



**Armstrong Watson<sup>®</sup>**  
Accountants & Financial Advisers  
A track record of providing solutions to the legal profession

# Legal Sector Breakfast Briefing

6 July 2017

**ArmstrongWatson<sup>®</sup>**  
Accountants, Business & Financial Advisers  
A track record of providing solutions to the legal profession

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The Law Society



# Legal Sector Breakfast Briefing

## Welcome

Sue Carter

UK Head of Professional Services Sector

Yorkshire Bank



# Legal Sector Breakfast Briefing

## Introduction

Andy Poole  
Legal Sector Partner  
Armstrong Watson



# Legal Sector Breakfast Briefing

- 8.00am - Arrival and breakfast
- 8.30am - Welcome
- 8.35am - Briefing
- 9.30am - Q & A
- 10.00am - Close



# Better Law Firm KPIs

Actionable Information beyond Fees and Time

Graham Moore, Founder & Managing Director  
[www.katchr.com](http://www.katchr.com)



# How often does your firm publish KPI Updates?

- ▣ Daily
- ▣ Weekly
- ▣ Bi-Weekly
- ▣ Monthly
- ▣ Quarterly

Does your firm include a measure of profitability in KPIs shared with fee earners?

Do your published KPIs include a  
measure of client satisfaction?



Do your published KPIs include a measure of staff engagement?

# KPI

◀ Key

◀ Performance

◀ Indicator

# Action

RESULTS FYTD	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	% TOTALS CURRENT YEAR'S PROJECTION	% TOTALS LAST YEAR'S ACTUALS
Charged Hours to Clients	7782	7450	7567	8221	7404	8174	8611	7548	6030				68787		
Holidays / Sickness / Courses	1016	940	590	606	871	704	685	573	942				6927		
Recorded Administration	1401	997	993	1166	854	897	891	910	780				8889		
Missing Time	-2375	-1537	-1300	-2143	-1284	-1609	-2212	-1216	432				-13244		
Total Value of Fee Earners Time	£1,210,602	£1,321,439	£1,023,543	£1,273,463	£1,362,222	£1,100,203	£1,202,303	£1,212,323	£1,434,242				£11,140,340		
Less to Administration	£384,973	£301,069	£246,312	£270,277	£250,982	£242,718	£225,093	£211,796	£252,322				£2,385,542	21%	11%
Less Lost to Non Recorded	£-417,196	£-248,152	£-216,334	£-359,301	£-200,861	£-287,088	£-364,206	£-196,682	£58,168				£-2,231,653	-20%	15%
Available to charge to clients	£1,230,071	£1,150,157	£1,162,514	£1,281,516	£1,133,200	£1,263,285	£1,337,982	£1,165,958	£911,467				£10,636,150	95%	87%
Discounts	£18,983	£10,222	£12,059	£16,884	£11,087	£14,794	£16,736	£13,231	£11,308	£0	£0	£0	£125,304	1%	1%
Net value of time charged to clients	£1,211,088	£1,139,935	£1,150,455	£1,264,632	£1,122,113	£1,248,491	£1,321,246	£1,152,727	£900,159				£10,510,846		
Amount of time written off	£136,355	£506,666	£118,385	£467,181	£94,417	£193,250	£122,597	£236,028	£1,186,335				£3,061,214	29%	28%
Net value of time for charging to clients	£1,074,733	£633,269	£1,032,070	£797,451	£1,027,696	£1,055,241	£1,198,649	£916,699	£-286,176	£0	£0	£0	£7,449,632		
Amounts transferred to Work in Progress	£673,201	£198,566	£689,611	£295,841	£395,319	£437,639	£594,196	£305,802	£-595,443	£0	£0	£0	£2,994,732	40%	19%
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Final value finishing up as invoices.	£495,493	£576,432	£453,123	£567,876	£602,321	£675,989	£603,232	£643,456	£325,456				£4,943,378		
Prior Year Targets	£529,358	£532,102	£538,913	£537,940	£533,817	£533,817	£540,817	£540,817	£540,817				£4,828,398	102%	91%
Prior Year Actuals	£312,321	£453,232	£546,523	£323,112	£401,543	£411,234	£398,765	£456,789	£412,345	£465,878	£598,765	£654,654	£5,435,161	Average	£452,930
Opening Work in Progress	£16,455,978	£17,129,179	£17,327,745	£18,017,356	£18,313,197	£18,708,516	£19,146,155	£19,740,351	£20,046,153						
Closing Work in Progress	£17,129,179	£17,327,745	£18,017,356	£18,313,197	£18,708,516	£19,146,155	£19,740,351	£20,046,153	£19,450,710						

## Bills Delivered Analysis

30.06.2015

	NAME	CURRENT MONTH			YEAR TO DATE			FISCAL YEAR		
		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
	Employment	3,650	14,833	-11,183	24,015	44,500	-20,485	24,015	178,000	-153,985
	Wills & Probate	2,492	11,667	-9,174	18,731	35,000	-16,269	18,731	140,000	-121,269
	Domestic Property	13,578	15,500	-1,922	30,196	46,500	-16,304	30,196	190,000	-159,804
<b>TOTAL</b>	<b>PRIVATE CLIENT</b>	<b>19,721</b>	<b>42,000</b>	<b>-22,279</b>	<b>72,942</b>	<b>126,000</b>	<b>-53,058</b>	<b>72,942</b>	<b>508,000</b>	<b>-435,058</b>
	IP	81,315	87,583	-6,268	236,540	262,750	-26,210	236,540	1,051,000	-814,460
	Data Protection	20,355	24,583	-4,228	70,846	73,750	-2,904	70,846	295,000	-224,154
	Corporate	9,295	26,583	-17,288	51,783	79,750	-27,967	51,783	319,000	-267,217
	Employment	57,197	59,500	-2,303	144,390	178,500	-34,110	144,390	714,000	-569,610
	Planning	59,722	33,583	26,139	124,943	100,750	24,193	124,943	403,000	-278,057
<b>TOTAL</b>	<b>COMMERCIAL</b>	<b>227,884</b>	<b>231,833</b>	<b>-3,949</b>	<b>628,502</b>	<b>695,500</b>	<b>-66,998</b>	<b>628,502</b>	<b>2,782,000</b>	<b>-2,153,498</b>
	PI	102,946	121,667	-18,720	272,866	365,000	-92,134	272,866	1,460,000	-1,187,134
	RTA	24,069	37,500	-13,431	73,260	112,500	-39,240	73,260	450,000	-376,740
	Clin Neg	82,978	83,333	-355	181,313	250,000	-68,687	181,313	1,000,000	-818,687
<b>TOTAL</b>	<b>LITIGATION</b>	<b>209,993</b>	<b>242,500</b>	<b>-32,507</b>	<b>527,438</b>	<b>727,500</b>	<b>-200,062</b>	<b>527,438</b>	<b>2,910,000</b>	<b>-2,382,562</b>
	Comm Lit	48,806	52,500	-3,694	153,592	157,500	-3,908	153,592	630,000	-476,408
	Disputed Probate	22,984	25,000	-2,016	72,061	75,000	-2,939	72,061	300,000	-227,939
	Insolvency	27,070	34,167	-7,096	76,870	102,500	-25,630	76,870	410,000	-333,130
	Debt Recovery	32,068	28,333	3,735	76,051	85,000	-8,949	76,051	340,000	-263,949
<b>TOTAL</b>	<b>COMM LITIGATION</b>	<b>130,928</b>	<b>140,000</b>	<b>-9,072</b>	<b>378,574</b>	<b>420,000</b>	<b>-41,426</b>	<b>378,574</b>	<b>1,680,000</b>	<b>-1,301,426</b>



*“In times of change, learners inherit the earth, while the learned find themselves beautifully equipped to deal with a world that no longer exists”*

Eric Hoffer



# KPIs To Drive Action

Aligned  
with  
Objectives

Balanced

Future  
Focused



Aligned with  
Objectives







Goal

Objectives

Strategy

Tactics



S

Specific

M

Measurable

A

Agreed

R

Realistic

T

Time Based



My objective is:

KPI is:



**My objective is:**

**Grow fee income by 20% in next 12 months**

**KPI is:**

**Fees versus target**



My objective is:	KPI is:
Grow fee income by 20% in next 12 months	Fees versus target
Increase focus on local New Media organisations, such that they represent 20% of new business by the end of the year	??

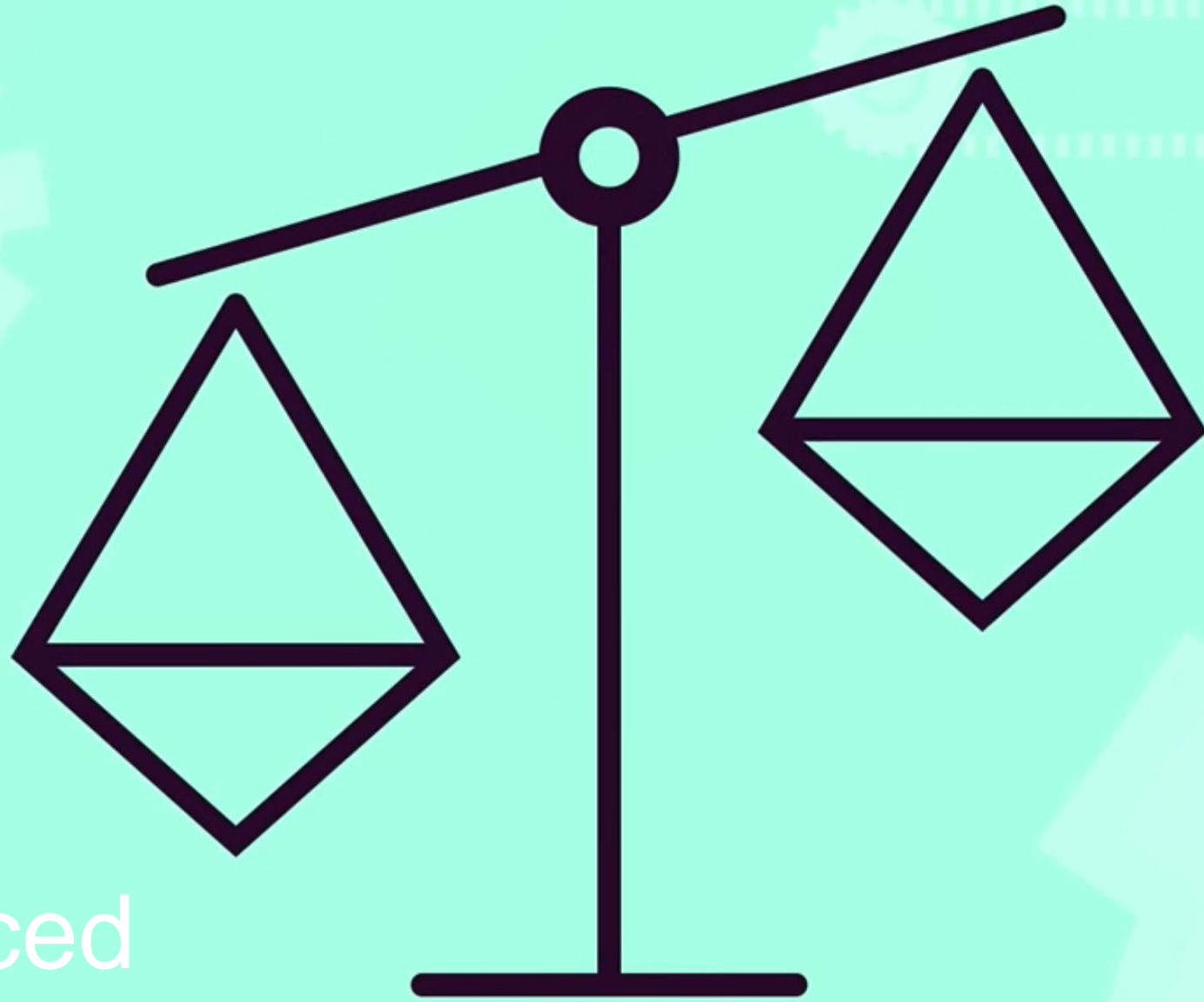


# KPIs To Drive Action

Aligned  
with  
Objectives

Balanced

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Focused



Balanced

*“You get what  
you measure ....”*



# Clients

Satisfaction

Source

# Finance

Profit

Cash

# Process

Quality

Turnaround  
Time

# People

Engagement

Turnover

# KPIs To Drive Action

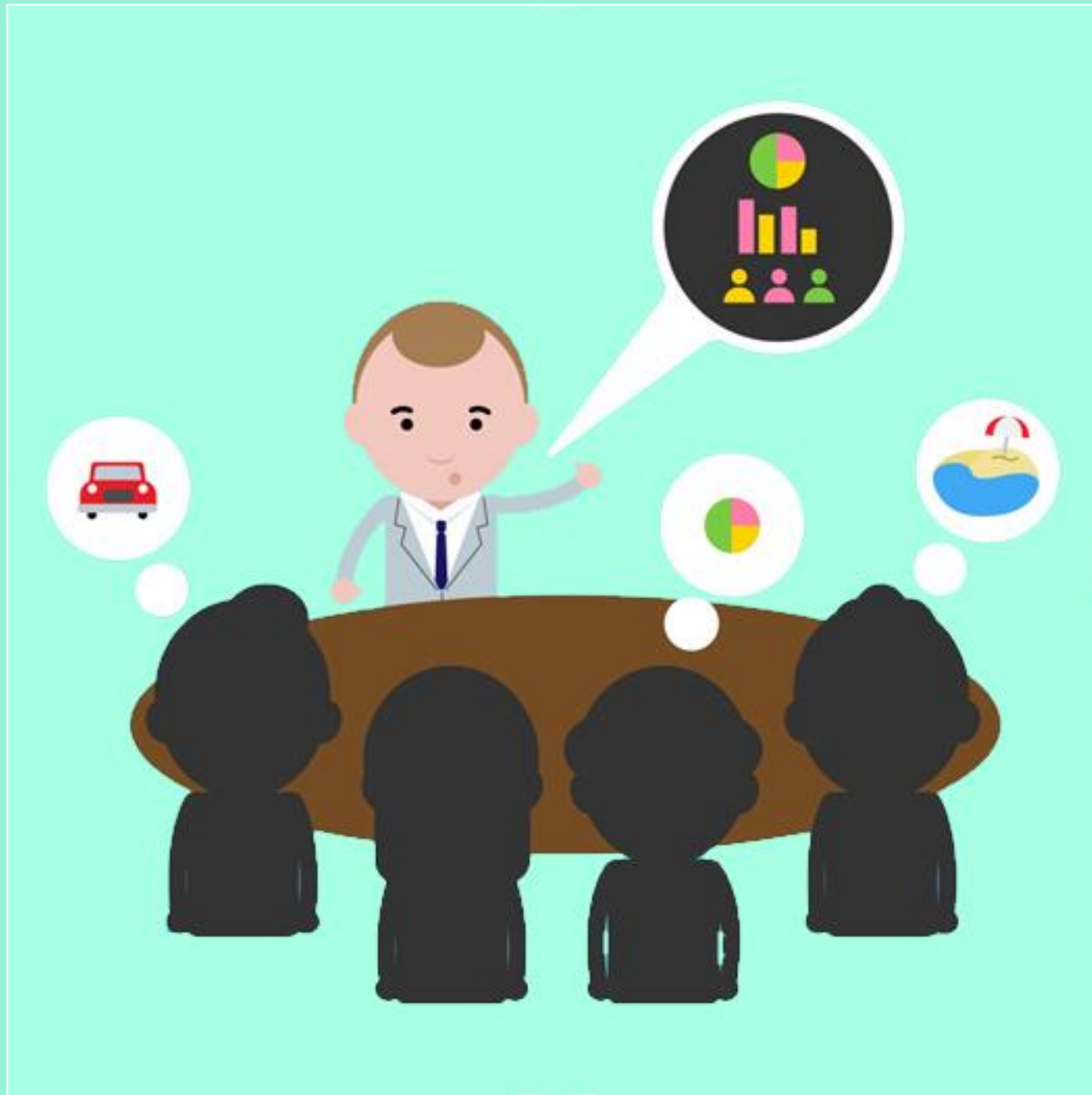
Aligned  
with  
Objectives

Balanced

Future  
Focused

# Future Focussed









## Customers

- Net Promoter
- Conversion Rate
- Customer referrals

## Finance

- Sales from new customers
- Sales from new products (services)

## Process

- Turnaround time
- SLA Achievement

## People

- 360 degree feedback
- Staff referrals



# KPIs To Drive Action

Aligned  
with  
Objectives

Balanced

Future  
Focused



# Examples

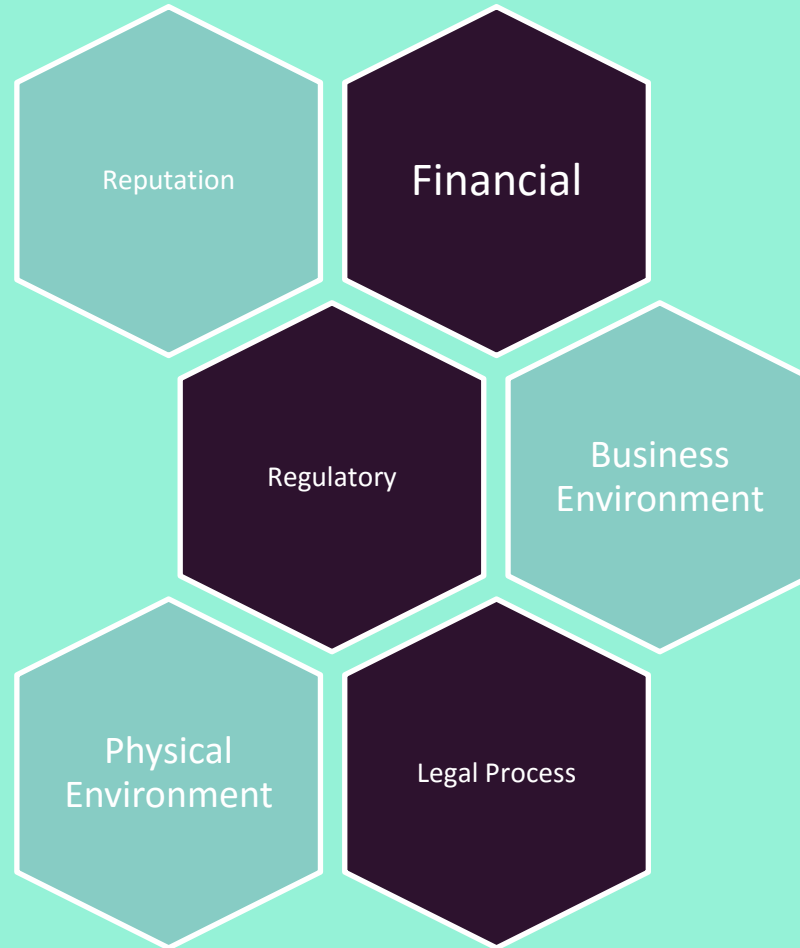


KPIs to  
minimise Risk



Measuring  
your Marketing

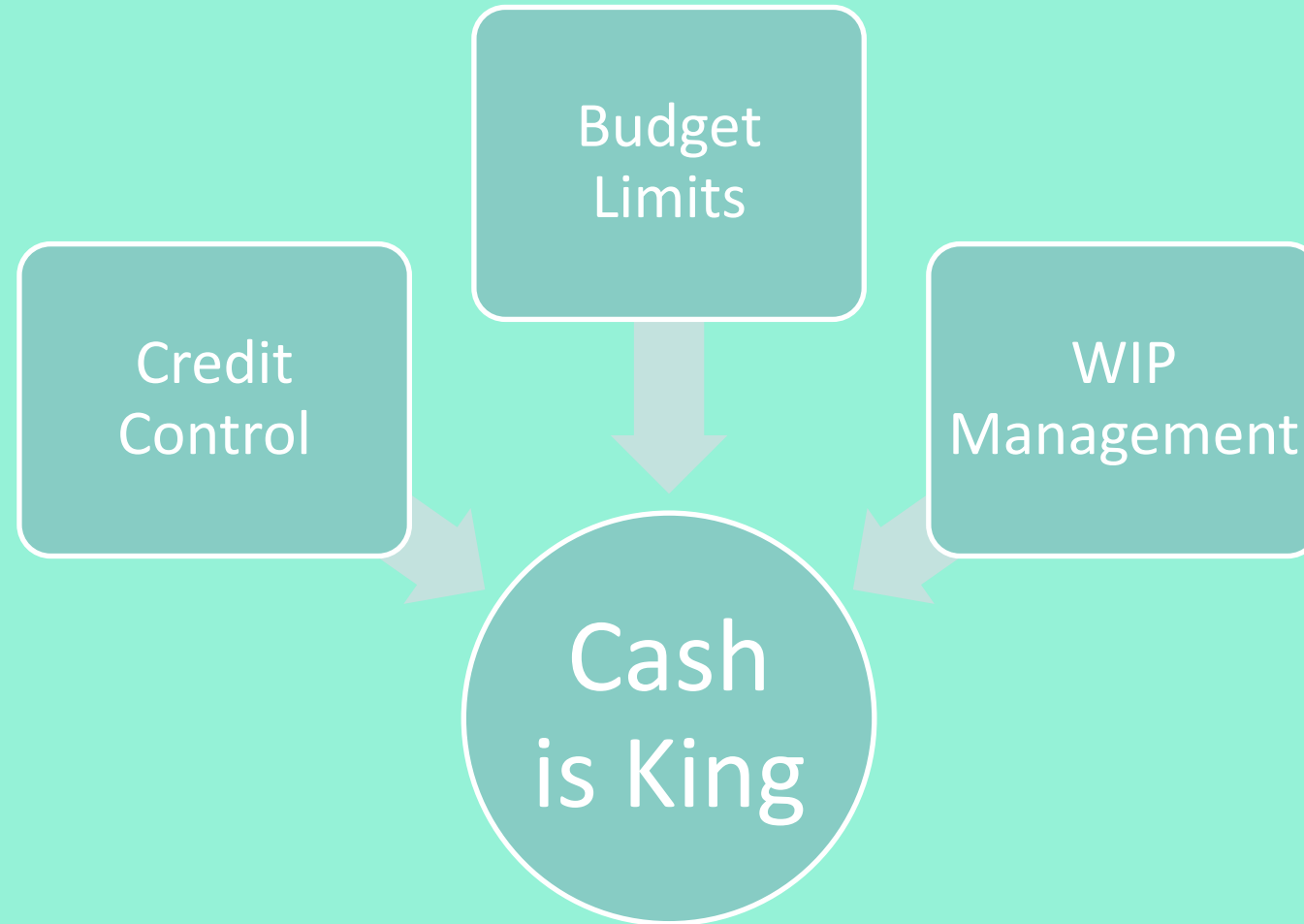
# What's the risk?



# Monitoring Risk



# Monitoring Financial Risk



# Monitoring Regulatory Compliance

SRA Accounts Rules

Anti-Money Laundering

Complaints

Data Protection

# Monitoring Legal Process

Terms of  
Business

Client Care  
Letters

Risk  
Assessments

File Reviews

Undertakings  
Discharged

Limitation  
Dates

# KPIs - What does good look like?

Record the data

Don't use  
spreadsheets

Combine data with  
business rules

# Examples



KPIs to  
minimise Risk



Measuring  
your Marketing

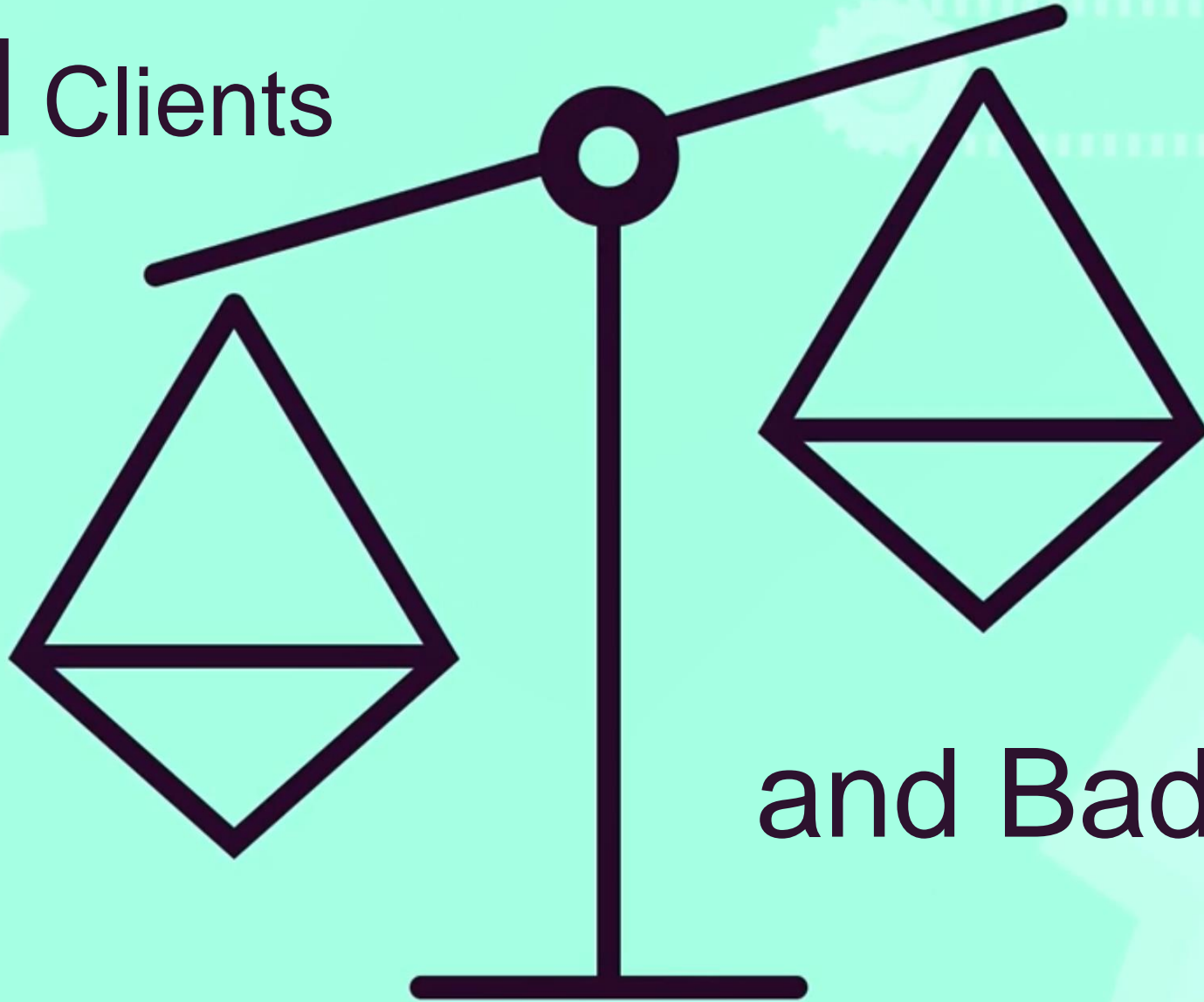


# Objectives

Understand our clients

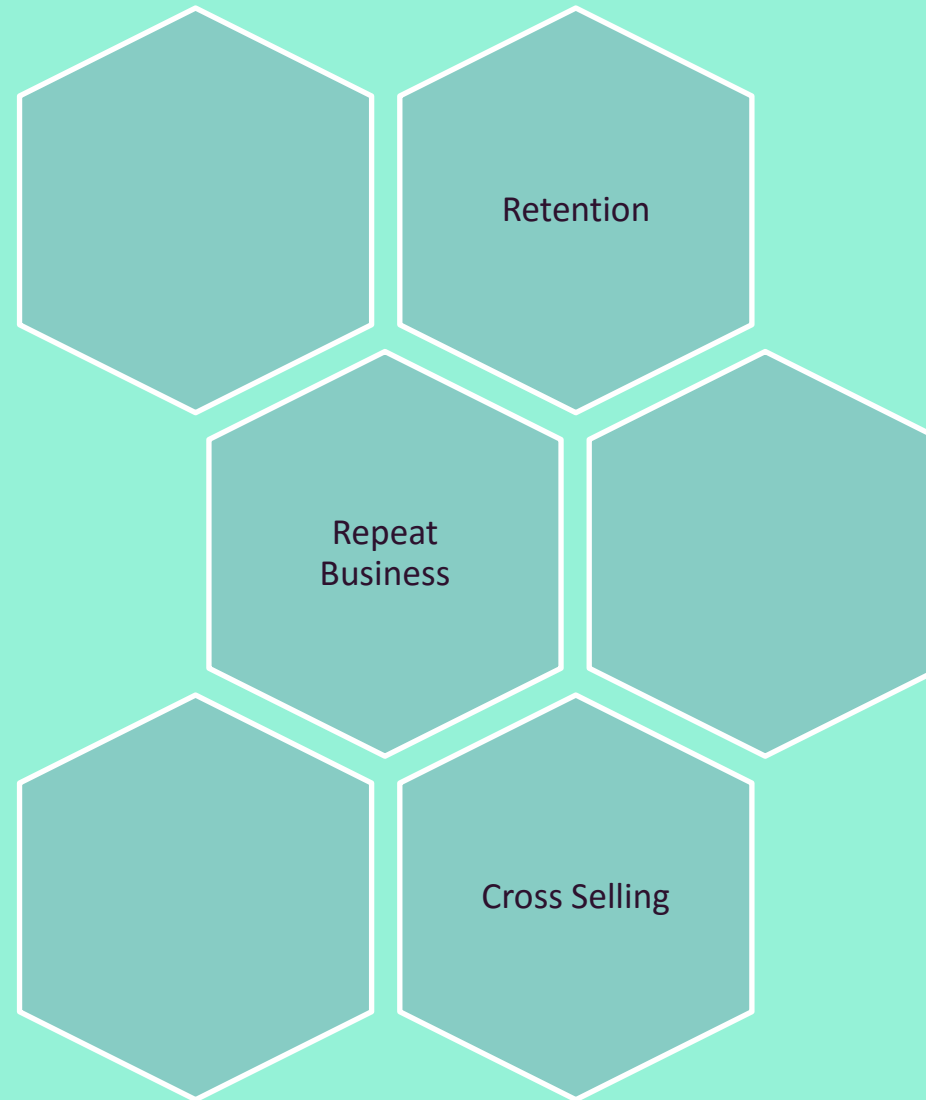
Refine marketing spend

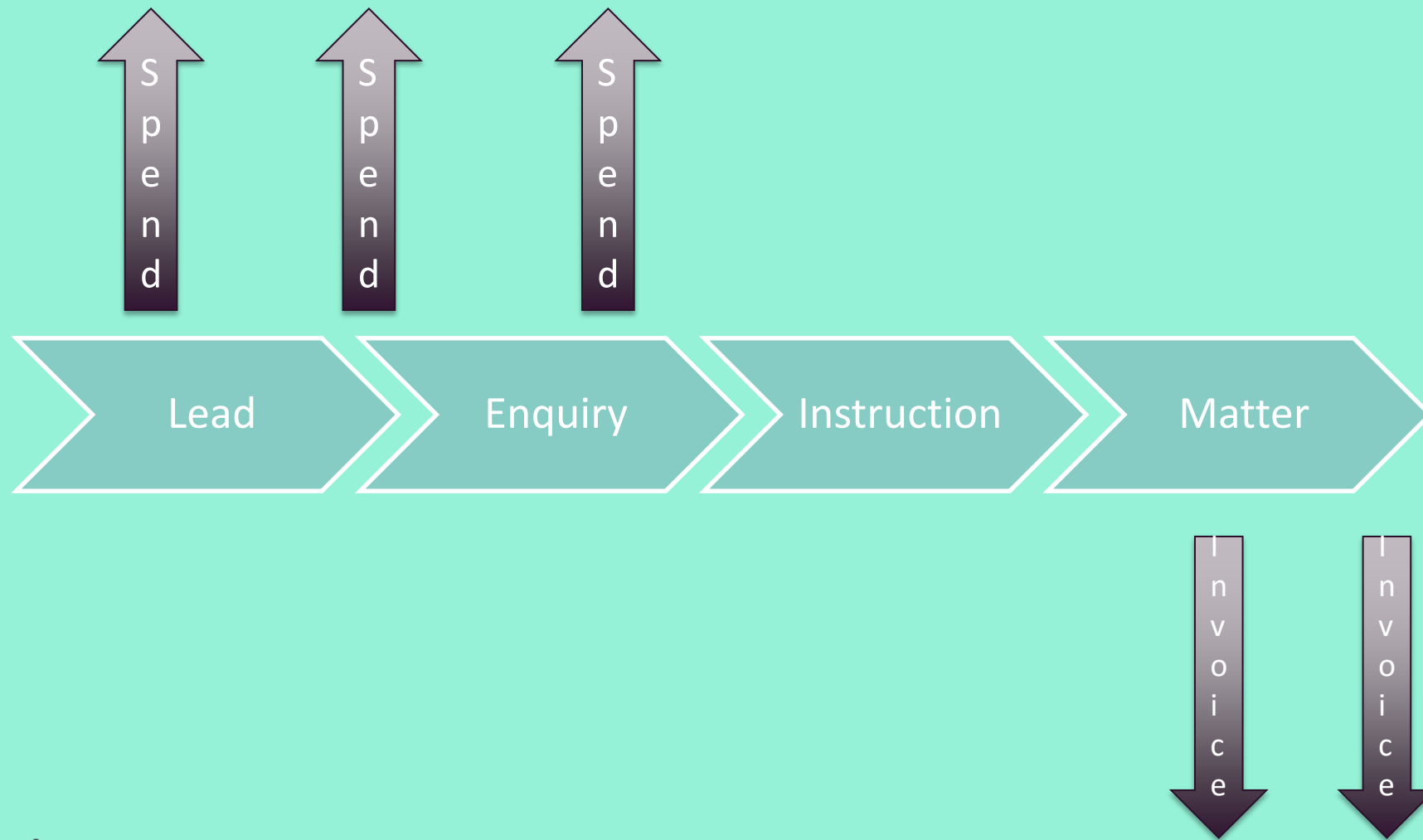
Good Clients



and Bad Clients

# Client Analysis





# Examples

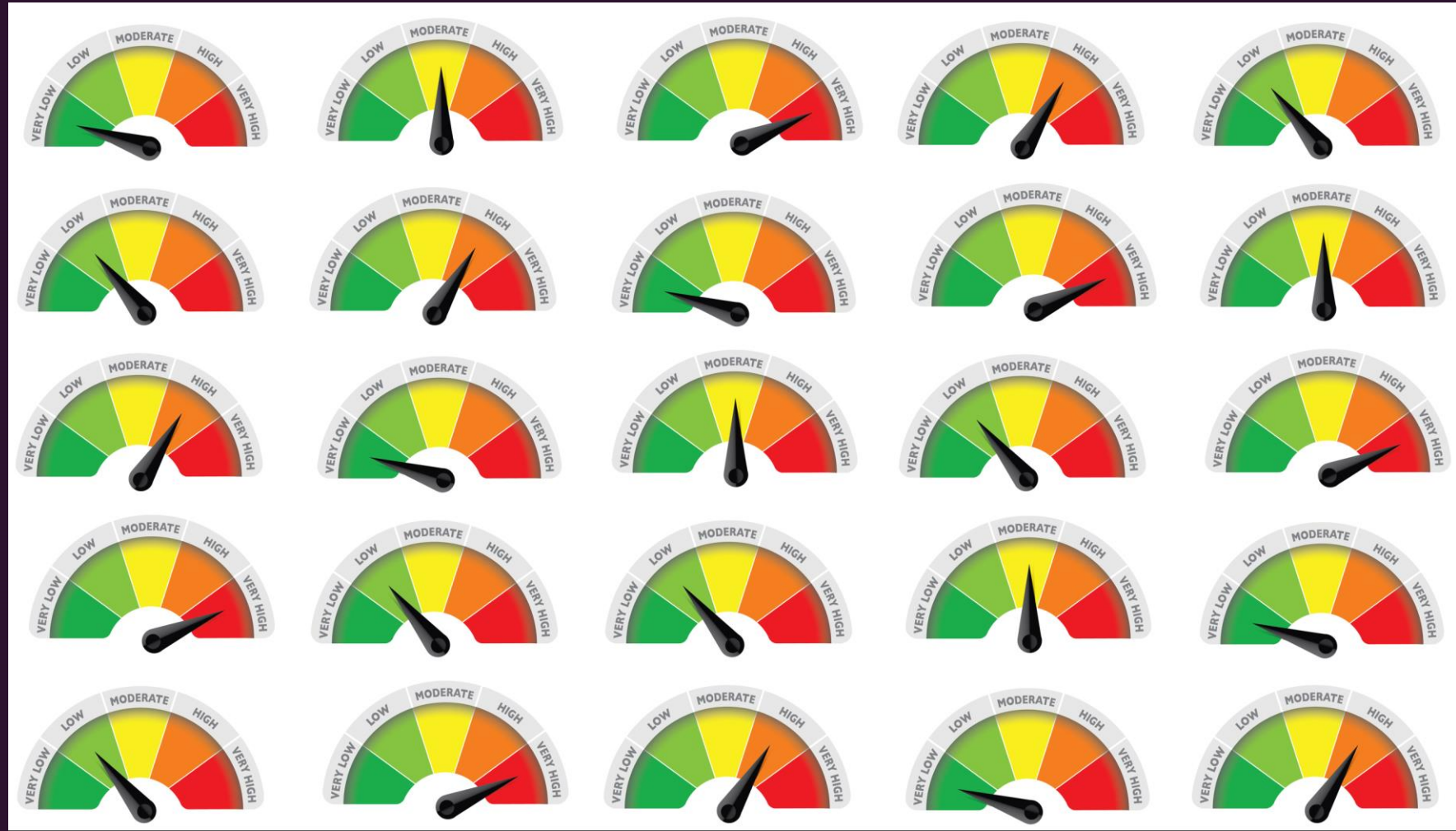


KPIs to  
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Measuring  
your Marketing

# KEY Performance Indicators



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**Company Overview**

Moore & Dopson LLP

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**Analysis**

< Group Office

Search...

All Groups

Commercial Services

Litigation Services

Private Client Services

**Customers**

Conversion Rate	76%	80%	
Customer Referrals	324	500	

**Finance**

	MTD	YTD	
Fees Delivered	£1,332,581	£15,857,026	
Recovery %	86%	85%	
Profit	£1,332,581	£15,857,026	

**Process**

SLAs **86%**

**People**

Staff Engagement	76%	
Staff Turnover	3%	



Graham.Moore@katchr.com

Graham Moore, Founder & Managing Director  
[www.katchr.com](http://www.katchr.com)



# Legal Sector Breakfast Briefing

## Questions and Conclusion

Sue Carter

UK Head of Professional Services Sector  
Yorkshire Bank



**Andy Poole**  
**Legal Sector Partner**  
**Armstrong Watson**

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