The clarity dividend

How strategic alignment separates law firm winners

Thomson Reuters Institute

The clarity dividend: How strategic alignment separates law firm winners

Most law firm leaders believe their firm has a clear strategy, but belief and operationalization are not the same thing. In the most recent annual *Stellar Performance Survey*, the Thomson Reuters Institute (TRI) asked 2,500 law firm partners, most of whom were client-nominated as Standout lawyers, whether their firm has a clear strategy. Fully 96% said yes. When they were asked whether they could define what work fits within that strategy, the portion saying they could dropped to 33%. And when they were questioned about whether they had actually turned away off-strategy work, only 27% said they had.

That means, the same population of lawyers answered three questions with a 69-percentage-point swing between confidence and behavior.

The divide between what law firm leaders say their strategy is and what their lawyers can act upon is a performance problem.

The divide between what law firm leaders say their strategy is and what their lawyers can act upon is a performance problem — one that shows up directly in originations, departure risk, employer brand, and client preference data. Firms for which there is collective and singular strategic clarity among the majority of its lawyers earn what we've termed the *clarity dividend*, and this dividend shows up in more revenue, less turnover, and higher internal and external brand equity.

What strategic clarity is worth in financial terms

TRI classified the survey responses from 52 firms with 10 or more Standout lawyers into three groups based on whether the lawyers shared a common understanding of their firm's strategy:

- **Apex firms** — Nine of the 52 firms had strategic agreement among more than half of their lawyers with 65% identifying the same specific strategic focus. The most commonly cited areas were expertise-led or sector-led.
- **Broad firms** — Twenty-two of the 52 firms saw 61% of their lawyers describing their firm's strategic focus as a "combination" of multiple dimensions with no single defining lens.
- **Confused firms** — Twenty-one of the 52 firms had no single strategy type selected by more than 50% of lawyers. At most, 44% of lawyers from each of these firms agreed on the firm's strategic focus.

The full content of the questions we asked about respondents' understanding of their firm's strategy driver(s) was the following:

Which of the following best describes your firm's PRIMARY market positioning strategy?
Please select one option.

- **Geographical:** Our strategy is led by the jurisdictions in which we want to be present, and we focus on the clients with presence in those jurisdictions and the practices they require
- **Expertise:** Our strategy is led by the practices and services in which we specialize, and we focus on clients who require this expertise and the locations in which they are based
- **Industry sectors:** Our strategy is led by the client industries in which we specialize, and we focus on the practices and jurisdictions that clients in these industries require
- **Client type:** Our strategy is led by the type of client organizations in which we specialize, and we focus on the industries and jurisdictions in which these types of clients are present and the practices they require
- **Combination:** Our strategy is driven by a combination of the above factors, rather than being led by a single one
- **We don't have a clear market positioning strategy**
- **Unsure**

The data revealed a financial performance advantage for the *Apex* firms that resulted in higher originations. More specifically, these firms generated a median $3.3 million in originations while billing 1,452 hours. Lawyers at *Broad* firms produced $3.0 million in median originations with 1,550 billed hours, and attorneys at *Confused* firms produced median originations at $3.2 million at 1,500 hours. While the difference in originations between *Apex* firms and *Confused* firms may not appear to be significant, the differential compounds in soft costs around talent and in positive brand perception among employees and clients, thus supporting an overall *Apex* advantage as shown by the strategic clarity dividend.

Median originations and billable hours

$3.3M

Median originations — Apex firms
(vs $3.0M Broad, $3.2M Confused)

1,452

Median billable hours — Apex firms
(vs 1,550 Broad, 1,500 Confused)

Source: Thomson Reuters 2026

Indeed, beyond originations, the clarity dividend shows up in positive perceptions among Standout lawyers, which are among the best and most highly valued talent. At *Apex* firms, 19% of Standout lawyers say they would consider leaving their firm, compared to 22% at *Broad* firms and 26% at *Confused* firms. This represents a 7-percentage-point flight risk gap (between Apex and Confused firms) on a population of Standout lawyers whose departure could mean a compounding drain on a firm's institutional knowledge, client continuity, and talent investment.

Talent indicators of clarity dividend

	Apex (9 firms, 17%*)	**Broad** (22 firms, 42%)	**Confused** (21 firms, 40%)
Net Promoter Score (as a place to work)	**64**	**52**	**50**
Flight risk	**19%**	**22%**	**26%**

* percentage of those firms with 10 or more Standout lawyers

Source: Thomson Reuters 2026

Apex firms also produce an employer Net Promoter Score (NPS) of 64, compared to 52 at *Broad* firms and 50 at *Confused* firms. NPS is a widely used metric in employee and customer experience programs to gauge loyalty, satisfaction, and enthusiasm for a business. This is a structural recruiting advantage that *Apex* firms have over their competition in a talent market that can be heavily influenced by the testimony of well-known and highly sought after legal professionals.

Externally, *Apex* firms also convert brand awareness into client preference at a higher rate, and firms whose brand awareness fell between 2023 and 2025 are disproportionately in the *Broad* or *Confused* categories, according to TRI research.

Brand performance: Apex vs Broad vs Confused firms

Metric	Apex firms	Broad firms	Confused firms
Awareness-to-favorability conversion	**Higher — Apex firms convert a given level of awareness into favorability more effectively**	Moderate	Lower — awareness less likely to translate into genuine preference
Brand trajectory 2023–2025	**More likely to be rising in awareness**	Mixed — some risers, more fallers	More likely to be falling in awareness

Source: Thomson Reuters 2026

Costs of talent-led growth without strategic clarity

Critically, many law firm leaders are betting heavily on those specific growth drivers that strategic clarity most determines. More than 100 interviews with these leaders reveal that growth plans center on three drivers: *i*) talent and lateral hiring; *ii*) M&A; and *iii*) brand positioning. Traditionally, law firms in the United States, particularly those in the Am Law 100, are focused on lateral hiring and firm combinations. Firms in the United Kingdom and other regions prioritize brand differentiation through sector or practice specialization.

Growth drivers most frequently discussed

Growth driver	Am Law 1-50	Am Law 51-100	Am Law 101-200	United Kingdom	Rest of world
Laterals & talent	Very high	High	High	Moderate	Moderate
Mergers & acquisitions	Moderate	High	High	Low	Low
Brand positioning	Moderate	Moderate	High	High	High
Geographic expansion	Moderate	Moderate	Moderate	Moderate	Moderate
AI & technology	Moderate	Moderate	Moderate	Low	Low
Rate & pricing dynamics	Low	Low	Low	Low	Low
Client relationships & cross selling	Low	Low	Low	Low	Low

Source: Thomson Reuters 2026

Talent-led growth has obvious appeal. A firm can hire a lateral partner in months and produce fast, clear results in top-line revenue. The speed and visibility of lateral hiring being able to add six- or seven-figure dollar amounts to revenue are attractive but getting it wrong can be costly as well. A previous TRI survey of Standout lawyers found that 60% said they were not highly satisfied with their lateral integration experience, and among those who perceive their integration as *poor*, only 11% had planned to stay with the firm.

Firms pursuing growth through lateral hires without integrating them effectively is a significant and underappreciated challenge, and strategic misalignment by a majority of firms can compound the problem. Logically, a firm cannot tell a lateral where they fit if the firm itself cannot agree on its strategy. *Confused* firms, those most in need of successful integration, are less equipped to make it succeed, in part, because less than half of their Standout lawyers have a shared understanding of their firm's strategy.

Clearly, what determines whether integration succeeds or fails in large part is dependent on whether the firm's culture functions as infrastructure or as comfort. This distinction emerges from interview data gathered across more than 100 law firm leaders and it provides an explanation of why the clarity dividend shows up so consistently for Apex firms and why talent-led growth produces such different outcomes across the three firm types.

Without significant and deliberate efforts to expand the operational infrastructure and make the firm's strategy easily understandable, a law firm's culture is more likely to default to comfort that fails to tell an new lateral where they fit in the firm.

In those firms in which culture functions as infrastructure, the firm's values are expressed in both language and systems. Credit allocation, compensation design, on-boarding processes, mentoring structures, and relationship mapping are the firm's stated strategy made operational. So, when a lateral joins such a firm, integration works well because the systems tell that lawyer where they fit, which clients they should develop, and what behaviors will be rewarded. Without significant and deliberate efforts to expand the operational infrastructure and make the firm's strategy easily understandable, a law firm's culture is more likely to default to comfort that fails to tell an new lateral where they fit in the firm.

Those law firm leaders interviewed acknowledge that in firm cultures that default to comfort, friendliness and warmth exist without the underlying cultural architecture; this in turn can lead to some cultural language functioning as a shield that seeks to protect *"who we are*," hiding more harmful underlying issues of resistance to change, avoidance of accountability conversations, or reluctance to adjust economics to drive needed behaviors such as collaboration.

Leaders in this mode believe they are safeguarding a culture worth preserving, but the data suggests that *Confused* firms, which are most likely to exhibit culture-as-comfort characteristics, carry higher risk. Indeed, *Confused* firms carry flight risk that's much higher compared to other firm types, and their lawyers report the lowest NPS among firms. These gaps suggest that deferring strategy work may have eroded the conditions that made the culture worth preserving in the first place.

Determining firms' growth strategy

To understand how firms end up in each category, it helps to look at the growth decisions that produced them. Nearly half of all Standout lawyers surveyed (47%) describe their firm's strategy as a combination of multiple dimensions, making *Broad* the largest category among the three firm types. This is not coincidental: *Broad* firms are most likely to be using multiple growth drivers, including talent-led and M&A-driven growth.

Some *Confused* firms are products of mergers in which breadth was accumulated, without much accompanying depth. Two merging firms will often have different strategic directions prior to the acquisition, and this increases the need for intentional efforts for strategic alignment in the aftermath of the combination. Indeed, the risk at this stage is that the culture-as-comfort reality defers the harder work of building the collaborative systems that would make the combined firm's strategy operational.

While merged firms appear in all three firm types, some recently combined firms exhibit strong *Apex* characteristics because the predecessor entities shared strategic DNA. However, those may likely be the exception. The data identifies a clear risk that firm combinations which are not followed by deliberate, time-bound alignment of the merging parties' operational systems will significantly increase the probability that strategic incoherence will emerge.

For those law firms — mostly in the US — currently investing heavily in laterals and M&A as their primary growth drivers, the distribution across the three firm types is a reliable indicator of where talent and M&A investment land when culture does not function as infrastructure. *Broad* and *Confused* firms — together representing 82% of the firms in our research — are the predictable outcome of growth strategies that prioritize speed of acquisition over depth of alignment and of cultures in which the systems that would make strategy easily understandable have not yet been built or prioritized.

Brand-led growth, the dominant strategy outside the US, carries its own clarity requirement, and it works most reliably as an *Apex* behavior. Brand positioning requires the firm to make and hold a specific claim about what it does and for whom. When internal disagreements about strategic identity exist, they usually surface in inconsistent messaging, diluted positioning, and an inability to decline off-strategy work.

Client-led growth, on the other hand, includes expanding existing relationships, cross-selling, and pricing strategy. However, this strategy remains underdeveloped across all firm types and all geographies, representing a significant missed opportunity. It is the growth lever least dependent on clarity to initiate, and the one most likely to generate clarity as a byproduct.

For firms in the *Broad* or *Confused* categories, client-led growth is the lowest risk entry point for building the shared understanding that talent-led and brand-led growth require. Talent and brand growth levers demand clarity about what the firm does best, where it adds the most value, and which clients it is best positioned to serve — and these are the same conversations that produce strategic alignment. This makes client-led growth not only an underdeveloped revenue lever but also a sequencing tool for firms working toward an *Apex* classification.

Recommended actions to ensure strategic clarity

Before choosing a recommendation, firm leaders must locate their firm within the framework of the three firm types. If almost all lawyers believe their firm has a clear strategy but fewer than one-third can define what work fits within it, the clarity dividend has not yet been earned. Many leaders of non-*Apex* firms will read the *Confused* firm recommendations and assume they apply to someone else. However, the data suggests otherwise.

Each growth lever carries a distinct strategic clarity requirement, and a firm's ability to realize the full return on investment on that lever is determined, in part, by whether its current level of internal alignment meets the 50% threshold.

Many leaders of non-*Apex* firms will read the *Confused* firm recommendations and assume they apply to someone else. However, the data suggests otherwise.

Confused firms

The immediate priority for those law firms in the *Confused* category is resolving the misalignment between strategy and the operational systems that govern behavior, particularly those around origination credit and reward structures. This work also has implications for specific growth drivers:

- For lateral-led growth, *Confused* firms should pause until leadership can answer two foundational questions: *i*) which clients is this firm best positioned to serve; and *ii*) which behaviors will be rewarded here? Without those answers, integration infrastructure cannot be built, and the 26% flight risk among *Confused* firm lawyers compounds with every new arrival.
- For M&A, the recommendation is to put any movement on hold until the firm has resolved the strategic incoherence caused by the last combination, since adding another firm into that environment will probably accelerate it. Likewise, brand investment should be deprioritized until sufficient internal alignment exists to sustain a coherent external message with those resources redirected toward the alignment work itself.
- Client-led growth is where the *Confused* firm recommendation has the most upside and is currently the most underdeveloped. Structured client conversations, account reviews, and cross-selling discussions should be used as revenue activities and diagnostic tools because the question of which clients the firm is best positioned to serve is the same question that begins to resolve strategic confusion.

Broad firms

For *Broad* firms, a key priority is protecting the multidimensional clarity of the strategy, particularly as firms pursue lateral hiring and M&A for growth. A shared understanding of a strategy with multiple facets requires ongoing effort to maintain it. For talent- and M&A-led growth, the central risk is that every lateral hire or firm combination adds capability without automatically producing shared strategic understanding. This means that *Broad* firms, whose multidimensional strategy already requires more deliberate maintenance than a single-focus *Apex* strategy, are particularly exposed to this.

The priority is ensuring that integration efforts reflect all dimensions of the combination strategy and that incoming lawyers can be mapped to the full strategic picture from day one. Before the next hire or combination, *Broad* firms should test whether their current lawyers can articulate the strategy consistently; and if they cannot, that means there is more work to do to avoid moving one step closer to being *Confused*.

Brand-led growth for *Broad* firms requires more deliberate messaging than a single-focus strategy does. *Broad* firms already sit at a moderate awareness-to-favorability conversion rate, meaning awareness exists but is not translating into client preference as efficiently as it should. The brand work, therefore, is about tightening the narrative that connects the dimensions of the strategy.

Likewise, client-led growth is the most accessible growth lever precisely because it does not require full clarity to initiate, and the conversations it generates are the same ones that build and protect the shared understanding that talent and brand growth both depend upon. Identifying the two or three client situations in which all of the strategy dimensions work together and then leading with those gives the market a coherent picture without abandoning *Broad* firms' multidimensional positioning.

Apex firms

The recommendation for *Apex* firms is to defend the conditions that produced the advantage rather than assuming such a premium is self-sustaining. The *Apex* dividend is the output of specific disciplines, including integration infrastructure, succession investment, and reward systems that reinforce the right behaviors. The pursuit of brand-led growth is the natural lever for *Apex* firms because the data shows they are already converting awareness into client preference at a higher rate than their peers, which means the priority is continuing to deploy it with the same specificity and consistency that made it work in the first place. In addition, client relationship expansion and cross-selling are natural complements because the shared knowledge of which clients to prioritize is already embedded in the firm's systems.

Moving forward and seizing the dividend

The test for every firm leader is whether the growth strategy on the table is the one their firm's current level of strategic clarity can support. Closing the 69-percentage-point gap between the portion of lawyers who believe their firm has a clear strategy and those who have actually turned away off-strategy work is what determines whether partners can recognize, in the moment, which clients and matters belong in the firm's future and those which do not.

When that recognition is shared by the leaders who wrote the strategy, partners can then focus on the work that reinforces for what the firm is actually known. This discipline, repeated across hundreds of partner decisions a year, is what clients experience as a firm's brand and as a recognizable pattern in the work a firm takes on and the work it turns away.

The clarity dividend that was identified in this research is earned by firms when the systems governing daily lawyer behavior reflect the same strategic understanding their leaders believe already exists. Firms that minimize this gap compound the *Apex* advantage; and those that do not will keep paying the costs of this confusion one lateral, one combination, and one departure at a time.

For help in understanding how your firm's strategic clarity compares with peers, contact Eve Starks (Eve.Starks@tr.com) or Justin Miller (Justin.Miller@tr.com).

The Thomson Reuters Institute's Stellar Performance Survey 2026 was completed by 2,527 client-nominated Standout lawyers across 65 countries (967 in the US, 357 in the UK, 344 in Canada, and respondents across Europe, the Asia Pacific region, Latin America, the Middle East, and Africa). Of respondents, 2,287 were partners, of whom 1,854 were equity partners. The firm-level analysis covers 52 firms with 10 or more Standout lawyer respondents. Firm classification (Apex, Broad, Confused) reflects the distribution of strategy-type responses within each firm. Law firm leader data draws on 111 interviews conducted in 2026 across the Am Law 200, UK, European, Asian, and Australian law firms.

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