



Law Firm Culture: Keys to Unlocking Firm Growth & Lawyer Engagement

Stellar Performance—2025 Stand-out Lawyers Survey



Thomson Reuters
Institute

Executive summary

Every year, the Thomson Reuters Institute surveys client-nominated stand-out lawyers to help determine what about their practices and firms truly stands apart. In this latest version of the Institute's Stellar Performance research, more than 2,200 law firm attorneys responded, spanning 60 countries. These research results, combined with findings from interviews with more than 2,500 corporate general counsel, provide actionable insights for law firm leaders looking to differentiate and grow their firms. Our research for 2025 focuses on how law firm culture serves as a critical differentiator for enhancing firm performance, client relationships, and talent recruitment and retention.

Key Findings



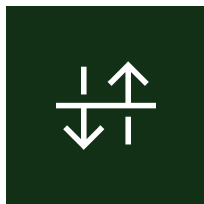
Cultural Framework

The research identifies four distinct cultural footprints based on two primary differentiators: work-life balance versus high-intensity environments, and traditional versus innovative approaches. These quadrants—Traditional/Work-Life Balance, Innovative/Work-Life Balance, Traditional/High-Intensity, and Innovative/High-Intensity—each present unique client perceptions and engagement characteristics.



Engagement Drivers

Regardless of cultural footprint, three factors consistently drive higher lawyer satisfaction: long-term focus (+0.6 satisfaction points), collegial management style (+0.6 points), and cultural consistency (+0.3 points). Cultural consistency emerges as particularly critical—firms with aligned cultural understanding demonstrate higher engagement and reduced flight risk.



Compensation Misalignment

A significant gap exists between stated firm culture and compensation structures. While 56% of lawyers view their firms as innovative, only 9% report compensation models that reward innovation. Similarly, 70% consider their firms client-centric, yet just 25% say client feedback is incorporated into compensation decisions.

Understanding the types of firm cultures

For many law firms, work culture is both carefully cultivated and firmly ingrained. Culture encompasses a firm's values, aspirations, and, for many, a long, distinguished history that is reflected in everything from the name on the letterhead to the firm's long-standing client relationships. Culture also sets the tone for everything from the firm's brand and reputation to the work ethic of its lawyers and staff. As a result, culture can be a differentiator for enhancing firm performance, client relationships, and talent recruitment and retention.

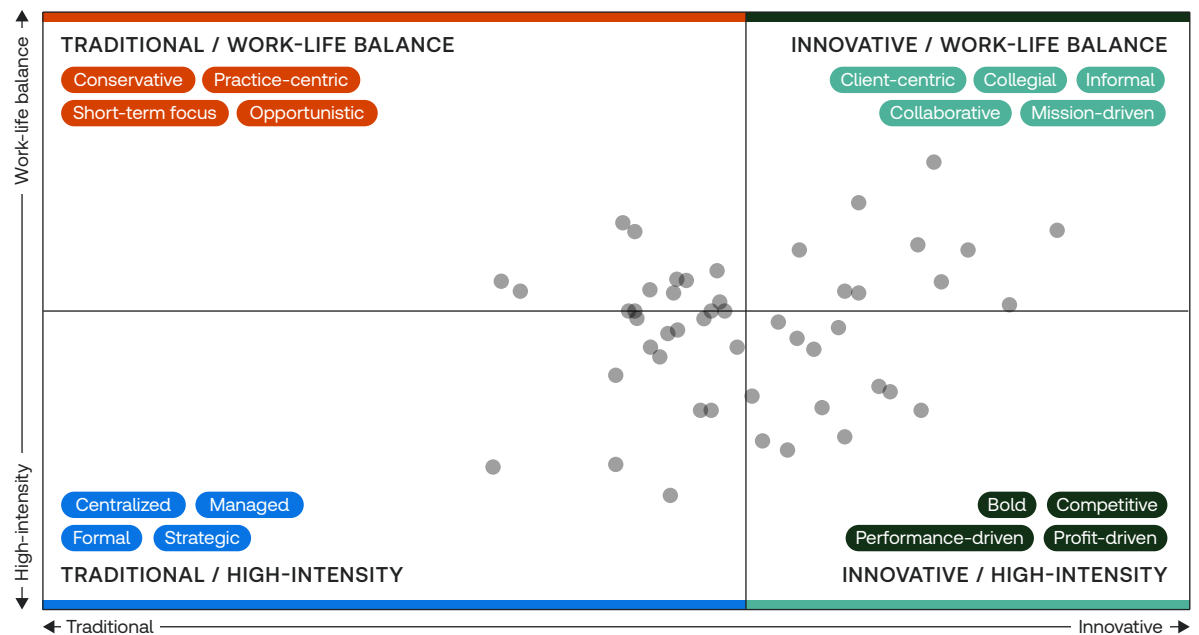
When culture is aligned with brand and strategy, they reinforce each other, enabling firms to more effectively pursue targeted strategies for growth and long-term success.

A firm's culture can be defined through questions such as: What are the core values and mission of the firm? How does the firm want to be perceived by clients, as well as by the firm's own lawyers?

In examining multiple dimensions of culture, two emerged as true differentiators. The first is whether a firm's working environment is considered high-intensity or is more geared towards work-life balance. The second is whether stand-out lawyers view their firms as more innovative or more traditional. Depending on how stand-out lawyers rank their firms on those two factors, firms fall within one of four quadrants: Traditional/Work-Life Balance, Innovative/Work-Life Balance, Traditional/High-Intensity, or Innovative/High-Intensity.

FIGURE 1

Four types of law firm cultural footprints



Each marker represents a law firm where 10+ lawyers took part in the survey

In addition to the two primary cultural differentiators, we found that firms within each quadrant tend to share cultural traits, such as whether they have more centralized and strategic management or are more informal and collaborative in their decision-making. We'll examine the four types of culture footprints in depth, including how each affects client perceptions and how clients may expect to engage with a firm.

Traditional, High-Intensity

These firms tend to plan carefully and make strategic decisions following thorough consideration. Not surprisingly, these firms are prized by clients for their exceptional service, including strong communication skills and a reputation for meeting clients' needs through high levels of expertise. Clients willingly pay a premium for these firms' reputations. However, these firms need to be on guard against competitor firms that claim to provide similar levels of expertise but at lower costs and/or with higher perceived value through greater use of technologies such as AI and other efficiencies. The recent 2025 State of the Corporate Law Department Report¹ emphasized that corporate clients are increasingly looking for greater value from their legal spend. However, the report also noted that value is not necessarily exclusively about price. Law departments are also looking for greater value-added services from their outside counsel. This could provide opportunities for traditional, high-intensity firms to leverage their exceptional expertise and top-notch client service.

Innovative, Work-Life Balance

These are ambitious firms, clear on where they are headed and why, and comfortable looking different from other firms if it makes sense for the client and furthers the firm's mission. They seek to incorporate both innovation-driven and work-life balance approaches, empowering their lawyers to experiment and explore new ways of working. These firms are sought by clients for their value and pricing, as well as by both clients and lateral talent for their more informal, collegial, and collaborative work styles. At the same time, greater work-life balance and more informal styles can mean less focus on profits. These firms need to work to ensure their innovations result in increased efficiency and productivity, and that the greater emphasis on work-life balance leads to higher talent retention. That, in turn, can produce stronger profitability.

¹ Available at: <https://www.thomsonreuters.com/en-us/posts/corporates/state-of-the-corporate-law-department-2025/>

Innovative, High-Intensity

Also ambitious, these firms set demanding goals for themselves and their attorneys. They seek to balance clients' desires for excellent client service with a bold, performance-driven culture. The combination is recognized by clients for expertise and ranks them middle-of-the-pack or better for most other attributes, such as service, relationships, value/pricing, and reputation. Because they are, on average, larger than firms in the innovative, work-life balance quadrant, these firms have more resources that they can leverage to fuel innovation. However, the focus on performance and profits gives individual lawyers less time for developing new ways to work, so innovation tends to be at the firm level. As a result, even though these lawyers consider their firms to be innovative, they are less able to articulate that to clients consistently and effectively. Less than 1% of their clients say that innovation is the reason they favor the firms. While these firms rank high for several characteristics sought by clients, they do not lead the market in any specific attribute, suggesting they may have difficulty differentiating themselves from competitors in other quadrants.

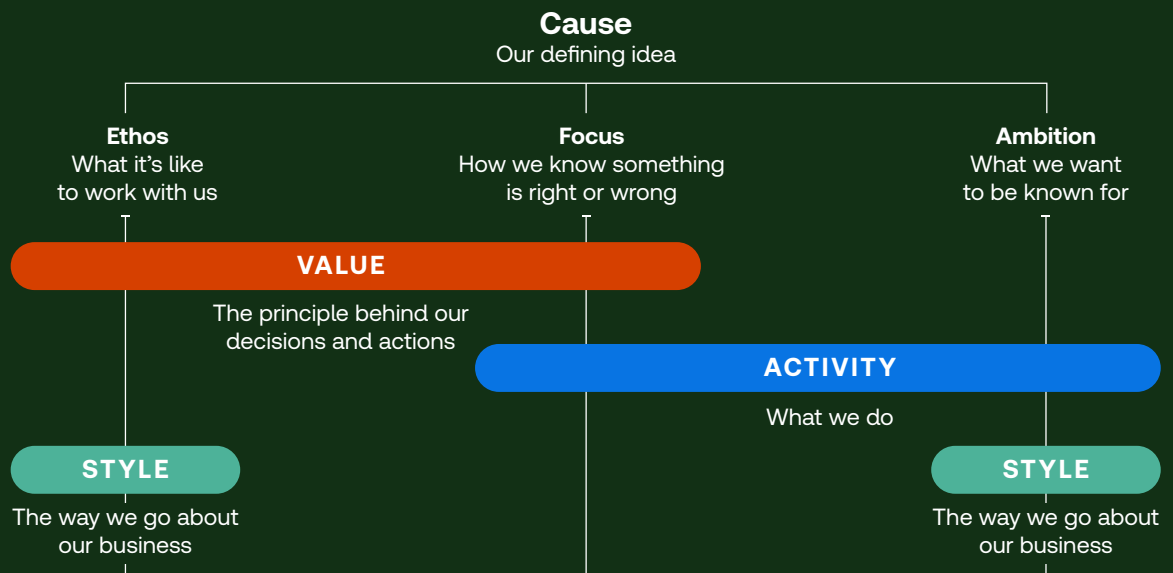
Traditional, Work-Life Balance

These firms may be more inward-focused, less comfortable taking risks, and take a bottom-up approach. Incorporating both traditional and work-life balance cultures may seem somewhat at odds with each other, and this is reflected in the views of stand-out lawyers. Not surprisingly, firms in this quadrant tend to be highly praised by clients for their professional rapport, given their attention to working and personal relationships. This also contributes to these firms being viewed favorably for the value of the services they provide because they combine a traditional conservative approach with a strong client focus. These are two strong attributes for building effective client relationships. However, these firms tend to be viewed as having a less prestigious reputation compared with peer firms in other quadrants. Their consensus style of decision-making hinders longer-term strategic planning, rendering them less capable of responding quickly to market conditions and changes in client expectations. This could put these firms at risk of falling behind more ambitious and adaptive firms.

Culture Mapping: Strategy Considerations

There may not be a more widely known business aphorism than “Culture eats strategy for breakfast,” and for good reason. When setting out to develop a strategic plan, understanding what aspects of a firm’s existing culture will drive it to success—and which elements may be holding it back—is critical to identifying, articulating, and pursuing a strategy that will truly work for the firm.

Articulating the intangible is the first step to understanding which aspects of culture to preserve and which may need to evolve. To ensure culture is not overlooked when developing a strategy, the Thomson Reuters Institute uses a values-based charter to support firms in reflecting on essential cultural elements. This charter enables firms to craft a consistent message for talent and clients, and provides a filter through which to assess governance frameworks and decision-making processes to ensure changes made in pursuit of strategic growth remain in alignment with the firm’s culture. This is particularly critical when moving from strategy development to roll-out; if the firm’s strategy is perceived as out of step with its culture by clients or talent, it faces an uphill battle in achieving the buy-in required to effectively navigate change.



Factors that drive lawyer engagement

Engagement is critical in establishing an effective firm culture. Lawyer perceptions of a lack of alignment between the firm's daily operations and its culture have significant internal and external impacts. It is crucial that talent understands the firm's strategic direction and their place within it to drive successful growth. This informs an external impact, with engagement and alignment being crucial to ensure a consistent message is communicated to clients regarding a firm's areas of strength.

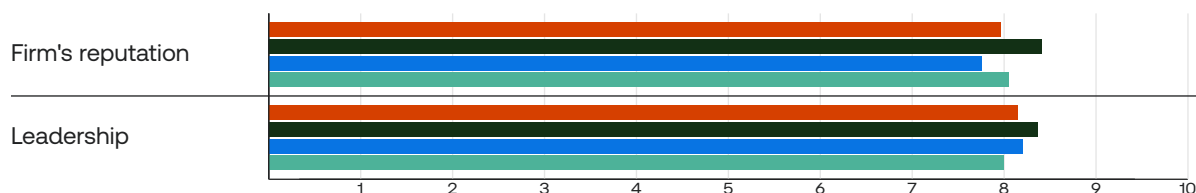
Across all four quadrants, overall lawyer engagement levels (measured by lawyer satisfaction) are generally similar—although, unsurprisingly, lawyers in each quadrant tend to rate specific aspects of their experience at the firm higher or lower than lawyers at firms in other quadrants.

FIGURE 2

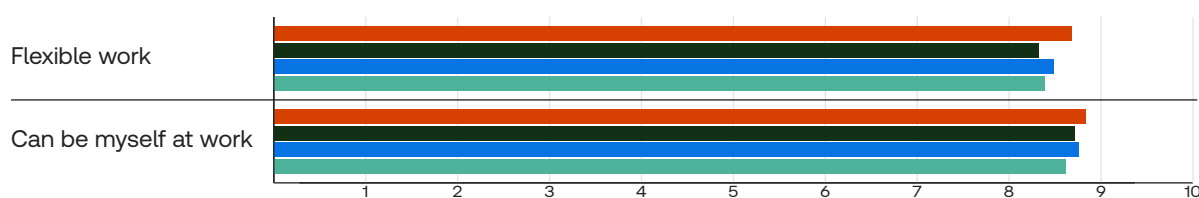
Where each type of culture excels

■ Innovative, work-life balance firms
 ■ Traditional, high-intensity firms
 ■ Traditional, work-life balance firms
 ■ Innovative, high-intensity firms

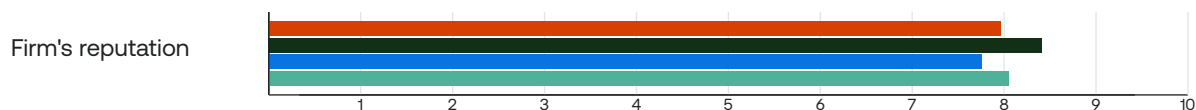
Traditional, High-Intensity Firms Lead in Reputation and Leadership



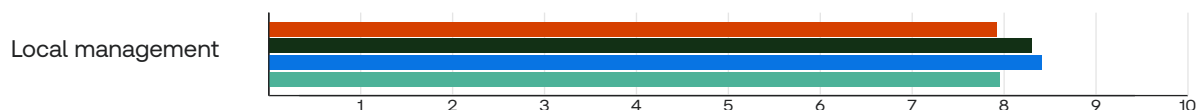
Innovative, Work-Life Balance Firms Lead in Flexible Work and Allowing Lawyers to Be Themselves at Work



Innovative, High-Intensity Firms Rank High for Reputation (although not as high as Traditional High-Intensity Firms)



Traditional, Work-Life Balance Firms Lead in Local Management

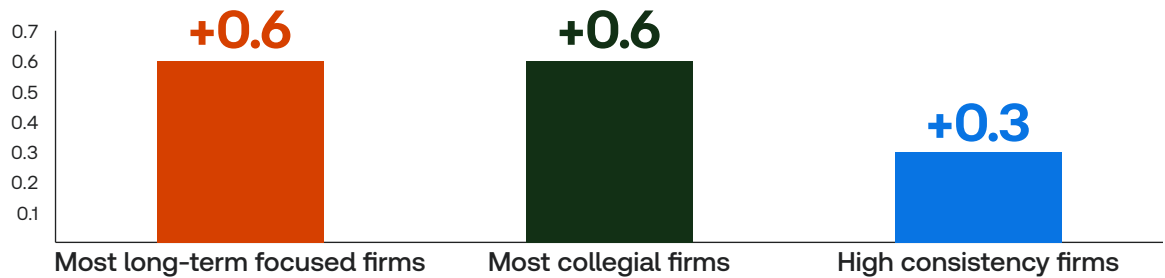


Engagement is not driven by the type of cultural footprint that a firm has. Regardless of the culture, what matters more is how that culture is expressed within the firm. This is true on both a day-to-day and long-term basis.

FIGURE 3

The impact of long-term focus, collegiality and consistency on engagement

Average lawyer satisfaction scores see an uplift among firms that demonstrate a long-term focus, a collegial style, and high cultural consistency.



Firms most associated with long-term focus score an average of 0.6 points higher for lawyer satisfaction than those firms that have less of a long-term focus. Firms that are more collegial in their work and management styles see a similar uplift in their average satisfaction score. These firms also see higher scores for reward and remuneration, collaborative culture, fair and respectful treatment, and strong leadership compared to less collegial firms.

Consistency of culture is also a key factor. If the lawyers are in general agreement on what the firm culture is, engagement levels are much higher, and everyone is seen as pulling together in the same direction to achieve the same end goal. On the other hand, if lawyers have different understandings or views on the firm's culture, it results in much lower engagement. In addition, consistency of culture has a major impact on client relationships. If a firm's lawyers aren't all on the same page, the clients aren't going to know what the firm stands for. That raises the risk of client turnover, and negatively affects the firm's reputation in the market, hindering business development and new client acquisition.

The TR Institute's View

High levels of consistency do not necessarily mean that every lawyer will agree with the culture, strategy, or vision of the firm. But clarity and consistency of culture enable lawyers to more readily recognize whether the working style of the firm suits them. Firms with high culture consistency see an uptick in their overall lawyer satisfaction scores when compared to low consistency firms. This is also true in areas of reward and remuneration, firm reputation, strong leadership, and fee-earner support.

Case studies

Consistent cultures are aligned with higher lawyer satisfaction

Case Study 1

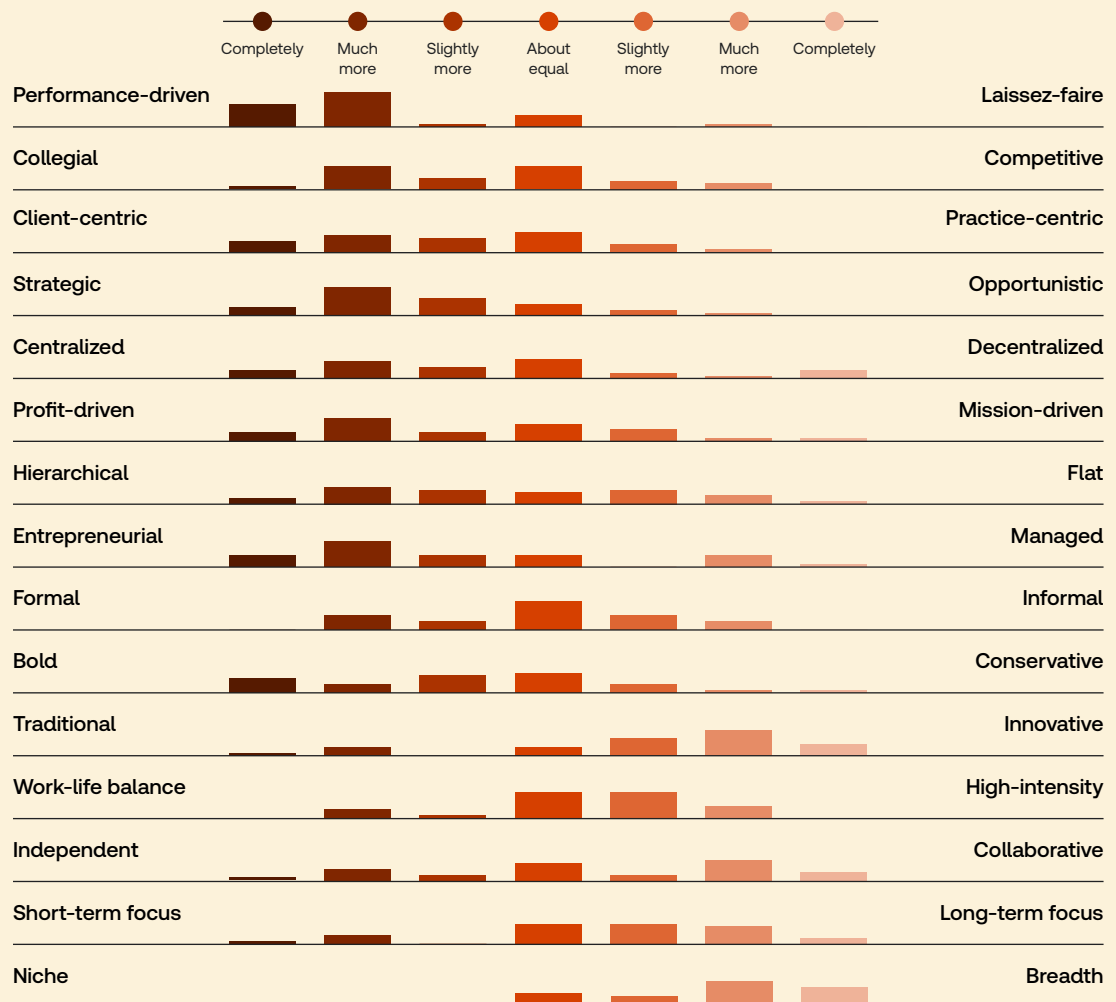
This first firm demonstrates a high degree of consistency. Stand-out lawyers' responses form a clear pattern on how they view the attributes that make up their firm's culture. Results tend to be clustered within narrow ranges, with minimal responses that are outliers. The average lawyer satisfaction score for the firm is a high 8.6 out of 10.



Avg. satisfaction score: 8.6

Case study 2

The second firm displays highly inconsistent results. Responses are spread across an extremely broad range. For most attributes, there are results at opposite ends of the response scale. Clearly, there is widespread disagreement among the lawyers as to which attributes represent the identity of their firm. As a result, the average lawyer satisfaction is lower, at 7.9 out of 10.



Avg. satisfaction score: 7.9

Importance of aligning compensation with culture

While stand-out lawyers are rewarding firms that have clear, consistent cultures by giving them high satisfaction scores, lawyers are also paying attention to how the firms are, in turn, rewarding them. Our research finds that compensation alignment is a major factor not only in lawyers' engagement but also in their performance and retention. It is potentially even more significant than clarity, consistency, long-term focus, or congeniality. Stand-out lawyers look at compensation structures as a true test of a firm's willingness to reward those who support and adhere to the firm's culture. They feel it reflects whether a firm consistently carries out its culture in its daily operations.

In many cases, however, stand-out lawyers feel their firm's compensation structure does not align with its culture. For example, while the majority of stand-out lawyers (56%) consider their firm to be more innovative than traditional, only 9% said that their firm's compensation model rewarded innovation. Moreover, only 5% said the compensation model rewarded technology usage or skills.

Similarly, although 70% of stand-out lawyers surveyed regard their firm as being more client-centric than practice-centric, barely 25% said their firm incorporates client feedback into its compensation model.

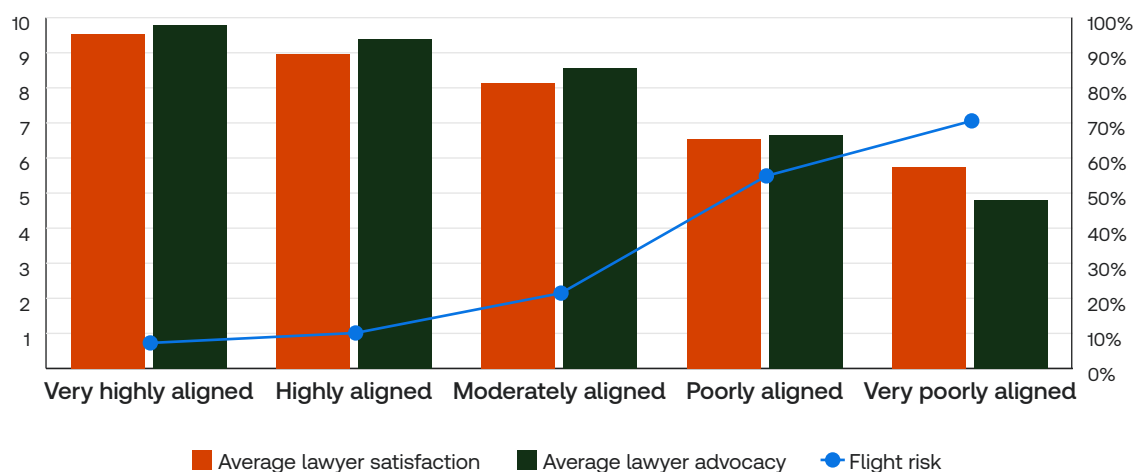
It's important to note that, for this purpose, stand-out lawyers are not looking at compensation in strictly monetary terms. Rather, they are examining how their firms' compensation structures align with purported values. Accordingly, improving compensation for this purpose isn't necessarily about more pay and benefits. It's about adding clarity to compensation: Do the lawyers know what they're being rewarded for?

Two-in-five (40%) stand-out lawyers surveyed feel that their firm's compensation model is, at best, only moderately aligned with the firm's culture and strategic goals. When lawyers believe alignment is more present, there is a huge jump in lawyer satisfaction ratings, increasing the average score by 66%.

Conversely, when lawyers feel their firm isn't rewarding the values that law firm leaders and decision-makers want the firm to stand for, they are not only less satisfied but the risk of dissatisfied lawyers leaving the firm increases substantially, rising to three times the level of lawyers who feel firm values and compensation are aligned.

FIGURE 4

Decreasing satisfaction drives higher flight risk

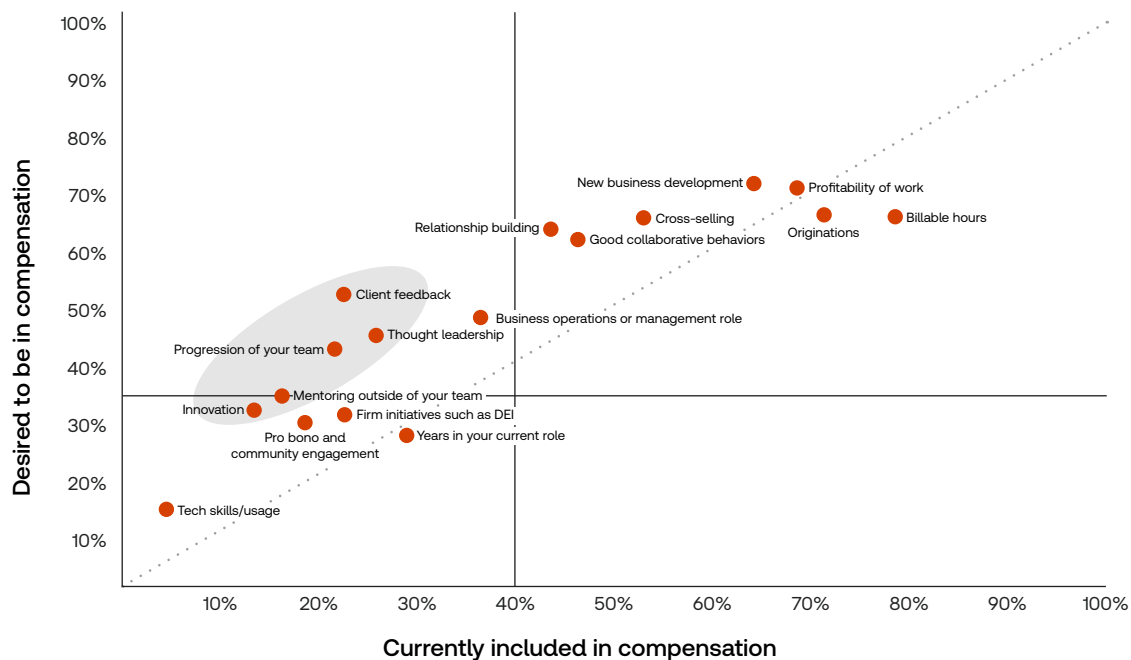


In addition, even if a lawyer remains at the firm, performance is likely to suffer as a result of being less engaged and motivated. They may also feel frustrated, more cynical, and less trusting of firm commitments, priorities, and leadership, because of the firm's inconsistent culture. They may feel that, fundamentally, the firm is not living up to the values and ethos that it claims to hold.

The impacts also extend beyond the personally affected lawyer. Lawyers who feel that compensation is not aligned with firm values on average, assign only half the Net Promoter Score given by other lawyers. This means they do not view their firm as one that they would recommend to others as a place to work, negatively affecting talent recruitment.

FIGURE 5

How lawyers believe compensation models should change



Stand-out lawyers have several criteria that they feel can better align compensation with culture.

Criteria that stand-out lawyers want to see reflected in compensation include:

- Client feedback
- Thought leadership
- Progression of one’s team
- Mentoring outside of one’s team
- Innovation

According to respondents, these criteria are both highly desired and not currently included in their respective firms’ compensation models.

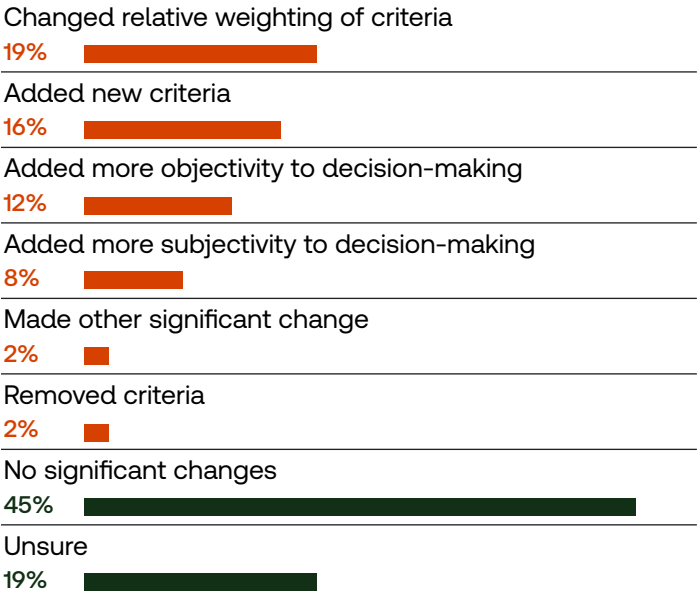
The encouraging news is that more than one-third (36%) of lawyers surveyed said their firm had adjusted its compensation model in the past three years by changing the relative weighting of criteria, introducing new criteria, or adding more objectivity to decision-making. Notably, nearly half (48%) of those lawyers report changing their behavior as a result, with greater focus on priorities such as business development, collaboration, profitability, or other items that align with their firm’s culture. As one stand-out lawyer stated, “Changes in my compensation model have made me more focused. I now prioritize work that drives value and efficiency, ensuring that my efforts contribute to both the clients’ success and the firm’s objectives.”

“Changes in my compensation model have made me more focused [on] both clients’ success and the firm’s objectives.”

—A Stand-Out Lawyer

FIGURE 6
Changes to compensation that drive changes in lawyer behavior

In the past three years, has your firm made any of the following changes to its compensation model?



And 48% of those lawyers report changing their behaviour as a result:

- More emphasis on professional development
- Increased collaboration
- More focused-on profitability
- More focused on billable hours
- Clarity in objectives
- Increased productivity
- Improved firm culture
- More cross-selling and teamwork

Culture and sustaining success

In addition to better aligning compensation, there are several other measures that law firm leaders can take to create or strengthen an effective firm culture.

Firm leaders should consistently demonstrate commitment to the firm's culture, incorporating it into strategic planning, client relations, talent management, and daily operations. This sets a tone throughout the firm and helps ensure that the firm's values remain at the forefront as it evolves and grows. Ways to demonstrate this include:



Take firm culture into consideration at every step of strategic planning processes



Evaluate how firm culture impacts areas critical for successful implementation of strategies, such as organizational structure, accountability processes, etc.



Have a dedicated process for evaluating firm culture and lawyer engagement



Evaluate culture at all levels of the firm, from senior and executive leadership down through all timekeeper and staff levels



Review firm culture and engagement regularly for changes

A clearly defined and consistent organizational identity is important, if not essential, for firms to achieve and maintain success over time. It drives higher lawyer engagement and satisfaction. Conversely, having a culture that is not well accepted by a firm's lawyers can lead to performance and talent retention risks. Creating and maintaining a strong firm culture plays a critical role in forming both a firm's strategy and its outlook for success.

Methodology

Demographics



2,246 stand-out lawyers from 60 countries participated | 91% are partners

2,034 partners
of which
1,689
are Equity partners

27% female
69% male
(4% other/prefer not to state)

11% under 40
14% over 60

14%
would consider
themselves part of an
ethnic minority group

As part of our ongoing research, we ask general counsel and other corporate law department decision-makers annually to nominate the three most outstanding lawyers they have engaged over the past year, including the type of work the lawyer performed and why they stood out. Since 2015, this has allowed us to build a database of over 14,000 client-nominated stand-out lawyers.

Additional research for this report was supported through telephone interviews conducted by the Thomson Reuters Institute with more than 2,500 respondents based in 60 countries. These interviews were part of a global market study and conducted throughout 2024. The interviews targeted general counsel and other senior decision-makers within the legal departments of companies with revenues of USD\$50 million or more.

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