitor database, so even if you had lawyers in 20 firms that were working much harder, that's going to move that average some, but not a whole lot. So, part of it is the problem of just averaging from large numbers of data points. That's one. I think there's also a perceptional problem, though, because you have to remember that all of this has happened during almost two years of remote working. That was of course driven by the COVID pandemic, and I think that almost everyone who has worked remotely during that time has shared the feeling of kind of being on all the time because, you know, there there's no distinction between your workplace and your home, and so you don't have commuting to worry about. So, you go to your computer in the morning at, you know 8:00 o'clock or something and you sign in and you're on all day.

Maybe till 12:30 the next morning. And it just feels like everything runs together. So, while you maybe taking time out to go, you know, help your kid with their math homework 'cause they're doing it remotely from school and then come back. It never feels like you're away from it, so I think people have felt a lot more pressure just because of the pandemic, frankly. I think another point that, then, frankly, is a point that you have raised from time to time is that it would be a real mistake to compare the productivity of an hour in 2021 to the productivity of an hour in 2007, which is the year that we measure that 10 hour per month drop from that you mentioned. If for no other reason, I mean, technology alone has made it possible for lawyers to do so much more and to be so much more productive in a single hour than they were before and one of the things that that means is probably lawyers are now even transactional lawyers working on big deals are probably now working on more matters at a single time than they were back in 2007. And anybody who's gone through that experience knows that when you work on more matters, it just feels like you're working harder because every time you have to shift from one to the other, you've got to go back and review everything that's happened and bring yourself back up to date and all of that and frankly, in that process, you know, billable hours get dropped. One of the interesting phenomena I always noticed and in running a law firm, was that people who were working on a single case tended to bill more hours than people who were working on several projects at once and it wasn't because they were working less time, it's just that every time you switch you drop half an hour or something. So, I think that's part of it as well, so it's kind of all of those things roll together, but the fact remains as I started out that that there is a 10- or 11-hour difference per month if you go back to the pre-great financial crisis. So, you go back to 2007 and I would, you know I hold no brief that 2007 represented a good working, you know, ratio for lawyers to have, I mean, I think probably everybody was working too hard back then. So, maybe we're at the right level now, I don't know.

Bill Josten: Yeah, you know, 2007 we kind of use that as a starting point because that's when the data set starts, right? So, we have that, and it certainly is a high watermark. I'll imagine that you could probably go back and find certain years in the past that were even higher than 2007, but your point is well taken. There's nothing to the assumption that says that that was a healthy level of work.

Jim Jones: No, no, I actually think that the highest levels that I remember seeing in billable hours were back around 200 and it was when the tech bubble burst in 2000-2001 that you saw all of those hours drop precipitously. Now that was a that was a crisis in the industry that didn't last very long, but it brought those hours down and I don't think we've ever gone back to the to the level that we were seeing in the late 90s or 2000. And we probably shouldn't. I mean it was punishing levels of work.

Bill Josten: Well, you know that brings up a couple of different things that I mean your commentary overall, one sort of theme that weaves through all that is we've seen a fundamental shift in how legal work is done. You know, in terms of you said that I've used, I've brought this up in interviews in the past, and that's very true, I have, I think about you know my career mirrors this right? I came out of law school in 2006, so I've lived through this transition professionally, and I think about when I was a clerk at the Minnesota Court of Appeals back in 2008-2009, one of my tasks was site checking. Of course, that's the part of a law clerks gig it could take me two - two and a half - three hours to site check an opinion because I'm doing it all in books. And to think that you take 3 hours as an associate now to do a site check, it's unconscionable. There's just no way because it's you know now it would be 15 seconds worth of work to actually do the site check and then however long to review whenever the site check turns up, but it's because there's a utility that's built into Microsoft Word on your computer that does it automatically, right? So is like there's a fundamental shift there in how the work is done. I think there's also been a fundamental shift in the attitude of clients. You know, you think back to 2007 and probably for sure back to 2000. There wasn't a whole lot of questioning of bills. If a bill came in, that's what we paid. We didn't do a lot of negotiating around the rates. It was kind of law firms charge what they charge, and they work what they work, and we pay what we pay and that's that is so divorced from the thinking of the client, the attorney client relationship today discounts are table stakes. You know, I joke like its kind of a more New York thing, but you go to a hotel room in New York, and they have the maximum rate on the back of the door. And I joked anybody, the only person whoever pays that rate is the person staying in a Times Square area hotel on December 31st, right? Otherwise, like there's a hotel that I stayed in in midtown for years when I was in New York and the rack right in the back of the door was like 1250 bucks a night. I never paid more than 100 and a quarter, so I'm paying 90% off of the rack rate, you know, and so this this idea discounts has just become table stakes. That's a fundamental shift in in how we conceive of how legal work is done.

Jim Jones: Yeah, I think that's absolutely right. And I really kind of date that from the great financial crisis because I think I could make a strong argument that before 2008 we were very, very much in the sellers' market for legal services and what I really mean by that is exactly what you were saying that law firms, for the most part, were always in charge of the key questions. So, how a matter was going to be staffed. What the timing of the matter was going to be, how it was going to be priced, all of those decisions were being made by law firms. Now, I don't mean that clients didn't push back, or they didn't complain from time to time, but at the end of the day it was mostly the law firms that were making those choices. After the great financial crisis that reversed 180 degrees. It became a buyer's market for legal services. A lot of people written a lot about that, but I think that's absolutely undeniable, so from about 2009 forward, the clients are clearly in control, and if you want one indicator of that, just think about how many matters are now subject to budgets and the budgets have caps, and that's a phenomenon that we've largely seen in the last 10 or 12 years, because before that, as you said it, you know the law firms bill whatever they wanted and clients paid it, but that's not the world anymore.

Bill Josten: You know another thing though, that I think we should talk about Jim with this idea of, you know, we can come up with all sorts of reasons to potentially argue why some lawyers really aren't as busy as some others suggest they are. You know, if you're talking about an IP associate who's working in a midsize firm in Topeka and they may not be at peak busyness whereas an M&A associate on Wall Street and a major New York firm probably is looking at the at the demand figures, but the other thing that we need to bear in mind, and I think that this is perhaps and overlooked facet of this, is if you're the leader of a law firm and your lawyers are telling you that that's how they feel, they're not going to feel better if you point to this report and say, but this says that the average is down. I mean, if your lawyers are telling you that they're working harder than ever, they're right in whatever sense and part of your job as a firm leader is to unpack that a little bit and figure out why. And the other thing is, you and I talked about this in other contexts too, that comparison from 2007 to 2021-2022 that's half a generation difference in who's doing this work in the associates who were doing that work in 2007 some of them have kids in high school now, you know?

Jim Jones: That's right.

Bill Josten: So, it's when you talk to those attorneys who say I'm busier than I ever have been before they probably are because they would have started their career more like 2017 to present, right? You know, you're talking. That's it's those third, fourth, fifth year associates that are really in the in the grinder like that. There's risk to the firm in those in those people burning out, because those tend to be for a lot of firms. Those tend to be your highest margin lawyers. That's where a lot of your profit potential sits, because they're experienced enough and independent enough that you can build pretty well for them. They're pretty efficient 'cause they're pretty good at what they do by this point, and you know, you can control sort of from a cost-plus perspective or whatever you want. You can build in a decent profit margin for them. Well, if you're constantly turning those people over, it's a little bit like a Major League Baseball team without a AAA club. Where do you find out? So, there's a concern there and that actually, that that brings us to another topic that I think is worth discussing from the report you've written in the report about how there's going to need to be more than just money offered to get associates to stay at a firm. We're seeing big increases in salary. I saw a report the other day of a boutique firm that said, no, no, we're not matching the current whatever it is, $205,000 scale, we're going straight to $215,000 and so we're seeing a ton of money flying around and yet we're also seeing a current trend of increasing associate attrition. We were on pace for some firms to be turning over 1/4 of their associates every single year, so what kinds of options other than money are firm is going to have to look at? I mean, there's going to be some things that are probably going to become just table stakes. Every firm is going to have to do this to be competitive for talent. So, what are some of those things as you foresee that are just going to be firms have to do this beyond a decent paycheck to keep people? And what are some of the innovative things that firms could look at doing to try and stem this attrition tide?

Jim Jones: Yeah, that's a good question and I think in many ways is kind of the question for this year, certainly, and maybe longer, because this is clearly a crisis for large law firms. I mean, you and I have talked that historically, you know, you could assume that a large law firm would lose, you know 50% of its associates in three to five years. I mean, that was always kind of the rule of thumb that everybody went by the idea that we are now losing 1/4 of associates in a year is really pretty shocking and there's a level of turnover that we haven't seen before. And as you point out, all of this on the heels of having spent an enormous amount of money trying to prevent that from happening. So, what we're seeing is that our usual solution to these things of just throwing money at it isn't working. It's not bending that curve, so what do you do to bend that curve? I'm actually optimistic that we may actually in the next year or so see some firms really coming up with some innovative ideas to do that because I think that the issue of what are you doing for me besides just paying me is going to be a competitive factor in the decisions that people make to go to work for firms or to stay at firms in a way that is not before. So, for example, it's absolutely clear that coming out of the pandemic that one of the things that's on everybody's mind is hybrid work. I want to work partly remotely, and I want to be in the office from time to time. And the way firms bundle that the way firm requirements work as to when I have to be in the office and how often I have to be in the office will really go a long way. If I'm required to go into the office on days when it doesn't make any sense for me to go into the office, namely, the teams that I need to work with are not there or the partners that I work with are not going to be there, and so I'm going to be sitting in my office when I could just as easily be sitting at home doing the same work, people aren't going to put up with that, I don't think, so I think that part of it is being responsive in that way. Part of it is also showing associates that the firm really cares about that. That there are, that it realizes that there are values in the workplace that far exceed the amount of money you’re getting, and this of course goes back to we talk in the report about what we have known for a long time now from social science, namely that paying somebody what they think they deserve is fine in terms of avoiding dissatisfaction, but it does not produce satisfaction or loyalty. Those things come from other kinds of intangibles. They come from a firm culture that affirms people, people, contributions that provide clear, personal growth, opportunities that provide the kind of platform support that people need to really grow their practices. That gives recognition to people for their work they do, and none of that necessarily has to do with money. I mean, in law firms we have always thought that compensation was the only coin of the realm. Well, it's a problem for law firms because if you're in a corporation, there are lots of different things you can do to make people feel good. You can send them off to a management course. You can promote them. You can give them, you know, an assistant Vice President title. You can move them around. You can do all kinds of things. Law firms are very flat organizations, and they don't have those kinds of options, but there are other things that they can do. So, the focus on firm culture making people feel appreciated. Talking to people and, you know, part of this is a is a culture, I mean is a is a generational thing too, because, you know, I remember when people were first talking about millennials, they would say that you know if a millennial does an assignment for a partner and turns it in and here's nothing back they assume that it must have been terrible. Well, in my generation, the last thing I wanted to do was hear from the partner. So, if I turn an assignment in and got no feedback, I assumed it must have been wonderful and the partner was very happy with it. So, part of it is that difference, but it's those kinds of cultural things that I think people have to have to overcome and firm leadership has to overcome, and that's hard for lawyers to do, because we're not terribly empathetic people. I mean, you know, if you if you look at our personality profiles. I mean, you know, we're not really high on EQ, but it's the EQ qualities that are going to be most important going forward.

Bill Josten: Yeah, you know, I'm going to be a bit, I don't know, off the cuff here, but you always have great literary themes and historical themes. We've joked about this right, that I come up with the pop culture references, you come up with the great literary and historical things. And as you're talking here, I'm and whether it's attributed to George Burns, Groucho Marx, Jean Giraudoux do the quote of sincerity if you can fake that, you've got it made.

Jim Jones: Right, right, right exactly.

Bill Josten: It actually is going to be a need to demonstrate real genuine concern and this is one of those things that's fascinating to me from where I've progressed professionally, because when I was in law school, we talked about a lot about how our generation was going to be in a position to potentially drive some change in the law firm models and I remember sitting in in class thinking, “yeah, right?” you know, because coming out of law school it was a little bit like stepping into Marine Corp boot camp when you came into, you know summer associateships, and first year associates ships in law firms because there really was this attitude if I had to go through this, so do you. And I think that that's changing, and I think part of it is a difference in in mentality on the part of the associates, but then again, I think for a long time 'cause I can look at it from my perspective, you know 15 plus years out of law school, that or almost 15 years out of law school, where you know we can say we started talking about this so maybe the shift is my generation is now finally getting in leadership positions, you know, we're finally getting on comms and being in equity positions or equity partner positions with that continued expectation on the part of associates that there's going to be that more genuine concern about the well-being and the overall balance of an associate’s life.

Jim Jones: Yeah, but what we're also seeing here, and I think it's this is, there's an important point for law firm leaders to think about, is that the model has changed. You know, back in my day, and I suspect to some extent even in your day, if you went to work for a law firm, there was an expectation that you were going to join the firm and you were probably going to stay there for the most part, you know, your whole career if things worked out. And if you, if you worked hard and sort of kept your nose clean and you know, got the got the job done, your chances of becoming a partner were pretty good. And that was the bargain. The bargain was you come work for us, you'll work very, very hard, you know, we will sometimes treat you harshly, but at the end of the day, you've got the brass ring, you have excellent chances of becoming a partner, that's no longer true. In fact, I was told by a director of a of HR for one of the large global law firms just a few weeks ago that the chances of a brand-new associate who comes fresh out of law school into that firm actually becoming a partner of that firm is between 2 and 5%. Well, if that's the reality, then we've got to rethink our model because we can no longer assume that that everybody is going to be happy with staying there and grunting it through, you know, for a few years to get the brass ring, because the brass ring probably isn't going to be there. And we know that, and they know that, so we've got to develop a new model. We've got to develop a model that says if you come to work for us, what we will guarantee you is two, three, four whatever it is, years of terrific experience that you can't get anyplace else and we guarantee you that if you stay here and become a partner, that'll be great, but chances are you probably won't, because that's just the way the statistics are, but we guarantee you that you're going to be better, a better lawyer and better equipped and have better experiences whatever it is you choose to do next, and by the way, we'll help you figure out what that ought to be. That's the kind of model that firms I think have to be thinking about, because the other model just is no longer true. I mean, it's fake news, you know, it's just not going to work.

Bill Josten: Yeah, no, I think that's absolutely right. It's having that that sort of vision that is going to be very important, but the amount that firms are investing and honestly “investing” is probably the wrong word for it, you know, investments you expect some sort of return. I think for what we can for what we're seeing right now in terms of compensation for most lawyers, it's less of an investment and really is just more of an expenditure 'cause when you're looking at 24 to 28 months average tenure for associates right now, that's not an investment in the future. That is moving capital, you know, moving human capital through for the sake of keeping up production flow. It's going to be unsustainable at a certain point and this is this is an aspect of some of the things that underlie the report that I think we really haven't been asked about by the media so far, and now I'll maybe be a little bit controversial here. I've shared with you in in prior conversations, sort of off the record that while performance for law firms has been just outstanding, the last couple of years, I'm a bit concerned that it's actually fairly unstable. I don't want to use the term House of Cards, 'cause I think that's got a negative connotation to it that there's maybe something deceptive going on and there's not it's legitimately been really strong couple years, but it it's almost, you know, the biblical parable of the house built on rock versus the house built on sand. And you know you look at the things that the fundamentals that have been supporting law firm financial performance last couple years those have been real. They have been solid, but they're also potentially prone to slippage. You know, we look at really strong demand overall. Well, that really strong demand has been driven by transactional practices, and in particular corporate and M&A work. When you look at the macroeconomic market right now, we're talking about two, potentially three increases in interest rates from the Fed this year that could tie up capital, so some of the VC work and the other some of the debt financing that's happened to spur on this corporate work in this M&A work that could potentially dry up. If corporate work and M&A isn't the main driving engine of law firm financial performance, it's unlikely that litigation is going to come back in a roaring way that's going to supplant the type of growth we're seeing, so we're not going to see you know 4% growth in demand, we're going to be back to again, sort of playing between the 40s where demand is maybe plus or minus 1%. That's going to have an impact. Rates have been historically strong. You know, we have seen even through the pandemic we saw growth upon growth for rates. we were really concerned from a financial perspective, what the pandemic was going to do to firms from a rates perspective, and I think rates did a very or firms did a very smart thing where instead of coming out to their clients and offering massive discounts on rates and really cutting into their rate integrity, they instead chose to keep the rate structure intact, but do more on the credit side so they're not discounting upfront. They're keeping that rate structure intact and in protecting that rate integrity, but they're saying look, we understand that your business is hurting so, what we're going to do is we're going to take this $10,000 pile of work and we're going to cut it in half. We're going to give you a credit for $5,000 of it, or we're going to say, pay the 10 now and we'll give you 5,000 or 2,000 or whatever in free work down, you know, down the way so they were very creative about their crediting and their sort of fee relief they called it as opposed to discounting, but if we start to see more pressure on rates, especially again to bring inflation into the conversation, we've historically seen a one to two percentage point advantage from inflation to work rates. If that doesn't hold, you know, if we see inflation at 6% to 7% and rates at 4% to 5%, then in terms of real revenue, potential firms are underwater, so that's a potential slip realization has hit a historic high where we're at 91% or 91 -ish % in terms of realization, where for most of the last decade we played somewhere between 89 and 90%. Well, if we start to slip back down to 89% or God forbid below 89% any one of these factors is certainly not an inconceivable to borrow from The Princess Bride and use another pop culture reference but, and one of these things could very you know, could quite easily happen, and at the same time we've had this this relatively good structure, but with some instability built into it. A lot of firms have taken on massive recurring obligations, you know, one of the articles that I read about one of the latest salary increases, there was a comment that said, you know, we were able to pay very generous bonuses for the last two years, so this is really just our way of making that more of a permanent thing for our associates. And I thought that seems dangerous to me because you're taking short term windfalls and turning them into long term recurring obligations, and that's not going to be an easy thing for firms to walk back because we know that, you know, if you just look at the legal media landscape if firms go through right sizing exercises, if they do layoffs, they get just absolutely pilloried, and we've never seen a firm scale back on a compensation. So, if we put ourselves in a situation where firms are saying, you know we've had, I'm going to make up a number here, 1,000 associates globally, that we've been paying at such and such a structure. Well, to make that sustainable at that salary structure, we're going to have to pare that back to 850. That's going to be massive news if they're going to say, well, we'll keep 1,000 associates, but we're going to have to do, you know, a 4% or 8% reduction in compensation, not even taking back everything, they gave, just taking back some of it. That's going to be massive news. And yet to see a slip on the revenue side of things totally not inconceivable, you know, quite foreseeable as a matter of fact to me this is a problem.

Jim Jones: I think it's a huge problem because, you know, the firms at the very top of the market, frankly, the kinds of firms that that usually start the salary wars, may well be able to afford to absorb the kind of economic hit that you're talking about, most firms can't. And yet, you know, in lemming like fashion, we have seen firms follow the leader here over and over and over again at the end of 2021, you know, the cost, compensation of associates was up over 9% across the market and over 12% for AmLaw 100 firms, so these were massive increases, right?

Bill Josten: And we should say that's, you know, 9 to 12% in *one* year.

Jim Jones: In one year, exactly and then on top of that, you know, comes January and we have another round. We have another round, and the firms were a little, the lemmings were a little slower.

Bill Josten: I was just going to say that.

Jim Jones: And getting in line this time, but they're coming on board so, you know, everybody is ratcheting up and what you have to remember is that this rolls downhill so even in AmLaw 2nd 100 firms, even in midsize firms, they aren't going to match those increases, but they are going to increase. They're going to increase proportionately because they figure they have to and the problem is that firms are in grave danger here of getting overextended, because they're going to take those increases that were at the 9 and 12% level by the end of last year, except this year they're going to be there the entire year, and now we're adding more on top of it in January and February and as you point out, if in an inflationary environment where the rate of inflation is already higher than the increase in work rates and that's something we have not seen in a long, long time. And so, unless that reverses or unless firms decide that they're going to put through a mid-year rate increase, which is very unusual, and which is on top of rate increases of almost 10% over the last two years. And you're going to impose that in an inflationary environment where clients themselves are subject to the same inflationary pressures that law firms are. I mean, I just don't, I, you know, it seems to me that we have a recipe for some serious economic problems in in some firms, because I think there's no question that that a lot of firms are overextended at this point. So, I agree with you entirely.

Bill Josten: Yeah, that's certainly a concern and I think that dovetails back to the previous question about what are firms going to have to do to retain talent other than money, because for those mid-sized firms you and I have talked about this as well that I sort of foresee three classes of firms emerging, those that can afford to set or keep up with the salary scale those that say at some point we got to get off this merry go round and there's already a lot of firms that have said that and then sort of a middle tier of firms that tries to keep up with scale as best they can, but eventually that merry go round gets spin and fast enough that it just kind of bucks them off and they end up in that category of can't keep up. I see that coming back then to what are they going to offer that's different, because that's where those lawyers are going to want to go. And for those firms that do unfortunately find themselves overextended and on stable it doesn't take a lot of instability; we saw this with a couple of firms last year where it's just *poof* done. It doesn't take a lot of instability for partners to realize that they're relatively mobile and they're going to look for something and associates too for that matter. If there's not much time, then to the firm, if they can go someplace where there is a more you know, more defined career path, more sincere concern about their overall wellbeing, you know the types of things that we talked about beyond money for retention play that's going to be an incredibly good draw, and I think that's the type of thing that's going to serve as a corrective force in in the compensation ultimately, right?

Jim Jones: Yeah, and I think I think playing on that, you know, we also have to say that all is not sweetness and light even for the firms that can afford to put in these compensation increases because for associates working for those firms you have to be concerned and you're seeing some of those concerns come up in social media now, where associates are saying, well, well, hang on, so, I I'm being paid 10% more and I'm already complaining that I'm working too hard so, is the firm going to have an expectation that I'm going to continue to work at that level, or that I should even work harder for the 10% raise I've gotten? Because, you know, it doesn't make any sense that they're going to pay me 10%

more and expect me to work less? So, you know, it can come around, you know that bargain with the devil is going to come back the other way too. So, I think you may be right, there may be a built-in self-correction in it, I don't know.

Bill Josten: You're treading on an article that that you, you know Bryce Engelland, one of our analysts he's working on an article right now, it's a really smart piece, I've had a chance to look over the early drafts. I'm not going to steal his thunder, but he's looking at the applicability and we're really fortunate with all the analysts that we have here in Bryson Isaac, who partner with us on this report, and particularly do a fantastic job, super smart they bring in fantastic perspectives and Bryce is actually working on the applicability of the labor leisure theory to the law firm labor market. And it's like who comes up with this, right? It's super interesting and it breaks down and I'm going to leave it to Bryce to write the article. I'm not going to talk about it now, but it, you know, some of those things, you're exactly right. Like, how much more can we expect? I use the number 3120. 3120 hours, working 60 hours a week, 52 weeks a year. That's about all you can expect. So, if someone is already working 3120 for $195,000 a year and you decide to pay them $205,000 per year, you're not getting more than your 3120, right? Like that's the maximum of human can put in and be sane and upright, right? So, Jim, we've been going for a while here, and there's one other thing I wanted to talk really quick about as we sort of wrap up, and this is just sort of an open-ended question for you. This has been a phenomenally fun conversation as our chats always are, but as you think about when you wrote this report, was there anything in the report that as you were writing it, you went this is really interesting, I really like this and since the report came out, it's been crickets. No one picked up on it. No one said anything about it and you kind of think to yourself, Gee, I thought that would make a bigger splash.

Jim Jones: Yeah, I the one thing one thing that comes to my mind is something that you and I have talked about and it's the change in mix of practice in large firms. The fact that we have seen a significant decline over time in the amount of practice in large firms that's attributable to litigation and we have a chart that we've looked at from time to time that shows that over the last ten years or so litigation as a proportion of the practice of large firms has gone down from about 1/3 to closer to 1/4. And frankly, if you went back, you know, 10 years before our research begins, you would see that litigation and big firms was probably 35% or 40% of the practice of big firms, and so that is declining rapidly at the same time transactional practice is increasing not surprisingly, but what this suggests to me is a really interesting change that's going on in the practice of large terms in the sense that for a whole variety of reasons, I think that litigation has become so price sensitive that it is difficult for regular routine litigation to fit comfortably within the pricing structure of a large law firm, and so we've begun to see that litigation work, move down market down into the AmLaw, 2nd 100, and even into the mid-size firms. And if you look at the change in mix, that's going on, it really is quite interesting, so, and you and I have joked in the past that one of the things is that large high premium firms in the United States are beginning to look a little more like the magic circle in the UK. Now we have never had the, of course, the division between barristers and solicitors or the traditional prohibition that England had on barristers practicing in partnership with anybody else, but if you begin to look at it, you know we are getting to a point where large corporate firms in the United States are going to increasingly be focused on corporate and transactional work with their litigation practice being reserved for those, you know, special cases and the big bet company things and the kinds of you know, sort of earth-shattering litigations that that you would expect premium priced lawyers to be involved in. And I think that's a huge that's a huge story, because as I say it, it used to be almost a half of the work that large law firms did. And it's now going down every year at a kind of a precipitous rate and I would have I, that's something that I thought that people would look at that and I think has been kind of ignored from the report.

Bill Josten: Well, maybe they'll pick up more on it because we talked about that in the Peer Monitor Index report that was just released a couple of weeks ago. There was a 2.6 percentage point shift in the favor of transactional practices just in the last year and five points since 2015, so we are seeing a very decided trend towards those transactional practices and really, it's not that surprising. I mean, you can go back growth in litigation for all intents and purposes, stopped in Q1 of 2012. We went from Q1 of 2012 to Q4 of 2017 with negative litigation growth for that entire time period. And then finally end of 2017 through 2018-2019, we started to see litigation move into positive territory and then we had, I want to say it was something like, eight of nine quarters where we had, I think we had one between Q4 of 2017 and Q1 of 2020, we had 1/4 where litigation was down. We had 1/4 where litigation was flat and the rest of it litigation was growing. And then the pandemic hits. Everything shuts down and we're still, as we look at the numbers for litigation relative to even 2019, we're still down, so it hasn't recovered even to pre-pandemic levels, so that shift is absolutely happening and for anybody who wants to explore that a little bit more, I would encourage you visit us at thomsonreuters.com/institute. The State of the Legal Market report that Jim and I've been talking about is out there, as is this new Q4 peer monitor index. We call it the PMI, colloquially. That's another document we've done for years and just sort of gauges the health of the legal market on a quarterly basis looking at rates, demand and expenses and productivity. That's sort of what we put into the index there and that the index has been strong, but we look at some of the things we talked about today, Jim. The precipitous increase in expenses, and t hat's tempering down some of that economic performance, you know, we talked about that with the PMI, that those particularly the strong increases in in attorney compensation, but also the growing expenses on the overhead side, is really keeping that Peer Monitor Index in check and if something starts to slip on the demand side things could get very tenuous very quickly for a lot of firms, so we don't need to go back to that topic again. We've been at this for a while now, but Jim, this has been fun. You know I always love talking like this.

Jim Jones: Always, always fun, Bill.

Bill Josten: So, thanks for your time today. For those who've been listening. Thanks for listening. Again, encourage you got thomsonreuters.com/institute to find a copy of the 2022 Thomson Reuters Institute Georgetown Law Center State of the Legal Market report, as well as the Q4 Peer Monitor index and all the other fun stuff that that we collaborate on. Jim, I look forward to whatever our professional relationship brings us next.

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