

This month:

- **Help stop losing money and credibility**
- **Key performance element often paid “lip service” that can make a difference**
- **That accountability management thing again**

Key Performance Element that is often ignored

There are quite a few firms still that are paying lip service to a fundamental measure that can have a serious impact on working capital and profitability. Billable hours time recording. We can see reports by individual fee earner and by department that are hardly ever seriously reviewed. Not acceptable especially as if people are using their IT systems properly time recording is so simple and that is not just chargeable time but the whole thing management, personal development, business development and so on.

Sometime reporting is a bit academic rather than put to excellent use – hence it often being ignored.

The data available is a major contributor to running the firm as a business. I think that averages are not really convincing but people jerking about impacting the performance and profitability of the firm needs attention.

Many HODs have got better job descriptions (or they certainly should have) with some real accountabilities – Billing, GP, Working capital so there is indeed more and more focus on time capture but also effective use of the data. Their monthly reports should be reflecting much of the topics below as are their individual fee earner performance reviews.

- Are we getting the billable hours that were planned and are we charging at the expected rates. Most firms budget on 5 billable hours per day for 230 days per year as a guideline
- It goes deeper though
 - Is 5 billable hours per day being achieved sustained and if not why not
 - What is a fee earner and his supervisor going to do about recovery and by when – short term, medium and long term tasks – clear objectives post appraisal and monthly performance up-dates. With the available daily KPIs it is a task that people can be kicked to recover – just as I am sure a HOD would for billing
 - Not achieving our billing has an impact on working capital – done late well after costs incurred
 - Not achieving our billing also impacts on Gross Profit and there are clear benchmarks now for work-type e.g 65-70% for private client and family is not unusual
 - Comparing hours billed per file by fee earner is also common – why does A take 5 hours to do something on a file and B 8 hours. It’s common on say Wills where some people take 2 hours with a client (losing money – it shouldn’t be a lost leader) and other 45 minutes for the same result
 - Knowing how we are performing against fixed price deals is key. It is key that time is recorded post limit to see how individuals are doing and what should be charged next time
 - It is essential to be on top WIP. The number of firms I see overstating the figure is criminal. Yes the time should be captured because of the item above but also written off quickly and reported upon by individual and department. The number of

firms and department when questioned that say that WIP is about 50% recoverable is scary. Many now make fee earners every month against matters state what is recoverable and by when. People are taken to task because of efficiencies or otherwise

- All time gets recorded more these days particularly as fee earners participate in BD, networking, being trained and developed. We need to consciously see what they are doing and if some are given relief from the standard.

Help Stop Losing Money and Credibility

Firms can be losing thousands of pounds and their reputation because of e-mail modification fraud where e-mails are being intercepted “on behalf of someone” and the subsequent loss of funds – mainly client but also the reputational damage to the firm. The other loss of course is confidential information.

This activity is now the most reported crime to the SRA at 60%.

There is however a potential solution or at least mitigation to be investigated. OnDMARC – where e-mails are labelled and they ask the recipient server to do a check. It is priced based upon the volume of e-mails going through the system and can be installed by your own IT team or a managed service supplier.

To find out more about it firms can consult with <https://www.lawyerchecker.co.uk/> who are already providing 2,500 law firms with their checks on previous conveyancing transaction history from the nominated address PLUS consumer bank account checker to validate your own client credibility

Whilst I am on about Lawyer Checker – used by 2,500 law firms a month can I also point out that the group owns a couple of significant publications – the long established www.todaysconveyancer.co.uk and the more recent www.todayswillsandprobate.co.uk both becoming “go to” publications for the sector

Those Key Management Basics

Yet more evidence over the last few months of some basics missing in key areas really geared to the ownership taken in job roles

- A clear business strategy that looks at the next three years and the contribution that year 1 (the budget is going to make)
- This strategy being made clear to all
- A clear understanding of **accountabilities** for every job role – not “responsibility”
- The importance that legal team Heads of Department are to the business
 - Accountabilities
 - Desire
 - Personal development and equipment to do the job
- Within the strategy – getting rid of budget adherence and proactively managing
 - Introduction of perpetual forecasting – is a dip recoverable or can success be accentuated - 1+11, 2+10

- Year to Date v Budget is an irrelevant number. The trends have to be visible historically and going forward
- How are things going to be recovered and exploited
- Differentiation between reports and KPIs
 - Reports provide the key performance status and analysis for discussion and planning next moves
 - Realistic billing and profit objectives – gross and net
 - Headcount levels
 - Staff performance and improvement
 - Business development
 - KPIs are information in a time to enable driving the business to achieve its objectives weekly and daily if necessary
 - How is that billing target going to be met when at the end of week 2 we have only achieved 20%
 - How are we going to collect our targeted cash when similar stats
 - Likewise with billable hours
- Generation of enquiries and their conversion. Why is one department achieving so much more than others

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