

Law Firm Maturity Index 2024 Rankings



Inaugural Report
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Improving culture, value and impact



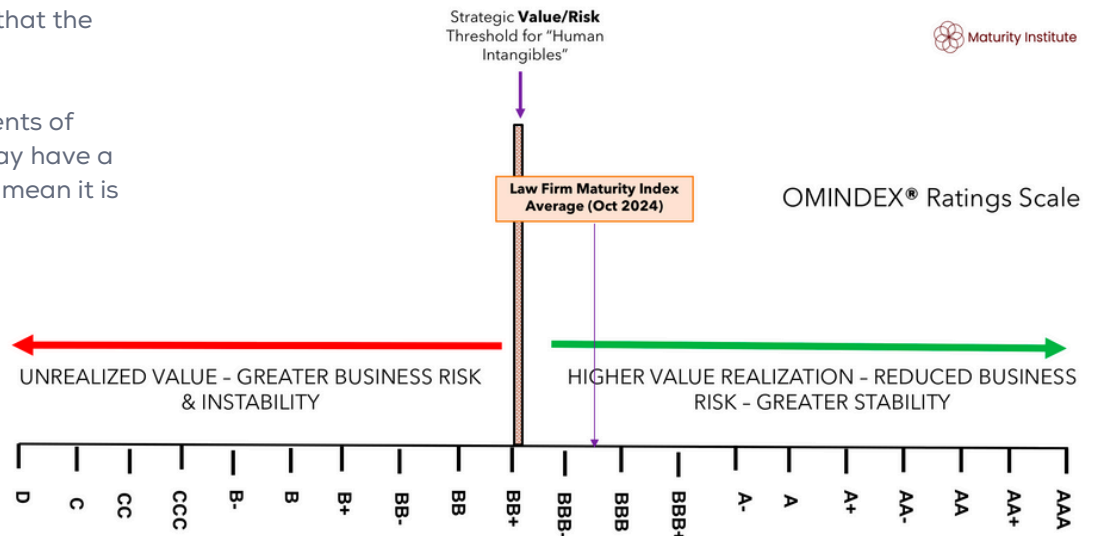
Maturity Institute

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Executive summary

- Organizational Maturity measures a firm's ability to generate value for all its stakeholders. The Law Firm Maturity Index currently comprises Organizational Maturity (OMINDEX®) ratings for the 30 largest UK-based firms.
- Law Firm Maturity Index (LFMI) data shows that firms have a significant value opportunity from more mature management of their whole, human systems. Even the most mature law firms can yield almost 40% more value for stakeholders.
- The average LFMI rating for the largest UK firms is BBB. Mature exemplars rate at A+ and above. The three firms with the highest LFMI ratings are Linklaters, Herbert Smith Freehills, and Clifford Chance (BBB+).
- Initial testing shows that maturity matters in law. For example, higher LFMI scores are associated with higher revenues.
- Law firm 'value' remains primarily defined and managed as financial performance. Highly mature firms manage value as an interrelated system of five factors: output, cost, revenue, quality, and external impact. Most law firms put revenue and growth at the heart of business strategy suggesting that the 'billable hour' model remains dominant.
- Most of the largest law firms articulate clear statements of purpose. Yet, the evidence shows that, while firms may have a stated purpose beyond pursuing profit, this does not mean it is a central tenet of an underlying business model.

- Many firms carry material human risk. Capabilities to assess, manage, and mitigate people and culture risk are rudimentary. The fundamentals of whole system, human governance remain missing.
- The absence of coherent human governance means solving complex challenges, such as integrating ESG, embedding true inclusion, and managing workforce well-being, will continue to be challenging, and often elusive.
- Reporting is poor and focuses more on activity than outcomes. There is little evidence that firms adopt the discipline of measuring the value or impact of human capital, people management, or culture investments.
- Elements of mature practice exist but do not arise from whole system design. Recommendations for improvement include areas such as culture measurement, adaptability, decision-making, and accountability.
- We recommend that firms use maturity data as a baseline to gauge improvement. Datasets can test linkages with key performance indicators; to identify the strongest causal connections to driving sustained value.



Contents

04

Introduction

05

Maturity, value
and risk

06

Rankings

07

Analysis

LFMI is the first reliable, independent cultural benchmarking tool that law firms can use for assessing and comparing their performance in this arena. I hugely encourage all law firm leaders to consider adopting LFMI for benchmarking their people's experience of culture, purpose, and ESG. **Florence Brocklesby**,
Founder, Bellevue Law

08

Improvement

09

Next steps

10

Contacts

"To measure is to know. This rings especially true when considering investments in areas often deemed as esoteric, such as company purpose, people, and culture. That's why our programs kick off with a partnership with The Maturity Institute. Appreciating the impact of these investments on your bottom line, customer and employee satisfaction, and shareholder value, as well as recognizing the risks of neglecting them, is crucial. These metrics serve as your biggest allies in overcoming resistance to change toward a more than just financial-driven organization." **Nick Van Langendonck**, Founder, Unbossers Network

04 Introduction

Many organizations are seeking better measures of success. The newly created Law Firm Maturity Index is now a live dataset of law firm health measured through a comprehensive human systems framework.

Financial performance alone cannot reflect underlying corporate health. Clients, investors, suppliers, and regulators are demanding new metrics too. Objective and independent verification of responsibility and sustainability are becoming prerequisites.

The Law Firm Maturity Index measures the extent to which a firm is authentically, purpose-driven, has coherent management systems, and has a corporate culture that creates Total Stakeholder Value. "TSV" is a measure of true, total value; one that reconciles financial performance and responsible business.

Law firms are facing complex leadership challenges:

- Integrating ESG and sustainability into business models
- Managing wellbeing and workforce mental health
- Embedding inclusiveness that drives true diversity
- Synthesizing financial performance and responsibility
- Assessing and managing culture risk

With the LFMI Legal Rankings, in-depth reports have been produced for each law firm. Reports are designed to be of benefit to each firm by showing how each diagnostic factor relates to management practice. The analysis provides unique data and insights on these leadership challenges and other interrelated human value drivers. The reports will also be invaluable for key stakeholders with an interest in law firm risk; such as regulators, insurers, and professional bodies.

Methodology

OMINDEX® is a research-tested Maturity Institute diagnostic. The diagnostic provides an in-depth, external assessment of organizational health across 32 maturity factors, or human value drivers. The rating uses a "AAA" financial type scale. OMINDEX® provides a rating and assessment that sits alongside conventional financial analysis.

In-depth OMINDEX® ratings and reports for law firms use publicly available information. AI is deployed to help collate, interrogate, and interpret available evidence. Qualified Maturity Institute analysts review and sign off each rating. Internal diagnostics can also be deployed with law firm cooperation to capture stakeholder perspectives. This additional evidence deepens understanding and enriches data and insights.

OMINDEX® assesses a firm's ability to create value for every stakeholder. Maturity measures organizational health by capturing how human intangibles (e.g. leadership, purpose, learning, and innovation), create value and risk for any firm. OMINDEX® data shows how improving human value creates a stronger corporate culture and drives firm performance.

Our evidence base is clear and compelling. Maturity benefits all stakeholders, without trade-offs. Mature companies outperform for partners, clients, staff, suppliers, and local communities. Maturity is measurement that matters.



05 Maturity, value and risk

OMINDEX® was created ten years ago to mirror conventional credit ratings. Each maturity factor is designed to be causally connected to material value and risk.

Early exemplars such as Toyota, Handelsbanken, and Costco continue to outperform peers. Indeed, they have done so for decades.

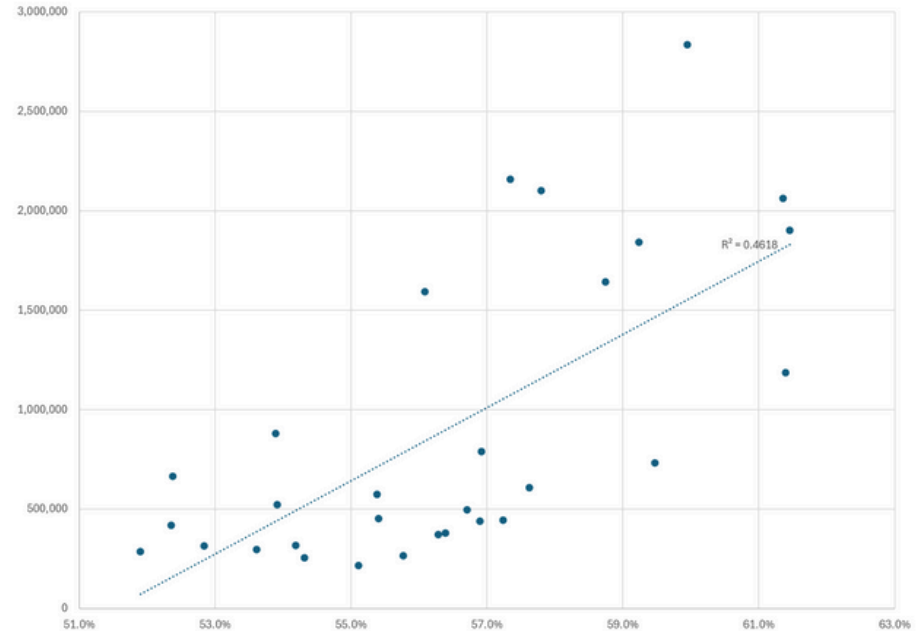
Research programmes with the Universities of Reykjavik, Lisbon, and Cambridge have helped build a robust foundation of empirical, maturity evidence. We now have a high degree of confidence in the causal connection between a firm's maturity, performance, and sustained value for all stakeholders.

"This confirms that the benefits to shareholders and stakeholders are not mutually exclusive; in other words, the value to business, shareholders, stakeholders, and society are aligned. A company can maximise profits and create wealth for shareholders mainly by establishing a mature institution that enhances wellbeing for all legitimate stakeholders, as well as create positive externalities to the environment and wider society."



"Our research with the Maturity Institute suggests that organizational decision-makers benefit most if they embed mature human systems...Ultimately, leaders can consider maturity for creating organizational contexts that act as enablers of practices focused on high performance...the point of change is when the workforce stops being seen as a resource and starts being seen as valuable, human capital."

Professor Carlos Botelho, University of Lisbon



Top 30 UK law firms (Maturity vs Revenue)

06 Rankings

The largest law firms in the UK are relatively tightly grouped. A small number of firms have differentiated themselves but not significantly.

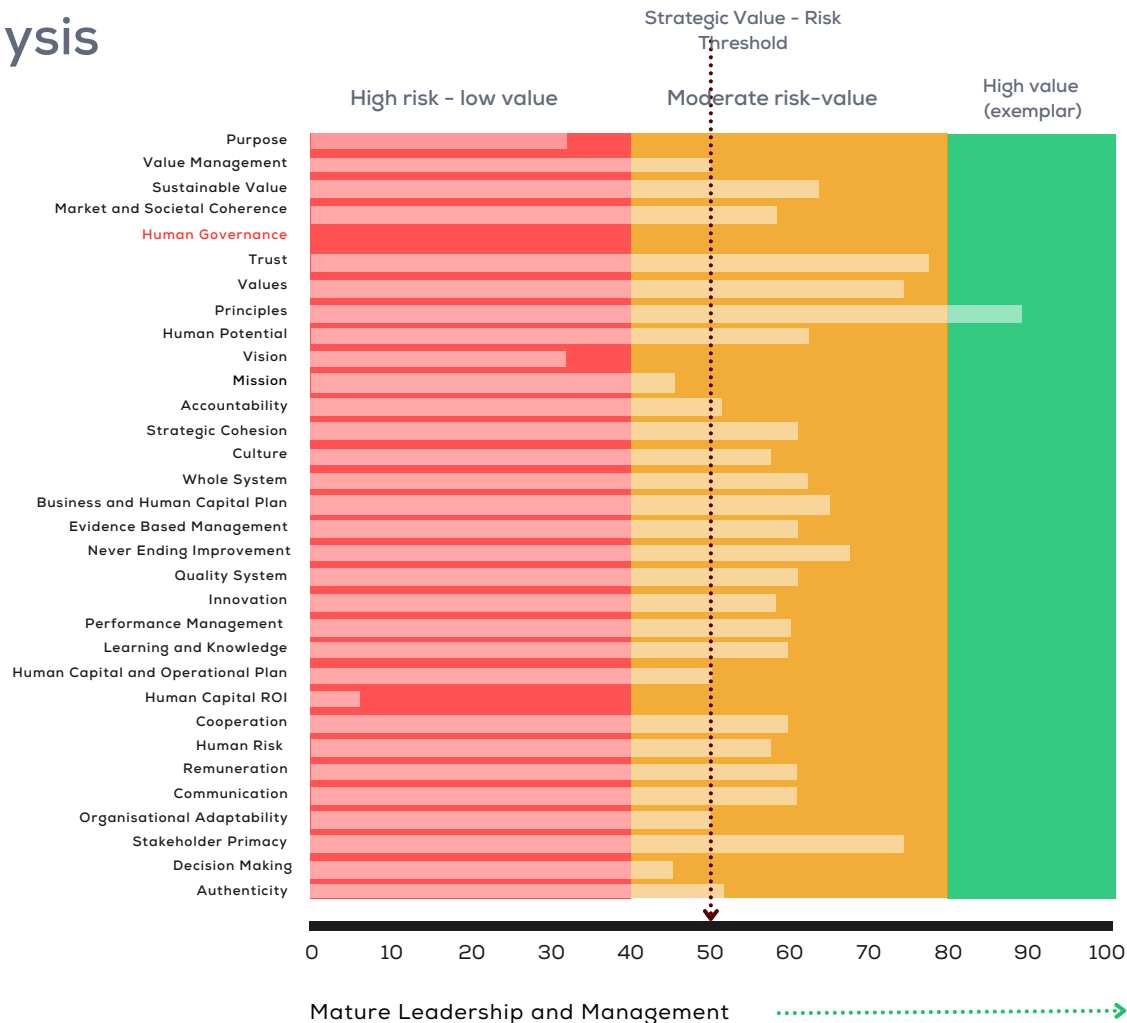
Consequently, as with maturity exemplars in other industry sectors, there is material opportunity for those with appetite to build more mature leadership and management. Mature firms differentiate themselves from peers and can do so over the very long term.

Our aim is to help the sector as a whole. Better outcomes will arise for everyone if all firms are able to become more mature over time.

OMINDEX Ranking	Law Firm	OMINDEX Grade	OMINDEX Ranking	Law Firm	OMINDEX Grade
1	Linklaters	BBB+	16	Fieldfisher	BBB
2	Herbert Smith Freehills	BBB+	17	CMS	BBB
3	Clifford Chance	BBB+	18	Stephenson Harwood	BBB
4	DLA Piper	BBB	19	Slaughter & May	BBB
5	Eversheds	BBB	20	DWF	BBB
6	Freshfields	BBB	21	Travers Smith	BBB
7	Norton Rose Fulbright	BBB	22	Mishcon de Reya	BBB-
8	AO Shearman*	BBB	23	DAC Beachcroft	BBB-
9	Pinsent Masons	BBB	24	Ashurst	BBB-
10	Hogan Lovells	BBB	25	Simmons & Simmons	BBB-
11	Addleshaw Goddard	BBB	26	Macfarlanes	BBB-
12	Taylor Wessing	BBB	27	Kennedys	BBB-
13	Clyde & Co	BBB	28	Bryan Cave Leighton Paisner	BBB-
14	Bird & Bird	BBB	29	Womble Bond Dickinson	BBB-
15	Osborne Clarke	BBB	30	Withers	BBB-

*Assessed as A&O as merger completed in 2024

07 Analysis



This table above shows average scores for the 30 law firms across each of the 32 OMINDEX diagnostic factors.

Each factor asks an in-depth question and applies detailed guidance for analysis and measurement. For example, question 22 considers learning and knowledge. It asks: to what extent is this a learning organisation that continuously and expeditiously aims to acquire and apply knowledge, expertise, and experience to continuously create more value and reduce risk? A short extract from the diagnostic guidance states:

“The idea here is to look beyond simply the number of training days that a company may hold. Instead, analysts should understand how pervasive the engagement process with learning is within a company; and how they then apply and share learning outcomes, both internally and externally. Mature firms will be learning systematically from all stakeholders.”

With one exception, firms can make improvements across all elements that will help to enhance value and mitigate risk.

08 Improvement

Based on the overall findings across the 30 law firms, the indicative areas that are likely to yield the greatest benefits include the following:

1. **Purpose, values, and principles:** mature firms embed a clear purpose that aligns with the Maturity Institute standard of “Best quality product/services at the best cost with the best external impact”. This galvanizes human capital via meaningful values and principles that inform decisions, actions, and behaviours[1]. If stakeholders, including clients, suppliers, etc., do not share a common purpose, firms carry potentially material risk through strategic misalignment, dysfunction, and incoherence.

2. **Value management:** most firms define performance through a narrow lens of productivity and output (e.g. chargeable hours). Realising human potential and avoiding significant culture risk arises from managing people according to their contribution to total value. This starts with clearly defining and managing business value as an interrelated set of five factors – Output, Revenue, Cost, Quality, and External impact[2].

3. **Authenticity and cooperation:** authenticity is a fundamental building block for staff engagement, collaboration, and learning. It is a foundation for autonomy and empowerment, where performance and improvement will flourish. It is also crucial to develop cultures within which material business risks can be better understood and managed.[3]

4. **Whole system, strategic cohesion, and adaptability:** mature firms recognize that a whole organizational system includes every stakeholder relationship. Such a firm will manage each system as part of a mutually reinforcing whole system. Mature firms embed a learning system as a key foundation upon which they strategically cohere, where all effective systems also include feedback loops.

5. **Accountability:** A mature firm will have explicit links that ensure accountability at leadership arises for total value outcomes which integrate Output, Revenue, Cost, Quality, and External impact. Failure to achieve agreed value outcomes will require full accountability in terms of reward impact, retrogression, or ability to continue in-role.

6. **Culture, human governance, and people risk:** every organisation is a whole, human system including workforce, clients, suppliers, and communities. Understanding and managing the value and risk arising from this whole system is called ‘human governance’. Mature firms understand and manage this at board and C-suite level through well-designed frameworks and measures.[4]

7. **Decision-making:** One key characteristic of a mature organization is the nature of decision-making. Mature firms are collegiate in how they make decisions. Importantly, they ensure that anyone who can add value to a decision should be involved in the process. This may make it slower but usually creates two critical outcomes: decision-making is right more times than wrong; and once a decision is made, it can be acted upon swiftly.[5]

4] See for example, Santander <https://www.santander.com/content/dam/santander-com/en/contenido-paginas/nuestro-compromiso/pol%C3%ADticas/do-corporate-culture-policy-en.pdf>

5] See for example, Toyota <https://mag.toyota.co.uk/toyota-production-system-glossary/>

[1] See, for example, Handelsbanken <https://www.handelsbanken.com/en/about-the-group>

[2] See, for example, Mercadona <https://info.mercadona.es/en/who-we-are/model>

[3] See, for example, Virginia Mason Hospital <https://www.virginiamasoninstitute.org/fostering-healing-environments-the-crucial-role-of-psychological-safety-in-healthcare/#>

09 Next steps

- The Law Firm Maturity Index ratings and rankings aim to become a recognised standard against which firms measure themselves and gauge improvement.
- In the coming months, the ratings will grow to include firms outside the UK. By the end of 2024, LFMI will comprise 50 to 100 firms.
- Firms are already using LFMI diagnostics as management tools; to provide a baseline measure of cultural health and key human value drivers. We encourage firms to use the diagnostic tools to help improve culture, better understand critical challenges, and build roadmaps for improvement.
- We will make ratings and summary reports available to legal stakeholders such as general counsels, regulatory, and professional bodies.
- The LFMI dataset is already significant. We encourage academic testing of LFMI data and will be happy to engage with interested researchers.

10 Contact us



Stuart Woollard is a co-founder at The Maturity Institute. He has over 20 years of experience in helping organizations become purpose-driven and human-powered. Stuart co-designed the OMINDEX® diagnostic tool, showing how firms can build better systems and cultures that drive sustained value. Stuart was made a Kings College London Innovation Fellow (2010). He co-authored "The Mature Corporation - a Model of Responsible Capitalism", a textbook that offers a new vision and framework for sustainable Total Stakeholder Value creation. www.linkedin.com/in/stuartwoollard1967



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