# Briefing

## A NEW ERA FOR LAW FIRM GROWTH

MARCH 2015

*Feature*

## Getting ahead

Law firm finance on where the future growth will come from and exactly how to get there

*Industry views*

## Cashflow questions

Industry insight on the information needed to power up your profits

# Growing gains

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# Metric monitor

**Dan Wales of DW Reporting says it's time to move from just reporting to really flexible enterprise business intelligence**

**Many think the last six years in the legal industry has been tough. A global recession, more competition for smaller client legal budgets, a push back on fees and the billable hour model have all contributed to greater scrutiny on costs and profitability inside legal business.**

But this situation presents an opportunity to fundamentally change and improve the way they market, manage and deliver their portfolio of legal services. Some firms, of course, have already started to embrace this opportunity. To do this, however, they need robust and coherent business information to make strategic decisions with confidence.

This kind of step change in how law firms might monitor, maintain and change all aspects of their organisation places far greater emphasis on the use of effective business intelligence to underpin the management of a law firm and, more importantly, drive behavioural and business change.

In the past, business reporting was mainly managed by the finance teams and focussed on the core financial metrics of a law firm. Now, business intelligence requirements in a firm have expanded and can be categorised into three broad and overlapping tenets: financial, customer and operational business information.

## Developing the detail

Today's financial BI is still the 'traditional' view, focusing on budgeting and planning alongside financial reporting on revenue, profitability, WIP, utilisation and so on. But the potential timeliness, delivery, type of recipients and way this data is consumed have fundamentally changed.

Gone are the days where partners will peruse a 50-page report produced two weeks after month end. Individuals at all levels now want access to succinct and

timely information on the key metrics of the business, tailored to their business role, throughout the month so they proactively act upon them as required.

In response to the economic shifts around us, there is also an increasing trend for law firms wanting to focus on customer-specific metrics as part of their business intelligence portfolio. Law firm business development, marketing and management teams now want more detailed information on the work they have undertaken for their clients, their interactions and interrelationships, the veracity of the current relationship, potential upsell and cross-sell opportunities, response and ROI on marketing activities and campaigns and so on.

This has given rise to the new area of 'customer' BI that focuses on the revenue and operational objectives related to new business and existing customer retention.

But there are challenges in delivering coherent customer information, as this frequently requires aggregation of data from more than a firm's practice management system. To tackle this, firms are looking to data governance and master data management strategies, as well as bringing in marketing operation teams to work alongside legal specialists in these areas – to improve data quality and integrity and provide robust business information in many different views/perspectives, as required by the different business units.

The last tenet, another that's relatively new to legal, is the use of BI platforms to produce more timely and succinct information related to delivery of legal services – in other words, 'operational' business intelligence.

New business revenue strategies are vital, but of equal importance is ensuring that newly won business is delivered at optimal cost and quality. Law firms now want information metrics on all aspects of their service delivery model, and regulatory requirements such as Precedent H have created extra pressure for firms to analyse previous matters to identify costs and resourcing more accurately, and to maintain a proactive control of the costs incurred for each project phase.

Obviously, there are also clear overlaps between these three tenets, and a good example is performance management. Law firms should want, and increasingly do want, to measure more than billing and utilisation by fee earners. Metrics such as recovery, team management and cross-sell activities have become important performance metrics that firm management

wants to measure and align to remuneration.

So, how do law firms build BI platforms that cater for, and embrace, these more rigorous BI information requirements? Today, any successful BI initiative requires three elements: a robust and flexible architecture, effective and integrated business data management, and a partner with legal domain experience who can assist in all the tenets of a law firm's business intelligence requirements.

It cannot be understated how vital experience is in the success of implementing a new enterprise BI platform in a law firm. A common theme of many past (and often unsuccessful) BI initiatives is the lack of in-depth legal domain experience on the supplier's side. A law firm is a very different animal to a corporate organisation, and the success of a new BI solution in a firm is not just about how powerful and flexible a new dashboard technology is – it is about the correct delivery and visualisation of accurate, timely and relevant information to the right individuals to achieve positive behavioural and business change.

BI does not have to be a big, proprietary system, either. There have been some significant developments with data integration and BI dashboard/reporting software, most notably the recent updates from Microsoft to its Business Intelligence Design Studio (BIDS). This update has made Microsoft comparable to all other propriety BI software vendors in terms of features, functionality and ease of use.

As BIDS is included as part of SQL Server, it is often a software the firm already has access to via the Microsoft Enterprise licence agreement. Most firms can achieve their BI goals without the need for any significant investment in new dashboard and reporting platforms.

This is good news, because while firms' BI requirements are now more complex, a combination of working with the right consultants and cheaper (or already purchased) software can now deliver against these requirements cost-effectively – and in a matter of days and weeks, not months and years.

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