

Do you have the right tools to effectively manage your law firm today

By Maureen Gleason



Administrators must realize to effectively compete in today's legal market they must have the right tools. These tools consist of the right personnel, the right technology, the right software and the right person to put them all together; finding the right mix can be challenging.

Personnel cannot be overlooked when discussing the tools of success that are available within the firm. Technology works best when it is in the right hands. The most successful businesses and law firms strike a true balance of the right technology, the right software and the right people. A knowledgeable Administrator can move the firm in the right direction to achieve that critical balance. This article will touch on just a few of the things the law firm Administrator can do to meet that challenge.

An immediate source of data to meet this challenge can be found in your firm's accounting package. Focus on the firm's productivity reports to determine the ratio of associates and partners. Focus on these reports to verify that the right partners and associates are in place. Reports such as a timekeeper analysis, billing analysis, working timekeeper analysis, and collection analysis are just a few of the productivity reports that can be generated and form the basis of various categories of inquiries relating to personnel and staffing. For example, the reports noted above will give the Administrator important insight into the following productivity topics:

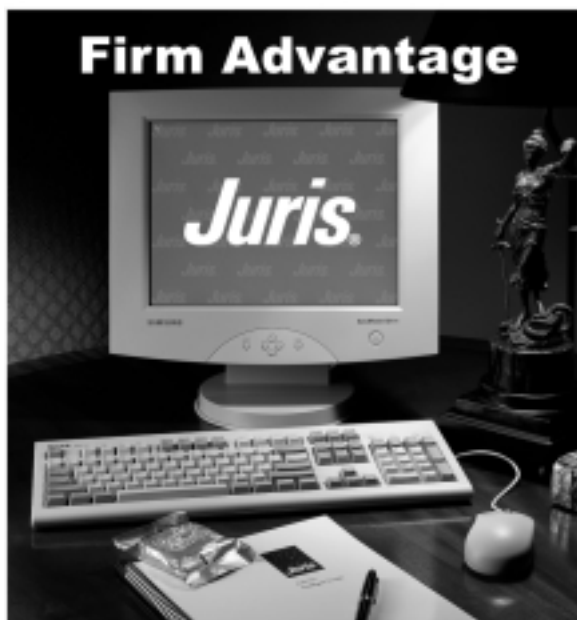
- Are the associates billing their billable time effectively? What is the percentage of mark-downs at the pre-bill stage?
- Are the billing attorneys billing effectively? What is the percentage of accounts receivable write-offs?
- Are all of the associates producing adequate, collectible billable hours? What are the average annual billable hours?
- Are we utilizing paralegals and/or law clerks effectively? Is their non-billable time billable? Is it collectible?

Take a look at the firm's clients. The firm accounting package should provide adequate client-matter reports to assist you in the client evaluation process. Successful law firms cannot afford the wrong clients even with the right tools . . .

- Are they the right client mix for the firm's bottom line?
- Are all of your eggs in one basket?
- How does the firm's standard rate compare to the client's rate?
- Are your clients paying your bills timely? Are they paying the invoices in full or are you writing-off fees and/or expenses?

Is the client list expanding? Are the partners' non-billable marketing hours effective?

Go one step further with your clients and evaluate the firm's practice classes. Again, your accounting package should focus your attention on the firm's more profitable areas of law. Practice Area management should be one of the firm's top priorities. Successful law firms take advantage of profitable practice areas, abandon those that are not profitable and recognize the potential for new practice areas from existing clients.




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- Are all of your practice areas profitable?
- How does the practice area's rate compare to the firm's standard rate?
- What is the practice areas' average billed rate?
- Are the practice areas write-offs greater than other practice area?

Learning to read and analyze your time and billing reports is essential to the administration of a successful law firm. It is also the key to working smarter, not harder. Look for trends in the reports, look for mark-downs at the timekeeper, client and practice class level. Review rates, review client collections, review timekeepers. Be cautious to evaluate a single issue without looking at all of the data. It may be the right associate in the wrong practice area; the right practice area with the wrong billed rate; the right billed rate but the wrong client.

Understand the reports and be prepared to explain them to your partners. Follow through with your partners. Make sure that they understand the reports. Discuss what additional tools/reports they need to make informed decisions. By utilizing the tools available to them, Administrators have the ability to facilitate the partners' decision making process and to assist them in making better business decisions, which, in turn will make for a more successful law firm.

Administrators that take action with the tools provided in the firm's accounting package will ultimately move the law firm forward. They can chart and promote the firm's ongoing success. Use the tools; maximize the outcome – and enjoy the benefits of administering a competitive, profitable and successful law firm. 

Maureen Gleason is Vice President of Juris® Midwest Sales and Service, Inc. A former ALA member and law firm administrator, Maureen's experience in the law firm arena spans more than twenty years.