Agenda

12:15  KPI Framework – Mary Juetten
12:30  Start with Clients – Geoff Rodrigue
12:45  Cash is King - Lori Gonzalez
12:55  Getting Started
1:00   Questions
KPI Framework
KPI Overview: Ws

Who
What
Why – billable hour misconceptions
When
Where it worked – client experience

Q&A at the end of the presentation
WHO

• Law firms are businesses
• Accounting, payroll, KPIs are in addition to the practice of law & can be overwhelming
• Outsource or use technology
• KPIs are for all size firms because use the same principles; just add zeros
• Use small firm examples here
WHAT

• Key Performance Indicators are metrics for measuring all aspects of business and are beyond the traditional billable hour.

• Law can borrow from other professional services and industries for KPIs & Technology.

• Focus on outputs, client experience, collections rather than inputs such as hours billed.

• Move from Profits per Partner.
WHY

- Number one reason for business failure is lack of cash flow.

Clients bring Cash & repeat business

Cash is King

- Develop KPIs that support positive client experience and collections.
- Don’t dwell on billable hours; focus on happy clients and collections.
- Record all hours regardless of fee structure.
- Use the KPI data for creating pricing and billing models.
Thomson Reuters Small Law Firm KPI and Benchmark Survey

Participants:
- 690 surveys sent out to customer panel June 2016
- 62 Firms Responded: 10 Solos & 50% under 10 Attorneys

Stats:
- 81% use technology (however time & billing (34%) & practice management (44%) included)
- 58% do NOT use KPIs beyond traditional billable hours
- Only 6 or <10% use more than 4 KPIs
  - 19 use Collected Billings by Attorney
  - 15 measure overdue Accounts Receivable (A/R)
  - 14 track Matter Profitability
  - 3 measure client satisfaction (less than 5%)
WHEN

• 58 responses to TR Survey, 31 firms reported using either of the two profitability metrics:
  • Take-home dollars
  • Bank Balance

• KPIs need to be timely to allow for corrective action.
• Matter profitability was an option on the survey.
WHERE IT WORKED

• Positive and Predictable Cash Flow comes from Clients.
• Satisfied clients tend to pay and it’s easier to upsell or have happy clients refer friends and associates.
• Start with client development KPIs, including pipeline and cost of client acquisition and measure firm culture and client experience.
• Borrow from outside the law theme
Potential Client Pipeline

• Help or support – outsource?
• Targets – look backwards to measure first history if possible.
• Just get started with a listing of potential clients & estimated revenue.
• Terms:
  • Go | Get
  • Suspect, Prospect, Lead, Paused
CLIENT DEVELOPMENT: Pipeline

Adjusted Prospect Pipeline ($)

Total dollar value of the Prospective Clients’ Matters on the Pipeline adjusted for likelihood of success divided by total Attorneys (and Paralegals in some cases*) to yield a dollar value.

Technology:

Can start with Excel and move to Customer Relationship Management (CRM).

Some Practice Management have CRM capability.

Targets:

Should tie into the monthly revenue in your budget.
KPI Framework – In a Perfect World
Workflow Driven

1. Client Development
2. Cost of Client Acquisition
3. Productivity
4. Profitability
5. Performance
6. Client Experience
7. Firm Culture
Start with Clients
Clients

• Clients bring cash and repeat business to your firm.
• Define your IDEAL client
• We are dependent on referrals and our reputations.
Focus on Clients: Happy Clients; Profitable Practice

• What input do the clients have into your practice?

• Borrow from outside of the legal industry:
  • Value of delivery
  • Transparency
  • File Turnaround
  • Customer Satisfaction
Client Relationship Pipeline: Touchpoints with Clients

Varies by Client & Firm

Marketing

Sales

Production

Accounting

Client Services
Marketing

• Responsible for bringing in new prospects.

• Defined as “the action or business of promoting and selling products or services”

• This is often a first point of contact for your clients.

• Consistency is key.

• Are we attracting our ideal clients?
Sales

• Defined as “the exchange of a commodity or service for money”

• Converting prospects to paying clients.

• Does whoever is handling the sale give the right expectation for the client experience?

• Transparency is key. Were the price and costs explained completely?
Production: Where the Rubber meets the Road

• Do your attorneys and paralegals execute the work in a timely fashion?

• Are any documents or court strategies being prepared on behalf of a client accurate and in line with their wishes?
CLIENT EXPERIENCE: Net Promoter Score (NPS)

Net Promoter Score (NPS) (%)

The percentage of total clients responding to the survey question who are promoters less the percentage of total clients responding who are detractors.

Q: On a scale of one to ten (with one being not at all likely and ten being extremely likely), how likely are they are to recommend your firm to their friends, family, and colleagues?

Why or Why Not?” as an optional question
Allow for feedback, good and bad.
Survey must be tracked, not anonymous.

Technology:
Google Documents or Survey Monkey, Excel for responses.

Follow-up emails or calls.
Cash is King
Focus on Collections – Clients Don’t Just Pay

• “I never got a bill.”

• “I’m not still within my retainer?”

• “I don’t know what I am paying for.”

• “Send me a bill and I will get it paid.”
Focus on Collections – Clients Don’t Just Pay

- Bills should be consistent
- Retainers sound like flat fees
- Non-refundable ≠ earned
- Know when to fire a client
Focus on Collections – Don’t Turn Money Away

• Accept all forms of payment
  • Cash
  • Checks
  • Credit Cards
  • Plates of homemade cookies?

• Provide easy-to-use payment portals for your clients (and their mommas)

• Limited scope representation / Unbundled services
  • Provides a way to work with clients who cannot afford all of your services
  • Allows specific tasks to be paid and completed
PROFITABILITY: Know Your Bottom Line

• Black and white numbers don’t lie to you (but you might)

• Productivity can (and should) be measured

• What does your business make.... What do you make?

• Flat fees = Profits?
PROFITABILITY: Increase Your Bottom Line

- Technology Is a Requirement
  - Everyone tells you it is necessary – because it is.
  - Time is money and technology is time.
  - Reinventing the wheel is much harder than rolling with technology.
  - Do your homework – then take the plunge!

- Get a bill buddy
Get Started: Continuous Improvement

Improvement requires constant monitoring.

Change and experimentation mentality.

Learn to delegate and outsource.

**Budget** should not be just revenue divided by 12, build up costs and revenue, including **pricing**.

Enhance your **Practice** with technology.

**Measure** KPIs regularly.

Review and **Act** upon the results, adjusting targets, workflow, resources, & technology.
Final word: Systems & Data

Systems – from manual to high tech, define your workflow.
Pick the appropriate technology.
Garbage In; Garbage Out.
Link data sources and set up as many links as possible.
  Quickbooks
  Xero
Questions
Small Law Firm KPIs: How to Measure Your Way to Greater Profits

Order your copy today: http://legalsolutions.com/Juetten

Practical Guide to implement KPI framework as a Dashboard requiring only spreadsheets (also on Amazon)

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