Law Firms Navigate Growth Amidst Inflation Pressure & Hiring Challenges

Key Insights from the State of Law Report 2024

CHICAGO, ILLINOIS, UNITED STATES, December 4, 2023 /EINPresswire.com/ -- The recently released annual State of the Law Report 2024 reveals that law firms are grappling with the challenges of achieving growth while managing inflation in today's demanding economic environment. The report, founded on extensive surveys and data analysis of well over 700 legal professionals globally, offers crucial insights into the priorities, challenges, and trends shaping the legal sector.

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> *Mary Ellen Kelleher, VP of Product, Smokeball*

Looking ahead to 2024, the top three priorities identified by legal professionals are growing the firm and retaining clients, managing inflation, and maintaining staff health and wellbeing.

In this complex landscape, respondents emphasize the delicate balance between growth and inflation management. One-third of participants highlight the challenges of growing or retaining their client base, while 30% identify managing inflation as their primary hurdle.

Krista Lugo, VP of Client Success at Smokeball, advises:

"To combat inflation and achieve sustainable growth, it's important to implement a tech stack that not only helps you manage the day-to-day operations of the firm but provides you with the visibility to monetize and optimize your firm. The software a firm chooses should offer a return on investment and not be considered just a 'cost.' Our most successful clients embrace change management and maximize the use of the software - resulting in better business decisions and efficient operations. The commitment to getting the most out of technology is paramount."

A significant revelation from the report is the visibility gap within law firms. Half of the surveyed firms lack awareness of their billings' over the past year. Despite an overall sense of optimism, 30% express uncertainty about growth drivers, and a quarter operate without a marketing strategy despite acknowledging its importance.

"With so many factors coming into the financial growth of a law firm, it is understandable that the minority of firms feel they have visibility into their own growth drivers. Working out of one system when doing the work, billing, and collecting means that Smokeball's reporting and analytics can help these firms understand the moving parts and what changes can be made with the highest impact to achieve success at scale," comments Mary Ellen Kelleher, VP of Product at Smokeball.

For firms aiming to grow through hiring, talent bottlenecks pose a significant challenge. Forty percent prioritize growth through recruitment, but the recruitment process remains their top challenge. Two-thirds of firms are not considering remote candidates, potentially limiting their access to a broader talent pool.

The report sheds light on the legal sector's evolving relationship with Artificial Intelligence (AI). Sixty percent of legal professionals are aware of AI, with 27% currently using AI tools. Personal Injury (PI) firms lead in AI adoption, with 40% actively using AI technologies. However, ethical concerns loom large, as 80% express reservations and 64% doubt the adequacy of existing legislation for AI in law.

The report also offers strategic recommendations for law firms, advising those lacking growth visibility to leverage legal practice management software for data-driven insights. Additionally, firms are encouraged to embrace comprehensive marketing strategies, address talent bottlenecks by considering remote candidates, and approach AI adoption cautiously, addressing ethical concerns and legislative gaps.

Chelsey Lambert, VP of Partnerships, describes Smokeball's annual survey and her expert observations of the market:

The 2024 State of Law Report confirms that we are entering another pivotal time for law firms. While firms have already invested in legal technology, they are expressing interest in adding more with the release of legal AI solutions. The first challenge many will face will be connecting and fully utilizing the tools they have invested in. The second will be to align systems and reports with firm KPI's to provide actionable data that will help sustain market share and guide growth. Firms that can achieve both will position themselves to weather inflation, increase profitability, and retain top talent.

Download the report to receive a comprehensive analysis of the challenges and opportunities facing law firms in the year ahead, serving as a valuable resource for firms navigating the complexities of growth, talent acquisition, and technological advancements in 2024.

Download the full report [here](#).

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