

2022 LAW FIRM PROCUREMENT SURVEY EXECUTIVE SUMMARY



OVERVIEW

The purpose of HBR Consulting's annual Law Firm Procurement Survey is to equip law firm leaders with a point of reference for advancing the role of procurement and an industry baseline to benchmark against their peers. Our goal is to provide insight into relevant procurement trends and areas of focus to help firms tackle the increasing complexity around effectively managing third-party vendor relationships, as necessitated by increasing risk, regulations, and other requirements. This information also helps provide insights into top procurement priorities for the coming year.

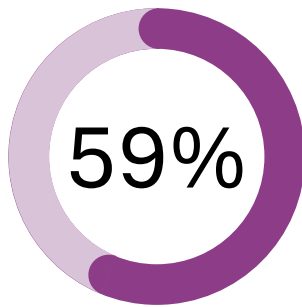
The 2022 edition of the survey was conducted in conjunction with our 8th Annual Law Firm Procurement Roundtable, which served as a forum for leading firms to discuss broader procurement trends and priorities. This executive summary highlights three key findings from the survey results.



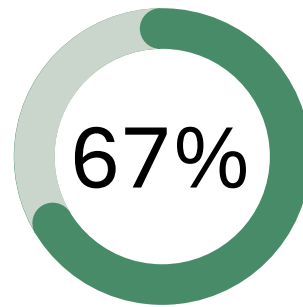
SURVEY PARTICIPANTS

Respondents to this year's survey included procurement leaders at more than 30 Am Law 100 and Global 100 law firms, with the majority (75%) in the Global 100. Here is a snapshot of the procurement profiles of firms that responded to the survey:

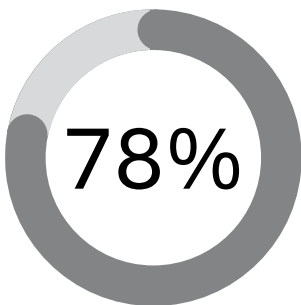
It is noteworthy that there was a 21% increase in the procurement function reporting to senior leaders (CFO, COO, ED) at firms, as compared to the survey results from a year ago (59% vs. 36%). This reflects law firm procurement's continued maturation and recognition of procurement's increasingly important role.



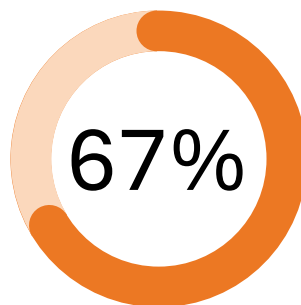
report to the CFO, COO or
Executive Director in their firms



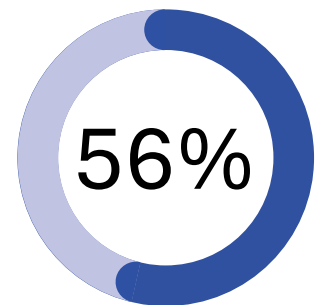
describe their department's
structure as centralized



currently provide three or more
core procurement services
to their firm



of firms have a procurement
team of four or more full-time
professionals (average is six FTEs)



work at firms with
20 or more offices

KEY FINDINGS



The ability to quickly access pertinent information about vendor relationships is critical.

1

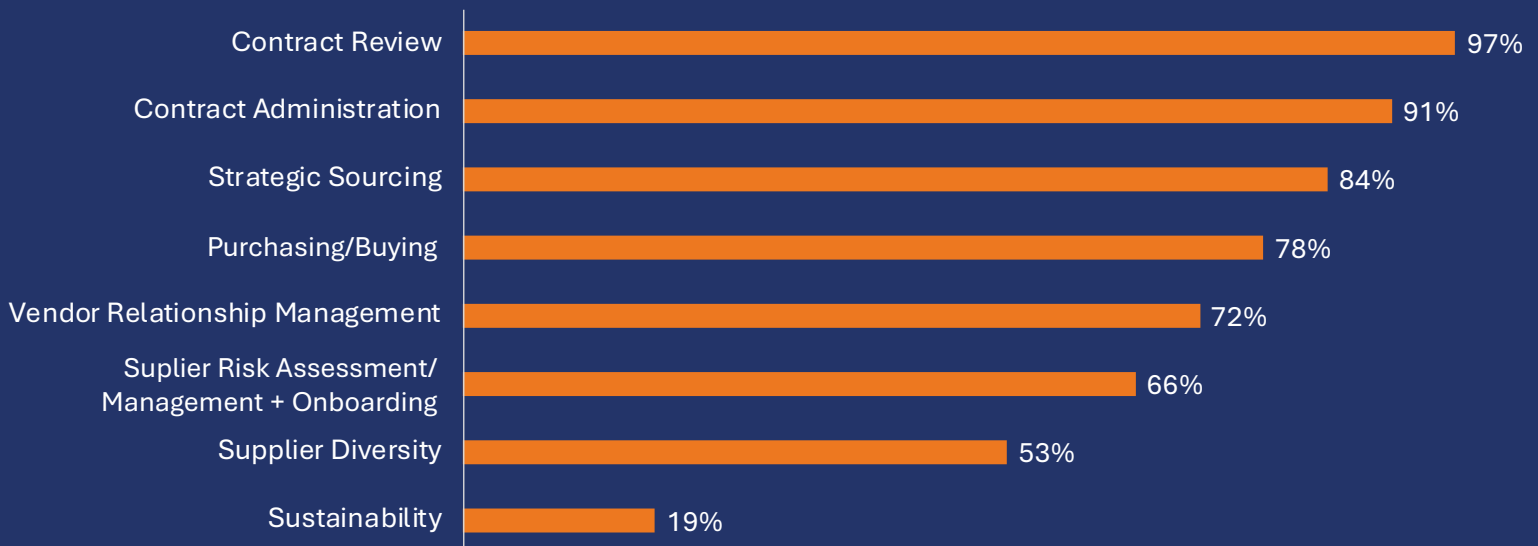
Contract management is now ubiquitous.

Nearly all law firms now consider contract review and administration to be required business practices. Of the primary procurement services provided by law firm procurement teams, 97% perform contract reviews and 91%

handle contract administration, by far the two leading responses in our 2022 survey. This is fueled by firms' increased focus on risk management along with the ever-changing regulatory environment requirement. The ability to quickly access pertinent information about vendor relationships is critical.

SCOPE OF PROCUREMENT

What core procurement service(s) does your team currently provide (select all that apply)?



44% of respondents answered that in the future they would like to include Supplier Diversity or sustainability in the scope of Procurement

The survey also found that the number of active contracts continues to rise, with 75% of firms now managing 1,000 or more active vendor contracts. Moreover, 79% of firms are reviewing at least 200 contracts per year. This trend illustrates firms' establishment of greater rigor over contract management, from terms review to signing and document storage.

2

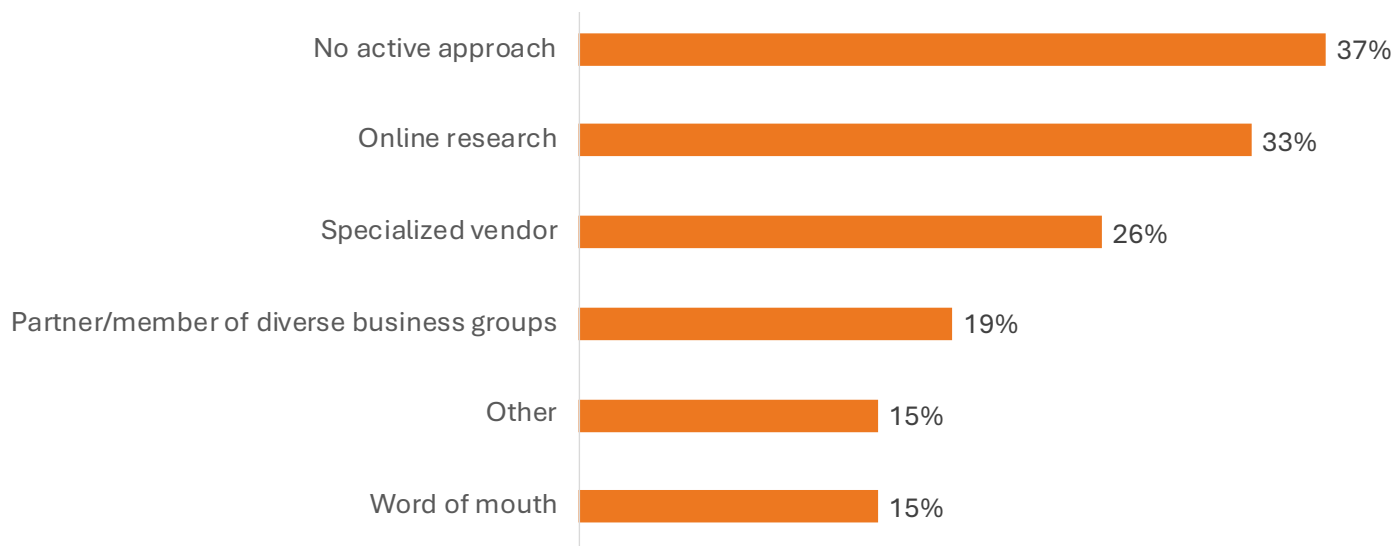
Supplier diversity is proving more challenging than firms thought.

Each year we have tracked and reported the steady growth in the number of law firms that have established supplier diversity as a key procurement objective. This continues to be a key business goal for firms—more than half of this year's survey respondents (53%) identified supplier diversity as one of their core procurement services—but there are indications that the efforts undertaken to date have been more opportunistic than strategic.

For example, while 88% of firms cite supplier diversity as a goal of their firm, just 56% report they have or are in the process of implementing a formal supplier diversity program. And when asked how they identify potential diverse vendors, the number-one response (37%) was that they have no active approach in place.

IDENTIFICATION OF DIVERSE SUPPLIERS

How do you identify potential diverse vendors?





3

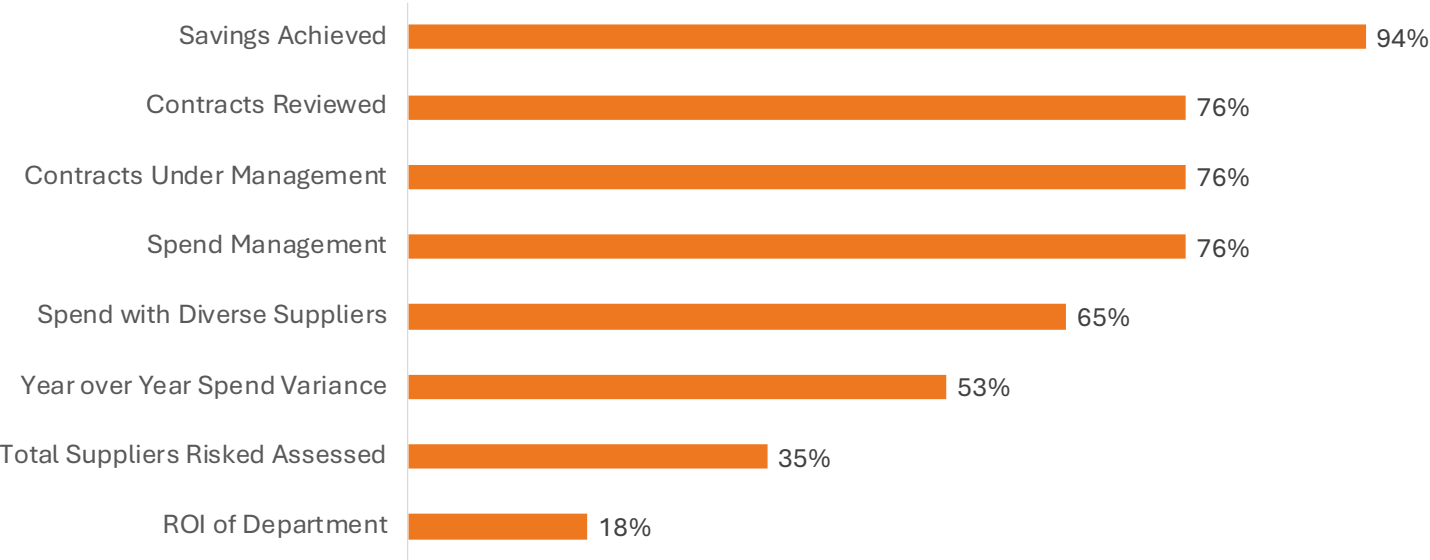
Firms are focusing on “cradle to grave” vendor relationship management.

In the early years of law firm procurement, the primary focus was on discrete parts of the vendor relationship lifecycle. The combination of increased law firm procurement maturity along with practice business needs requires firms to put a greater focus on managing vendor relationships, from initial vendor engagement all the way through exiting the relationship.

When asked how procurement can drive the most value to support operational change in law firms, one in four respondents (25%) cited vendor relationship management, second only to sourcing and vendor negotiation (29%), as the most significant role their team can play. Indeed, our survey found that three-fourths of law firm procurement teams (76%) are now tracking and reporting to management on the contracts reviewed, the contracts under management, and their overall spend managed.

METRICS REPORTED

Please select all performance metrics that you are tracking and reporting to management.





The combination of increased law firm procurement maturity along with practice business needs requires firms to put a greater focus on managing vendor relationships, from initial vendor engagement all the way through exiting the relationship.

Notably, more than four in 10 firms (43%) are currently using or plan to use a third-party management tool to support vendor relationship management. These technology aids are powerful weapons for bringing discipline and oversight into vendor relationship management.

CONCLUSION

HBR Consulting's 2022 Law Firm Procurement Survey revealed important insights into law firm procurement trends, opportunities and challenges. We have identified a series of key 2023 procurement priorities based on these insights and our experience working with law firms of all sizes. To learn more about these priorities and our recommendations regarding how to approach them, please see our white paper, [Top 2023 Procurement Priorities for Law Firms](#).

CONNECT WITH OUR EXPERTS

For more information about the 2022 survey or how to advance your firm's procurement function, [please connect with one of our experts](#).



Lee Garbowitz
Managing Director

O 312.425.4427
E LGarbowitz@hbrconsulting.com



Clay Fox
Senior Director

O 312.578.0733
E CFox@hbrconsulting.com



ABOUT HBR

HBR Consulting LLC (HBR) provides law firms and corporate law departments with strategic guidance, operational improvement, and technology solutions that drive innovation while managing cost and mitigating risk. HBR's proven combination of experience, relationships, and insights—spanning the legal ecosystem—delivers sustainable financial and competitive advantages for its clients.



425 South Financial Place, Suite 2250, Chicago, IL 60605
(312) 201-8400
info@hbrconsulting.com
www.hbrconsulting.com