

# 2021 LAW FIRM PROCUREMENT SURVEY EXECUTIVE SUMMARY



## OVERVIEW

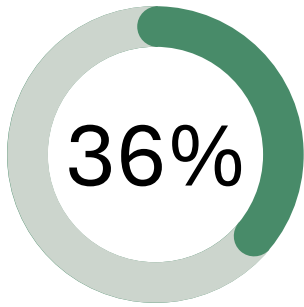
The purpose of HBR Consulting's annual Law Firm Procurement Survey is to equip law firm leaders with a point of reference for advancing the role of procurement and an industry baseline to benchmark against their peers. Our goal is to provide insight into relevant procurement trends, areas of focus, and challenges facing the industry. This information also helps provide insights into top procurement priorities for the coming year.

The 2021 edition of the survey was conducted in conjunction with our seventh Annual Law Firm Procurement Roundtable, which served as a forum for further discussion about procurement trends and priorities. This executive summary highlights four key findings from the survey results.

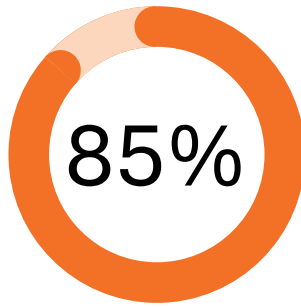


## SURVEY PARTICIPANTS

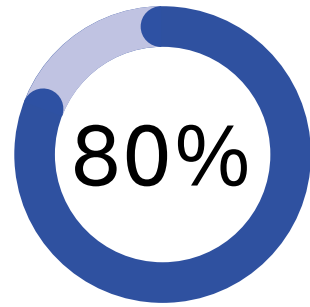
Respondents to this year's survey included procurement leaders at more than 25 Am Law 100 and Global 100 law firms from the U.S., Canada, Europe, Middle East, and Asia. Here is a snapshot of the profile of the procurement functions at firms that responded to the survey:



report to the CFO, COO or Executive Director in their firms.



describe their department's structure as centralized.  
(76% in 2020)



of firms have a procurement team of four or more professionals. (72% in 2020)

The continued growth in both the percentage of firms with centralized procurement departments and the size of those procurement teams indicates that law firm procurement is becoming an increasingly important business function.



## KEY FINDINGS



The number of firms with at least four full-time procurement/vendor governance staff members increased from 72% in 2020 to 80% in 2021, indicating the continued maturity of procurement and need of seasoned procurement professionals.

1

### Maturation of procurement function

The breadth and depth of services handled and supported by law firm procurement teams continue to grow, which has translated into the need for firms to invest in expanding their teams. The number of firms with at least four full-time procurement/vendor governance staff members increased from 72% in 2020 to 80% in 2021, indicating the continued maturity of procurement and need of seasoned procurement professionals.

The primary services provided by these procurement teams include strategic sourcing (96%), contract review (92%), contract administration (83%), purchasing (83%), supplier diversity (79%), and supplier relationship management (79%). We anticipate Supplier Risk Assessment + Onboarding and Sustainability percentages will increase in the coming years as procurement functions get more involved in supporting those initiatives.

### SIZE OF PROCUREMENT FUNCTION

		2021	2020	2016	2015
0-3 FTE's		20%	28%	25%	32%
4-6 FTE's		44%	39%	35%	32%
7-10 FTE's		20%	28%	25%	22%
10+ FTE's		16%	5%	15%	14%

2 **Improved due diligence for high-risk vendors**

Law firms are increasingly focused on risk management and mitigation—especially related to operational, reputation, and financial risk posed by vendors that provide critical services. The average number of risk assessments by firms increased sharply from

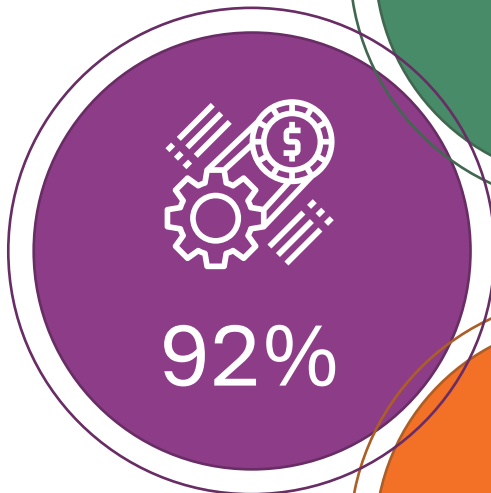
197 in 2020 to 330 in 2021. That increase has helped firms identify more “high or critical risk” suppliers, an important achievement because the percentage of firms with 100 or more high/critical risk vendors increased from 50% to 92% last year.

**VENDOR RISK MANAGEMENT**



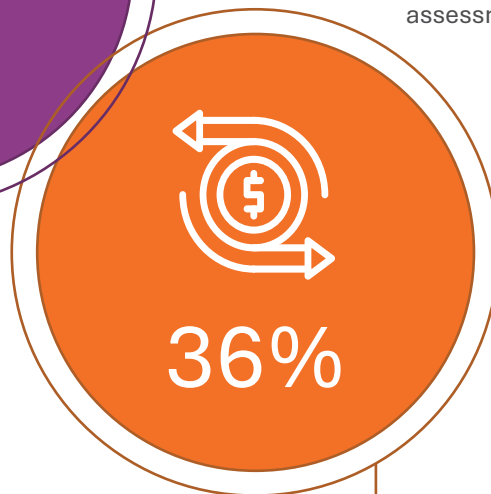
**Average # of risk assessments/firm/year**

60% of firms conduct 50+ risk assessments per year



**Number of high risk/critical suppliers**

92% have 100+ high risk/critical suppliers



**Inactive vendors**

21% change vendors to inactive after 18 months of no payment, 58% have no defined process



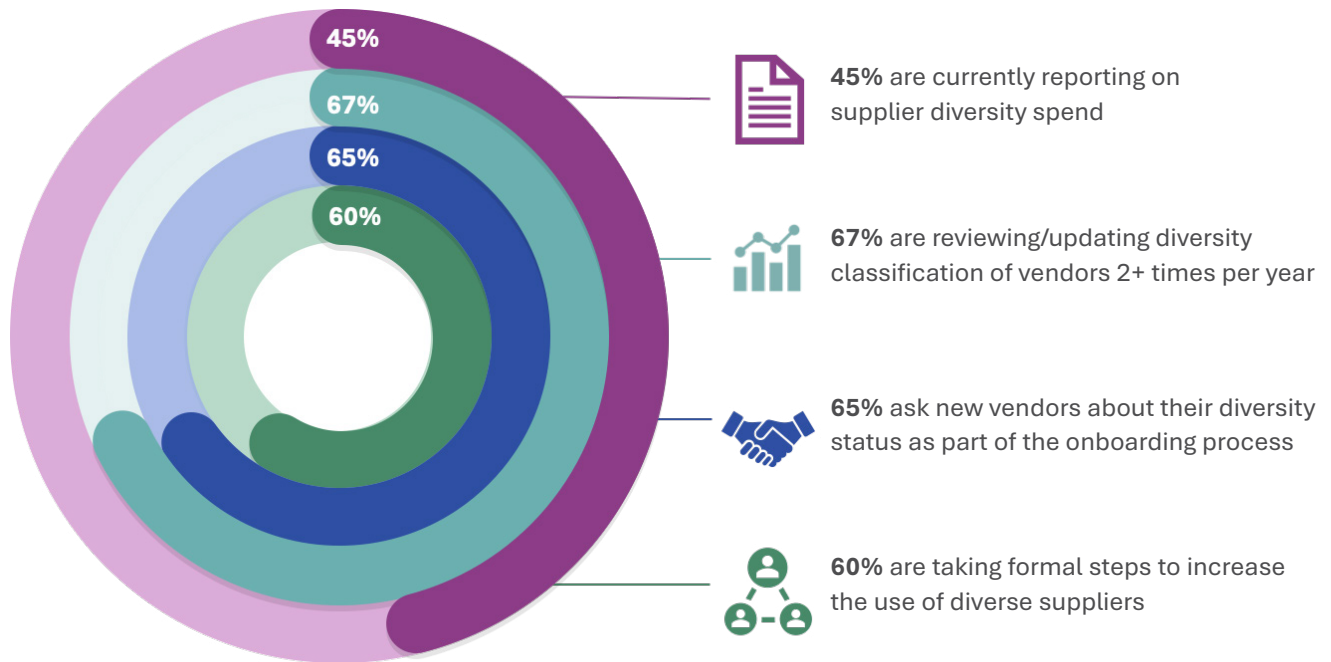
The continued focus on systematizing and centralizing vendor risk management activities is being driven by the increased expectations from clients and the growing list of regulations regarding data privacy and information security.

3

### Greater focus on supplier diversity

In recent years, we have tracked the steady growth of supplier diversity as an increasingly important objective for law firm procurement teams, fueled by rising client pressure to achieve certain diversity benchmarks and employee calls to promote social justice. Our survey found that 65% of law firms now have a supplier diversity program, up from just 43% of firms as recently as 2019.

## SUPPLIER DIVERSITY METRICS



~ Average spend with diverse suppliers is approx. 3%



Our survey found that 65% of law firms now have a supplier diversity program, up from just 43% of firms as recently as 2019.

In 2019, firms primarily focused their supplier diversity efforts on reporting (80%) or instituting a diversity policy. However, over the last two years, 31% of firms have started to take more meaningful and proactive steps by establishing diversity goals and objectives. One notable move is placing greater focus on including more diverse suppliers into RFPs or bid processes.

More than half of law firms (55%) are now taking this concrete action, up from 29% in the 2020 survey.

4

#### Emergence of sustainability programs

This year's survey identified an emerging trend that very much resembles where supplier diversity was a few years ago. Law firms are increasingly directing their teams to focus on environmental sustainability in the procurement process. We found that 38% of law firms have an environmental sustainability program in place and 30% of firms identified sustainability as a top priority for 2022.

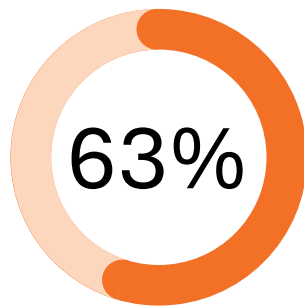
## SUSTAINABILITY

### Vendor Sustainability Plans



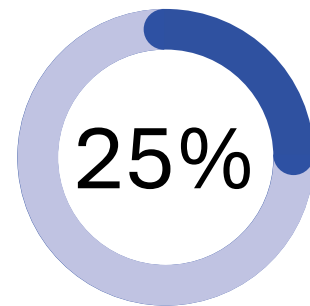
have procurement support sustainability initiatives by requesting vendor sustainability plans + reporting

### Products/Services



have procurement support sustainability initiatives by seeking out environmentally friendly products/services

### Environmental Offsets



support sustainability initiatives by buying environmental credit offsets

The most common ways that procurement teams support their firms' environmental sustainability efforts are by seeking out environmentally friendly products and services (63%) and by requesting vendor sustainability plans and reports (50%). Look for this trend to become more widespread and for specific procurement tactics regarding sustainability to become more well-developed in the years to come.

## CONCLUSION

HBR Consulting's 2021 Law Firm Procurement Survey revealed important insights into law firm procurement trends, opportunities and challenges, including six 2022 procurement priorities identified by respondents. To learn more about key priorities and our recommendations regarding how to approach them, please see our white paper, [Three Procurement Priorities for Law Firms in 2022](#).

## CONNECT WITH OUR EXPERTS

For more information about the 2021 survey or how to advance your firm's procurement function, please connect with one of our experts.



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## ABOUT HBR

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