

Reputation

The reputational differences among firms in the U.S. legal marketplace are becoming greater. That could be a big problem for some large firms.

By Ed Wesemann

When we ask general counsel what is the most important factor in selecting a law firm, the answer is usually reputation - well ahead of price. By the same token, the number-one criteria for a law firm considering a merger partner is always reputation. Yet, law firms rarely do much to actually establish or maintain their reputation, in part because they aren't quite sure what reputation is.

Edge International has created a proprietary index of law firms' reputations. The Index is based on a variety of information sources but largely driven by surveys performed by Edge on behalf of our clients in which we asked law firm clients and referral sources to identify which firms have the best reputation for overall capability. We combine these surveys with publicly available rankings and ratings including league tables for transactional activity, federal litigation activity, rankings in directorys such as Chambers and Legal 500 and a variety of other sources.

The Edge Reputational Index is a percentage ranking of law firms compared to the firm that ranked the highest in our study, Skadden Arps. Therefore, Skadden is ranked as 100 percent - not because the firm is perfect, but rather because all other firms will be ranked in comparison. So a firm with a ranking of 20 has a reputation that is 80 percent lower than Skadden Arps.

We recently recalculated the Index to provide a specialized result for a client. The client wanted to look at its reputation in comparison to a

number of firms it identified as peers. Specifically, it wanted to measure a comparison of reputational change among the firms.

In the process of measuring the AmLaw 200, we noted a vast and we believe increasing differentiation between the firms with the highest reputations and those with lesser reputations. Indeed, only 10 firms have a reputation rating of 50 or higher and half of all firms have an index rating of 10 or below. The average rating for the AmLaw 200 is 17.

Five years ago, when we began the Index, the average was 28. This change does not mean that law firms' reputations are declining. To the contrary, the reputations of global firms are becoming so strong and prevalent, that the standard on which the entire legal industry is judged has shifted upward and the bar has risen for all firms. As a result, firms that do not pay attention to reputation suffer through comparison.

It is important to note that, although they have areas of similarity, reputation is a different issue than branding or name recognition. In the next issue of the *Edge International Review* (our professional journal on the management of law firms and corporate legal departments), we will have a detailed discussion of reputation: how to manage it and, most importantly, how to use it to a law firm's advantage.

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