

Happier Clients, Higher Profits

Tuesday, September 20, 2016, 12:00 p.m.-3:45 p.m.

Presented by Larry Port & Tim Baran, Rocket Matter

Oregon State Bar Center Columbia Rooms A & B 16037 SW Upper Boones
Ferry Road, Tigard, OR 97224

Session 1

*How to Run a Profitable Business:
Key Numbers You Need to Know*

Overview

An ongoing challenge faced by law firms is how to be a fierce client advocate and a great business operator at the same time. Billing management, particularly, is a major problem, with a recent Georgetown Law study estimating that law firms collect only 71 percent of the work they perform.

Law firms can solve this problem by gathering and analyzing data and using it to determine key performance indicators (KPIs).

We'll take a look at nine vital numbers law firms should be looking at and six analytics reports or KPIs - Origination, Allocation, Matter Budgets, Productivity Per User, Productivity Per Matter, and Collections - to determine the health of the firm and to identify areas for improvement.

We'll discuss how to set objectives, introduce changes, and track your progress.

Nine Vital Numbers for Your Law Firm's Health

If you want to take superhuman care of your clients, you need to run an efficient business. You need to not hate numbers. To run an efficient business, you need to know your vitals.

Do a Checkup to See if Your Business is Healthy

Vital numbers for business are what are known as key performance indicators, or KPIs. KPIs are like blood pressure, temperature, pulse rate and respiration rate for the body. They let you know succinctly if you're ill or healthy. KPIs may vary based on what type of firm you run. For the most part, though, there are common measurements most attorneys should observe.

Cash position. Your cash position is how much liquid cash you have available to run your business. Get into the habit of checking yours every day. It's important to know what money is moving in and out of your business. This movement of funds is your cash flow, and understanding it is the most critical aspect of running a business.

Cash is oxygen for a business. You need to be focused on all aspects of managing it, including knowing what vendors you're paying and when, how you can collect on your work more quickly, and what revenue you can expect coming down the pike. Not only will you understand your business better, but you'll probably sleep better at night.

New leads per month. "Lead" is a four-letter word to many law firms. A lot of lawyers prefer the term "prospective clients." Guess what? They're leads. If you want a steady stream of new business, then you should start measuring how many leads you create each month.

New clients per month. If you know how many new clients you typically engage per month, and you're tracking your monthly lead creation, plus you have some insight into your cash flow, then congratulations! You have more insight into your law firm's business (and future business) than 90 percent of all practices.

It's a good idea to use a spreadsheet to keep track of your trends on an ongoing basis. If Excel frightens you, you need to get past that fear. Spend 10 minutes watching a basic tutorial video on YouTube and teach yourself one of the most powerful business tools on the planet.

Case volume. Case volume is simply the number of cases you have active at any given time.

Case value. Case value is how much a case is worth from a dollar perspective. This could be a flat fee amount, an hourly billing amount, or a predicted outcome

for a contingency case. Let's go one step further: When you multiply case volume by case value, you have an idea of how much your current work will bring in. Then you can assess if you want to bring more revenue into the business, which can be accomplished by raising rates (increasing case value) or amping up the number of cases you handle (increasing case volume).

Matter budget. Whether you bill flat fee, contingency or hourly, knowing how much work you're putting into a matter versus what you desire to put into it is critical. It keeps things from spiraling out of control and allows you to identify which cases are better economic performers than others.

Utilization rate. Your utilization rate is the amount of time you bill versus your target hours (the amount of time you are supposed to bill). If your weekly billable target hours are 40, and your actual billable time for that period is 36 hours, your utilization rate would be 90 percent. Tracking utilization rates across timekeepers in your firm allows you to set performance-based goals, reward top billers and deal with poor employees.

Realization rate. For some law firms, it is important to track all time, not just billable time, which helps partners understand the efficiency of their staff. Your realization rate is the amount of billable hours you capture versus the total hours you capture. For example, if you capture 50 total hours worth of time in a week, and 40 of those hours are billable, then your realization rate is 80 percent. Realization helps you understand if you're doing a lot of administrative work versus actual legal work.

Collection rate. Collecting money for their invoices is a big problem for law firms, but many don't understand how well or poorly they are performing on that critical issue. Your collection rate is the amount of money you collect for your invoiced work. The best law firms have collection rates of over 90 percent.

Key Performance Indicators (KPI's) and the Reports They Fuel

For this exercise, we'll define KPI's as critical numbers that help a firm define and measure progress towards overall goals. We focus primarily on financial numbers and percentages that should help boost your business awareness in a small to medium sized firm. It's not meant to be an all inclusive list of all metrics possible, but to get law firm personnel to think about generating and organizing reports and financial data and structuring them to help drive the growth and success of their firm.

What a KPI must be:

It must reflect the firm's overall strategy and goals. There may be numbers that you keep track of that don't necessarily apply to this but in general it's better to keep your KPI's focused as measurements toward the big picture.

They need to be keys to the firm's success. Achieving growth or improvement in these numbers will serve as a general beacon for your firm as you navigate and grow.

It has to be quantifiable and measurable. Your most important numbers need to be easily trackable. They need to be examined on a regular basis. Just like Rome wasn't built in a day, KPI's aren't something that typically improve overnight. With steady attention, however, they will help reveal some things you can't really see on the surface by looking at your firm and help show you the way to improving certain aspects of your firm.

Reports are vital to managing progress at your firm. A great way to think of reports is to consider them a lever. Imagine trying to lift something very heavy and how much easier it would be to lift it using a lever. Trying to dig down into KPI's without using reports as a lever is less than optimal. It's difficult to keep having to dig into excel or into a mass of files you have stored in a cabinet or in the cloud. You want, ideally, the power to pull all that information together and have it at your fingertips.

Origination Report

I want to see which firm members are bringing in clients.

KPI: New Clients Per Month

Bringing on new clients and cases is imperative to the growth of any law firm. While smaller firms generally consider bringing on new clients a team effort, larger firms maintain a system of recognition to make sure that employees are getting the credit they deserve. It's not out of the question for partners to leave firms and take clients with them if they feel they are not being fairly recognized and compensated.

Firms can use Origination Reports to see who is bringing in clients for the firm, what payments have been brought in by the client, and what portion of those payments have gone towards fees and costs.

Allocation Report

I want to see the allocation for all payments received during a particular time period.

KPI: Billable Revenue Assignment per Attorney per Month.

The Allocation report shows the amount of client payments your attorneys bring in. This makes it easy to calculate payouts, and supports payroll structures that pay attorneys a percentage of revenues.

Using the Allocation Report, you can figure out how to pay your attorneys by seeing the amount of client payouts your attorneys bring in. Benchmark and compare. This makes it easy to calculate payouts, and supports payroll structures that pay attorneys a percentage of revenues and shows you who is bringing in the business.

Matter Budget Report

I want to assign how much billable time I will spend on a particular matter.

KPI: Average Time and Expense per Matter

Certain matters require a budget to be set due to specific client needs. Your firm may encounter a client who is uneasy about moving forward with a case due to budget concerns. The client may agree to a retainer, but is anxious about overspending and needs the ability to maintain financial stamina to see a case all the way through.

The Matter Budget Report gives you control over this fear by setting a limit on the amount of money that can be billed for the matter. You can assuage your client's worry with this simple and efficient report that will show you how much has been billed and how close you are to exceeding your client's budget.

Productivity Per User Report

I want to see how members of the firm are utilizing their time, how much revenue they're generating, and their average billable rate.

KPI: Utilization Rate and Realization Rate

How are attorneys, paralegals, and other timekeepers at the firm spending their time each day? How much is spent on billable versus non-billable matters or on administrative functions? Which attorneys at the firm are getting their billable hours written off? Did your new associate meet her billable hour requirement? Great! But, wait a minute...her average rate dipped, impacting her billing rate.

The Productivity per User report lets the firm see how timekeepers are tracking and managing their time, how much billable versus non-billable time attorneys and other employees are recording, and other meaningful insights into how the firm's key money makers are spending their days. Get the entire firm on board by also tracking how non-billable staff are allocating their time to identify productivity wins and problem areas.

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Session 2

Growing a Law Firm with Lean and Agile Practices



rocket matter

Presents

Growing a Law Firm with Lean and Agile Practices

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Ask Questions!



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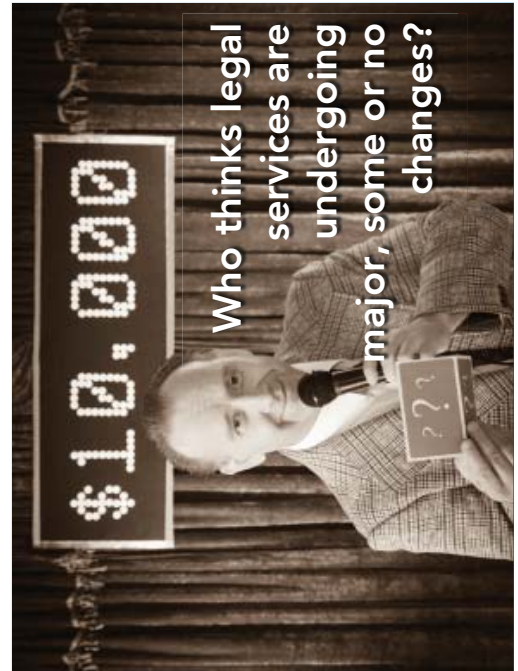
Pivot or Persevere?



BlackBerry.



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"It's 1911 for the practice of law"



The Principles of Scientific Management

BY
FREDERICK WINSLOW TAYLOR, M.E., Sc.D.
PAST PRESIDENT OF THE AMERICAN SOCIETY OF
MECHANICAL ENGINEERS



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Who knows the perils of stagnation better than technology folk?



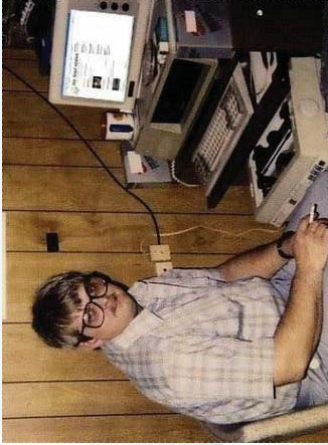
BlackBerry.

YAHOO!



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So here I am, coding away...



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Number of people I managed before I started Rocket Matter:

0



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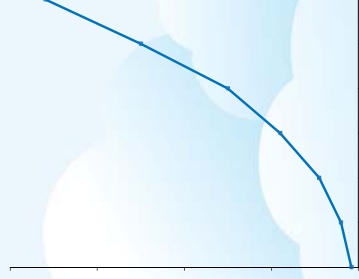
Years of experience running a company:

0



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Basically, this was me:
I LOVE LAMP



Fast forward six years and thousands of law firms later...



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...we are thriving and out-innovating our well-funded competitors.



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From Day One we've been Agile:
Daily Standups
Retrospectives
Reviews
Planning Meetings



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We've "exported" this expertise to our client law firms.



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We had a blank slate. You don't.



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Not everyone can keep up. If you go down this road, the organization WILL change.



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We're introducing accountability, measurement, and the ability to admit we might be wrong.



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2. Agile & Lean Overview



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Agile Management at its core relies on the iteration

The diagram shows two circular arrows. The top one is blue and the bottom one is grey. Both arrows are curved and point clockwise, forming a continuous loop.



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The diagram shows a large blue circular arrow pointing clockwise. The steps are arranged around the arrow: '1. PLAN' at the top, '2. EXECUTE' at the bottom, and '3. MEASURE' on the left side.



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Validated Learning



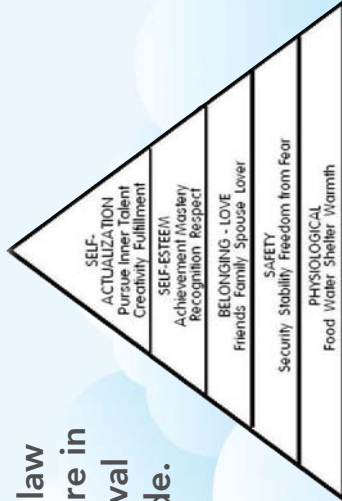
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3. Awareness



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Most law firms are in survival mode.



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We won't get anywhere unless we get perspective.



If you can't get out of the day-to-day slog, NOTHING WILL CHANGE.



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Then you can set objectives, introduce changes and track your progress.



AWARENESS RULE #1
Know your KPIs
(key performance indicators).



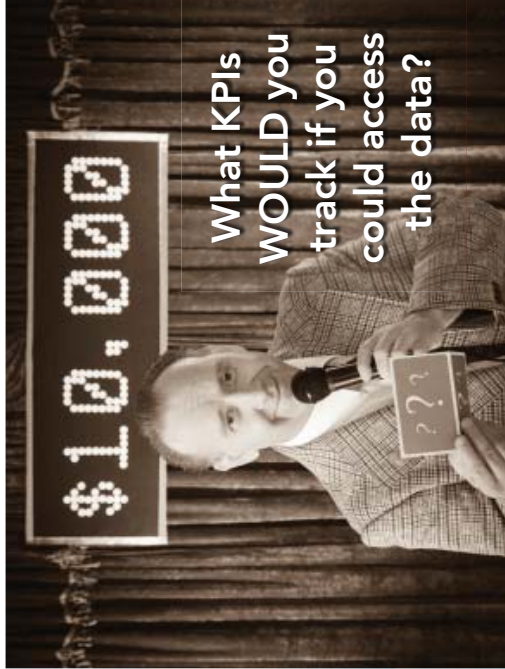
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POSSIBLE KPI's

Cash Position
New Leads per Month
Case Volume
Case Value
Collection Rate
Utilization and Realization Rates




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AWARENESS RULE #2

Run (at least) annually and (ideally) quarterly planning meetings with **CLEAR OBJECTIVES** as output.



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Sample Quarterly Objectives



Q3 - 2014 Quarterly Rocks

- Ship the iPad App
- Commence the Customer Success Program
- Start the Marketplace, beginning with Internet Marketing Services
- Roll out new branding and website
- Define our product messaging



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AWARENESS RULE #3

Know your core purpose and core values.



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Many executives thrash about with mission statements and vision statements. Unfortunately, most of those statements turn out to be a muddled stew of values, goals, purposes, philosophies, beliefs, aspirations, norms, strategies, practices, and descriptions. They are usually a boring, confusing, structurally unsound stream of words that evoke the response "I'm sure, but who cares?"



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CORE PURPOSE

To make the lives of lawyers a whole lot easier.



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Rocket Matter Core Values

Don't Leave Dishes in the Sink
Core Value: *Be a self-starting leader.*

Less Me, More We
Core Value: *Row in one direction.*

Continuous Improvement is Better than Delayed Perfection
Core Value: *Continuously improve.*

We Rise By Lifting Others
Core Value: *Care about our colleagues and partners.*

Make Passion Your Paycheck
Core Value: *Be passionate.*



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4. Agile Meeting Rhythms



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Meeting 1: The Retrospective

What should we **START** doing?
What should we **STOP** doing?
What should we **CONTINUE** doing?



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The Retrospective...
...is quick - 30 minutes.
...is **NOT** a whine session.
...needs to be written down.



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Exercise:
What should you start, stop, and continue?

BUT THAT'S NOT ALL!!



The Retrospective will lay bare the negative change agents and stonewallers in the organization.



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Meeting 2: The Daily Standup
What did you do YESTERDAY?
What are you doing TODAY?
What is IN YOUR WAY?



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Meeting 2: The Daily Standup...
...is quick - 10 minutes max.
...stays on topic.
...identifies dependencies.



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Fast Forward to your next day at work. Do your daily standup.



BUT WAIT! THERE'S MORE!
The Daily Standup will reveal stuck projects and poor performing employees.



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5. WIP Boards



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"Theory of Constraints"

Where are the weak links in your workflow?



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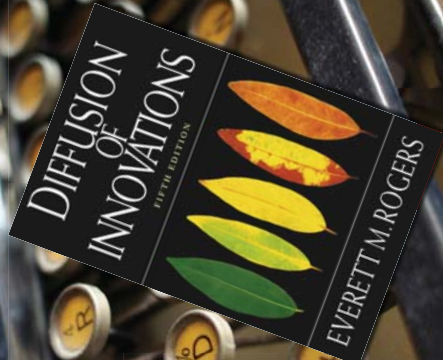
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First published in the May/June 2012 edition of GPSOLO Magazine, a publication of the American Bar Association.

The screenshot shows a legal research interface for the case 'Reasons v. Chabos'. It is organized into five columns: 'To Do' (listing tasks like 'Set up client file', 'Draft Motion to Dismiss', etc.), 'Doing' (listing 'Preparation for May 15th Court'), 'GenderOutlines' (listing 'Motion to Dismiss due May 15'), 'Research' (listing 'Strategies for responsible research'), and 'Done' (listing 'Get Engagement Letter').

6. Adoption

It's hard to get people to adopt new ideas.



Would you be interested in understanding how to get more referrals?

Ask questions:



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Ask questions:
Would you like to identify and
eliminate excess waste and
expense?



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THANK YOU!

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Session 3

Introduction to Legal Practice Management Software



Presents

Introduction to Legal Practice Management Software

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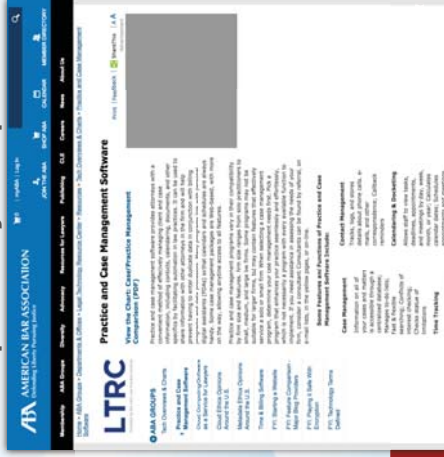
Tim Baran
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“ Practice management software provides attorneys with a convenient method of effectively managing client and case information, including contacts, calendaring, documents, and other specifics by facilitating automation in law practices.

<http://bit.ly/ltrc-pm>



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Advantage #1: Reduces Errors



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Legal practice management (LPM) software reduces errors due to:
IOLTA
Calendar Deadlines
Document Errors
Conflict Checks



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<http://masslomap.org/>



What We Do Events

The Attitude to Malpractice Risk: Technology

Malpractice claims against attorneys are on the rise. According to the American Bar Association's Standing Committee on Lawyers' Professional Liability, from 2008 to 2011, malpractice claims rose 19% percent. Real estate attorneys have the greatest risk of malpractice claims. Common errors that lead to malpractice claims include: substantive mistakes, procrastination and missed deadlines, lost files or documents, trust fund mismanagement, failed conflict of interest checks, and poor client communication. For an excellent visual summary of the ABA's profile of legal malpractice claims, take a look at this infographic by Lexipol.

What does this mean for today's practitioners? First, and foremost, while malpractice insurance is not required in Massachusetts, it's a good idea to have it. If you are seeking a provider, you need look no further than the Massachusetts Bar Association, which has its own insurance agency.

Second, you can (and should) use technology to reduce the risk of the aforementioned errors. One essential technology to incorporate into your practice is a law practice management program. What is a law practice management program? It is a way to organize your practice, manage clients and matters, conduct IOLTA accounting, keep track of deadlines and tasks, track time and create invoices, and more. We have written on the subject of law practice management software in the past. A library of the new products are listed below and they have the advantage of mobility. As a mobile device,



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Advantage #5: Happier Clients, Better Service



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Advantage #5: Happier Clients, Better Service

Quick access to info
Accurate, timely billing
Mobile access
Client portals / online bill pay



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<http://legalproductivity.com>



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<http://solopracticeuniversity.com>



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DEMO



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Cloud or On-Premise?

Rocket Matter®
Clio®
MyCase®

Time Matters®
PC Law®
Amicus®
Tabs3®



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Cloud or On-Premise Considerations

- Needed Features
- Infrastructure Needs
- Security Considerations
- Mobile / Remote Access
- Financing
- Terms of Service



Importing Data



Make sure your provider offers a painless data transition. If your data is in bad shape expect to invest in fixing it.

Data in Bad Shape



Get help!

Training Staff



Your likelihood of success is directly proportional to your time spent training. Invest in training.

Getting Data Out



Make sure your data is exportable in a usable format.





THANK YOU!

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Session 4

*Law Firm Marketing: Build Your Brand With Content, Social Media
and SEO*

Law Firm Marketing: Build Your Brand With Content, Social Media and SEO

Increasing online brand awareness is not easy. It takes consistent, relevant, useful content, effective use of social media and the adoption of SEO best practices to really drive it. While most law firms consider each of these different elements separately, successful firms know that driving their brand takes an integrated approach that combines them all and allows them to work synergistically.

Start with great content

Potential clients, including the general counsels of corporate clients, say that content is key to finding and validating prospective firms.

You need a home base of operations for your thought-leadership, solutions-based content. It could be a blog attached to the firm's website or a separate topic-based site. There are varying opinions from experts on this: some saying that it's best to have a separate site for the blog and others extolling the virtues of making it a part of the firm's site. I'm in favor of the latter. It's tough enough to maintain one site and to drive traffic there. Two sites can be a deal-breaker for lawyers with limited time to devote to writing.

Get social

If you write it they will not come. Spread the word on social media: on your LinkedIn profile and page, on Facebook – your personal account and your firm's page, and on Twitter. Work at engaging on these channels to organically grow your reach and expand your brand. Boost an occasional post on the channels for a few dollars. It'll get to more people and it's also a great way to add followers as they discover you.

Social Media and SEO

For years, the foundation of SEO (Search Engine Optimization) has been dominated by two key elements: content and links.

When it comes to social media, however, there is no “one size fits all” rule. Not every social media platform will benefit everybody. The platform that you use will depend on the products and services you offer, and your target audience.

Social media can help amplify marketing efforts by allowing you to listen to what your target audience wants. Through social media, you can see which websites potential clients visit and what content resonates with them the most. This allows you to strategically plan your online strategy so that you create meaningful content for potential customers.

The conversations held through social media can also inform keyword strategy and vice versa. Better keyword research can also boost social signals and drive better social media conversations and better customer interactions.

Social media can also provide you with what are called backlinks, which inform search engines to find your website. These links require minimal effort and are, for the most part, under your control. They help improve indexing, increase credibility and ranking in search engines and boost traffic to your website.

Optimize for search

Meme notwithstanding, when someone has a problem, they Google it. Optimize your blog posts so that when potent clients with problems search for topics related to the ones you’re discussing, they’ll find you.

Here are the basics for using keywords with your posts:

- Answer a question
- Solve a problem

- Teach about a topic
- Map each page/post to a focus keyword
- Use each focus keyword once
- Link page/post content to other page/post focus keywords

It's best to use a content management system for your website and blog and there's none better or easier to use (and more widely adopted) than WordPress. You can quickly set up a WordPress blog and easily optimize your content with plugins