

VLP Founding Partner David Goldenberg Speaks to Inside Counsel About “Why Financial Transparency Benefits Law Firms and Clients”

VLP Founding Partner David Goldenberg was interviewed by *Inside Counsel Magazine* about “Why Financial Transparency Benefits Law Firms and Clients.”

The article reported that, even though law firms are under no obligation to report their financial results to the public, financial transparency is becoming increasingly important. Following the financial collapse of some large firms, more firms are reporting finances because clients are beginning to ask questions about the financial state of the firms they employ and prospective hires are also looking closely at firms’ finances before making career decisions.

Mr. Goldenberg said: “Law firms have no obligation to report their financial results to the public and while that sounds more ominous than it is, it’s because they are private partnerships. Some of this information, such as profits per partner, is publicly disclosed, but these are often reported according to an industry standard rather than from actual data. For instance, several corporate law firms typically publish annual revenues and profits.”

“Increasingly clients across the board want to see more value for what they spend on legal services,” Mr. Goldenberg explained. “These shifts in the profession have prompted firms to take a hard look at how they provide legal services. This focus and value has challenged law firms to review and change their business models. Smart firms continue to embrace the changes in the legal profession, which can only increase their business development opportunities.”

Mr. Goldenberg noted that in today’s changing climate a culture of transparency is good for business and transparency helps create an atmosphere of trust. “Partners who know and understand how their firm allocates resources will be better attorneys and help create better law firms,” he said.

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