

# Legal Trends Report



2017



# Presenter

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# Agenda

1. Get excited
2. Introduction + Methodology
3. 2017 LTR review
  - Let's talk money
  - Client Time
  - What about vacation?
4. Questions?





# Part I:

## Get Excited



# So many questions!

## Starting a firm

What type of practice?

Where should I practice?

How much should I charge?

How much will I make?

How do I get clients?

## Trying to expand your firm

How do I get more inquiries?

How do I get contracts ?

Should I change my rates?

Where should I expand?

When should I take vacation?

# Pop Quiz:

What is the day with the most billable hours entered?

An overhead, top-down view of two people, a man and a woman, standing on a light-colored tiled floor. The man, on the left, is wearing a blue and white checkered shirt and is pointing at a tablet held by the woman. The woman, on the right, is wearing a light blue blazer and has a large brown shoulder bag. The tablet screen displays a webpage with a blue header and several lines of text. The background is a dark blue gradient with a faint grid pattern.

# Part II:

## Introduction & Methodology



# How is this different from the other surveys?



# Where does the data come from?

- 60,000 Clio users
- Survey of 2,915 attorneys
- Survey of 2,002 Consumers

## What went into the 2017 *Legal Trends Report*?

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**1,026,038** matters

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**10,981,286.13** hours billed

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**\$2,562,864,876.43** in billables

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**8** award-winning data scientists

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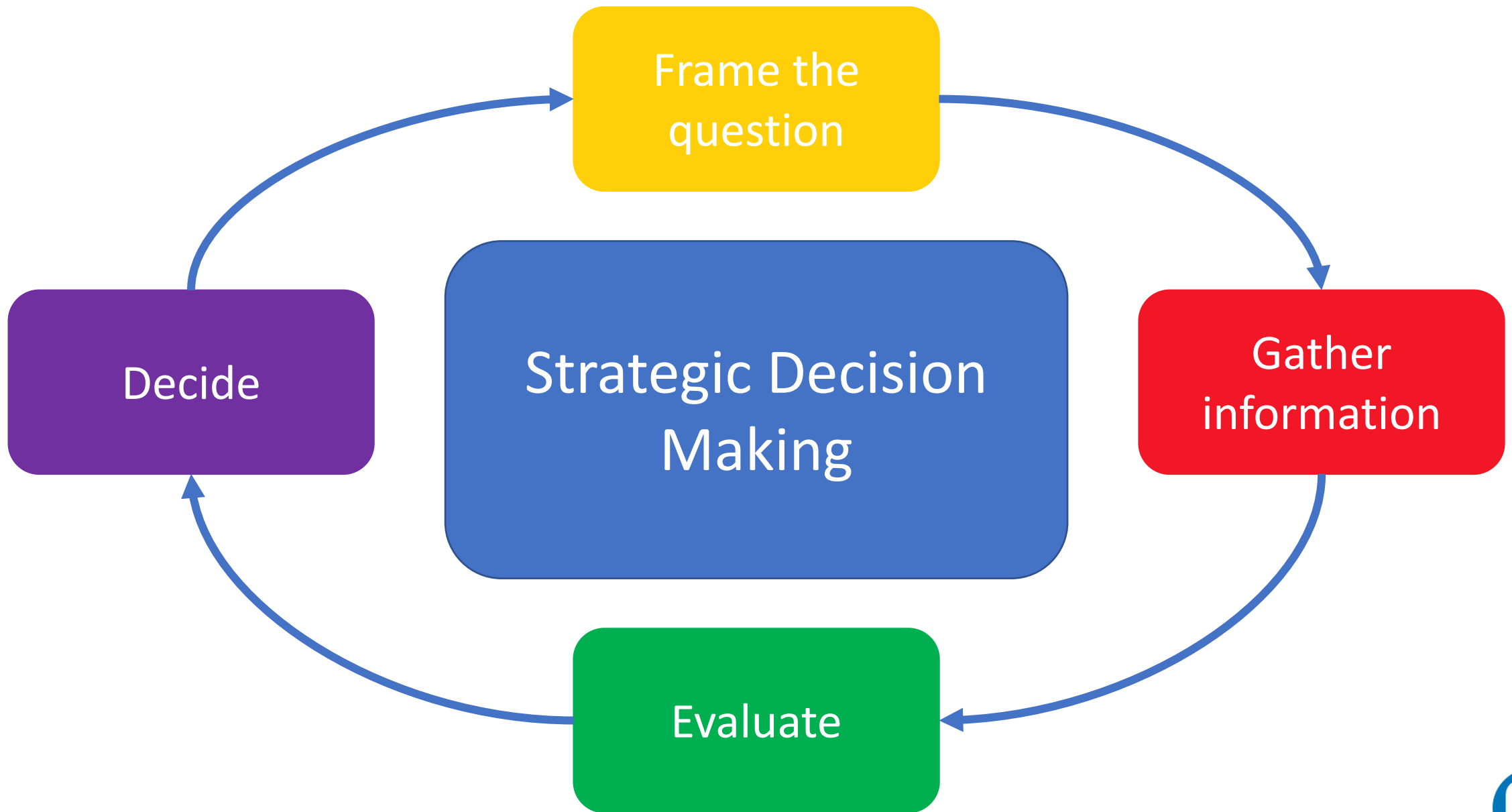




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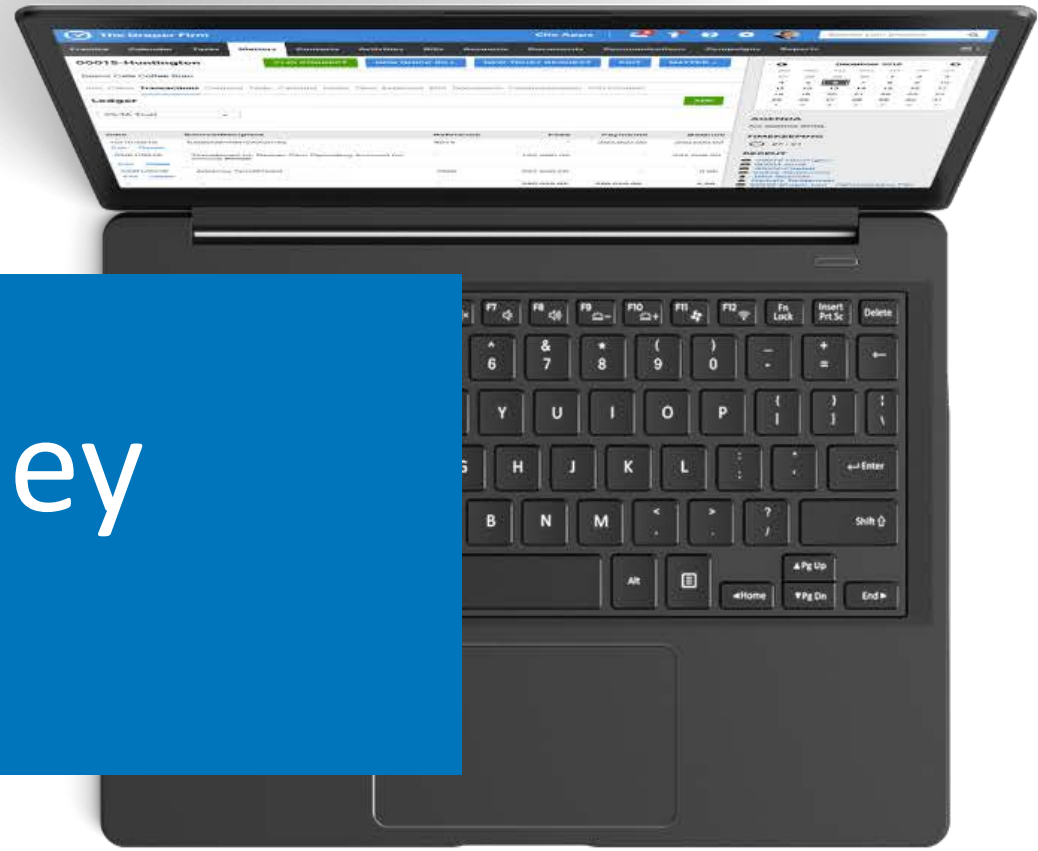
So... You look at our data?

Why is this useful?



# Part III:

2017 LTR Review: Key Data Points



Let's talk money

Questions we  
can address in  
this section

How much  
should I  
charge?

How much  
can I expect  
to make?





# Rates



## LEGAL TRENDS REPORT

POWERED BY CLIO

# Are Your Rates Competitive?

Benchmark your rates against other legal professionals in the U.S.

What state do you practice in? ▼

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Lawyer  Non-Lawyer

What is your primary practice area? ▼

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Enter Your Hourly Rate

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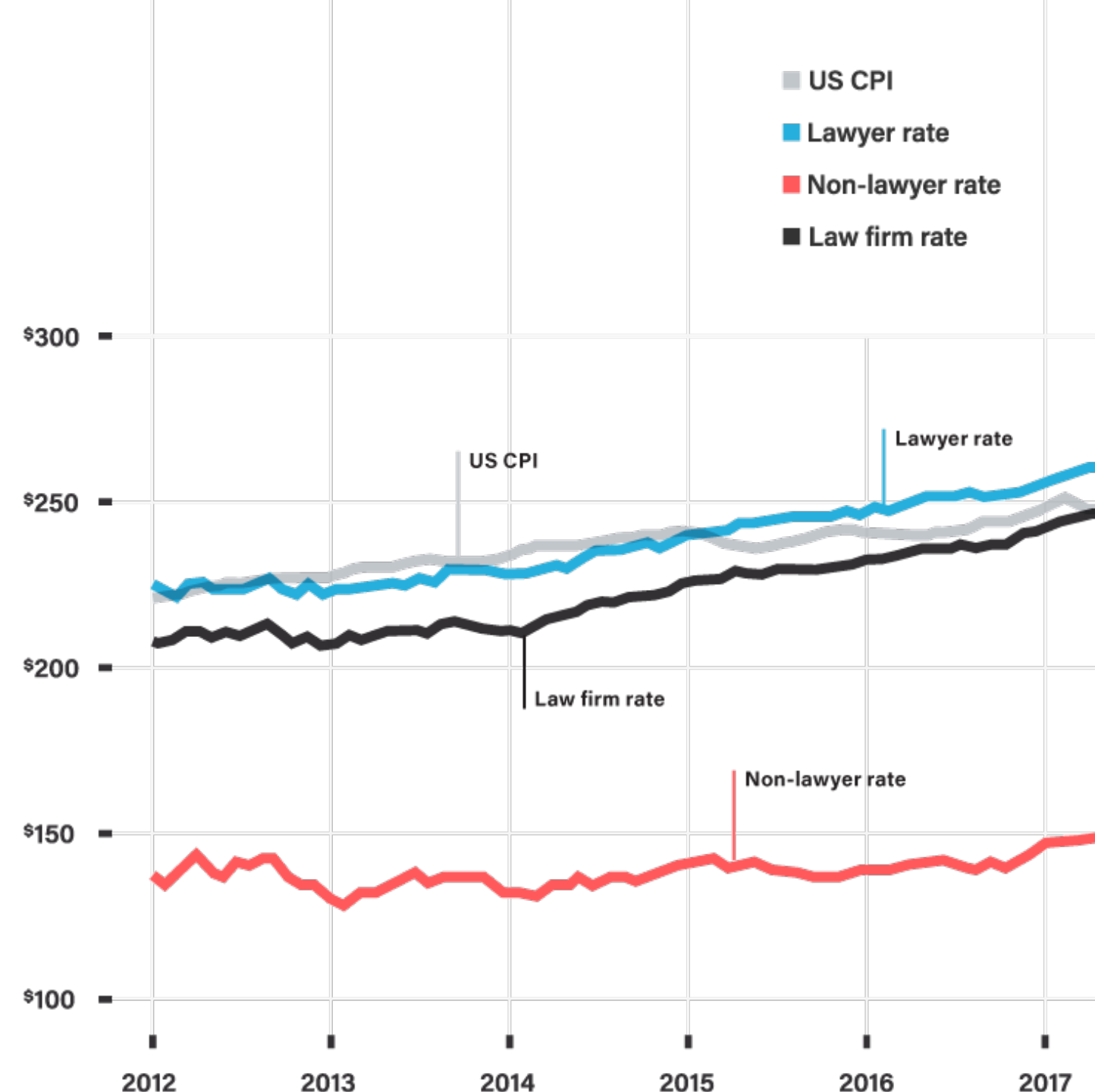
Find Out



# Billable Hour Index

Across the USA (as of May 2017)

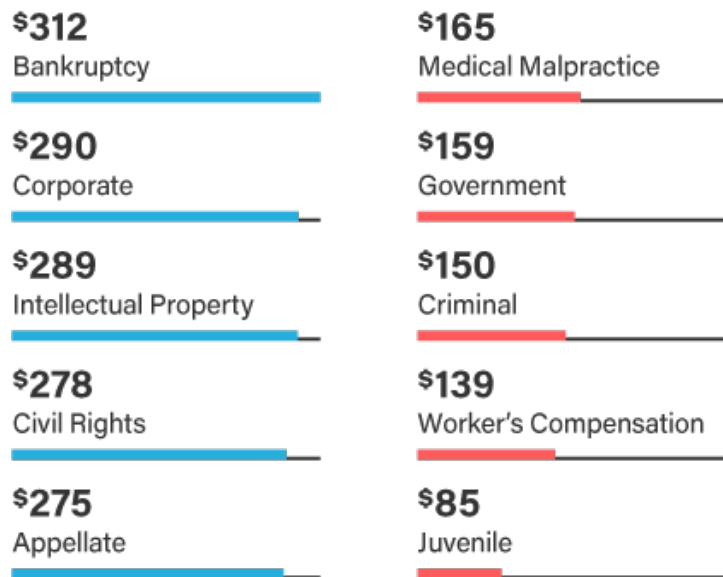
- Average law firm rate: \$240/hour;
- Average lawyer rate: \$260/hour;
- Average non-lawyer rate: \$149/hour.



# Billable Rates by Practice Area

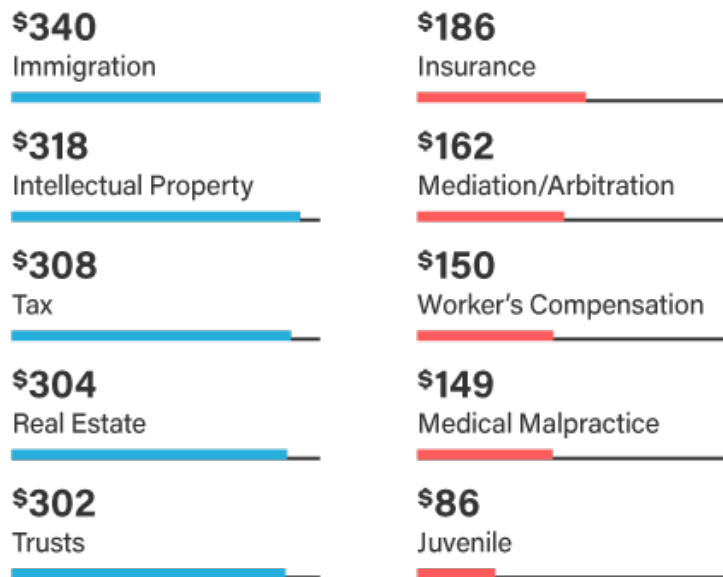
## Law firm rates

by practice area



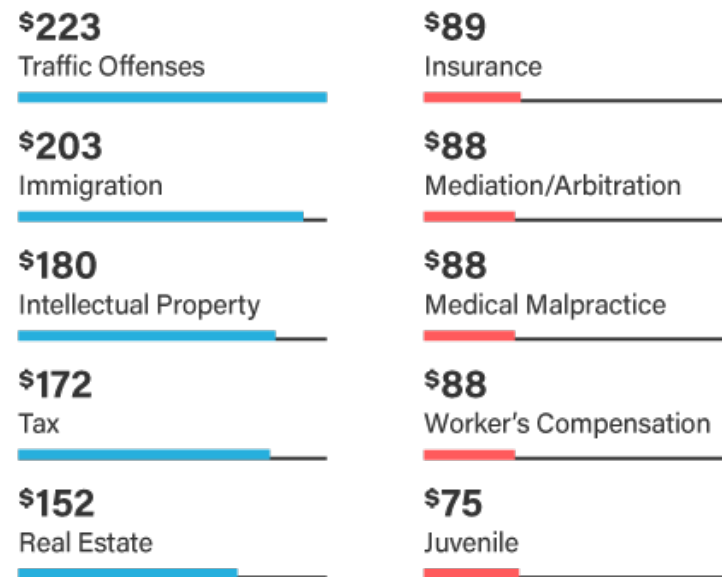
## Lawyer rates

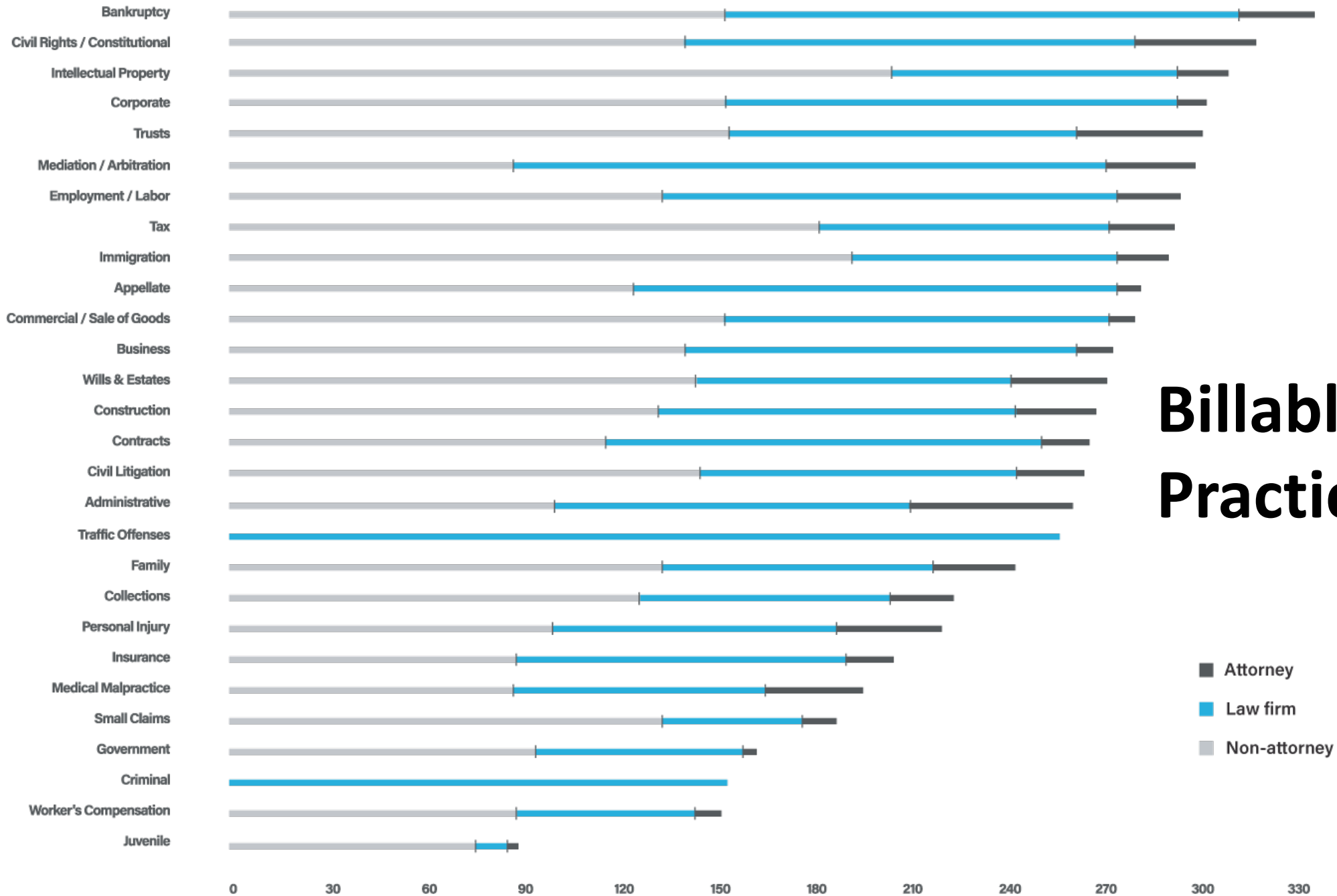
by practice area



## Non-lawyer rates

by practice area



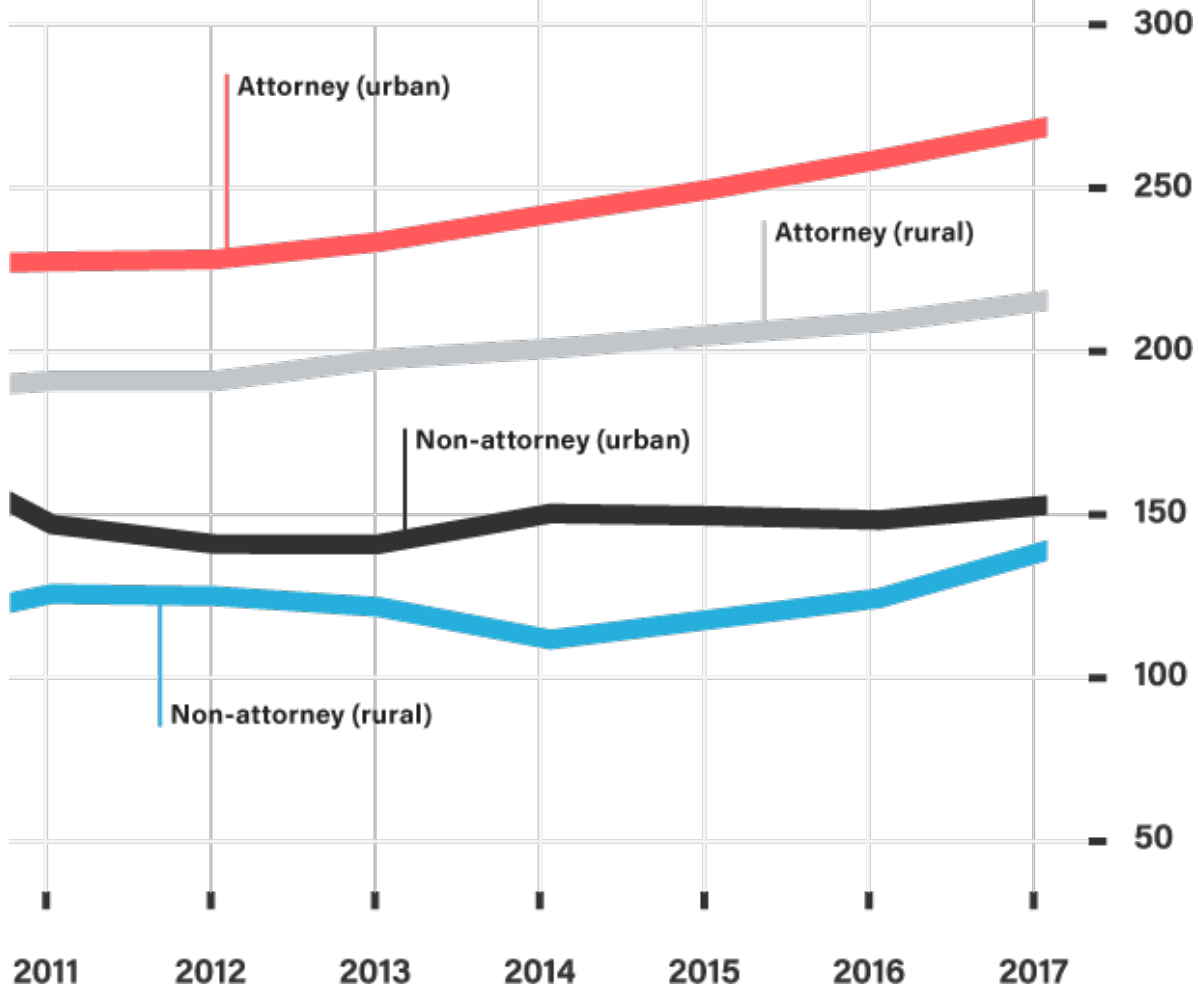


# Billable Rates by Practice Area

Attorney  
 Law firm  
 Non-attorney



- Attorney (rural)
- Non-Attorney (rural)
- Attorney (urban)
- Non-Attorney (urban)



# Billable Hour Index

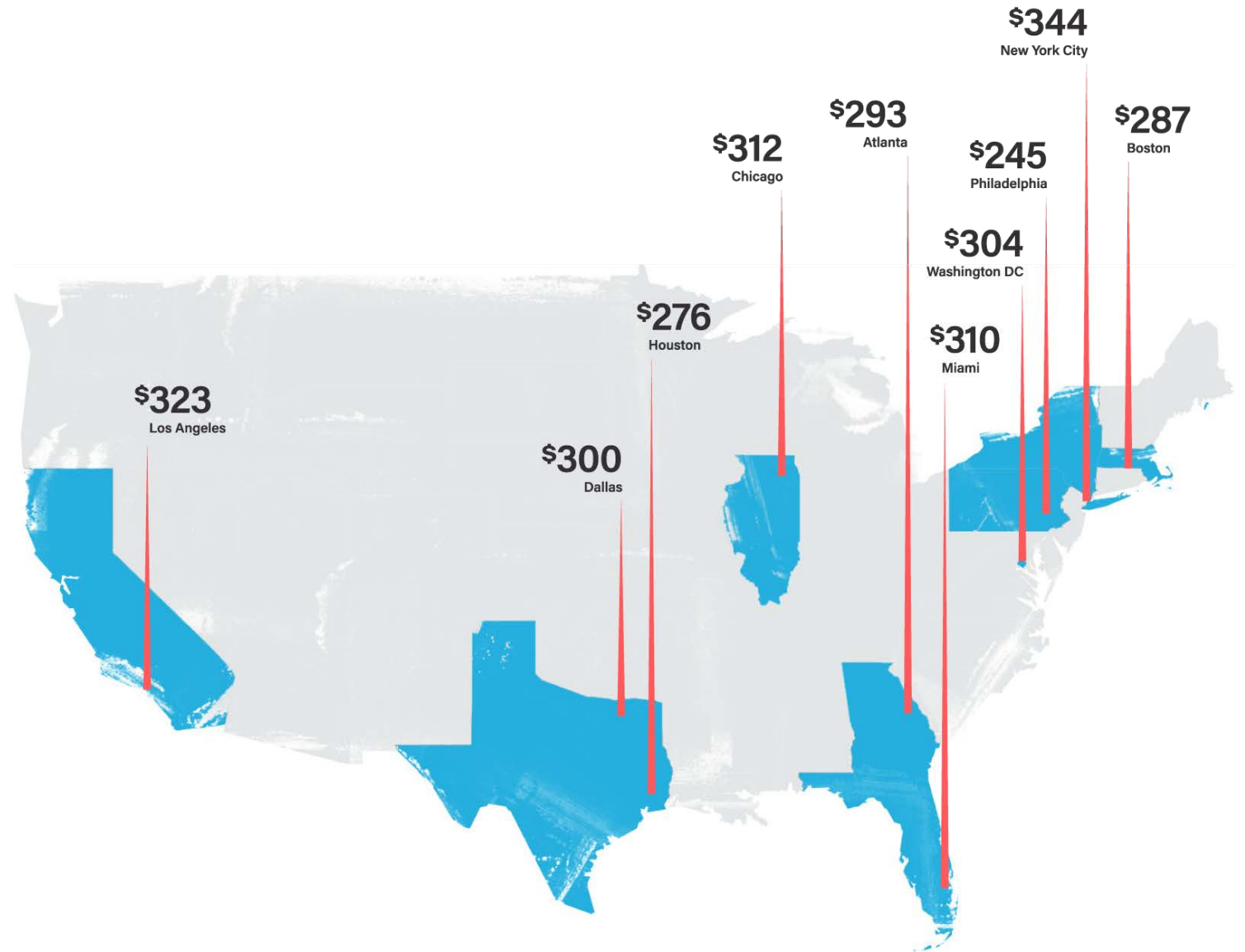
## Urban versus Rural

- Delivered using US Census Bureau classifications.
- Average urban lawyer rate: \$267/hour
- Average rural lawyer rate: \$213/hour;



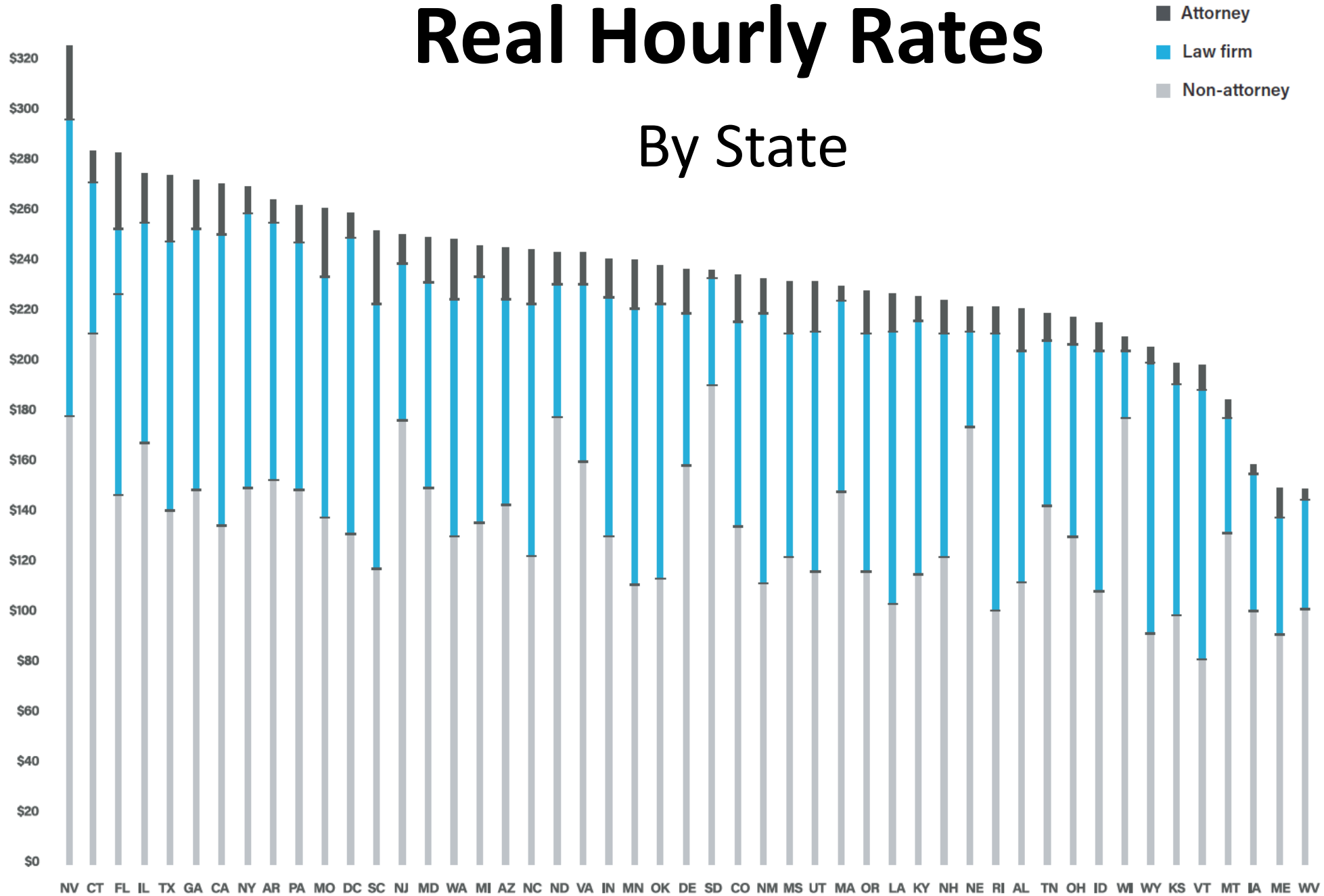
# Billable Hour Index

Top 10 MSAs



# Real Hourly Rates

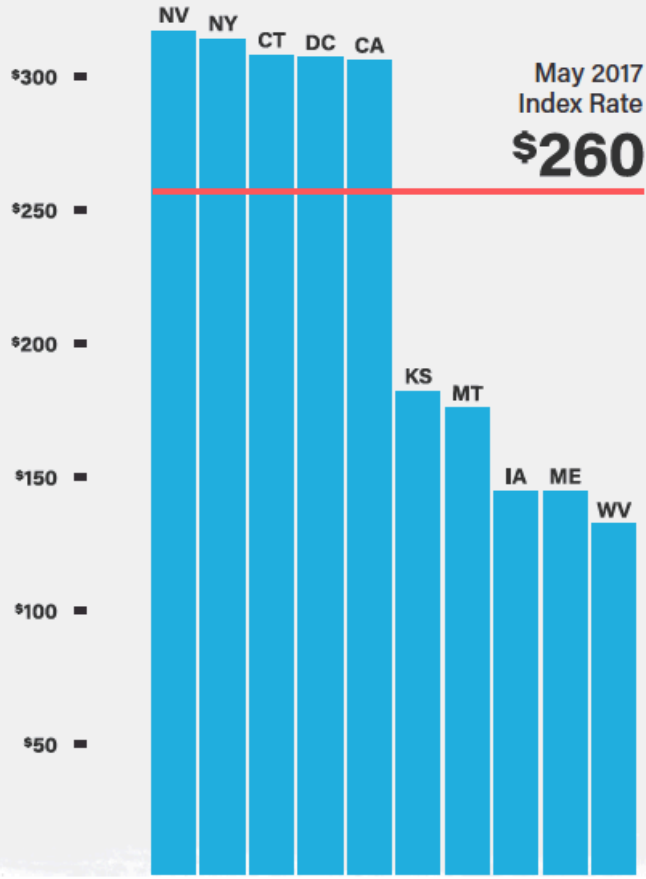
## By State



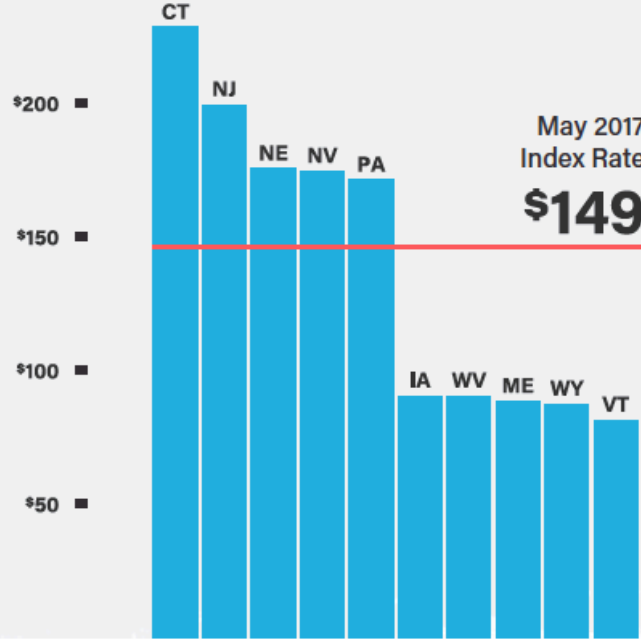


# Real Hourly Rates

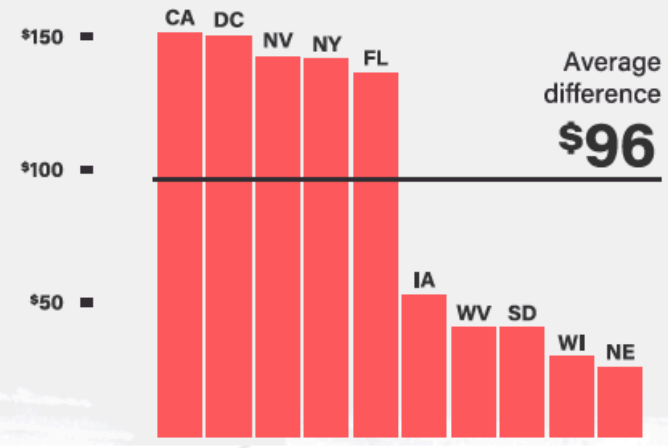
## Largest differences



Highest vs. lowest lawyer hourly rates

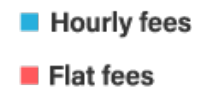
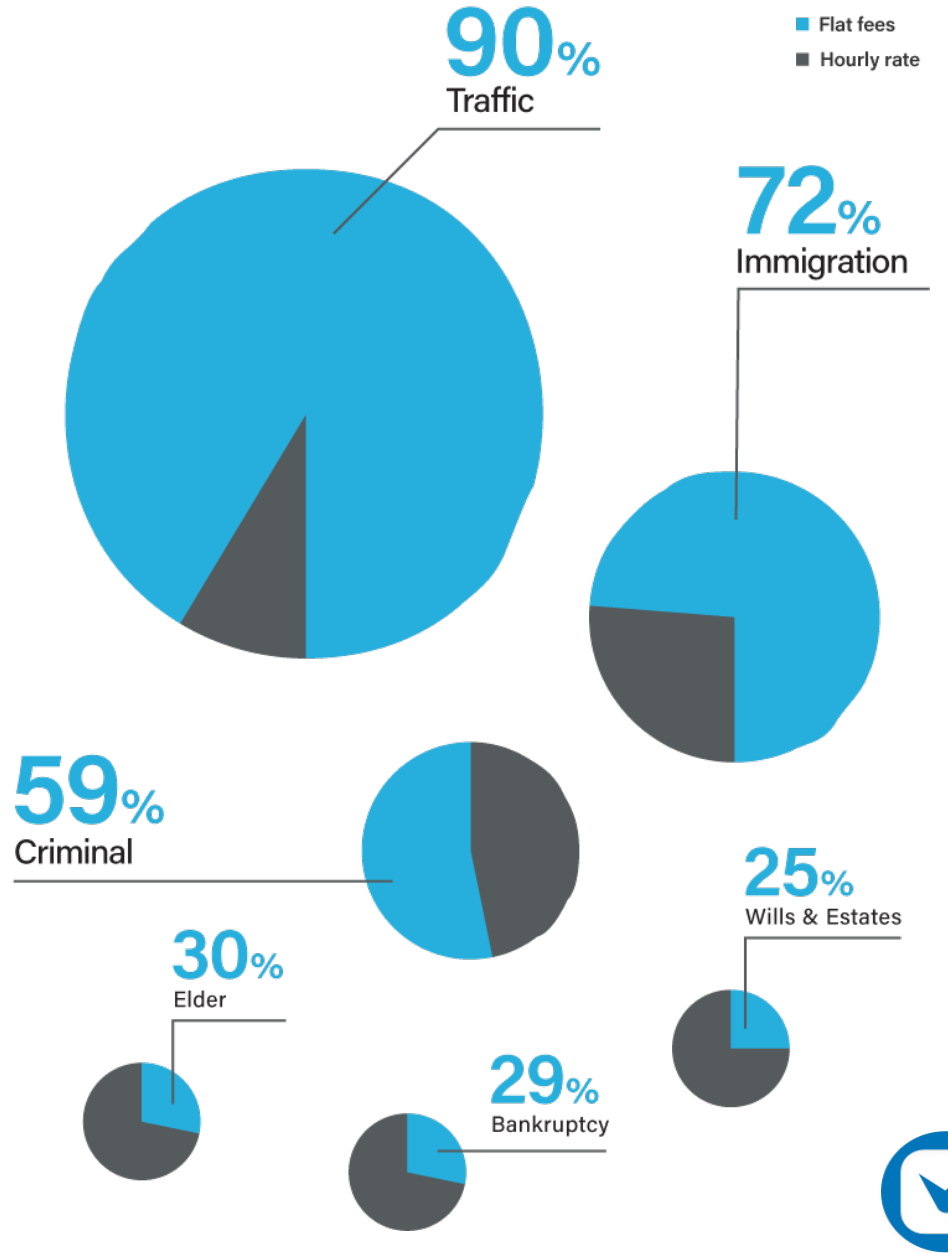
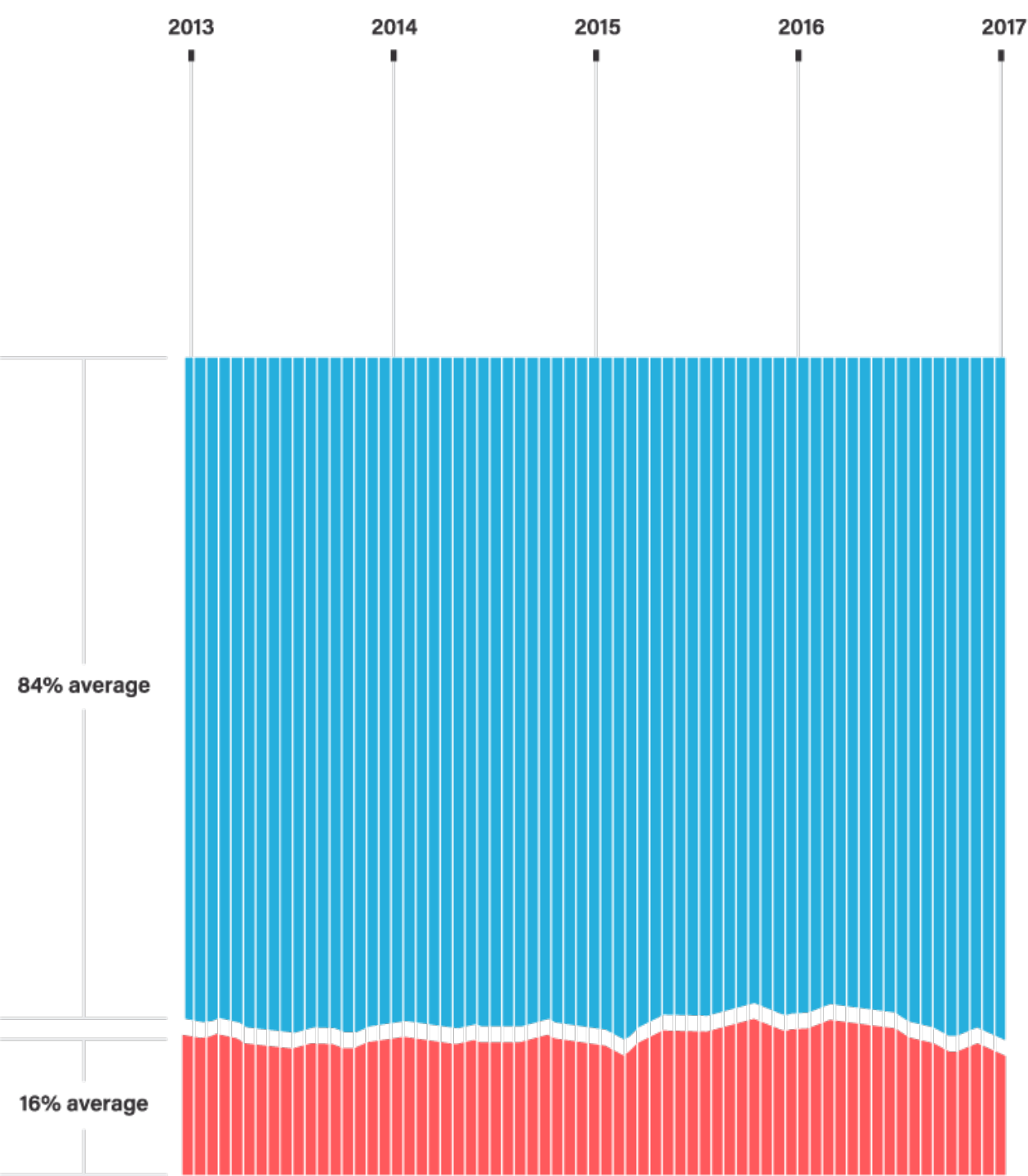


highest vs lowest non-lawyer hourly rates



Highest and lowest difference between lawyers and non-lawyers

# Fee Structures



# Key Performance Indicators

# Key KPIs - The Lawyer's Funnel

Utilization Rate

Realization Rate

Collection Rate



# KPIs

Hours worked

8 Hours

2.3 hours

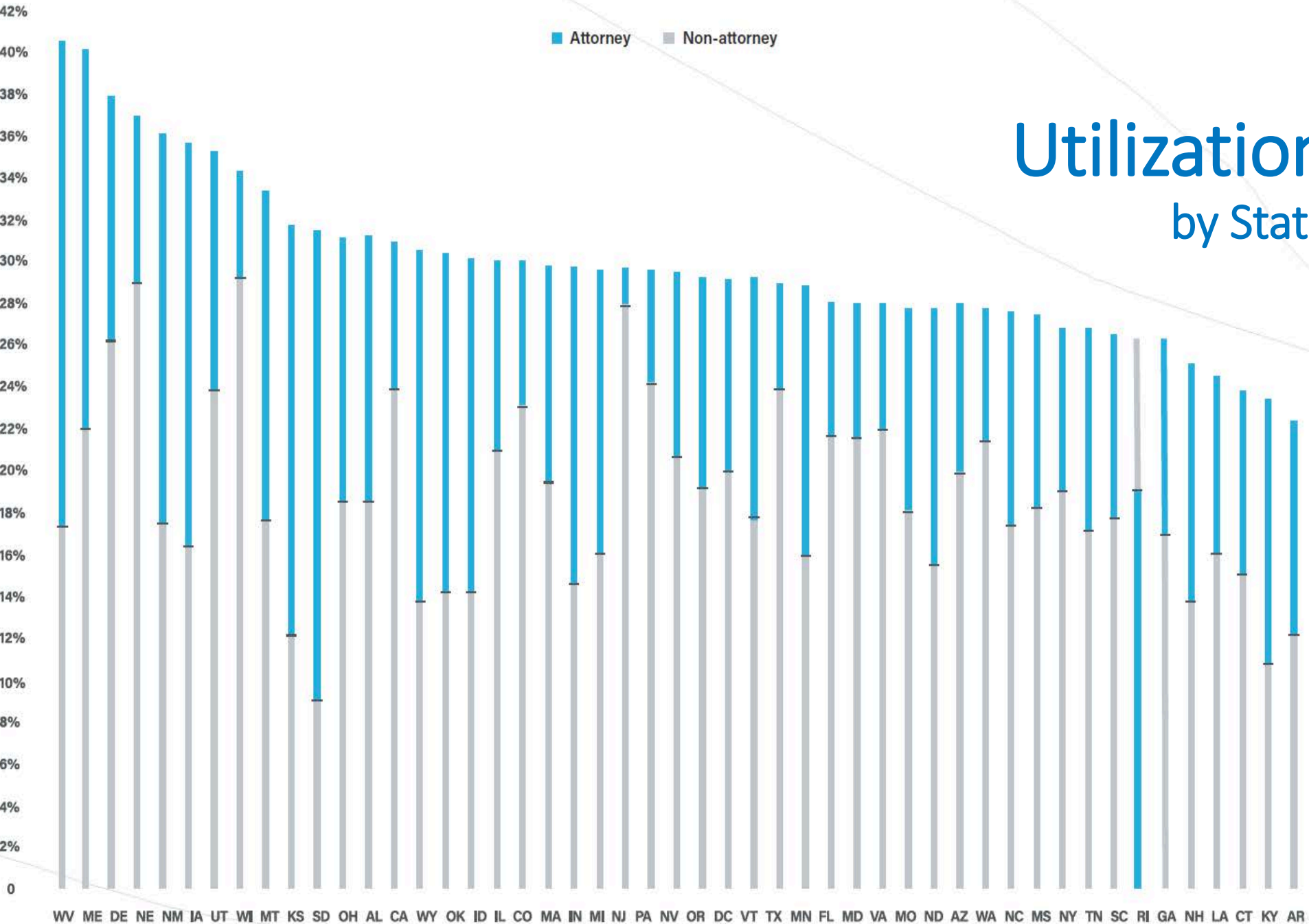
5.7 Hours

Hours billed

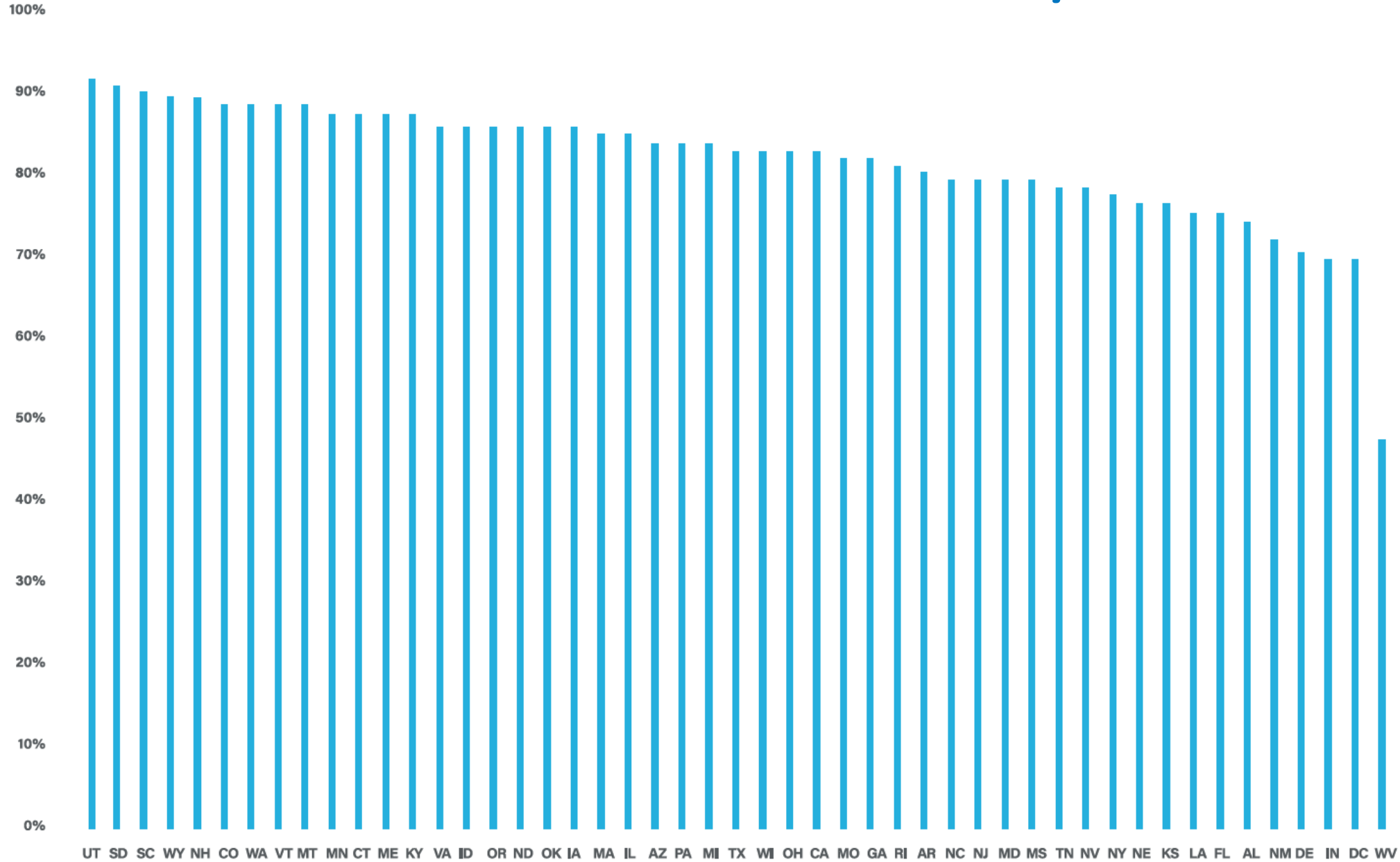
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# Utilization Rate by State

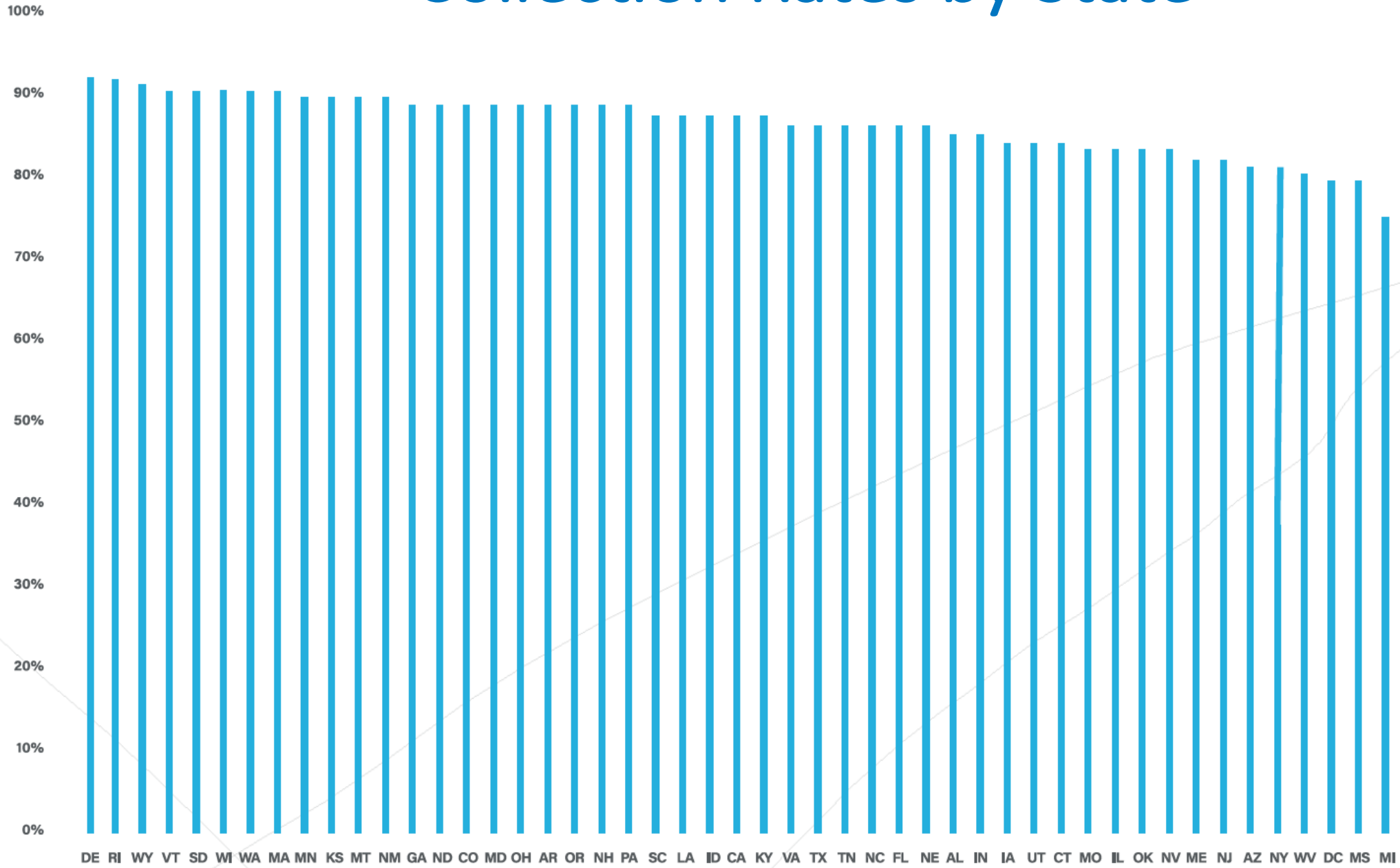


# Realization Rates by State

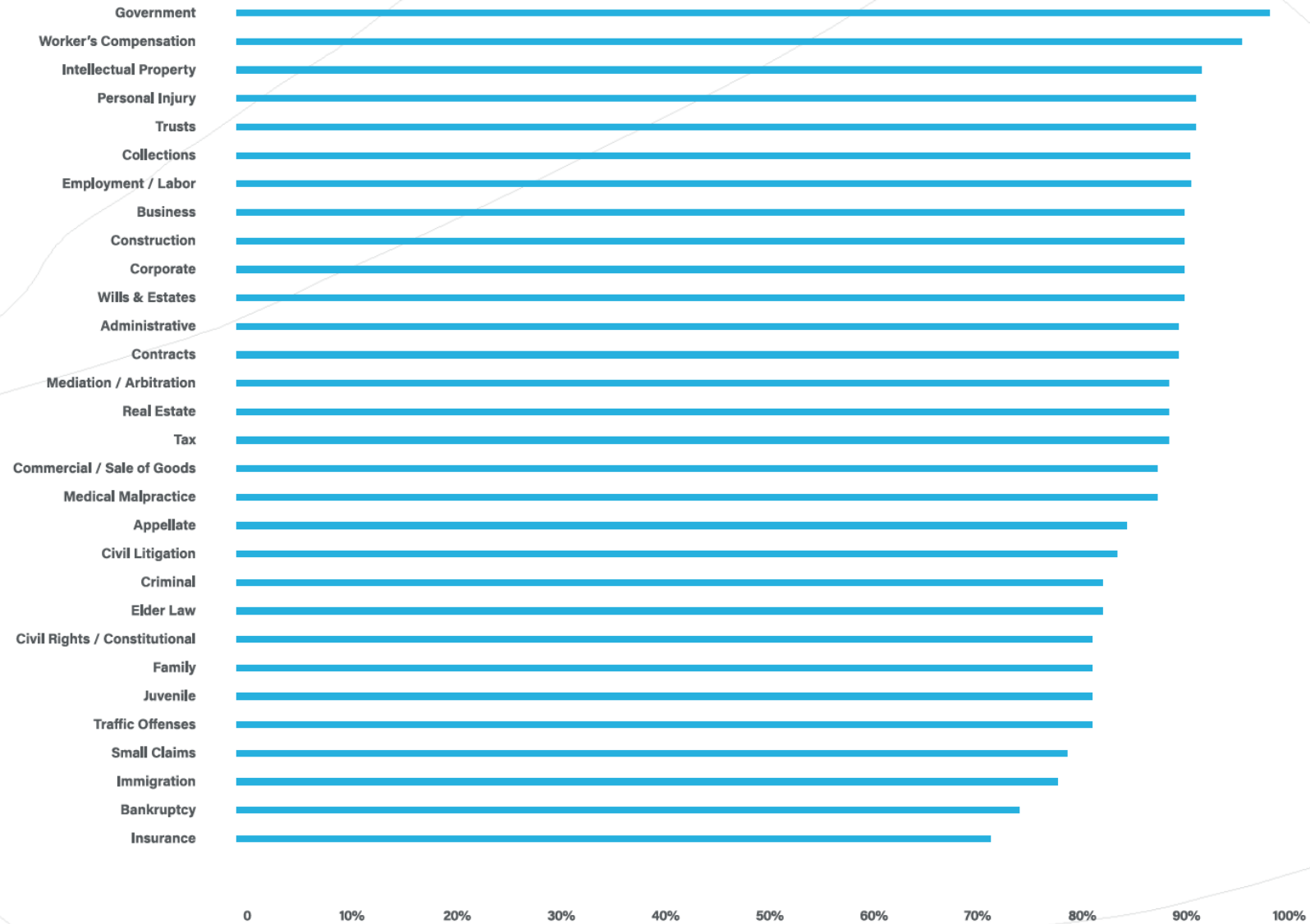




# Collection Rates by State



# Collection Rates by Practice Area



# Key KPIs - The Lawyer's Funnel

Utilization Rate: 29%

Realization Rate: 82%

Collection Rate: 86%



# Tip # 1

**Know your Utilization Rate**



# Collection Rates

## Average collection rates

86% Collected

Lost **14%**

## Bankruptcy

74% Collected

Lost **26%**

## Family

82% Collected

Lost **18%**

## Criminal

83% Collected

Lost **17%**

## Immigration

78% Collected

Lost **22%**

## Insurance

72% Collected

Lost **28%**

## Small Claims

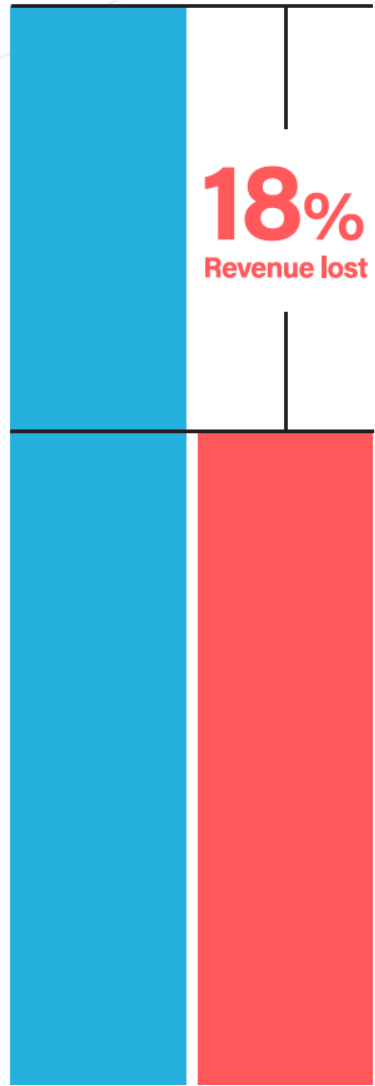
79% Collected

Lost **21%**

- Client lacks the funds to pay (44%);
- Client has adequate funds but payment is still late (31%);
- 25% of firms mail bills / 29% rely on checks;
- Firms accepting credit card payments are paid 40% faster.

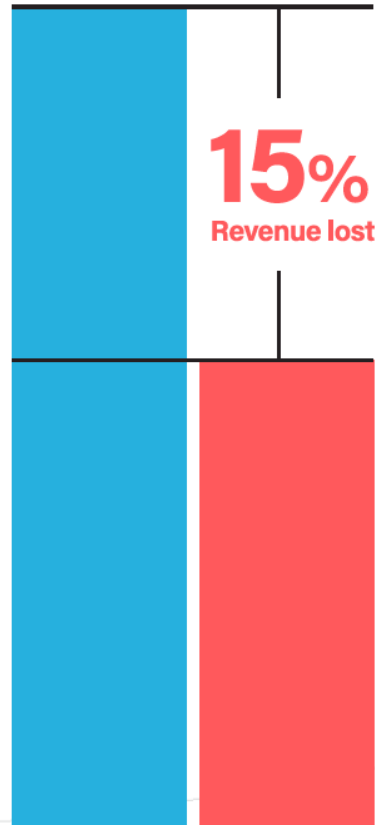


### Realization rate



**18%**  
Revenue lost

### Collection rate



**15%**  
Revenue lost

100%

90%

80%

70%

60%

# Impact of Trust Accounts

## On Realization and Collection Rates



**Tip # 2**  
**Consider using Trust  
Accounts**



**33% Business Development**

**48% Administrative Tasks**

Licensing  
and CLE

**16%**

Office  
Admin

**16%**

Billing

**15%**

Configuring  
Technology

**11%**

Collections

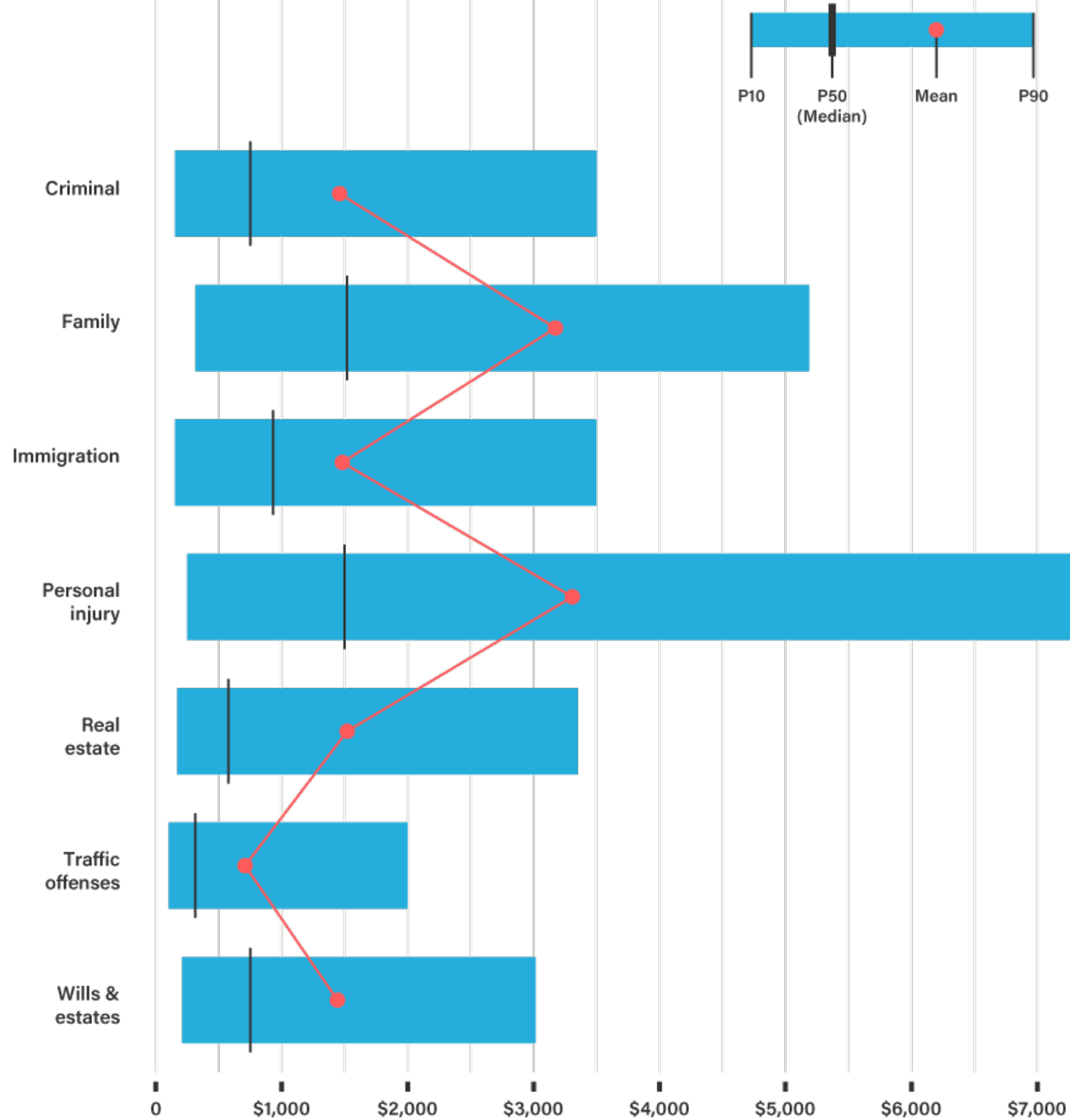
**6%**

**33%**





# Monetary Value of a Matter



# Revenue Collected

Per matter, by practice area



Questions we  
can address in  
this section

How much  
should I  
charge?

How much  
can I expect  
to make?



How much  
should I  
charge?

\$200 is the average for attorneys in the state

Review the 2017 Legal Trend Report for Practice  
Area specific Rates



How much  
can I expect  
to make?

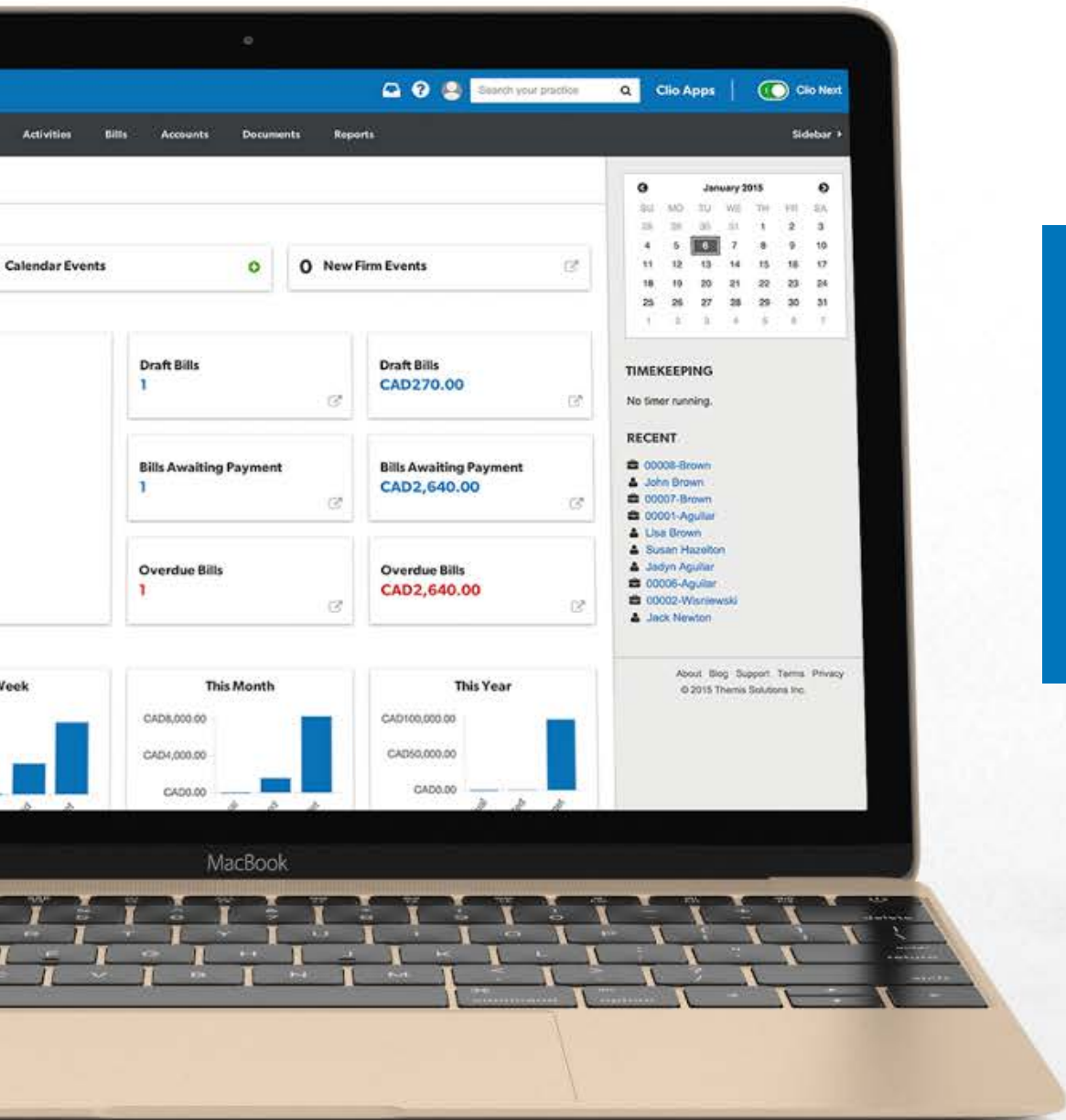
30% = \$460

89% = \$409.40

90% = \$368.46

\$95,799.60 a year





# Client Time



Questions we  
can address in  
this section

How do I get  
(more)  
clients?

Why won't  
clients sign  
up?



# Cost of Acquiring Clients

**2** Hours a day on finding clients

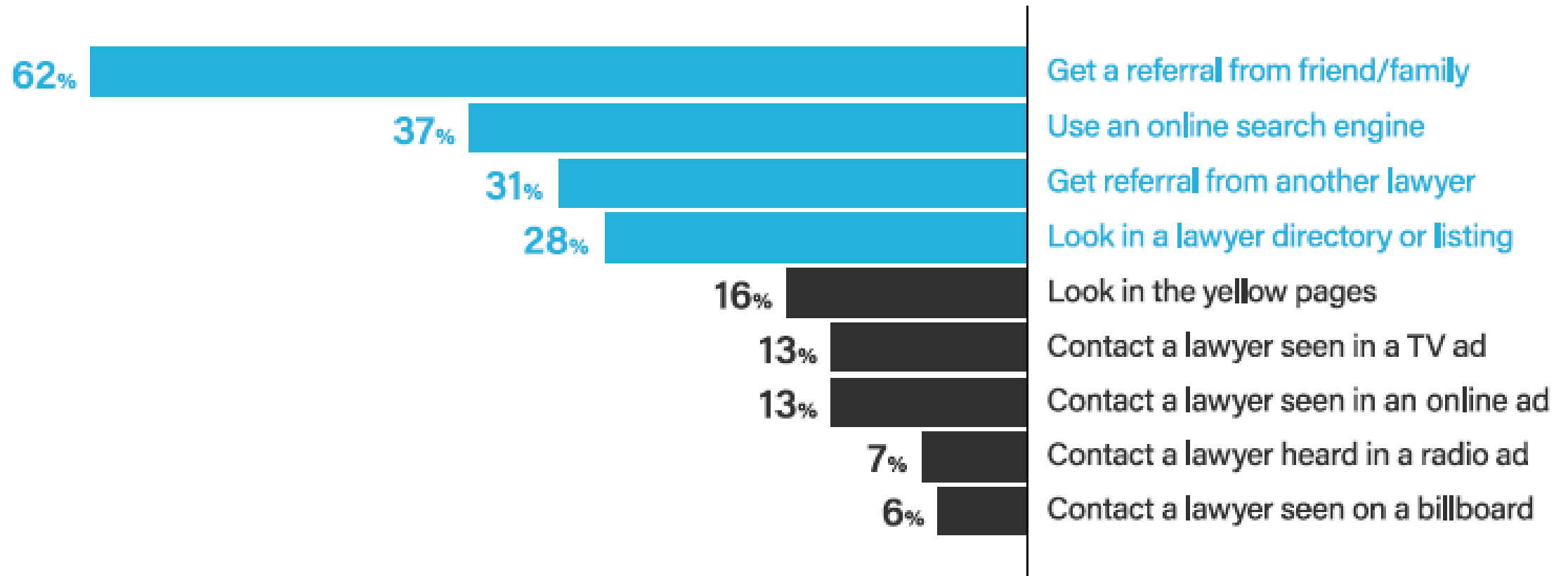
**41%** Say they would spend more time on finding clients

**91%** Of firms cannot calculate a return on their marketing





# How do consumers find a lawyer?



# What are potential clients looking for?



Questions we  
can address in  
this section

How do I get  
(more)  
inquiries?

How do I  
convert calls  
to contracts?



How do I get  
(more)  
inquiries?

Focus on getting clients to  
review/refer you

To friends and family

Online

Yelp  
Google  
Avvo



**Tip # 3**  
**Monitor Your Online  
Reviews**



How do I  
convert calls  
to contracts?

Respond to the initial call/email  
immediately

Offer free initial consults

Offer fixed fees



# Future client expectations

Text and email communications

Document Sharing

Online payments

Credit Cards



## Tip # 4

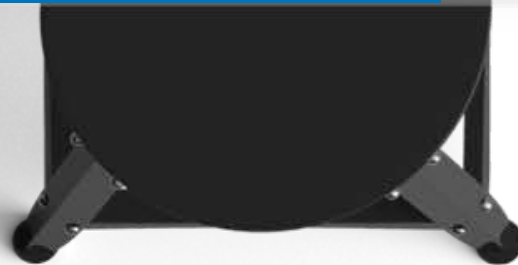
**Use Technology to Provide Superior Customer Service**







What about vacation?

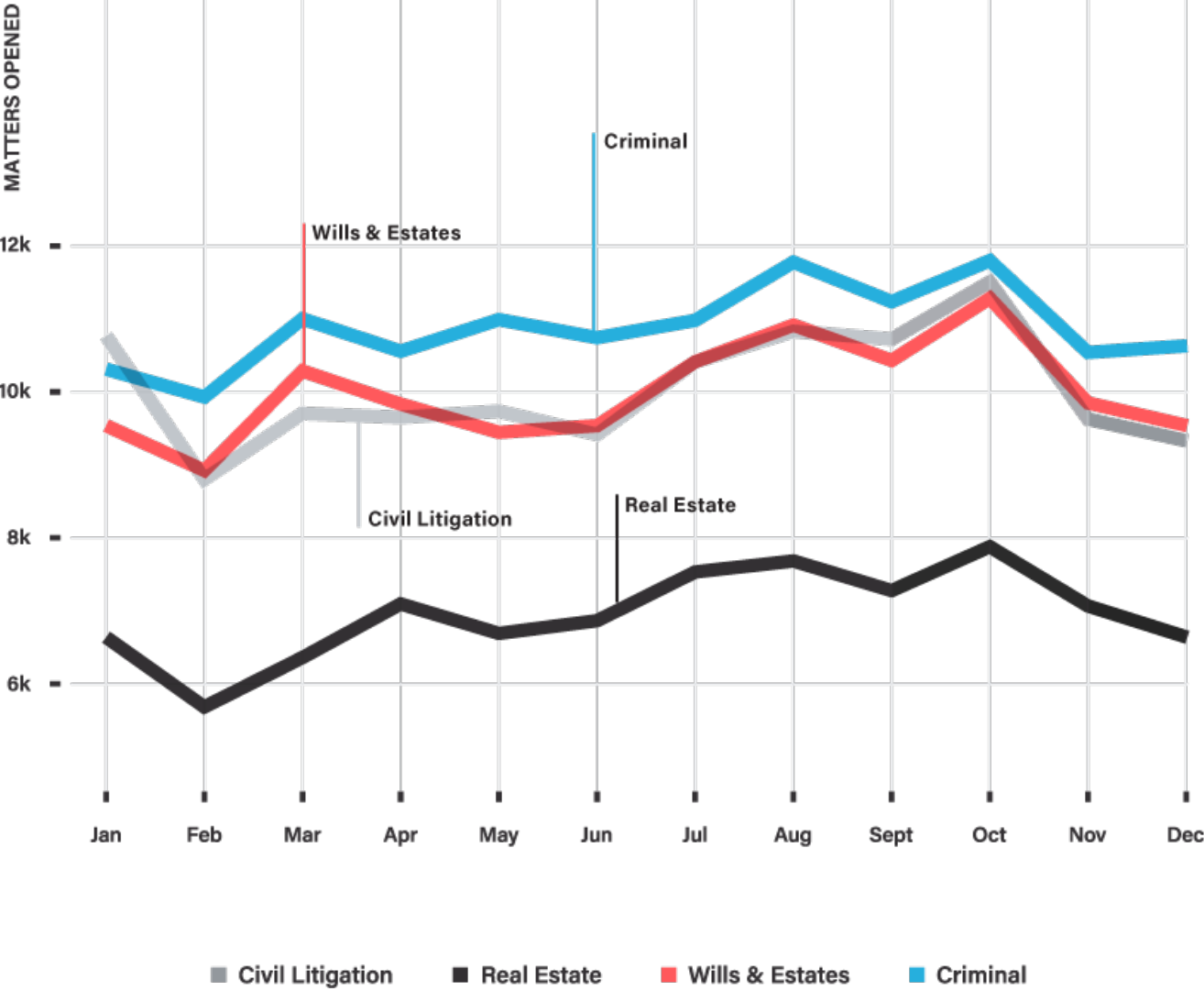


Questions we  
can address in  
this section

When should I take  
vacation?



# Seasonality by Practice Area



## Insurance

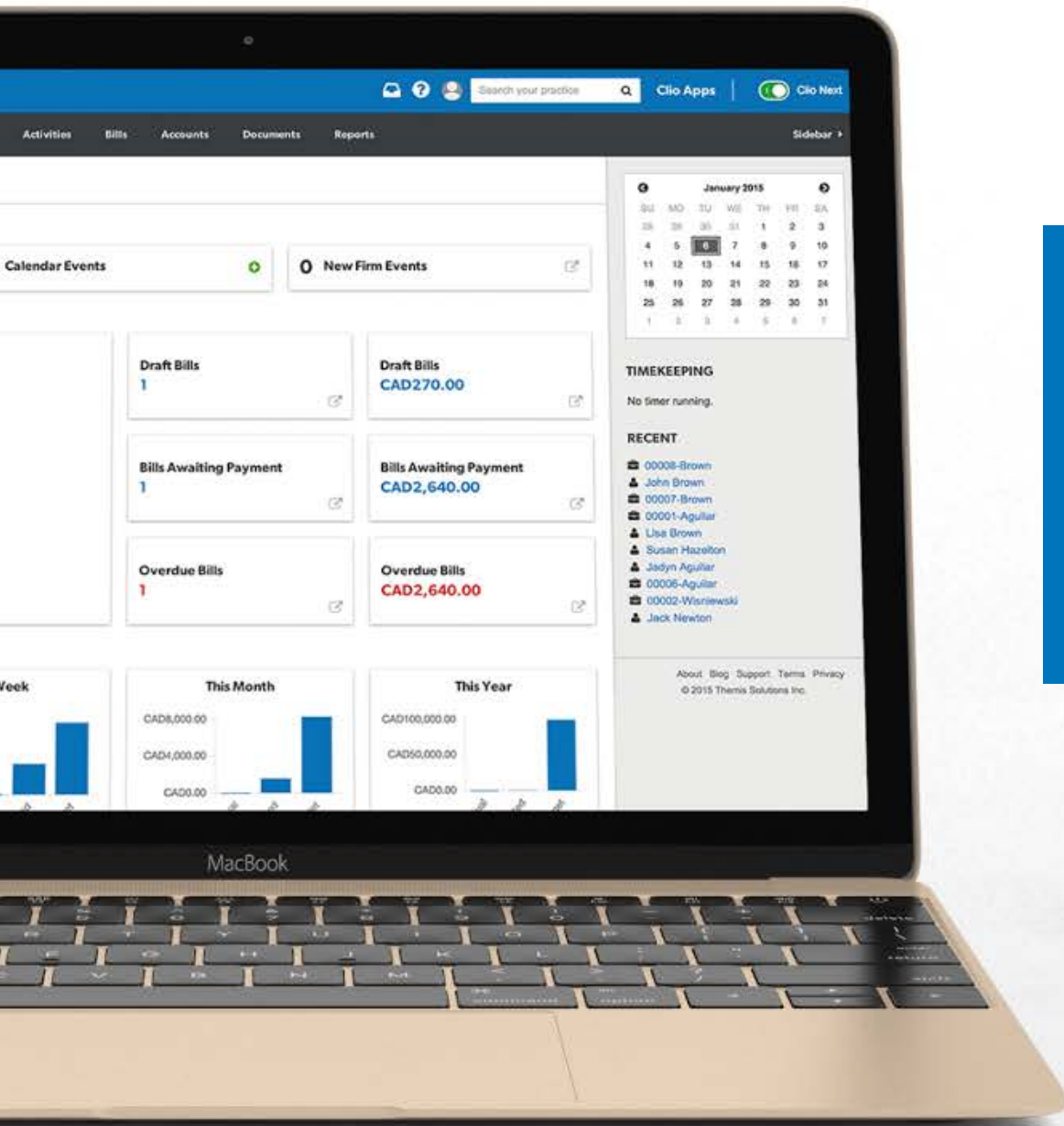
Increase in cases at the end of the year



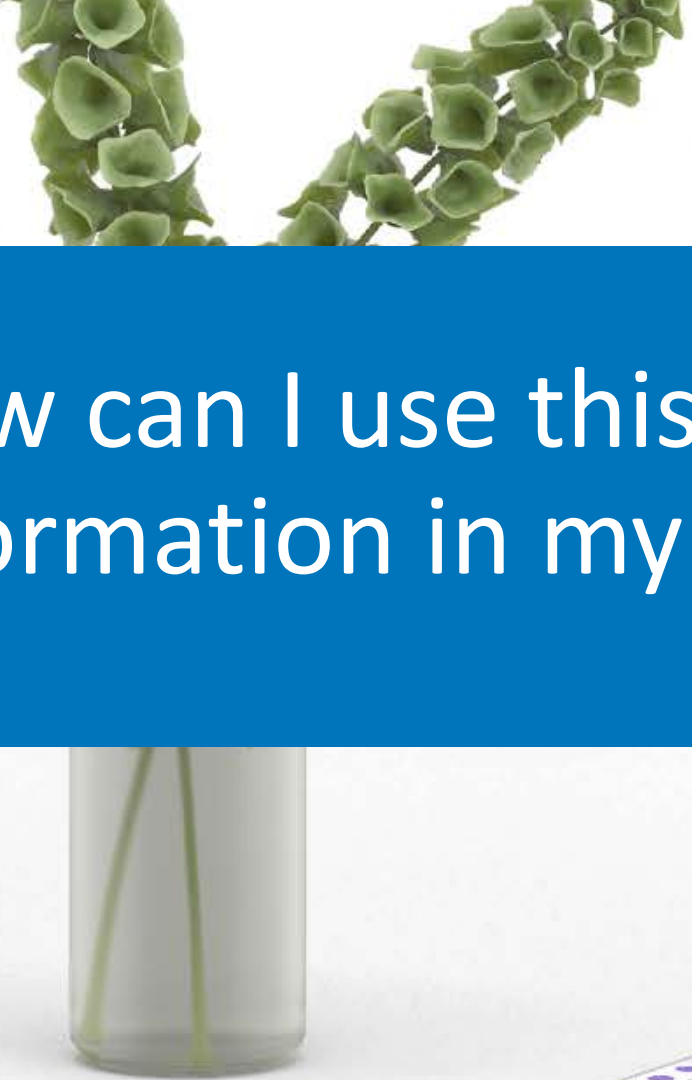
## Tax

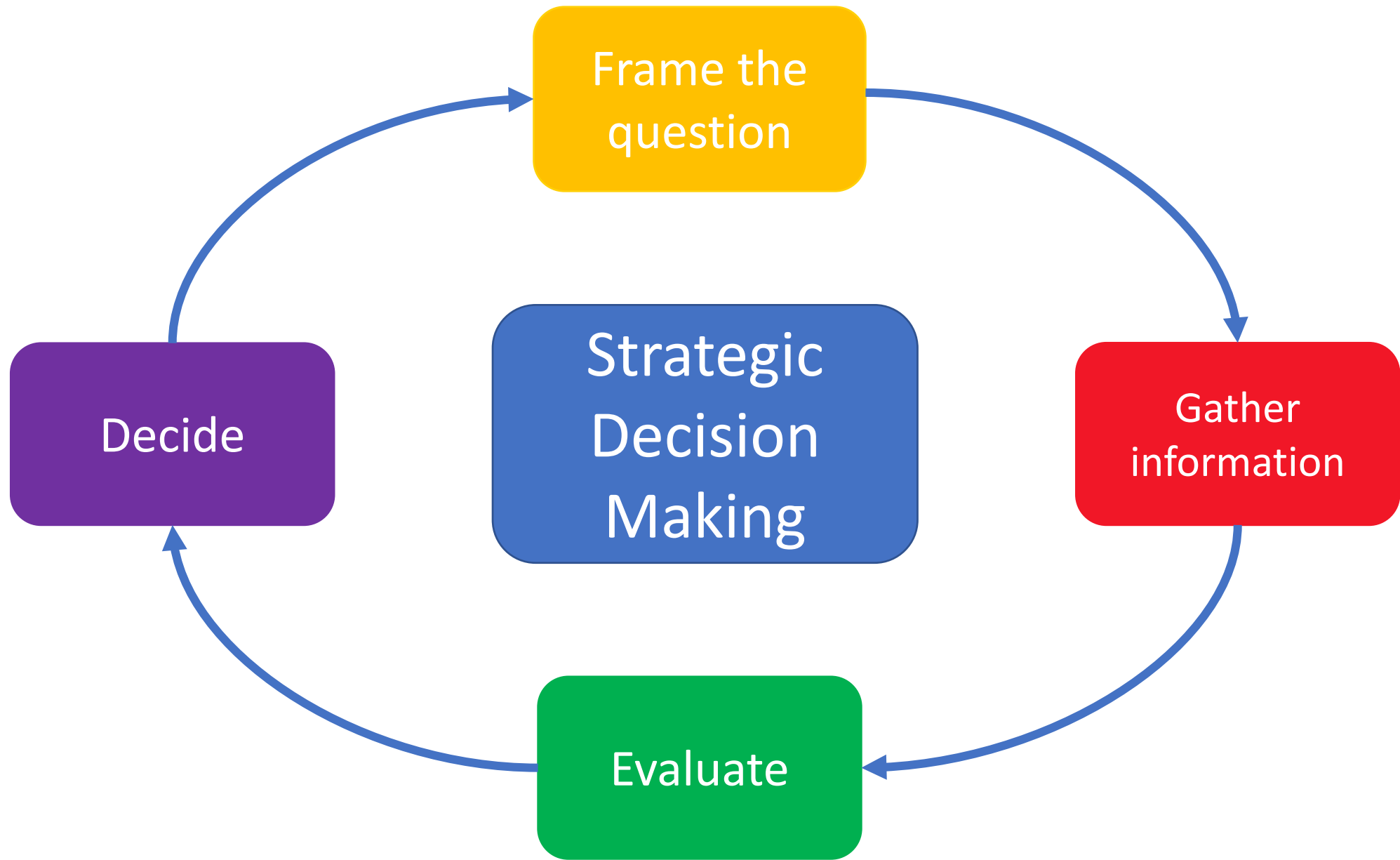
Increase in cases at the beginning of the year





How can I use this information in my firm?





# The estimated average value of a family law matter is \$3165

How much can I afford to spend to acquire this case and still be profitable?

Are the matters I am working below, at or above this benchmark?

If I decided to offer an alternative fee arrangement, how would I price it?

How many new matters do I need in order to reach my revenue targets?



**Tip # 5**  
**Determine the Value of  
your Matters**



## Tip # 6

**Use Technology to reduce time spent on administrative tasks**





# Questions?

Thank you!

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