

Measuring and Managing Performance for Law Firms



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Executive Summary

The legal sector is facing demanding times, and there is little room for failure. More than ever, law firms must look to build on their successes and boost, or maintain, their overall performance.

Lawyers are no strangers to performance metrics: from billable hours to PEP statistics and hours billed. However, firm-wide performance metrics are hard to tackle – not only are the numerous aspects often intangible and difficult to measure, but they can differ between firms, practice areas, and individual roles.

The often-quoted maxim of management expert Peter Drucker that “you can’t manage what you don’t measure” rings particularly true for this issue. The legal business environment is putting more pressure on firms to keep profits high, ensure client intake is continually growing, and embed a culture of high performance within their workforce. But with the wealth of ever-changing, unquantifiable, and potentially sensitive nature of information concerning performance, how can a firm understand if it is on a route to success, how far individuals are contributing to the overall success of the firm, and whether they are maintaining a healthy work-life balance?

Measuring and Managing Performance for Law Firms offers an overview of the metrics and key performance indicators (KPIs) that firms can employ to effectively measure and manage their workforce and firm-wide performance. With contributions from experts and consultants working in the legal sphere, the book covers a range of thought-provoking topics, from metrics that stimulate innovative thinking to effectively managing high-performance teams and dealing with stress in the work place, and implementing “balanced scorecards” and “opportunity scoring assessments” to track firm performance and effectively utilize internal information resources.

In Chapter 1 Tony Brown, owner of AGB Legal, gives an overview of what law firms should be measuring to properly track overall performance. Brown outlines the reasons for needing accurate, real-time management information (MI) and the six “must haves” for effective and

useful MI (including accurate cash flow forecasts and rolling profit and loss figures).

In Chapter 2 John Sterling, founding partner at Sterling Strategies LLC, runs through the best approach to effectively utilizing the balanced scorecard in law firms, an integrated system for aligning the firm's objectives, plans, and near-term metrics with its overall long-term goals and strategies. The benefits of this system are then explained, including a closer link between PEP and the process- and human-focused aspects of the business, such as value perception and service delivery.

Chapter 3 features Patrick Fuller, vice president of business development at Neota Logic Inc., presenting the case for the Opportunity Scoring Assessment – a system of quantifying a firm's internal knowledge and information resources to ensure they are correctly and efficiently applied to day-to-day business.

Moving into Chapter 4, Barry Wilkinson, founder of Wilkinson Read and Partners, discusses practical and implementable strategies for improving the firm's cash flow. Arguing that improving cash flow is closely tied to firm-wide culture, Wilkinson outlines how improving cash flow is dependent on the workforce understanding their set targets and metrics, and knowing exactly how well they are performing. This can be achieved through simple reports detailing the current status of the firm, MI forecasts, and carefully set output- and process-based KPIs.

Moving to focus more closely on KPIs, Jill King, consultant and former global HR director at Linklaters, explores effective KPIs for measuring intangible, unquantifiable, or otherwise “unmeasurable” aspects of the firm and its workforce in Chapter 5. Arguing that the most effective KPIs are outcome-based rather than input-based, King outlines methods KPIs designed to gauge a firm's people strategy, including the quality of new recruits, overall investment in knowledge, and workforce diversity.

Keeping with the idea of non-standard KPIs for tracking firm performance, Chapter 6 sees Patrick J. McKenna, internationally recognized author, lecturer, strategist, and seasoned advisor to the leaders of premier professional service firms, outlining five unusual metrics that a law firm can implement to boost innovative thinking and action within its workforce. From measuring the time management spends on exploring new business opportunities to the effectiveness of meetings – these metrics aim to reframe how a firm and its workforce perceive performance and success.

The last chapters of the book focus on effectively managing a firm's talent and teams to boost performance – whilst avoiding the negative effects of stress, pressure, and burnout. In Chapter 7 Nick Jarrett-Kerr,

member of Edge International, a leading global consultancy to law firms, offers insight into the best methods for channeling the creative tension that culminates in members of high performing teams into something positive – especially dealing with antagonistic or otherwise difficult individuals. Jarrett-Kerr emphasizes that leaders should aim to give space for multiple perspectives, get everyone involved on board with a decision, and learn to effectively resolve disagreements.

In Chapter 8, Christopher Smith, managing director of Bath Consultancy Group, a division of GP Strategies, discusses how to effectively create an ethical high-performance culture within a team. The priorities that leaders should focus on are addressed, along with how to properly deal with bad behavior, and how alignment of a reward system to said behavior can make a real impact.

Jill King returns in Chapter 9 to give an overview of effective stress management techniques. King explains that whilst eliminating stress entirely is not possible, firms can take steps to minimize the negative effects, and to bring a reasonable balance between performance and health for their talent. The chapter runs through the physiology of stress, the impact that it can have on firm-wide results, and how to build a culture that highlights and promotes stress management and coping strategies to employees.

The book finishes with Jeremy Snape, founder and director of Sporting Edge, outlining in Chapter 10 the best steps to creating a “resilient” mindset within a high performance team, leading to overall better performance whilst mitigating the negative effects of stress. Encouraging physical wellbeing amongst your staff, building and maintaining “team spirit”, and instilling a real sense of purpose into the individuals within that team are all key to ensuring that your talent will continue to thrive and grow amid the inevitable pressures of a legal environment.

About the authors

Tony Brown created AGB Legal in 2010 specifically to work with traditional (and non-traditional) Law Firms, specializing in business improvement, performance management, organizational design, and business structures.

Tony has a wealth of experience and knowledge gained at board/senior level within the legal services sector. Both as an independent consultant working with a select number of Law Firm's and also as the retained chief executive officer of a multidiscipline regional Law Firm who gained one of the first 50 Alternative Business Structure (ABS) licenses granted in the UK.

In addition, Tony is a member of the Advisory Panel of Partners Club, the largest legal networking group in the UK, is a regular contributor to *The Solicitors Journal*, *The Partner*, and *Modern Law Magazine's*. He is a regular presenter at Legal Sector events focusing to the commercial aspects of Law Firm management and development. He is also on the advisory panel for The London Law Expo, the largest legal event for senior Law Firm management in Europe.

Prior to the creation of AGB Legal Tony enjoyed a successful 25 year career with Lloyds Banking Group in both Commercial and Retail leadership roles.

Through Tony's career he has the ability to adapt across a wide range of business sectors building a real understanding of issues and challenges to provide client centric solutions and real business improvements.

Patrick Fuller is the vice president of business development for Neota Logic, Inc., based in New York City. With nearly 20 years of experience in the legal profession, Patrick is often referred to as one of the leading experts and pioneers in legal competitive intelligence (CI), particularly in the art of translating big data into intelligence for business development (BD) and organizational strategy purposes. Previously, Patrick served as the director of legal analytics for TyMetrix and ELM Solutions, helping legal departments to design and implement analytics and

metrics management strategies. Prior to joining TyMetrix, he served as the vice president of product & market strategy for legal technology company Content Pilot. Additionally, Patrick was a senior consultant in the Client Growth Strategy practice with LawVision Group as well as an adjunct consultant with Hildebrandt Consulting, after serving as the global managing director of the Monitor Suite competitive intelligence platform he helped launch for Thomson Reuters Hubbard One. Patrick began his career in the legal industry with Martindale-Hubbell.

Nick Jarrett-Kerr LL.B is a specialist adviser to law firms and professional services firms world-wide on issues of strategy, governance, and leadership development as well as all important business issues facing firms as they compete in difficult market conditions. In the last fifteen years, he has established himself as one of the leading international advisers to law firms.

He is a regular writer and speaker on management and leadership. In the last few years, he has consulted to over 100 firms in more than twenty-five countries on four different continents on issues relating to strategy, governance, mergers, equity/ownership structures, partner performance, succession issues, profit sharing, and other business-critical matters.

Nick is the author of *Law Firm Strategy – After the Legal Services Act* published in November 2009 (Law Society Publishing) and of the recent best-selling Special Report *Tackling Partner Underperformance in Law Firms* published in October 2011 (ARK Group). Nick is currently visiting professor at Nottingham Trent University where he has led the strategy modules for the Nottingham Law School MBA strategy modules. Nick is also a Fellow of the College of Law Practice Management in the USA.

Jill King MA (Oxon) FCIPD has over thirty years international HR experience in the Corporate and Professional services sectors. Her early professional career was spent with Unilever, Tesco stores, and Atlas Copco where she gained extensive international business experience and completed the Unilever Business Education Programme.

In the 1990s she spent nine years as the HR director of KPMG UK before joining law firm Hogan Lovells as global director of HR and Knowledge Management during a period of rapid international expansion and inter-firm mergers. In 2005 Jill was appointed global HR director at Linklaters LLP where, as a member of the International Executive Committee, she built a reputation as a change agent, a motivating leader and a trusted advisor to partners.

In January 2012 Jill retired from the Linklaters partnership to pursue her writing and academic interests. She is the author of *Law firm communications: Collaboration and Connectivity* published by the ARK Group. She acts as a mentor, coach, and consultant to partners and HR teams across the professional sector, and is the vice-chair of governors at Chichester University. www.jillkinginsights.com

Patrick J. McKenna is an internationally recognized author, lecturer, strategist, and seasoned advisor to the leaders of premier law firms; having had the honor of working with at least one of the largest firms in over a dozen different countries.

He is the author of eight books most notably his international business best seller, *First Among Equals*, currently in its sixth printing and translated into nine languages. His most recent work, *The Changing of the Guard, Second Expanded Edition* (Ark Group, 2017), provides in-depth guidance on the leadership selection process in professional firms and resulted in his being acknowledged in *American Lawyer* magazine as “a longtime succession consultant and coach to new firm leaders.”

Patrick’s three decades of experience led to his being the subject of a Harvard Law School Case Study entitled: *Innovations In Legal Consulting* (2011). One example of that innovation was his launching the first instructional program designed to specifically address the issues that new firm leaders of larger firms face in their First 100 Days – which has thus far graduated over 80 new leaders many from AmLaw 100 and 200-sized law firms, as well as from notable accounting and consulting firms.

Patrick serves as contributing editor to *Of Counsel*, The Legal Practice and Management Report based in New York City; writes a monthly thought leadership column for *Legal Executive Institute*; is the only expert in professional service firms admitted to the Association of Corporate Executive Coaches, the #1 US group for senior-level CEO coaches; and is the recipient of an honorary fellowship from Leaders Excellence of Harvard Square (2015).

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Jeremy Snape is the founder and managing director of high performance consultancy Sporting Edge. He has the combined experience of being a successful international cricketer and coach to provide innovative performance solutions for teams and leaders.

Playing in World Cup matches and succeeded in front of 120,000 people gives Jeremy his credibility and his Master’s degree in sport

psychology underpins his authentic storytelling with scientific rigour.

Jeremy and his team have spent the last decade interviewing some of the world's leading names in elite sport, neuroscience and communication. This research into the psychology of success has allowed Sporting Edge to create their exclusive Performance Zone video library which now drives performance conversations across a diverse range of organizations in over 26 countries.

Jeremy has worked with some very successful corporate clients delivering team culture, leadership and executive coaching programmes. On the sporting front Jeremy has held roles as performance coach to the South African Cricket Team as well as Shane Warne's victorious Rajasthan Royals in the Indian Premier League. Jeremy also supported Alan Pardew at Crystal Palace in the Premier League through to their FA Cup final in 2016. He is currently the performance coach for the England Rugby team who recently recorded a world record for 18 consecutive International wins.

Jeremy has rapidly become one of the most recognised names in sport and business psychology, offering key insights to Sky Sports, BBC Radio, business publications, and the Financial Times.

Barry Wilkinson helps medium-sized Law Firms, to improve their business performance, helping successful ones grow turnover, profits and client loyalty, and turning round the “stressed but not distressed”.

In a varied career he has been a cost accountant, business lecturer, finance director, speaker and author, and for the last 20 years management consultant and business coach.

He has been described as “one of the few non-lawyers who can make Lawyers sit up and listen” and is the author of *Cash Flow Management for Law Firms* (ARK 2009 and 2014) and many articles on legal business topics.

His clients say that he gives them the confidence to tackle the real challenges which face firms today and to get Partners to move forward together.

Barry is the founder of Wilkinson Read, an Executive Committee member of the Law Management Section, Past President of CIMA (Leicester) and a member of both the Institute for Turnaround and the Association of Partnership Practitioners. He has chaired the ARK Business Conference and LMS Conference as well as presenting a number of ARK and Lawnet Masterclasses on finance.