



Key Performance Indicators for Canadian Law Firms

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www.LawFirmKPI.com



Introduction

About Key Performance Indicators

Creating a Useful Dashboard

Learning from 2010 Canadian Survey

Canadian LawFirmKPI Survey 2011 TM

Who is behind LawFirmKPI, Inc.?

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Who is behind LawFirmKPI, Inc.?

About our Relationship

No one serves the complete intelligence needs of the Canadian legal profession segment that this survey is aimed at any better than Canadian Lawyer Magazine.

LawFirmKPI, Inc. is therefore very pleased to advise that it has entered into a promotional support arrangement with Canadian Lawyer Magazine to increase the awareness of, and resulting participation by Canadian law firms in the survey.

This increased participation will only further strengthen the quality of Benchmarking information being produced for participants' use.

In turn, LawFirmKPI, Inc. will produce an article on the combined results of the 2010 and 2011 surveys exclusively for Canadian Lawyer Magazine which, while discussing the findings will in no way identify participating firms nor attribute the results to specific firms.

Canadian Lawyer Magazine

Thank you!



Introduction

Most Law Firms.....

Track their financial progress

- Billings
- Cash receipts
- Hours
- Client retention
- Attrition
- Growth



But for many law firms....

“Our only benchmark is our own past performance.”

Not anymore!

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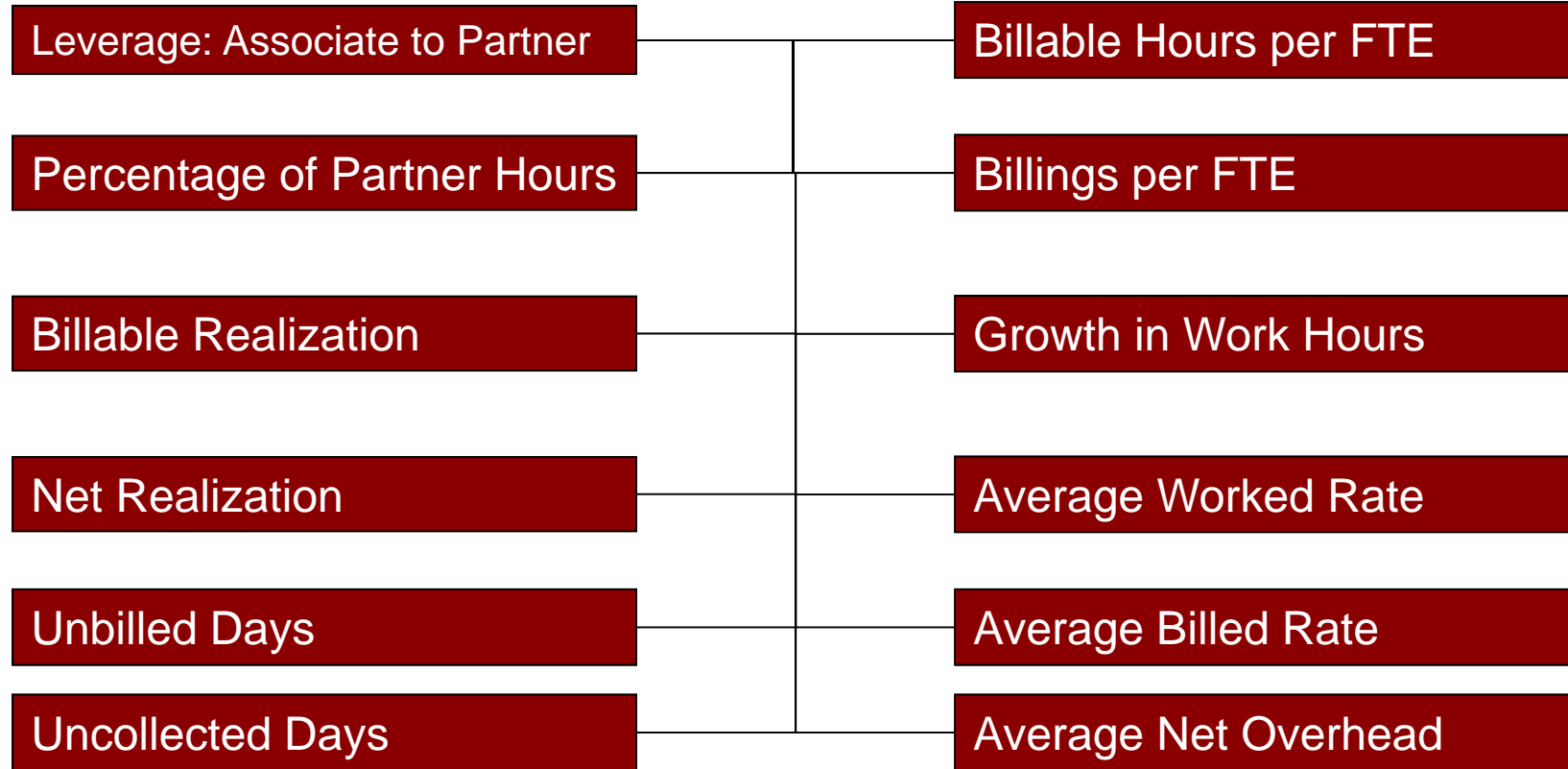
Key Performance Indicators

Must be
quantifiable

Must reflect the
firm's goals

Must be key to
your firm's success

Common Performance Indicators



Percentage of Partner Hours

If this KPI is increasing...

Characteristics

- Partners hoarding work
- Not enough work
- Lack of depth
 - Not the right people, at the right level to do the work
- Dysfunctional practice group
 - Don't share work
 - Don't keep associates challenged
 - High associate attrition
- Eat what you kill compensation system
- Partners are working harder not smarter

Strategies for Change

- Reward partners for work delegated
- Focus on developing new business
- Put one partner in charge of training and development of associates
- New leadership
 - Monitor workload in the group
 - Hold partners accountable
 - Exit interviews with every associate who leaves
 - Interviews (perhaps external) with every associate in the group

Average Effective Rate

Situation: this KPI is increasing...good or bad?

Good

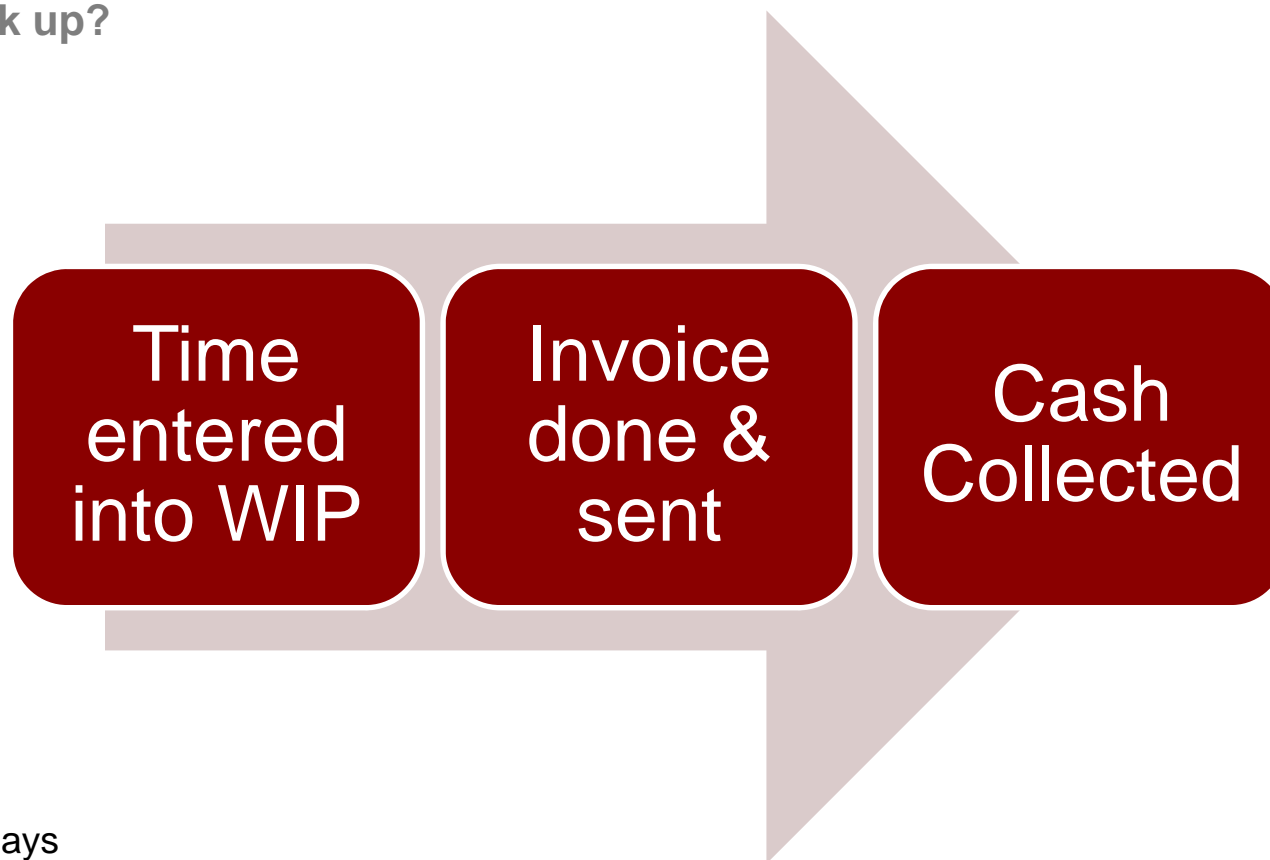
- Actual billing rate / standard hourly rate for each timekeeper category
- Average effective rate for associates is increasing
 - They are doing good work
 - Partners are not writing off their time
 - Quality is increasing
- Average effective rate for partners is increasing too
 - They are pushing work down to associates
 - Partners are doing partner-level work
 - Quantity and quality is increasing

Bad

- Partners may be writing off associate and paralegal time and then, billing their own time at full rate.
- Partners may be giving a discount at the point of billing?
- How do you find out?
 - Actual billing rate / standard hourly rate for each timekeeper category

Lock up

What is Lock up?



KPI to watch

- Unbilled Days
- Uncollected Days



Agenda

November 21, 2010

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Creating a Useful Dashboard

- Focus on what is important.
- Keep it *Simple*.
- Make sure your partners understand it.



Agenda



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Learning from the Preliminary Survey (fiscal 2009)

“Our only benchmark is our own past performance.” Not anymore!

KPI	Weakest	Median	Average	Strongest
Average Net Overhead	\$277,117	\$175,937	\$177,762	\$92,701
Percentage Partner Hours	59.8%	39.9%	37.7%	9.72%
Net Income as Percentage of Revenue	22%	37%	36%	47%
Uncollected Days	129	91	88	46

- Overhead impacted by location and sound management
- Percentage partner hours impacted by leverage
- Uncollected days impacted by attention, management and client relations

Agenda



Introduction

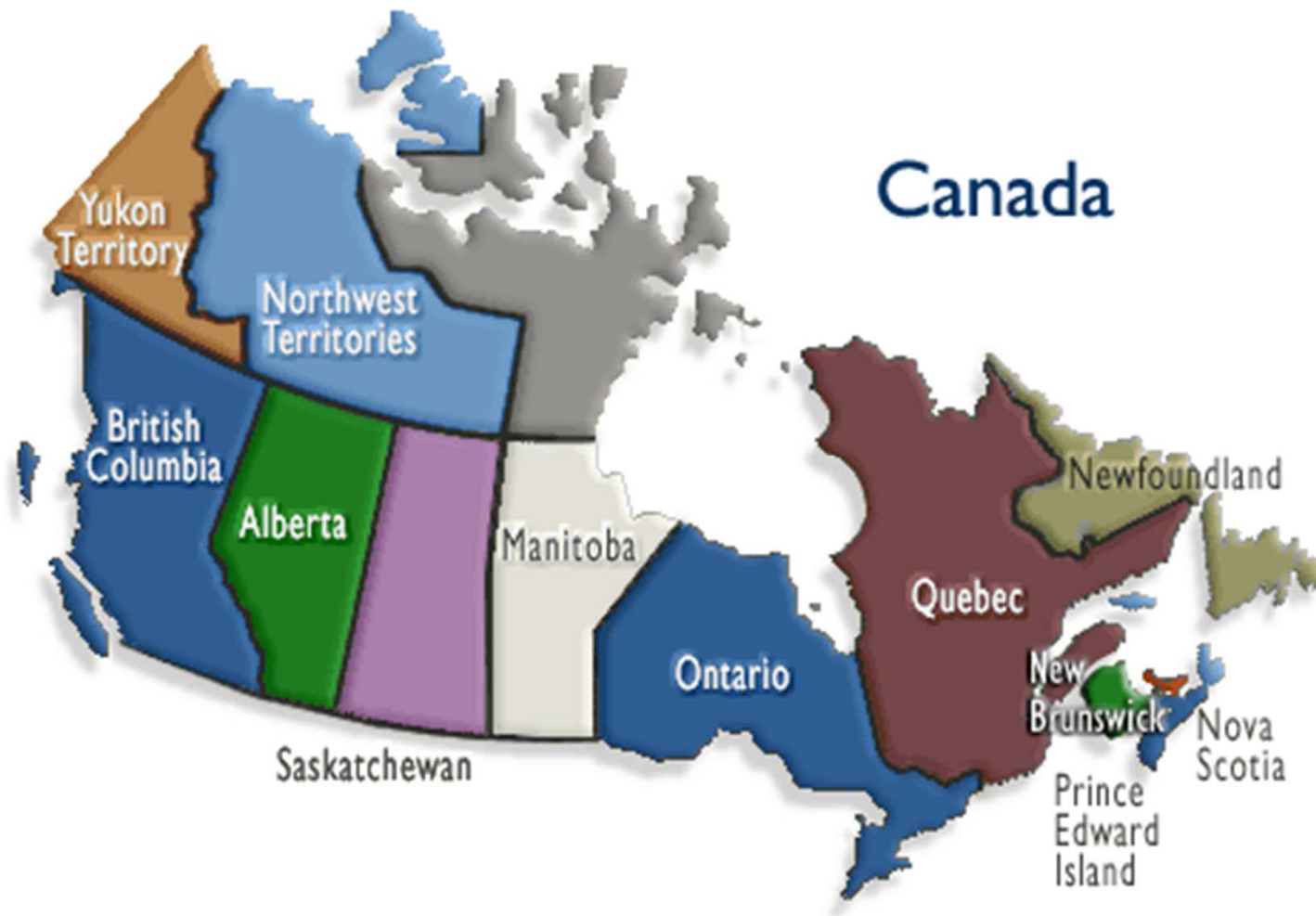
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Learning from 2010 Canadian Survey

Canadian LawFirmKPI Survey 2011™

Focused on building meaningful data.





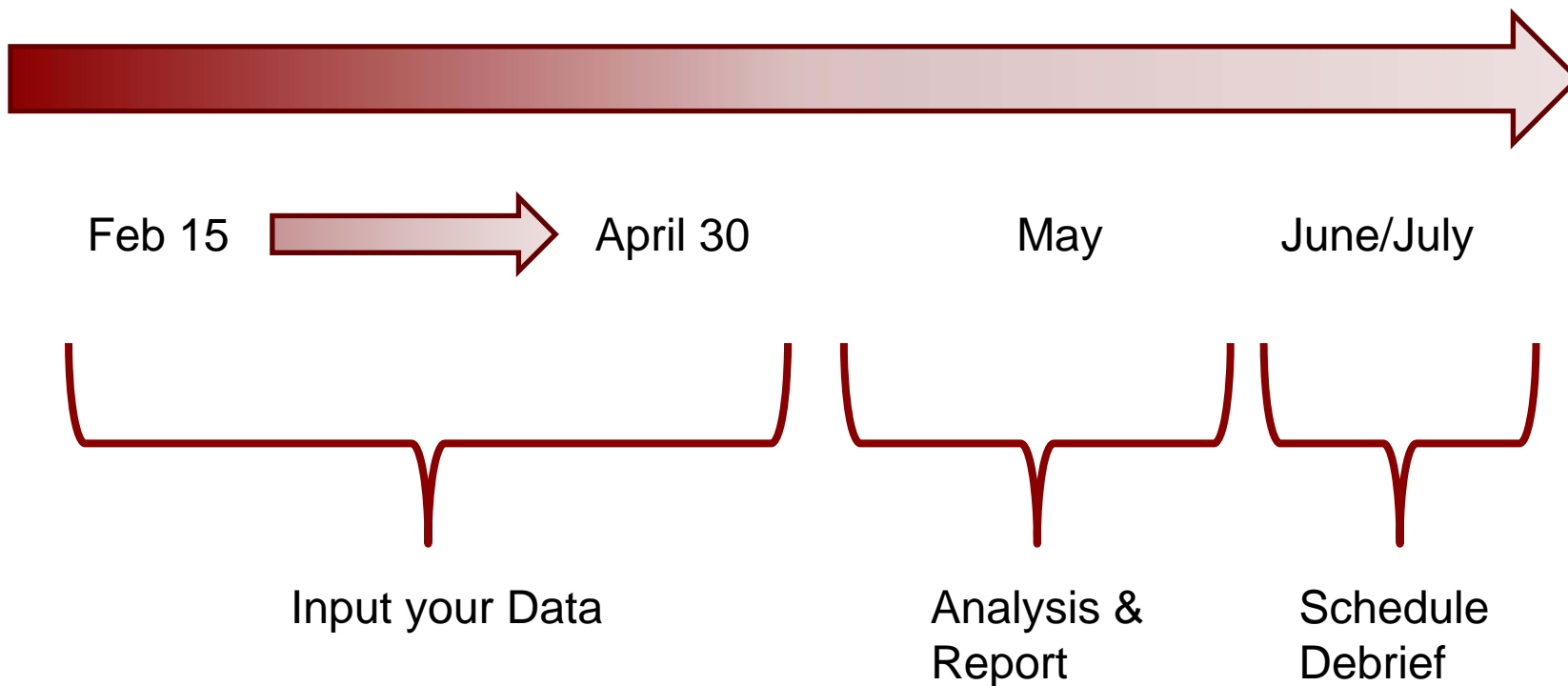
Focused on building meaningful data.

Through Collaboration with our Clients

Firms tell us they need meaningful benchmarks with other Canadian firms, by:

- Area of practice
- Geographic location
- By firm size
- KPI's for alternative fee arrangements
 - Revenue per partner
 - Revenue per lawyer
 - Revenue per employee
 - Fees per matter (measures size of engagement)

Timeline for 2011 Survey



Cost & Benefits

Cost: \$3500 per firm – 100% value guarantee

Benefits:

Customized Report

One Hour Debrief

- Unique to LawFirmKPI, Inc.
- One hour with your leadership via telephone or Skype.
 - **Prioritize the KPI** on which to focus and manage.
 - **Develop action steps** for improvement.

Quarterly Webinars

Surveys via website



How to Participate

1. Visit www.LawFirmKPI.com and click on the PDF input form.
2. Gather the requested information.
3. Complete the PDF form.
4. Submit your data.
5. Pay our account for \$3500 + PST, GST or HST applicable in your Province.
6. Upon receipt of the Report, review and book a debrief.

Sample Report

KPI SURVEY 2011 for
Your Firm

Metrics & Measures

In the Findings section of the report we provide the following metrics for the group as well as the KPI result specific to the participating firm:

- Weakest** – this is the worst metric for the KPI by any participating firm in the survey.
- Median** – this is the exact midpoint of the range of the calculated results by the group for the KPI.
- Average** – this is the mathematical average of the group for the KPI.
- Strongest** – this is the best metric for the KPI by any participating firm in the survey.

Overview Table

We have provided the following Summary Chart of the KPI included in this survey.

year, can assist firms in evaluating the success of the strategies they have adopted to achieve their goals.

Legend for Charts

Y Your Firm
 W Weakest
 S Strongest
 A Average
 M Median

Leverage

Leverage – is the ratio of Associates to Partners for the most recent 12 months that measures leverage, one of the important levers of profitability.

Staffing Ratios – this is the ratio of total staff positions to the total number of timekeepers which includes Associates, Partners Counsel, paralegals, staff lawyers and Articled Clerks.

Productivity

Billable Hours per FTE – is an indicator of utilization, another lever of profitability. It is the gross number of billable hours worked by Associates and Partners divided by the number of full time equivalents in that particular category.

Partners

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Summary Chart

KPI	Weakest	Median	Average
Leverage	0.30	1.53	2.59
Percentage of Partners Hours	58.81%	38.54%	36.66%
Unbilled Days	65.24	33.09	32.86
Uncollected Days	129.08	87.31	87.45
Billable Hours per Associate	893.43	1,493.31	1,372.28
Billable Hours per Partner	1,116.61	1,437.79	1,414.08
Billing per Associate	\$246,847.00	\$278,588.32	\$287,411.87
Billing per Partner	\$365,176.74	\$641,863.52	\$613,371.57
Average Worked Rate - Associate	\$192.09	\$234.66	\$237.78
Average Worked Rate - Partner	\$312.68	\$362.46	\$384.01
Average Billed Rate - Associate	\$177.92	\$206.52	\$226.66
Average Billed Rate - Partner	\$305.32	\$421.63	\$449.55
Ratio of Averaged Billed to Average Worked Rate - Associate	74.27%	95.51%	95.75%
Average Net Overhead	\$277,117.60	\$222,145.06	\$210,276.55
			\$119,696.50

We trust you will find the information in the remainder of this report beneficial and should you have need for any clarification please do not hesitate to contact a member of LawFirmKPI, Inc.

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LawFirmKPI™, Inc. 2010

equal importance to all measure your progress toward the details of your results top.

FINDINGS 7

LawFirmKPI™, Inc. 2010

14 pages, 30 KPIs

Metrics & Measures

Group Metrics to Compare to your Firm's Results

Legend for Charts



Y *Your Firm* **W** *Weakest* **S** *Strongest* **A** *Average* **M** *Median*

Leverage

Leverage – is the ratio of Associates to Partners for the most recent 12 months that measures leverage, one of the important levers of profitability.





To Learn More

Please visit the LawFirmKPI, Inc. website that is located at www.LawFirmKPI.com.

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Thank you!

