

# **TOP LAW FIRMS**

## **LEGAL MARKET ANALYSIS**

# **2026**

Comprehensive Analysis of the U.S. Legal Industry

Based on Survey Data from 2,581 Law Firms

*From Global Megafirms to Solo Practices*

## About This Report

Top Law Firms highlights exceptional U.S. law firms using a structured evaluation based on client feedback, peer nominations, and comprehensive industry survey data. Our rankings are derived from analysis rather than firm longevity, focusing instead on measurable performance indicators and strategic decision-making across the legal industry.

For this inaugural analysis, we examined survey data collected from 2,581 law firms nationwide. This dataset provides insight into key aspects of firm operations, including financial performance, billing practices, client engagement strategies, marketing priorities, workforce demographics, and perspectives on emerging issues such as diversity and artificial intelligence.

While many industry assessments concentrate primarily on the largest firms, this dataset captures a broad cross-section of the legal market. As a result, our analysis reflects trends and contrasts across global firms, national and midsize practices, regional and local firms, and solo practitioners—offering a more complete view of the modern legal landscape.

## Key Insights

- 1. Revenue Grew, But Unevenly:** Overall revenue for midsize and small firms grew by 6.5% in 2025. Yet, median revenue was flat or declined at many firms, suggesting growth was concentrated among top performers.
- 2. Flat Fees Lead Alternative Billing:** More firms are offering alternative billing arrangements to clients, but options remain limited. Flat fees are by far the most popular arrangement, used by three-quarters of firms.
- 3. Client Service is the Key Differentiator:** Firms regard superior client service (56.2%) and industry specialization (33.2%) as their primary differentiators. Surprisingly, just 1% cited operational efficiency through technology.
- 4. AI Adoption Remains Elite:** Over 70% of firms are exploring or piloting generative AI tools, but only the largest firms report significant implementation. Nearly a quarter of Big Law firms have fully implemented AI across multiple practice areas.
- 5. Small Firms Lack Marketing Strategy:** Nearly 70% of smaller firms lack a documented marketing or business development strategy—and 34% said they don't anticipate having one.

6. **Diversity Gap Persists at Leadership:** While 53% of associates are women and 28% belong to a racial or ethnic minority, the climb to partnership remains steep. Just 32% of partners are women, and 13% are minorities.
7. **DEI Programs Remain Unchanged:** Despite heightened political scrutiny, 97% of responding firms said they have not changed their DEI programs. However, 65% declined to answer DEI-related questions entirely.

## Financial Performance

Big Law's annual revenues are well-documented, but the financial performance of firms outside the Am Law 200—the bulk of American law firms—can be far more difficult to determine. This year, more than 900 firms with less than 150 lawyers provided data.

### Revenue Growth

Metric	2025 Results
Revenue Growth (Firms <150 Lawyers)	6.5%

### Revenue Per Lawyer by Firm Size

Firm Size	Median Revenue/Lawyer	Average Revenue/Lawyer
Solo Practices	\$400,000	\$571,000
2-19 Lawyers	\$467,000	<b>\$601,000</b>
20-49 Lawyers	\$450,000	\$533,000
50-149 Lawyers	\$486,000	\$538,000

### Market Concentration

A striking finding: the largest firms (150+ lawyers) represented just **6.7%** of the total firms providing revenue figures, yet they captured **90.6%** of revenues reported. This highlights the enormous concentration of revenue at the top of the market.

## Billing Practices

Among the firms surveyed, 72% report offering alternative fee arrangements (AFAs). However, adoption remains uneven across firm sizes and arrangement types.

### Alternative Fee Arrangements by Firm Size

Firm Size	Offering AFAs
150+ Lawyers	<b>95%</b>
50-149 Lawyers	91%
20-49 Lawyers	79%
2-19 Lawyers	68%
Solo Practices	70%

### Types of Alternative Fee Arrangements

- **Flat Fee:** 73% of firms
- **Retainers:** 67% of firms
- **Contingency Fees:** 62% of firms
- **Blended Hourly Rates:** 55% of firms
- **Fixed Fees:** 50% of firms
- **Hybrid Fees:** 37% of firms

### Billing Transparency Practices

Nine out of ten firms now present clients with detailed line-item invoices. Other transparency practices include:

- Detailed line-item invoices: 92%
- Sharing upfront cost estimates: 72%
- Regular budget updates during engagements: 55%
- Fixed fees or predictable pricing models: 54%
- Online billing portals for clients: 14%

## Clients: Who Are Firms Targeting?

A plurality of firms (40%) said they are looking primarily for corporate and business clients. Twenty-eight percent are targeting general consumer clients, and just under 20% are looking for an equal mix of both.

### Client Differentiation Strategies

When asked which strategies contributed most to client retention and acquisition:

Strategy	% of Firms
Superior client service practices	<b>56.2%</b>
Industry specialization	33.2%
Recognition through awards and rankings	7.3%
Pricing flexibility	1.9%
Operational efficiency through technology	1.1%
Commitment to DEI	0.3%

### Client Feedback and Retention

Only the largest firms conduct formal client feedback surveys regularly. Just under half of firms with 150+ lawyers survey clients at least annually. More than a third of firms under 20 lawyers said they don't ask for formal feedback, nor do they plan to.

The firms garnering the most feedback are also those whose clients return most often: 51% of the largest firms said their new work came from client renewals or referrals, compared to just 25% of firms with 2-19 lawyers.

## Artificial Intelligence

Most firms continue to take a cautious approach to AI. Across firms of all sizes, more than 70% are either exploring the potential for generative AI adoption or have launched pilot projects testing AI tools in select practice areas.

### AI Adoption by Firm Size

Firm Size	Exploring	Piloting	Fully Implemented
150+ Lawyers	37%	36%	23%
50-149 Lawyers	51%	27%	14%
20-49 Lawyers	53%	26%	6%

### AI Use Cases

Among midsize and larger firms, the top AI use cases include:

- Legal research (19-24% of firms)
- Developing marketing content and pitches (20% across all sizes)
- Enhancing knowledge management systems (12-16%)
- Automating routine correspondence (14-16%)
- Drafting contracts and legal documents (13-15%)

### Impact on Billing

Despite limited implementation, 40% of firms said AI is beginning to impact their billing practices. At larger firms (150+ lawyers), 55% reported AI has affected billing—either by increasing efficiency without changing billable hours or by reducing billable hours for certain tasks.

## Marketing Strategies

Word of mouth remains the dominant marketing method—92% of firms cite it as a key method. Firm websites (73%), events and speaking engagements (60%), and social media (50%) round out the top methods.

### Most Effective Methods for Attracting Clients

- **Word of mouth and referrals:** 58%
- **Events/speaking engagements:** 9%
- **Website:** 8%
- **Social media:** 7%
- **SEO:** 5%

### Marketing Budgets

Roughly half of surveyed firms spent 1-5% of annual revenue on marketing. Another 37% devoted less than 1%, and 14% budgeted 6-10% of revenue.

Budget trends vary by firm size: 63% of firms with 150+ lawyers increased marketing budgets this year, compared to 50% of firms with 50-149 lawyers. Spending held steady at smaller firms.

### Strategy Gap

At firms with less than 50 lawyers, 68% do not have a documented marketing and business development strategy. Of those, 34% said they don't have a plan and don't anticipate having one. Only 37% of all firms have systems in place to measure marketing ROI.

## Workforce Demographics

Law firms in our survey employ more than 232,000 people. On average, just over half (56%) of positions are held by lawyers, another third by non-lawyer staff, and about 12% by paralegals.

### Gender Breakdown

Women continue to make gains at the associate level but remain underrepresented in leadership:

Role	Women	Men
Partners	32%	68%
Associates	<b>53%</b>	47%
Of Counsel	36%	64%
Paralegals	87%	13%
Non-Lawyer Staff	75%	25%

### Racial and Ethnic Breakdown

87.5% of law firm partners are white—a figure nearly identical across all firm sizes. The associate ranks are more diverse, with approximately 28% belonging to an ethnic or racial minority:

- Hispanic/Latinx associates: 8.8%
- Black associates: 7.4%
- APIDA associates: 6.6%
- Multi-racial associates: 4.9%

## DEI Programs

Given increased political scrutiny of diversity, equity and inclusion efforts, our survey sought to determine whether firms are maintaining or scaling back these initiatives. The first challenge: 65% of firms declined to answer DEI-related questions.

Among the nearly 1,700 firms that did respond: **97% said they have not changed their DEI programs** in response to political pressure. The 3% who made changes were largely expanding their investments—adding to DEI budgets, creating new training modules, and recommitting to certification programs.

### DEI Infrastructure by Firm Size

Larger firms invest significantly more in diversity infrastructure:

- **Firms 150+ lawyers with diversity committees:** 87%
- **Firms 150+ lawyers with full-time DEI officer:** 55%
- **All firms with diversity committees:** 25%
- **All firms with full-time DEI officer:** 12%

## Pro Bono and Social Responsibility

Median pro bono hours at firms with 20+ lawyers was 1,000 hours. At smaller firms (under 20 lawyers), median hours was 124.

87% of firms with 150+ lawyers have formal pro bono programs, compared to just 22% of firms with 2-19 lawyers. Larger firms also offer bigger incentives: on average, firms with 150+ lawyers allow 85 hours of billable hour credits annually for pro bono work.

### Corporate Sustainability and Social Responsibility

Formal ESG structures remain rare: just 1.6% of firms have corporate sustainability committees, and fewer than 1% have hired sustainability professionals. Social responsibility programs are somewhat more common, with 7% of firms having committees or training programs.

## Geographic Presence

Despite the rise of global law firm giants, the legal business remains predominantly domestic. Of the more than 13,496 offices operated by surveyed firms, just 18% are located outside the United States. Nine out of ten firms with less than 150 lawyers work exclusively or primarily in the U.S.

## Cross-Border Work

For firms doing international work, the primary markets are:

- Europe: 29%
- North America (outside U.S.): 29%
- Asia/Pacific: 18%
- Latin America: 14%
- Middle East: 7%
- Africa: 3%

## Conclusion

U.S. law firms offered a mixed picture in this year's survey. Revenues were up, but gains appear concentrated among top performers—many smaller and midsize firms reported flat results. While clients demand more billing transparency and alternative arrangements, most firms offer limited options.

The survey reveals growing stratification between small and large firms. Big Law has the resources to fund expensive AI tools—already 60% of the largest firms are either piloting AI or have fully integrated it. Meanwhile, most small firms lack even a basic marketing strategy.

Diversity programs face political headwinds, yet most responding firms are holding the line on their DEI commitments. Progress to partnership remains painfully slow, however, and the unwillingness of most firms to discuss their initiatives may signal a quiet pullback.

**The data suggests that long-term stability will hinge not only on financial performance, but also on firms' willingness to modernize billing, invest strategically in technology, and sustain credible commitments to diversity and client service.**