

**BEST LAW
FIRMS™**

RANKED BY *Best Lawyers®*

CANADA

LEGAL MARKET
REPORT
EDITION 2

Best Law Firms ranks exceptional firms in Canada using a methodology that combines client feedback, peer nominations and rigorous research. As part of the process, we survey firms of all sizes from around Canada, and that effort yields a trove of data about the state of the legal market across the nation.

In this report, we have aggregated and analyzed those anonymous survey results to create a uniquely comprehensive report on the state of the Canadian legal market. We examined survey data from 344 firms employing 14,836 lawyers, or roughly 11% of the entire lawyer population of the country. This broad sample includes firms in 9 of the 10 provinces (the only exception is Prince Edward Island) and includes large national players, midsize firms, smaller local and regional firms and solo practices.

The firms' responses shed light on their financial performance, billing practices, client strategies, marketing priorities, workforce and response to hot-button legal industry issues like artificial intelligence.

ABOUT US

344

law firms with offices in Canada responded to the survey, ranging from global and regional players to smaller local firms.

IN THIS REPORT, WE DISCUSS:

- **Financial Performance.** Revenue per lawyer averaged \$590,000 among all firms, with large firms posting the highest per lawyer return, \$707,000.
- **Alternative Fee Arrangements and Billing.** Three-quarters of firms are deploying AFAs, with most favoring flat or fixed fees and retainers.
- **Client Engagement.** Firms say client service is their top differentiator, yet few measure it. Just 16% regularly solicit client feedback. Most small firms have no plans to do so.
- **Generative AI.** While most firms are still exploring or piloting the use generative AI tools, only 7% have implemented them broadly. And many small and midsize firms lack clear policies about when AI can be used.
- **Marketing.** A majority of firms do not measure the return on their marketing investments, and most small firms said they do not have a documented marketing strategy.
- **Diversity.** More than 90% of large firms say their management teams have made diversity a priority, versus three-quarters of midsize and half of small firms.
- **Pro Bono.** Lawyers averaged 25 hours of pro bono last year—half of the annual hours suggested by the Canadian Bar Association.
- **Cross-Border Work.** No matter their size, most firms worked primarily or exclusively in Canada. Seven out of 10 international matters came from North America and Europe.

Financial Performance

More than 80% of the firms responding to the Best Law Firms survey provided information about the sources of their revenue, their 2024 revenue figures or both. Among the largest firms in our survey—those with 100 or more lawyers—average revenue was \$163.6 million. Midsize firms of 20-100 lawyers pulled in \$20.6 million on average. And firms with fewer than 20 lawyers averaged approximately \$3.2 million.

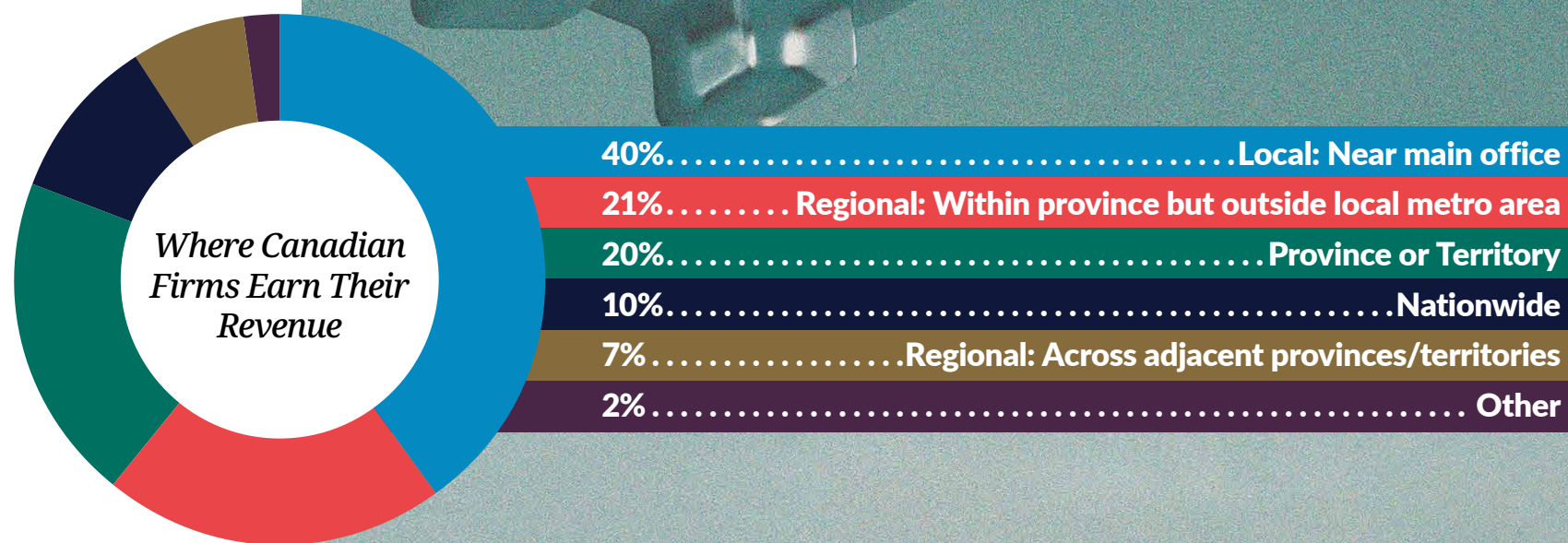
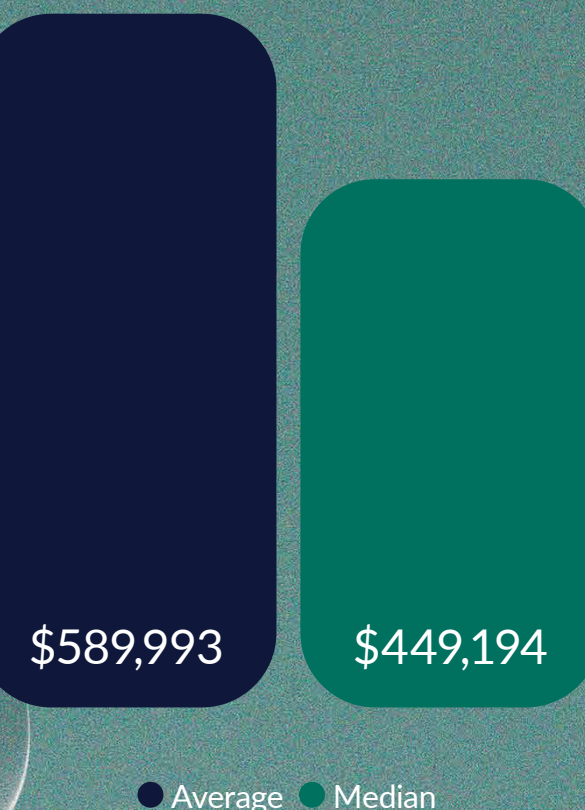
Revenue per lawyer (RPL), a critical benchmark of firm health, averaged just under \$590,000 among all firms. The largest firms posted the highest averages—revenue per lawyer of \$707,000 for 100-plus-lawyer firms.

Given the potential impact of outliers whose revenue figures may be skewed by a large

windfall, it is also worth examining the median revenue performance of firms. Median revenue per lawyer across firms was approximately \$449,000. The revenue gap per lawyer between firms of different sizes also shrank considerably. Large firms reported a rounded median RPL of \$599,000 versus \$481,000 for midsize firms and \$425,000 for the smallest firms.

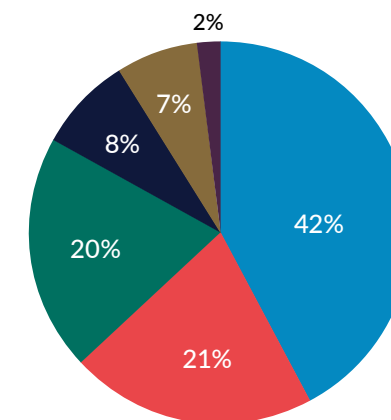
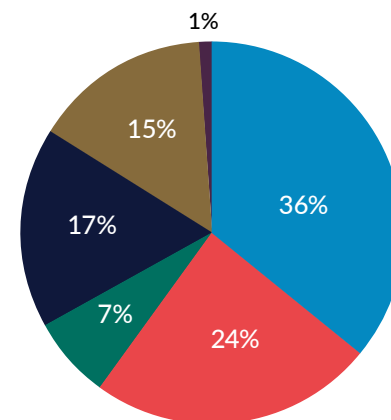
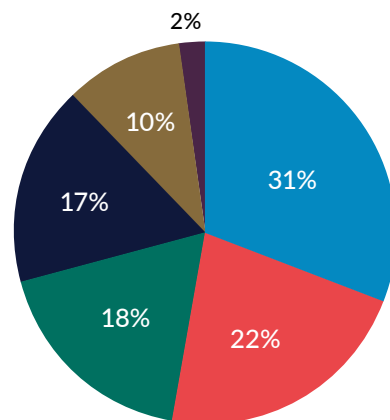
Across market segments, clients closest to law firms' headquarters drove the biggest share of revenue. More than 80% of clients were based in the law firms' local market, in their regional market inside a province or territory or in a regional market that included adjacent provinces and territories. A more detailed breakdown of revenue sources and per lawyer results follows:

Revenue per Lawyer at Canadian Firms





Where Firms Earned Their Revenue



Percentage of Firms Who Work With...



KEEPING IT LOCAL

While nationwide and province-wide clients made up 42% of their client base, firms of 100-plus lawyers said they earned more than 70% of their revenue by serving local clients near their headquarters, regional clients in their provincial or territorial metro areas, or regional clients in an adjacent province or territory. Overall, the largest firms took home 51% of all revenue earned by firms in our survey.

THE MIDDLE GROUND

Midsized Canadian firms—for the purposes of our survey, firms of 20-100 lawyers—captured about 36% of all revenue. Like their large firm peers, the majority of their work comes from local and regional clients. However, midsize firms also showed the highest percentage of revenue from national clients, and 47% of firms said they were working with clients who had a nationwide footprint—slightly higher than the larger firms responding to the survey.

HOLDING THEIR OWN

Firms with fewer than 20 lawyers were the largest group of respondents to the survey, but accounted for just 13% of overall law firm revenue. Still, small firms posted revenue per lawyer figures within shouting distance of their midsize peers, and 16% off the nationwide average. By comparison, small U.S. firms surveyed by Best Law Firms fell 30% below the national average RPL last year.

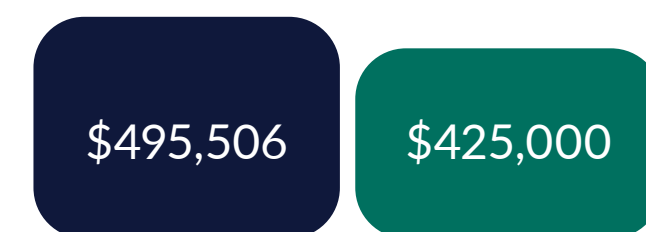
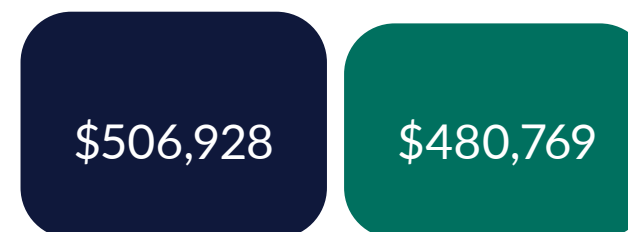
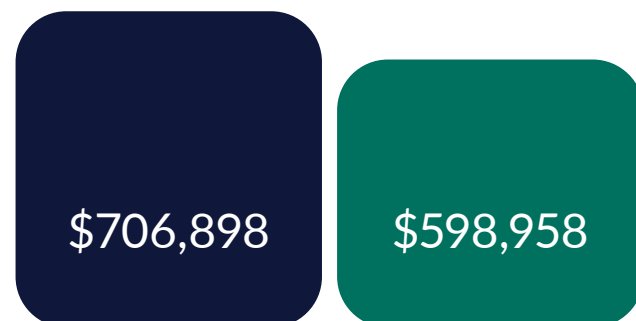
Firm Average

\$163.65 M

\$20.65 M

\$3.18 M

Lawyer Revenue



● Average ● Median

Revenue

Alternative Fees and Billing Transparency

Alternative fee arrangements (AFAs) are being used by three-quarters of law firms in Canada, our survey shows, with all of the largest firms saying they provide clients with options other than the billable hour.

Firms in Canada are offering alternative fee arrangements at a slightly higher rate than their U.S. counterparts, according to our data. In Canada, 75% of firms reported deploying one or more alternative fee arrangements for their clients. In Best Law Firm's latest U.S. survey, 72% of firms said they used AFAs.

Canadian law firms are also somewhat more likely to give clients a wider array of fee options. Six types of alternative fee arrangements are offered by more than 50%

of the firms we surveyed, compared to five south of the border.

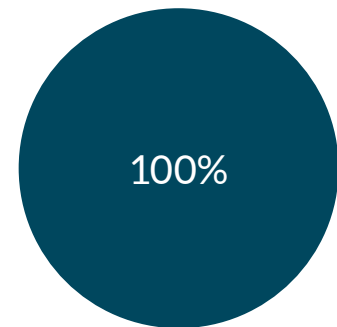
The most popular arrangements in Canada are flat fees, which are used by 65% of law firms. Retainers and fixed fees are close behind at 62% and 60%, respectively. Contingency fees, discounts for large numbers of billable hours and capped feeds also topped 50%.

Although they were the most likely to say they eschew AFAs, the smallest firms surveyed—under 20 lawyers—were also the most likely to say they offered “other” fee arrangements, including options such as deferred fees, step-up contingencies, value-based fees and monthly subscriptions for legal service.

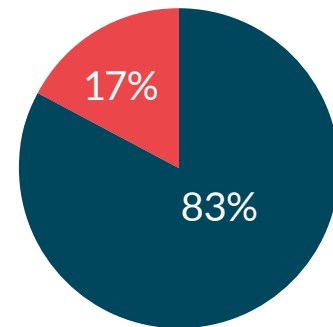
Does your firm offer alternative billing arrangements?



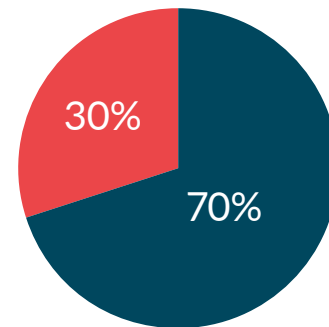
FIRMS WITH OVER 100 LAWYERS



FIRMS WITH 20-100 LAWYERS



FIRMS WITH FEWER THAN 20 LAWYERS



Which alternative billing arrangements does your firm offer?

Type of Alternative Fee Arrangement	How the Alternative Fee Arrangement Works	% of Firms Using
Flat fee	The law firm charges a predetermined amount for certain services, often routine or standardized legal matters.	65%
Retainers	Clients make an upfront payment. Firms draw upon this amount as they do their work.	62%
Fixed fees	The firm agrees to the price of a specific matter prior to an engagement.	60%
Contingency fees	Fees that are paid only in the event of a successful judgment or settlement, usually a percentage of the amount awarded.	51%
Discount for large number of billable hours	A firm reduces its rates if a client commits to a large volume of legal work.	51%
Capped fees	The law firm agrees its pricing will not exceed a maximum agreed upon with the client.	50%
Blended hourly rates	The firm agrees to charge a single rate for all of the lawyers working on a matter.	45%
Hybrid fees	In a hybrid arrangement, firms charge billable hours for a portion of their work and offer an alternative fee (capped, flat, contingency) for the rest.	38%
Collared fee	A client agrees to pay hourly rates within a range. Rates decrease if billable hours exceed the upper end of the range.	9%

Alternative Fees and Billing Transparency

BILLING TRANSPARENCY

Clients may be asking law firms for greater transparency in the billing process. Yet, the way they feel about it is not translating into disputes with outside counsel. Among Canadian law firms in the Best Law Firms survey, only 3% of client disputes during the past year involved billing issues.

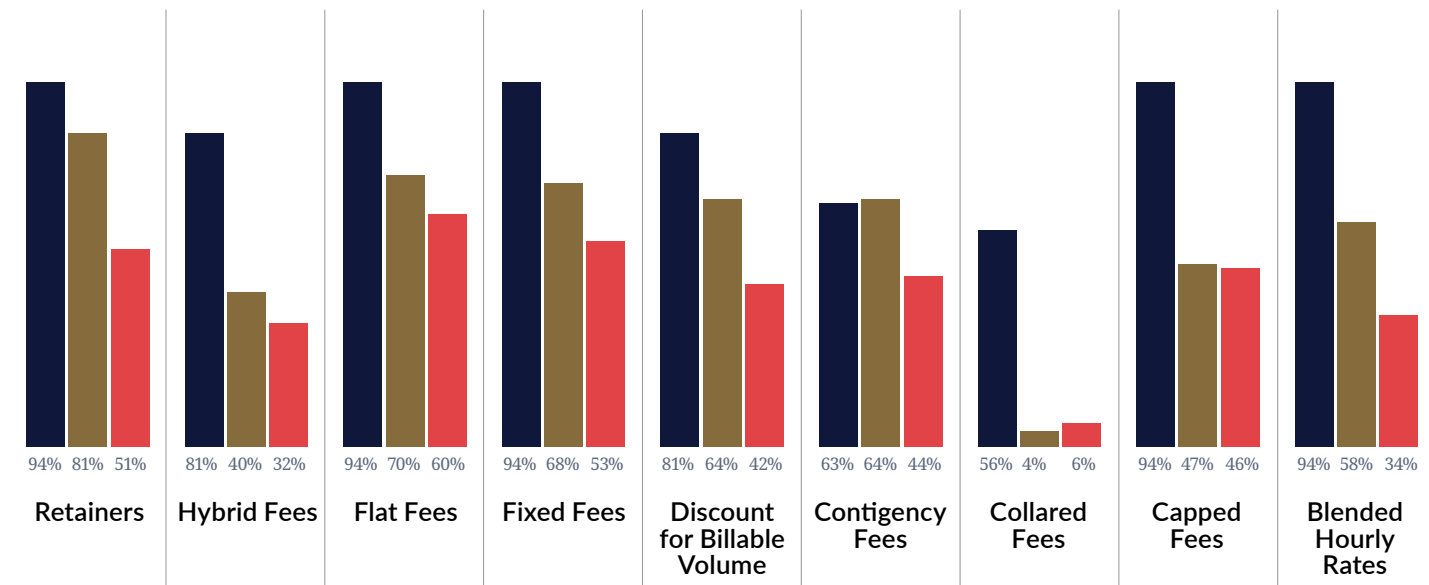
Nine out of 10 small, midsize and large firms said they now provide detailed, line-item invoices for the work they complete. This was, by far, the most common form of billing transparency firms selected in the survey. More than 90% of large and midsize firms and more than 80% small firms share upfront cost estimates with their clients.

The gap between large and small firms widens with other options. While 80% of large and midsize firms offer regular budget updates during engagements, the number drops to 61% for small firms. Seventy-one percent of large and midsize firms are using fixed fees and predictable pricing models compared to 54% of small firms.

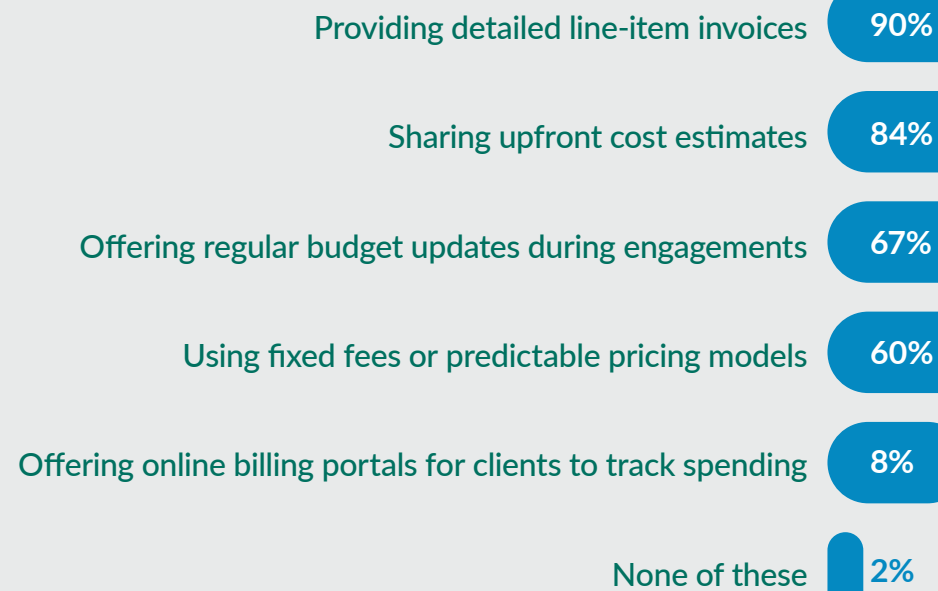
Even in the age of AI, firms are not offering clients technology solutions to improve billing transparency. Just 8% of firms said they offer online billing portals for clients to track spending. Billing portals are somewhat more common at the largest firms—about a quarter said they offer them. But only 1 in 10 midsize firms and less than 5% of small firms said the same.

Which AFAs Do Firms Offer Clients?

● 100+ Lawyers ● 20-100 Lawyers ● Less Than 20 Lawyers



Which Billing Transparency Practices Do Canadian Firms Use?



Client Engagement

Law firms responding to our survey provided information about their most desired types of clients, the ways they describe their firms to prospects, strategies for differentiating themselves from competitors, how they handle client feedback and the methods they use to retain business.

Corporate and business clients are the key targets for a plurality—42%—of Canadian firms. That's especially true of large firms, 100% of whom said they wanted to attract corporate clients.

Among midsize firms—20-100 lawyers in our survey—corporate clients ranked at the top of the list as well. But a significant number (35%) were looking for an equal mix of corporate and general consumer clients. Among small firms (fewer than 20 lawyers), an equal number—34% each—are seeking corporate and general consumer clients. About a quarter of small firms said they wanted an equal mix of corporate and general clients.

About 1 in 10 firms said they are seeking other types of clients. Many of these were smaller and midsize boutiques with niche practices. For example, firms said they are primarily targeting clients among First Nations and indigenous governments and organizations, local government agencies, high-net worth individuals and trade unions.

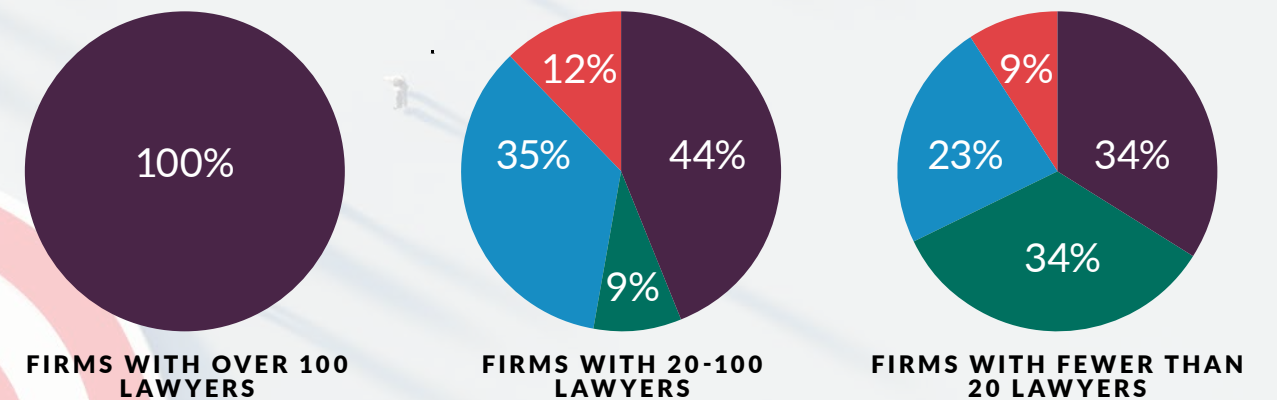
Among firms seeking corporate and business clients, the client mix is fairly balanced between large, midmarket and small enterprises. Each category makes up about a third of the average firm's client roster. Firms of 100-plus and firms with fewer than 20 lawyers were most likely to be working with large corporations. Midsize firms said middle-market companies comprised the largest segment of their client base.

All told, firms reported an average of 1,005 active clients. The numbers ranged widely depending on firm size, however. Firms of 100-plus lawyers reported 5,857 active clients on average; 20-100 lawyers, 2,116; and fewer than 20 lawyers, 311.



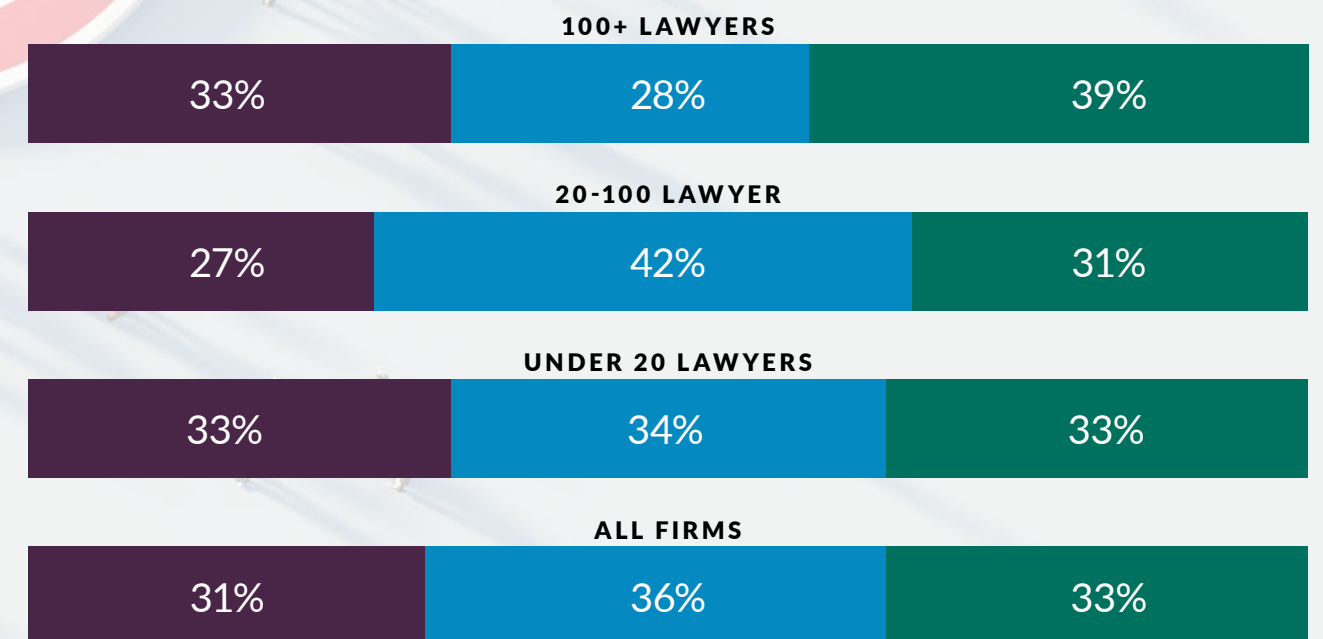
Target Clients

- Primarily corporate / business clients
- Primarily general consumer clients
- Equal mix of corporate and consumer clients
- Other



Client Mix

- Large Enterprises
- Mid-Market Companies
- Small Businesses



Client Engagement

While firms are most often emphasizing their specialized practices, delivering superior client service has been a far more important factor in client retention and acquisition efforts during the past year, firms said. Sixty percent ranked client service as their most effective retention and acquisition strategy, compared to 28% who chose industry specialization. No other client retention or acquisition strategy garnered more than 5%.

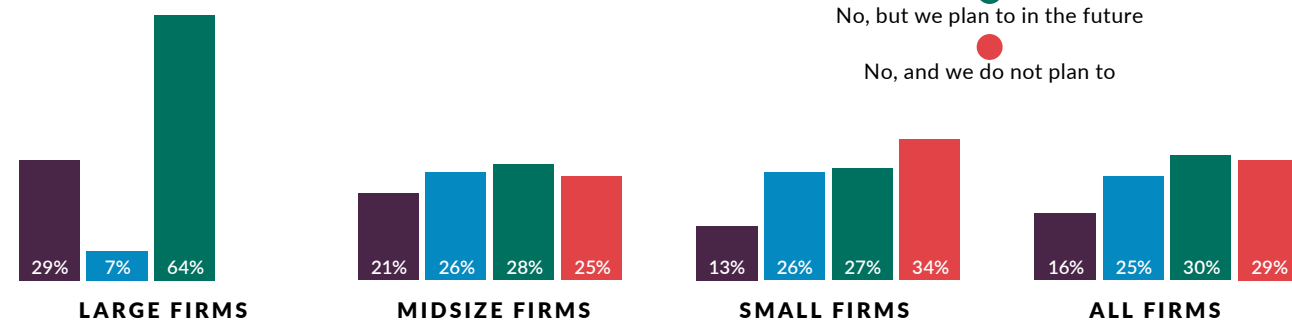
Our survey also asked firms how they describe their firms to potential clients. Nearly 100 Canadian firms provided open-ended answers describing their approach. With the help of artificial intelligence, we determined which keywords or phrases firms used most often in their descriptions. The answers provide a window into the way firms are pitching clients.

Overall, firms emphasize words and phrases like “innovative,” “efficient” and “client-focused.” Their pitches, in other words, focus most often on how they deliver services rather than the actual legal work they do. “Responsive,” “timely,” “practical advice,” are also relatively common. Pricing and fee transparency-related language is not as widespread. “Cost-effective,” “fixed/flat/alternative fees,” “predictable/transparent fees” are used only occasionally.

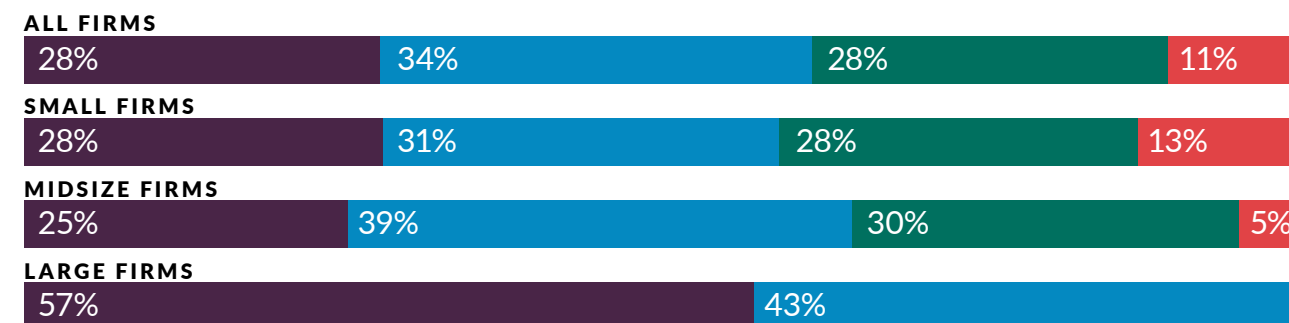


Does Your Firm Seek Formal Client Feedback or Conduct Satisfaction Surveys?

During the Last Year, How Much New Work Came From Returning Clients or Client Referrals?



● More than 75% ● 50%-75% ● 25%-50% ● Less than 25%



ARE CLIENTS SATISFIED?

Most firms in Canada—59%—are not regularly asking their clients for feedback, nor are they surveying them about their levels of satisfaction with their work. Just 16% of firms regularly ask clients about their performance and a quarter said they occasionally do, usually after major matters.

Large firms (100-plus lawyers) are the most likely to seek feedback. Twenty-nine percent said they have a regular, formal feedback process and 7% have an occasional one. Among the large firms that don't measure client satisfaction, all said they plan to in the future. The smallest firms—less than 20 lawyers—are the least likely to say they want to seek client feedback. Among small firms, 57% do not seek feedback, and 34% said they have no plans to do so.

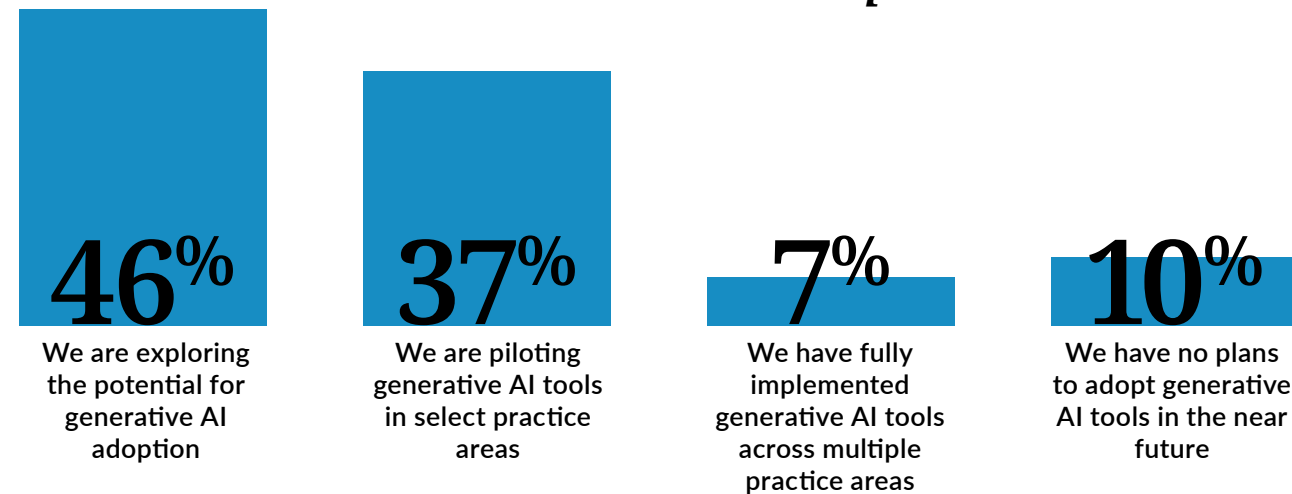
Client satisfaction is critical for firms seeking new business. During the last year, 62% of new work was the result of client renewals or referrals. The firms garnering the most feedback are also the ones whose clients return to them most often. Fifty-seven percent of the large firms said their new work came from former clients. Just a quarter of midsize and small firms said the same.

Generative AI

Canada's large and midsize law firms are taking a deliberate approach to artificial intelligence, with more than 80% exploring the use of or piloting generative AI tools. Just 7% of firms have fully implemented AI across multiple practice areas. And at the opposite end of the spectrum, 1 in 10 firms said they have no plans to adopt AI tools in the near future.

For those firms currently using AI or planning to do so, nearly two-thirds said they plan to deploy artificial intelligence to help conduct legal research. Fifty-six percent also see AI's potential for developing marketing content and client pitches. Approximately half of firms said they want to use generative AI tools to enhance their knowledge management systems and to draft contracts and other legal documents.

What Is the Current Level of Generative AI Adoption at Your Firm?



In Which Areas Does Your Firm Use or Plan to Use AI?



Generative AI

ARE FIRMS EMBRACING AUTOMATION?

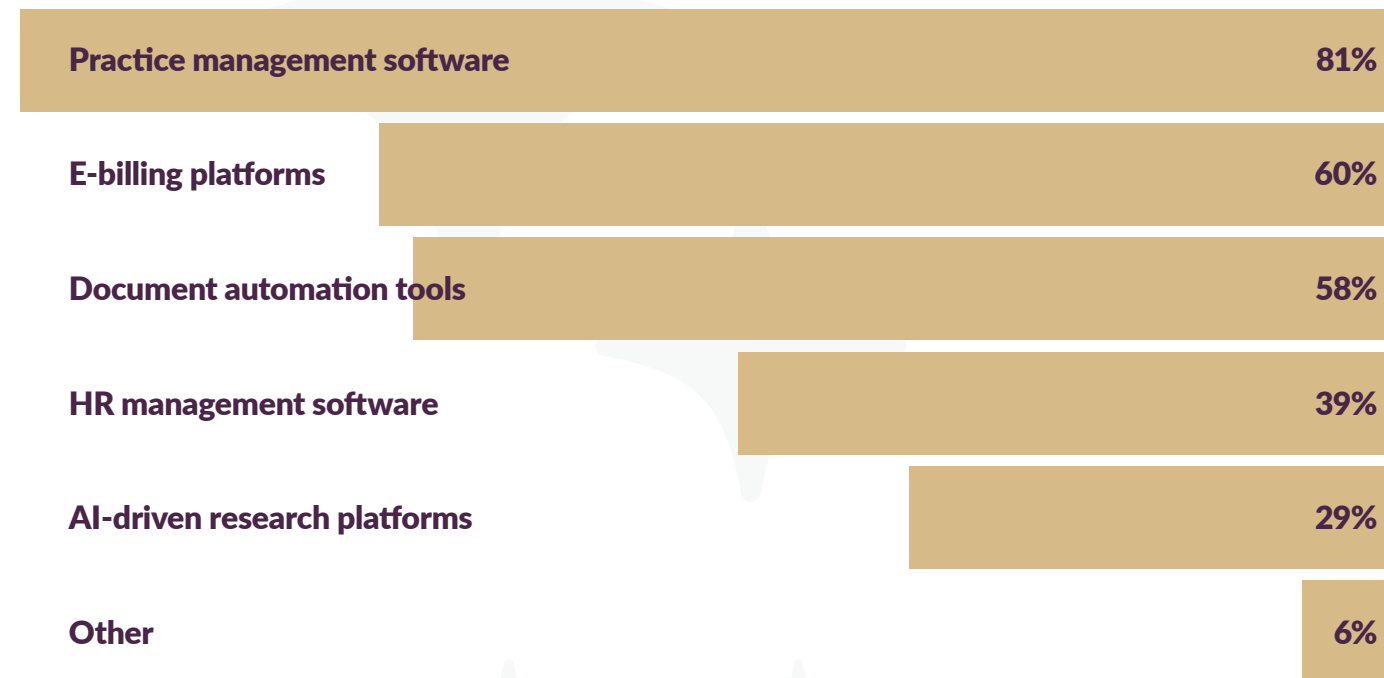
At present, Canadian law firms have automated just over one-fifth of their administrative tasks. Small firms (less than 20 lawyers) have done somewhat more automation than their large and midsize peers.

As for the technology they are currently using, 8 in 10 are actively deploying practice management software, which is by far the most-used tool. Next on the list are e-billing platforms and document automation tools, used by roughly 60% of firms. AI-driven platforms are gaining in popularity, but still only used by 29% of the firms surveyed.

Technology adoption in Canada lags behind some locales— but not by dramatic margins. Best Law Firms’ most recent survey of the United States, for instance, found that firms had automated 32% of their administrative tasks. As in Canada, smaller U.S. firms had turned more tasks over to automation than large and midsize firms.

Only 20% of firms said that artificial intelligence was beginning to have an impact on their billing practices. And the picture is mixed when it comes to AI’s impact on billable hours. For 11% of the firms, AI tools have resulted in a reduction of billable hours for certain tasks. Nine percent, however, said AI has increased efficiency without changing billable hours.

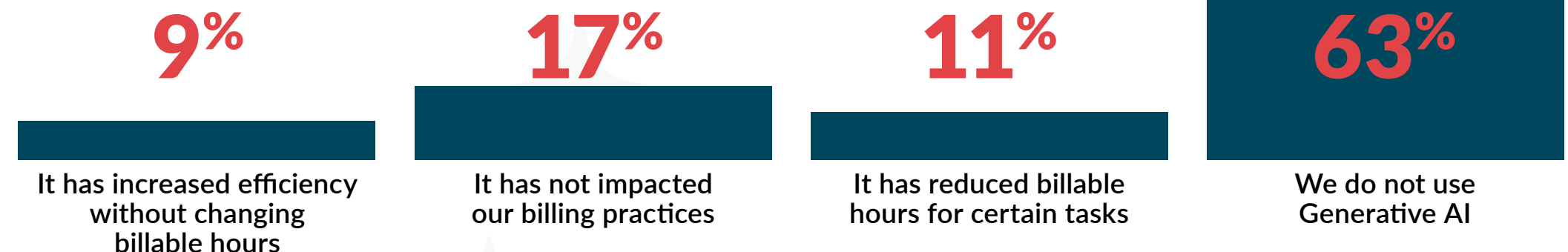
Which Back-Office Technologies Are Firms Actively Using?



Percentage of Administrative Tasks that Have Been Automated



How Has Generative AI Affected Your Firm's Billing Practices?



Generative AI

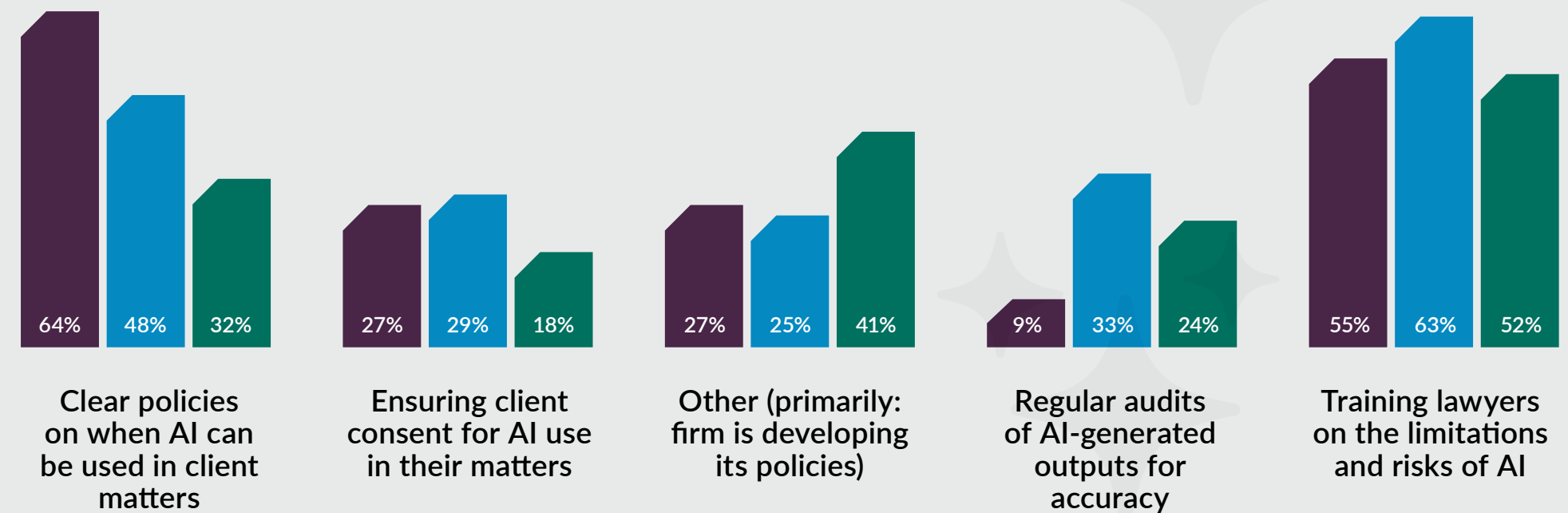
ETHICAL ISSUES

The list continues to grow of lawyers whose cases have been upended or who have faced sanctions for including fake, AI-generated case citations in court documents. AI hallucinations can damage client relationships and threaten law firm reputations. And they are, for many firms, a major obstacle to embracing AI.

What measures are firms taking to ensure that generative AI is being used ethically by their lawyers? Clear policies on AI usage and training for lawyers on the limitations and risks of artificial intelligence are the most common among Canadian firms. Large firms, in particular, are establishing policies on when AI can be used in client matters. Somewhat less common are efforts to ensure clients consent to AI use or regular audits of AI-generated material for accuracy. At this point, many firms said they are still in the process of developing an approach to AI and have yet to take specific action.

What Is Your Firm Doing to Ensure the Ethical Use of AI Tools?

● Large Firms ● Midsize Firms ● Small Firms



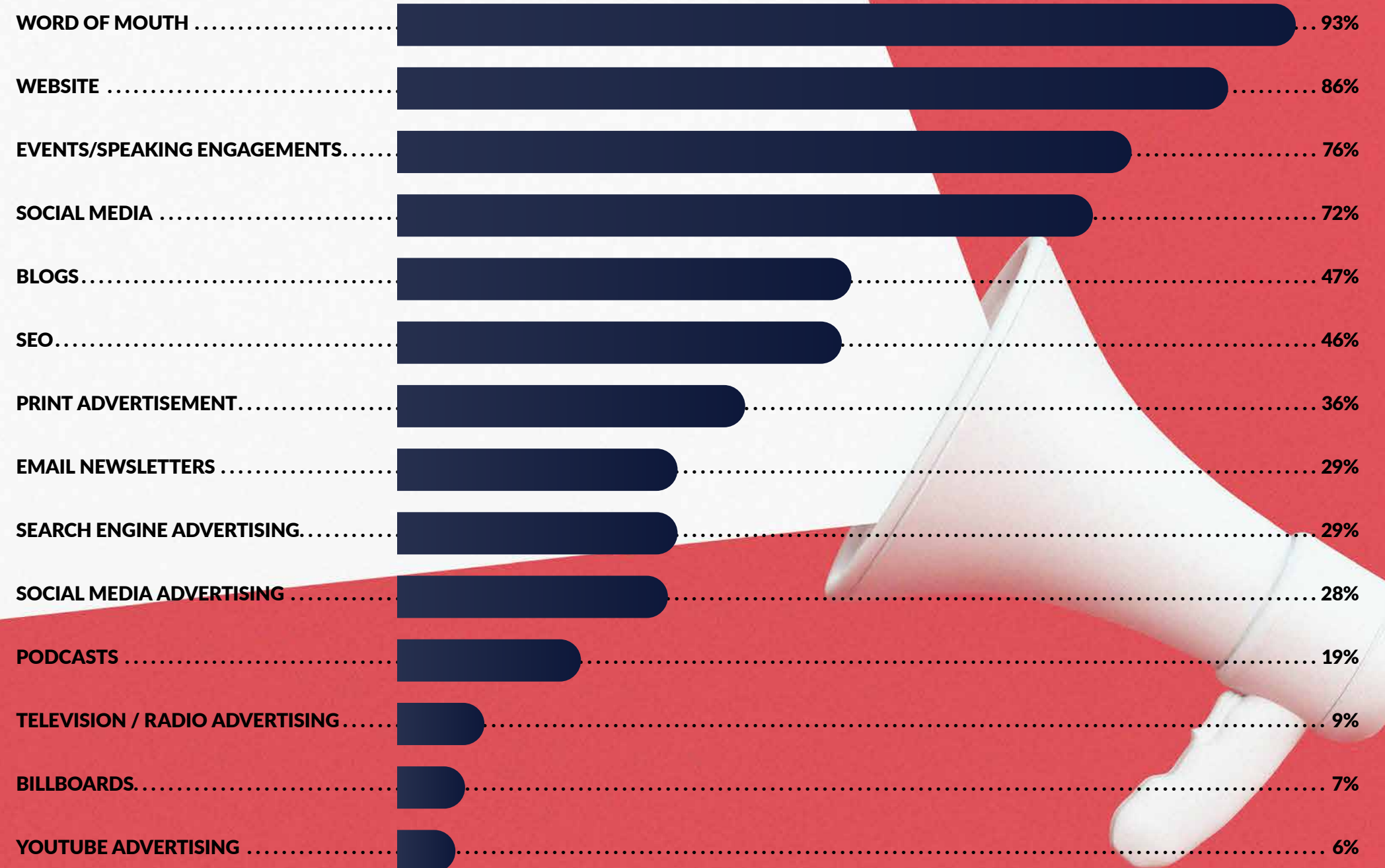
Marketing

Law firms across Canada said word-of-mouth marketing was their top method of reaching prospects. Overall, 90% of large firms (100-plus lawyers), 96% of midsize firms (20-100 lawyers) and 92% of small firms (fewer than 20 lawyers) rely on positive buzz to make their case with new clients, our survey found.

Midsize firms ranked their websites slightly ahead of word-of-mouth, and, perhaps unsurprisingly, larger and smaller firms also said websites were critical. Middle-funnel marketing efforts like events and lawyer speaking engagements and social media were also used by more than 70% of firms.

Large and midsize firms leaned more heavily into paid marketing efforts, like print advertising and search engine advertising. Content marketing also scaled up as firm sizes increased. For instance, 26% of large firms were producing podcasts versus 18% of small firms.

Most Popular Strategies



ISTOCK/OLEMEDIA

Marketing

The primary reason word-of-mouth marketing is so universal is that it works, firms said. Fifty-three percent said word-of-mouth was their most effective client-generating strategy. Digital tools, while common, are secondary. Few firms described a single digital

strategy—such as search engine optimization (SEO), websites or social media—as the linchpin of their client acquisition efforts. Just as effective, firms said, were events and speaking engagements, which outpaced more tech-based strategies in impact.

Most-Used Marketing Channels: By Firm Size

LARGE FIRMS

- 1 Word of Mouth
- 2 Website
- 3 Events/speaking engagements
- 4 Social Media
- 5 Print advertisement

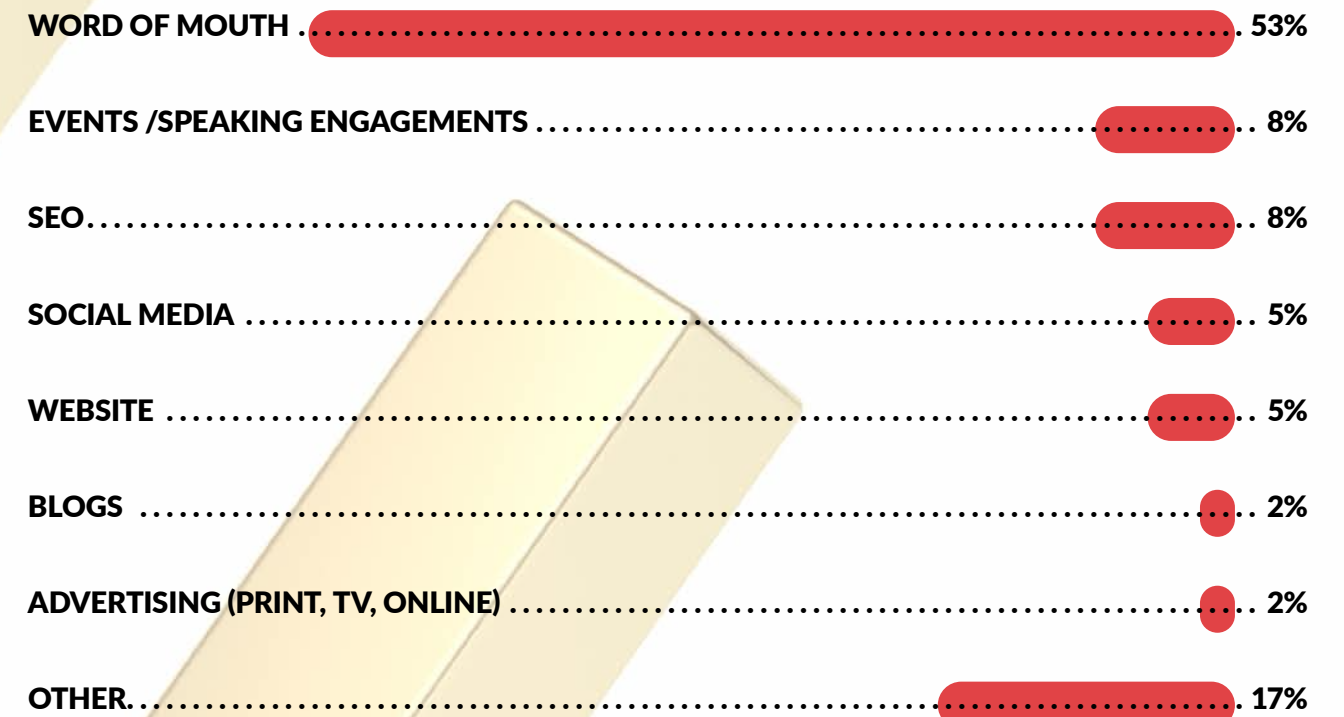
MIDSIZE FIRMS

- 1 Website
- 2 Word of Mouth
- 3 Events/speaking engagements
- 4 Social Media
- 5 Blogs

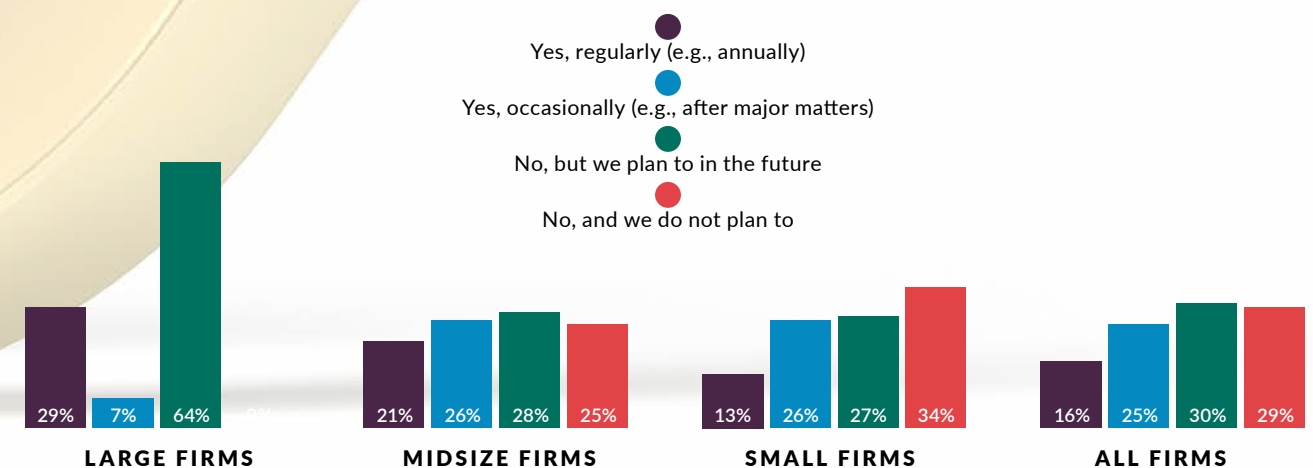
SMALL FIRMS

- 1 Word of Mouth
- 2 Website
- 3 Events/speaking engagements
- 4 Social Media
- 5 Blogs

What Are the Most Impactful Marketing Methods for Attracting New Clients?

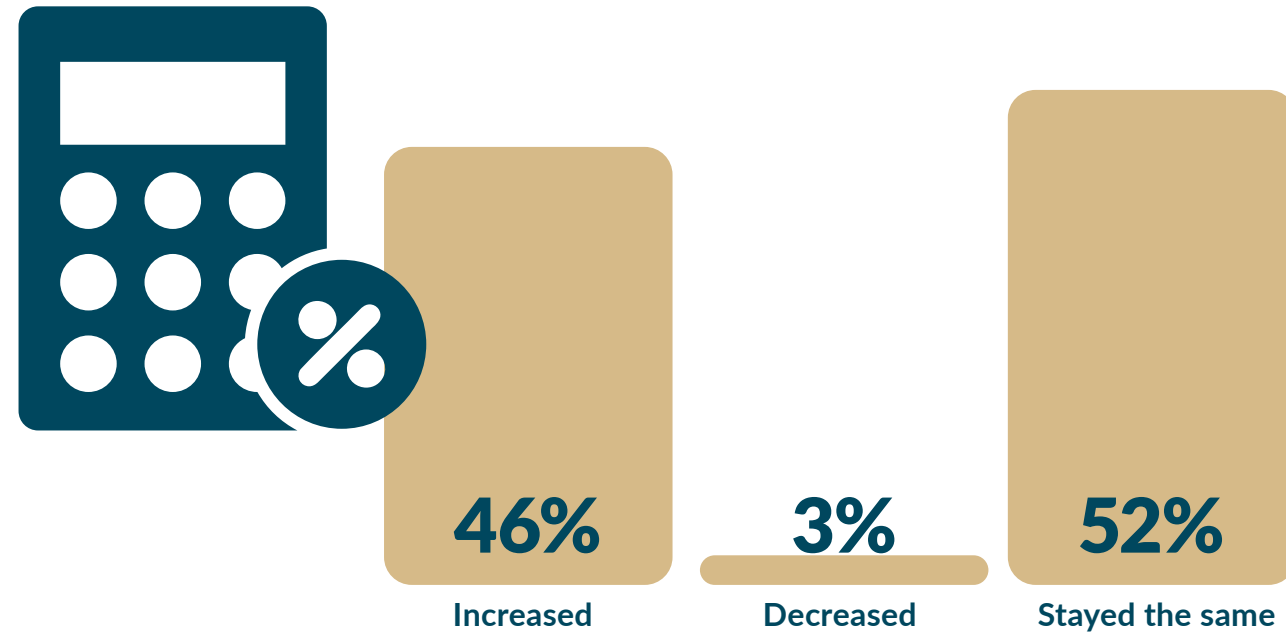


How Much Did Your Firm Spend on Marketing Last Year?

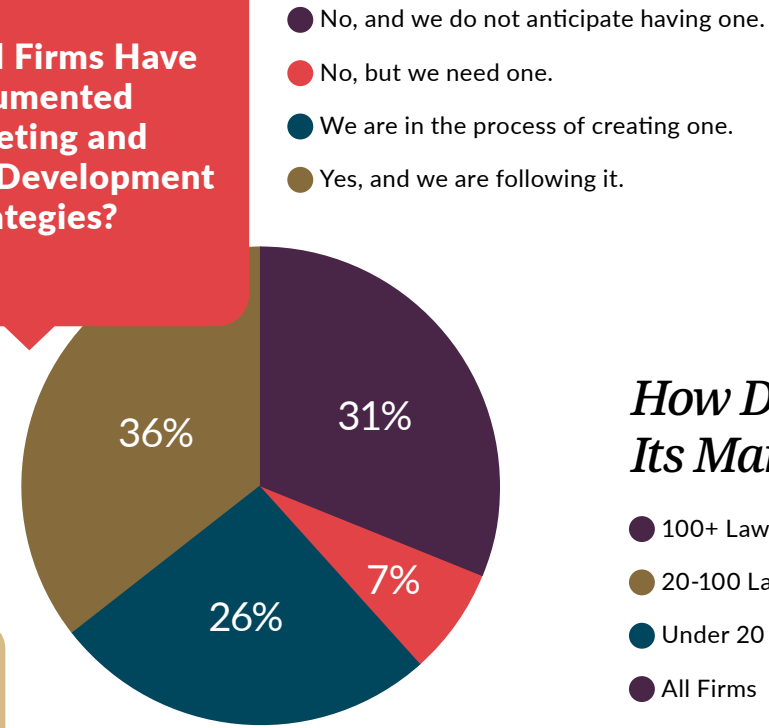


Marketing

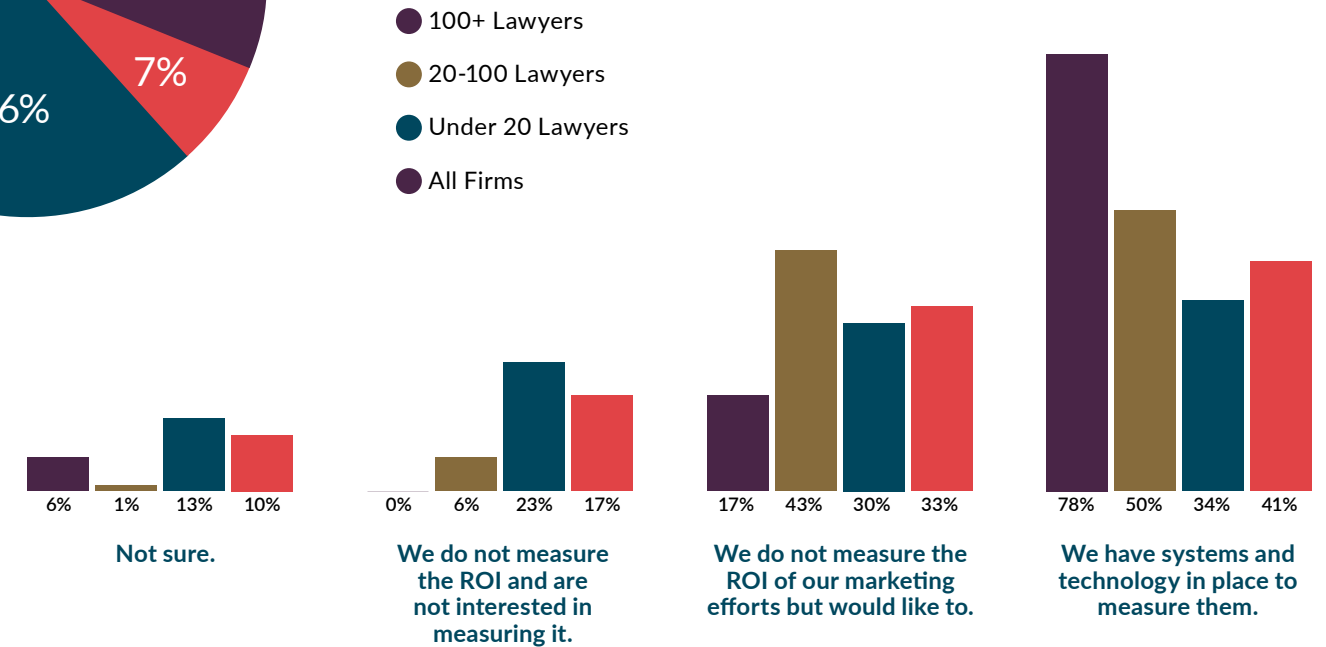
Did Your Marketing Budget Increase, Decrease or Stay the Same This Year?



Do Small Firms Have Documented Marketing and Business Development Strategies?



How Does Your Firm Measure the ROI of Its Marketing Efforts?



SPENDING AND STRATEGY

The majority of firms surveyed spent 1% to 5% of their annual revenue on marketing efforts during the last year. Another third devoted less than 1% of revenue to marketing spend. A sliver of the market—12%—budgeted 6% to 10% of revenue.

At many firms, the marketing budget rose this year—or at least held steady. Nearly half of firms—46%—increased their spending.

That includes three-quarters of firms with 100 or more lawyers, and 52% of firms with 20-100 lawyers. At firms with fewer than 20 lawyers, 42% said budgets went up. Just 3% of firms said they cut their spending.

The remaining firms said their budgets stayed the same. More than half of small firms and 46% of midsize players made changes to their marketing spend.

While budgets have risen at a number of

firms, many lack the means to calculate the return on their marketing investments. Less than half the firms surveyed have systems and technology in place to measure marketing returns. One-third said they do not track ROI, but would like to do so. One in five, however, said they are not interested in determining how effective their marketing has been.

The survey reveals an additional complication for firms with less than 20 lawyers. Currently,

64% of small firms do not have a documented marketing and business development strategy. Of those, 26% said they are in the process of creating one. Another 7% acknowledge they need one. Thirty-one percent said they don't have a plan—and don't anticipate having one. Without a plan, firms may be sabotaging their efforts to attract viable prospects and retain existing clients. Having a clear marketing and business development plan and a way to measure results is critical to achieve these goals.

Demographics and Diversity



95% full-time

5% part-time

As part of the survey, Canadian firms provided details about the number of people they employ and their efforts to encourage diversity in the law firm workforce.

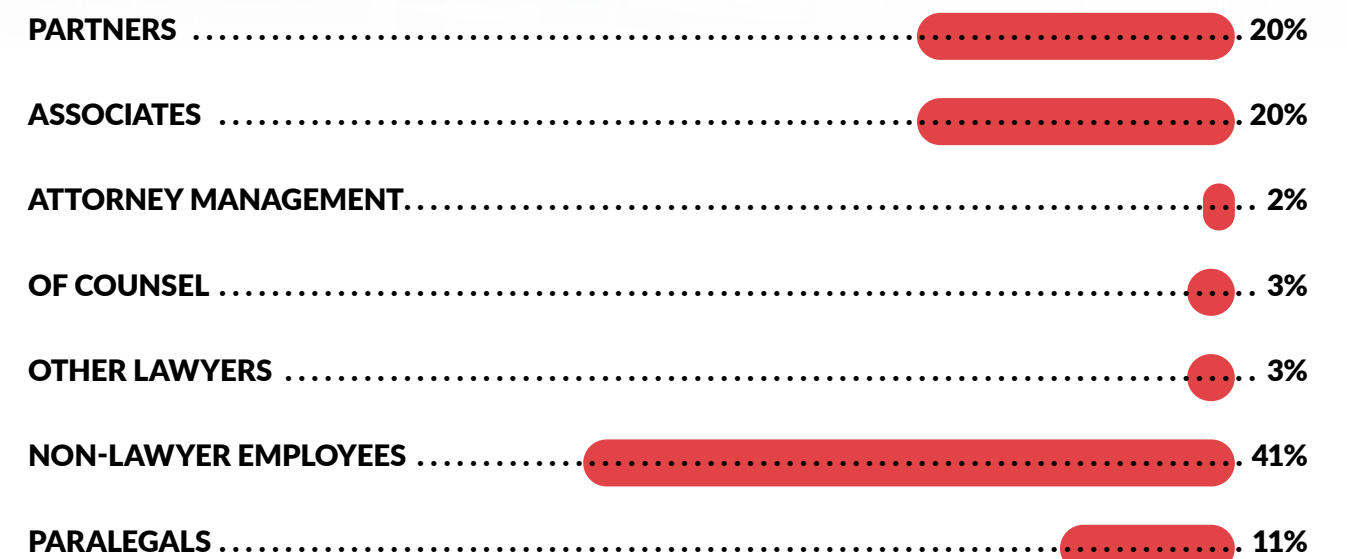
LAW FIRM STAFFING

The 344 law firms in our survey employ an estimated 28,500 people. On average, just under half of those positions—48%—are held by lawyers. Another 41% are occupied by non-lawyer staff, and paralegals account for about 11% of the jobs at Canadian firms.

Non-lawyer staffers are the largest single category of employees, no matter the size of the firm. The percentage is highest at large firms (100-plus lawyers), where non-lawyers and paralegals hold 56% of the jobs vs. 44% for lawyers. At midsize firms (20-100 lawyers) and small firms (fewer than 20 lawyers), non-lawyers hold 49% and 47% of the positions, respectively.

Firms also prefer full-time versus part-time workers. Ninety-five percent of positions are full-time, firms said.

Average Staffing at Canadian Firms



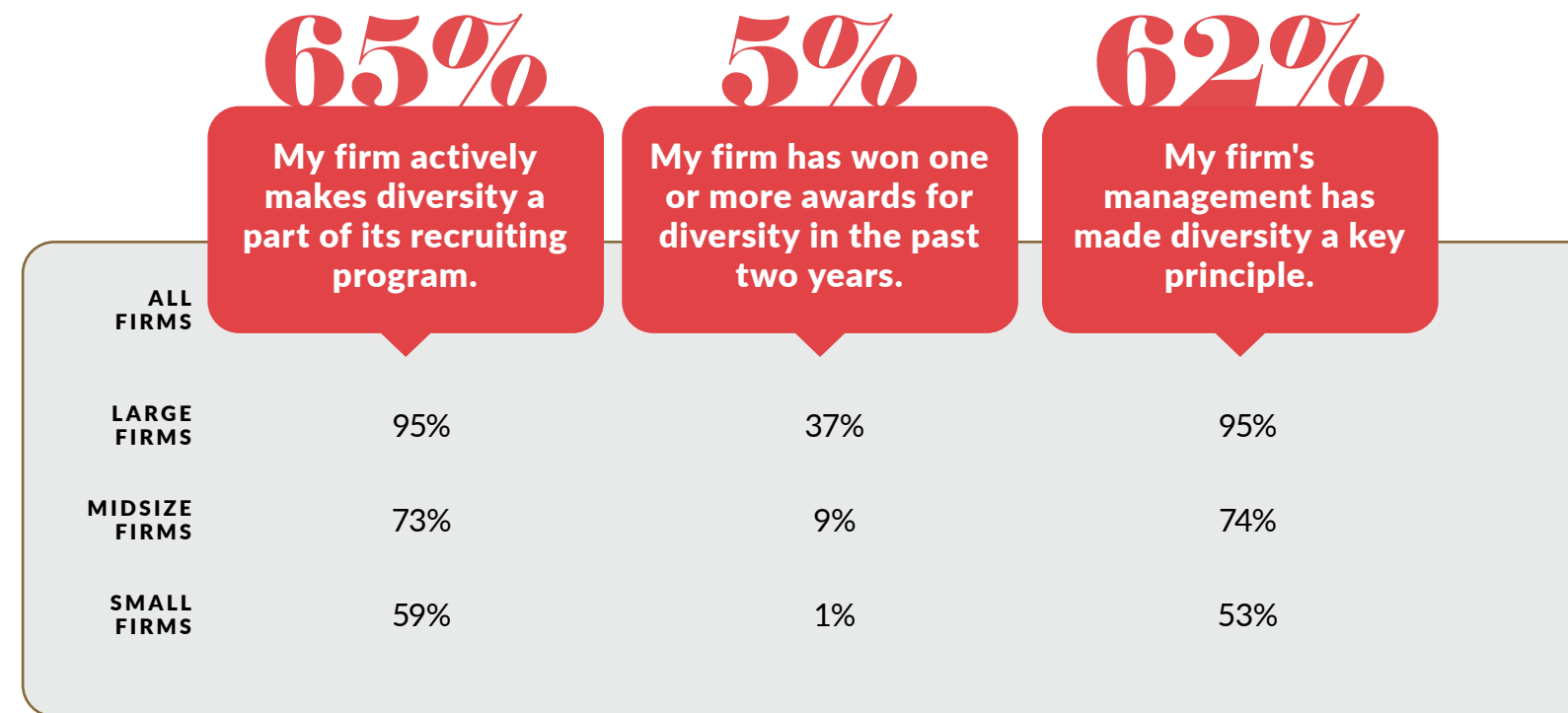
Demographics and Diversity

DIVERSITY EFFORTS

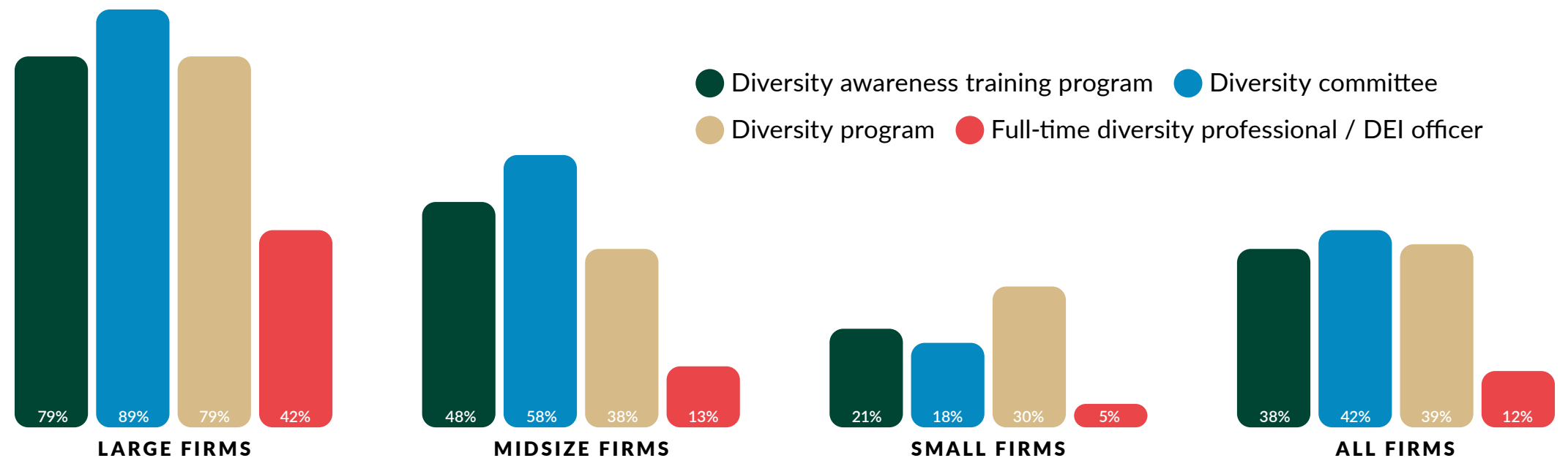
Large firms in Canada have invested heavily in diversity-related infrastructure. Among firms with 100-plus lawyers, the vast majority report having a diversity committee, diversity program and a diversity awareness training program. More than 40% have a full-time diversity/DEI professional on staff.

Investments decline steeply as firm size shrinks, however. Across all firm size categories, roughly 40% have diversity committees, programs or training, and 12% employ a diversity professional.

We also asked questions about firms' commitment to diversity. Size matters here as well: Nearly all large firms—95%—say their firm's management team has made diversity a key principle of the firm. About three-quarters of midsize firms and half of small firms say the same. Larger firms are also significantly more likely to have won awards for their diversity efforts and to make diversity a key part of their recruiting efforts. Overall, about two-thirds of law firms in Canada actively focus on diversity when they acquire new talent.



Which diversity-related positions, committees or programs does your firm have?



Pro Bono, Sustainability and Social Responsibility

Average number of pro bono hours per lawyer performed annually at the firms we surveyed.

25

Average annual pro bono hours by firms



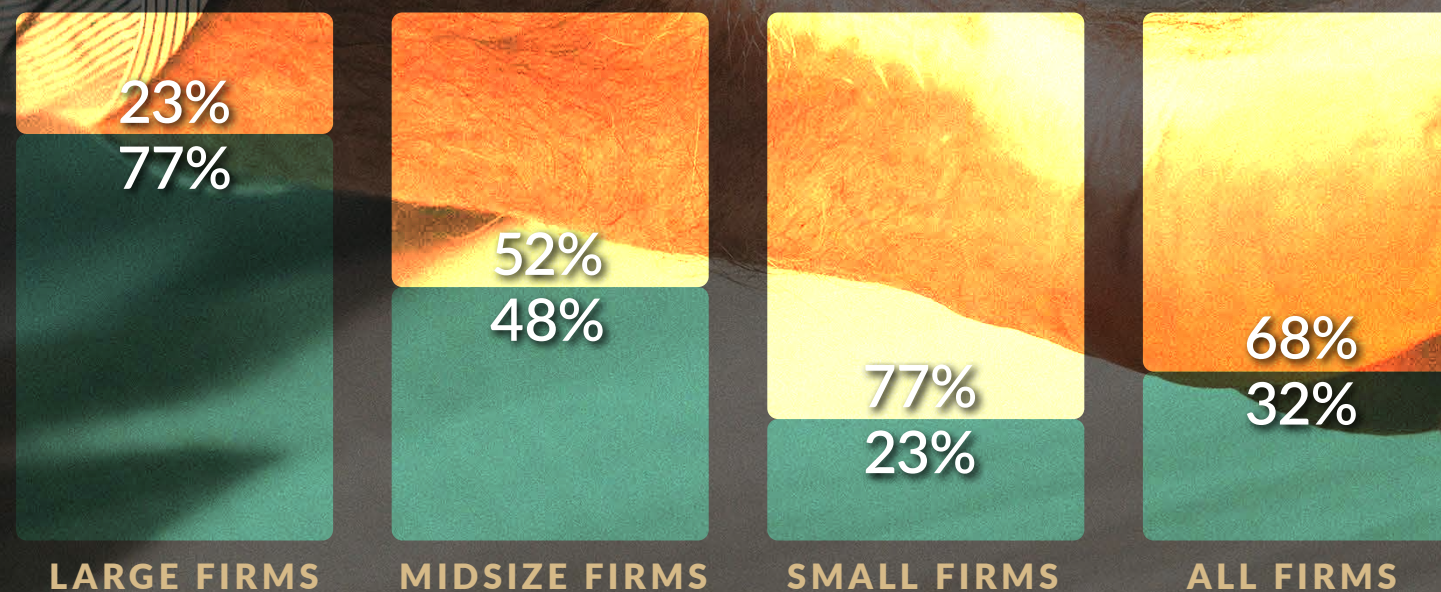
Lawyers in Canada are encouraged by regulators and professional associations to extend pro bono legal services to people who may not be able to afford them. While there is no rule requiring lawyers to perform pro bono work, the Canadian Bar Association's Pro Bono Committee suggests lawyers contribute 50 hours or 3% of their annual billings.

We asked firms whether they had established an infrastructure to help identify and promote pro bono projects within their firms. For firms with more than 100 lawyers, the answer was an emphatic yes. More than three-quarters have established a formal pro bono program.

Among midsize firms (20-100 lawyers) and small firms (fewer than 20 lawyers), pro bono appears to be more of an ad hoc affair. Half of midsize firms, and more than 75% of small firms do not have a formal pro bono effort.

Does Your Firm Have a Formal Pro Bono Program?

no
yes



That is not to say that smaller and midsize firms are avoiding pro bono work. Far from it. On a per-lawyer basis, small and midsize outperformed their large law firm peers.

Overall, however, the survey numbers showed very few firms are meeting the 50-hour per lawyer pro bono mark suggested by the Canadian Bar. On average, lawyers worked 25 hours last year on pro bono projects.

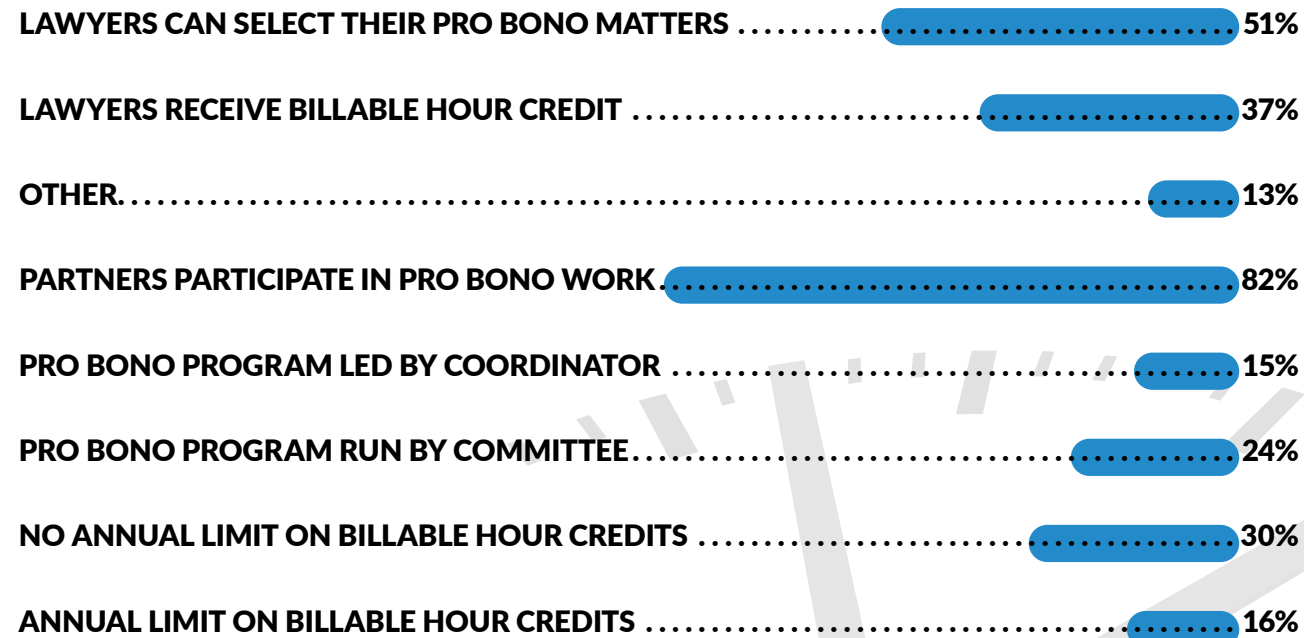
There were exceptions, of course. Three firms in our survey surpassed 200 hours per lawyer. The 32-lawyer Canadian office of a large, U.S.-based firm averaged 634 hours per lawyer last year. A Vancouver, B.C., solo practitioner did 250 hours of pro bono civil rights work. And a six-lawyer litigation boutique in Toronto performed 200 hours per lawyer.

Pro Bono, Sustainability and Social Responsibility

To encourage pro bono work, firms often offer lawyers a series of incentives—billable hour credits, for example. Most firms that provided pro bono information to the survey allow partners to participate in pro bono, and more than half give lawyers the flexibility to choose their own pro bono matters.

More than one-third of firms reporting pro bono work allowed billable hour credits. And by a 2-to-1 margin, those who allowed billable credits said they did not cap them. Among firms that place an annual cap on the number of billable credit hours, limits ranged from 50 to 150 hours, and averaged 88.9 per year.

Promoting Pro Bono: How Many Firms offer...



SOCIAL RESPONSIBILITY AND SUSTAINABILITY

We also asked firms with more than 20 lawyers about their environmental, social and governance (ESG) practices. Do they have formal structures in place to help with corporate sustainability, and have they established a social responsibility effort?

Formal corporate sustainability efforts are still relatively rare: 16% of firms said they have established corporate sustainability committees, and 18% have corporate sustainability programs. Only 4% have hired

a full-time professional to manage corporate responsibility at their firms.

Social responsibility programs, committees and training are somewhat more widespread in Canada—though hardly standard operating practice at most firms. One in five firms has a social responsibility committee or training program, and 12% have established a social responsibility awareness training program. Five percent of firms said they have hired a social responsibility professional or officer.

Large and Midsize Firms With...

Social Responsibility Positions, Committee or Programs



Corporate Sustainability Positions, Committee or Programs



Cross-Border and Domestic Work

The law firms we surveyed are doing the bulk of their work domestically, with midsize firms (20-100 lawyers) most likely to operate only in Canada. Three-quarters of firms in that size category said they work exclusively on domestic matters, compared to 35% of large firms and 9% of small firms.

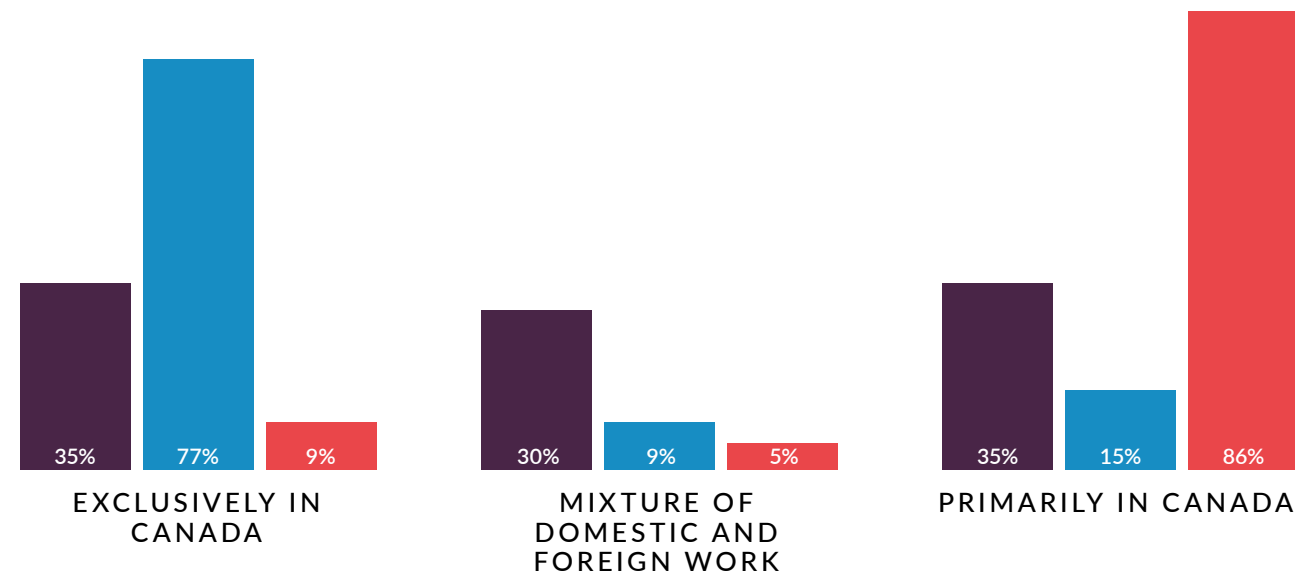
Nearly 9 out of 10 small firms (1-20 lawyers) said they focused primarily on Canada but may dabble in some cross-border work. Large firms (100-plus lawyers) were most likely to handle a diverse mix of domestic and foreign matters.

Among firms taking in cross-border clients, 47% said they were working in North

America outside Canada (i.e., the United States and Mexico). Canadian firms are not alone. In Best Law Firms' most recent U.S. survey, Canada and Mexico were the most common cross-border locations for firms based in the United States.

Europe was the No. 2 location for Canadian firms, with one-quarter saying they focused on trans-Atlantic matters. Asia/Pacific and Latin America ranked a distant third and fourth, respectively.

On average, the firms we surveyed reported 5.48 international offices and 1.75 domestic offices. Firms with more than 100 lawyers averaged just under five offices, midsize firms had two and small firms had one.

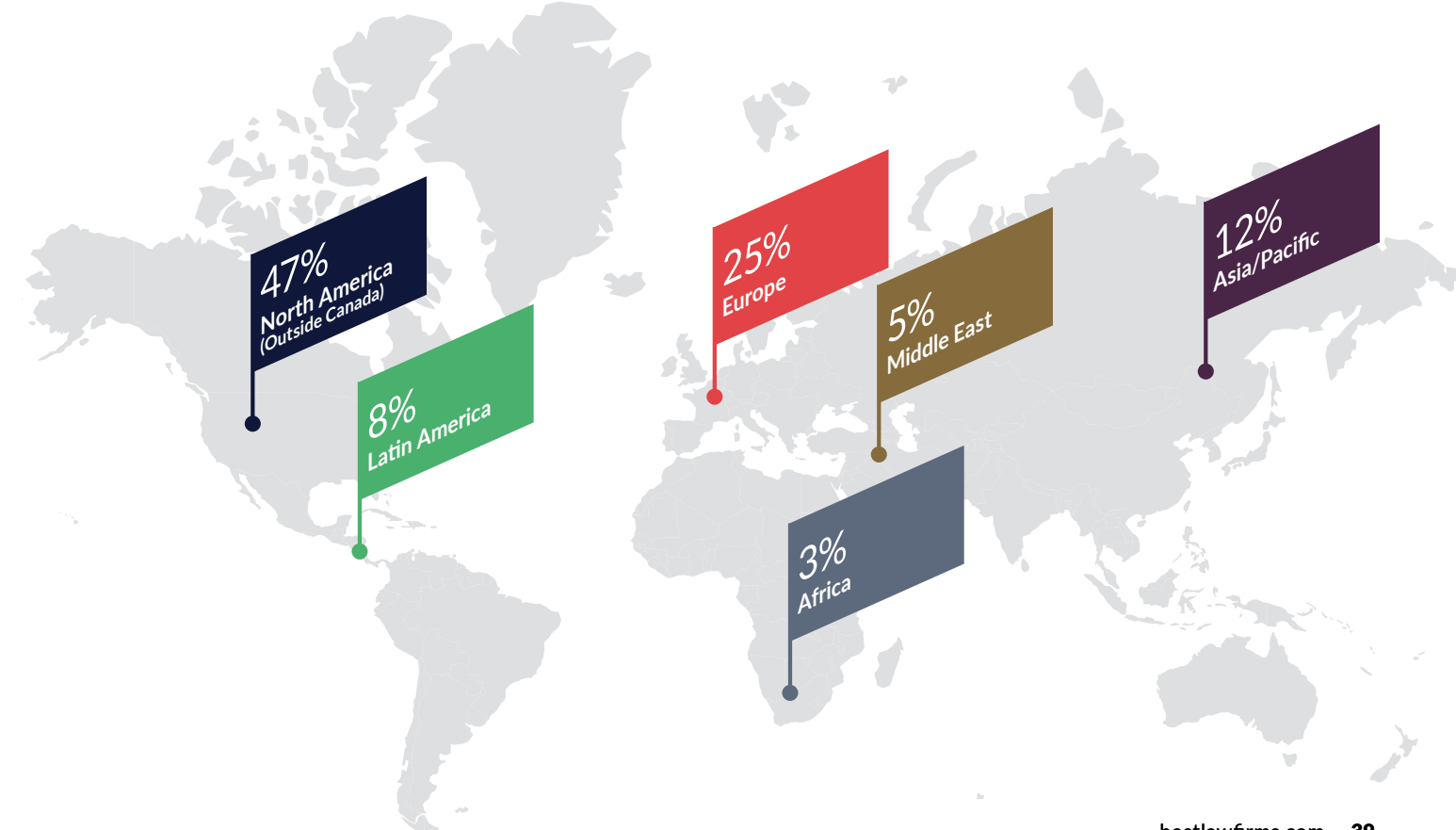


Where Does Your Firm Operate?

How Many Office Locations Does Your Firm Have in Canada?



Where Are Firms in Canada Doing the Most Cross-Border Work?



CONCLUSION



Canada's law firms appear to agree on what matters to clients: predictability, responsiveness and specialized expertise. But as our survey shows, what firms say they do—and how they actually operate—are sometimes two very different things.

For instance, 56% of firms cited client service as the method they use most to differentiate themselves from their competitors. Yet only a small share of firms—16%—regularly gather client feedback or conduct satisfaction surveys. Alternative fees are widely available. Nonetheless, few firms offer clients the kinds of modern tools—billing portals or real-time tracking—that would help make legal costs more transparent.

Given the risks associated with artificial intelligence, firms are taking a relatively cautious approach to adopting AI. While that makes sense, the clock is ticking. Clients are awakening to the potential cost benefits that AI may deliver. And the firms most likely to thrive are those that have integrated AI tools into their workflows and can show clients they are proactively working to deliver value and efficiency.

Across issues—financial performance, client relationships, technology and professional responsibility—the numbers suggest that firms of all sizes are struggling to respond to the changing realities of delivering legal services in the 21st century. Some are clearly making progress. Whether the rest succeed will likely depend on their willingness to modernize pricing and billing, measure their performance, sustain credible commitments to professional responsibilities, invest in technology and maintain and improve client service.

