# Using (Real) Performance Data to Improve Your Practice

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# Legal Trends Report





# Session Agenda

- 1. Introduction + Methodology
- 2. 2017 LTR review
- 3. Using LTR data to drive decisions



# Part I: Introduction & Methodology



To maintain the requisite knowledge and skill, a lawyer should keep **abreast of changes in the law and its practice, including the benefits and risks associated with relevant technology**, engage in continuing study and education and comply with all continuing legal education requirements to which the lawyer is subject.

- ABA Model Rule 1.1, Comment 8



#### What gets measured gets managed

— Peter Drucker





— Peter Drucker (same guy)

Culture eats strategy for breakfast.



#### At Clio, our mission is to transform the practice of law, for good.

— Jack Newton (different guy)

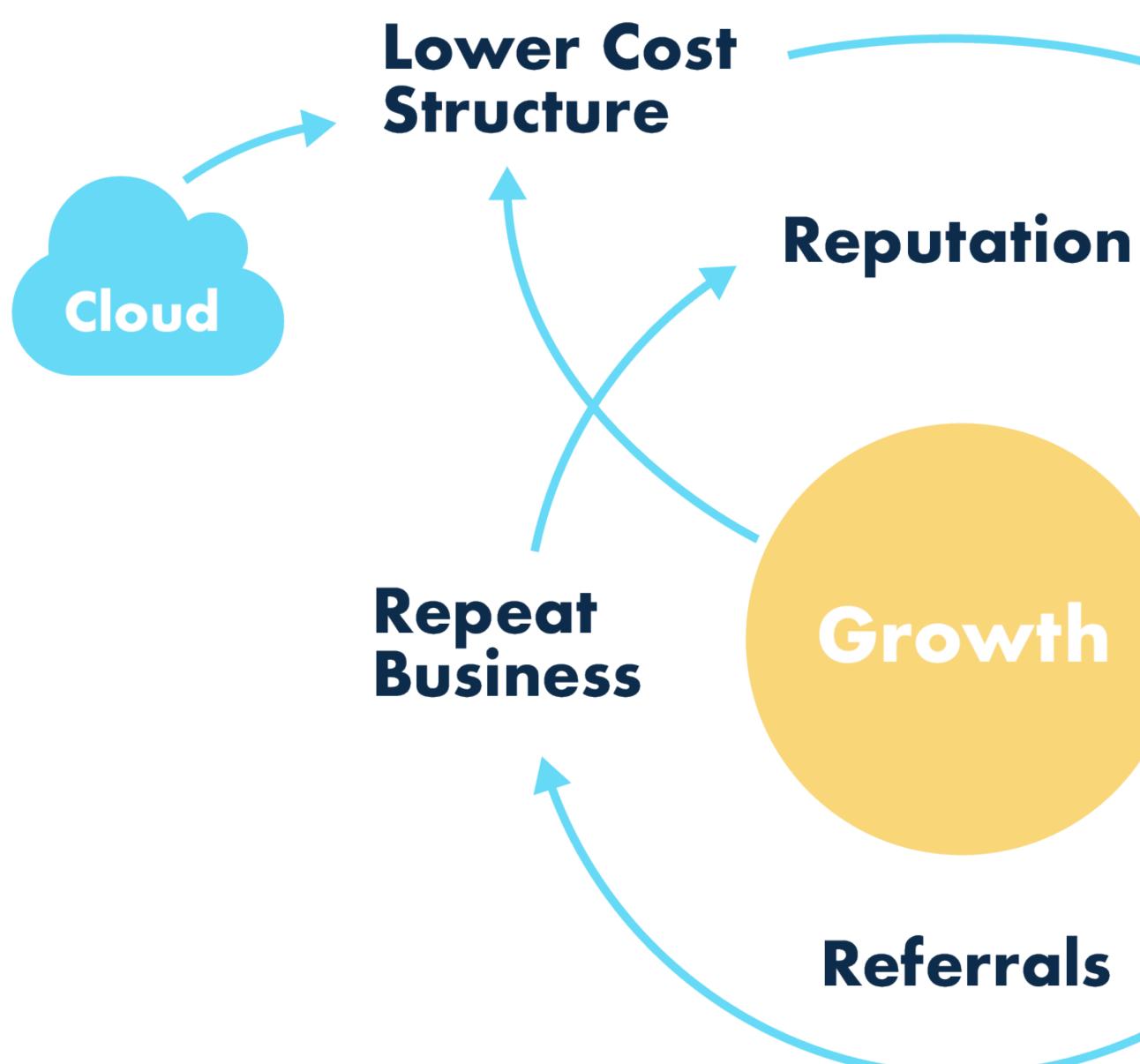


# Transforming the <u>culture</u> in legal

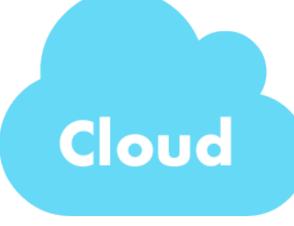












## Growth

#### Customer Experience

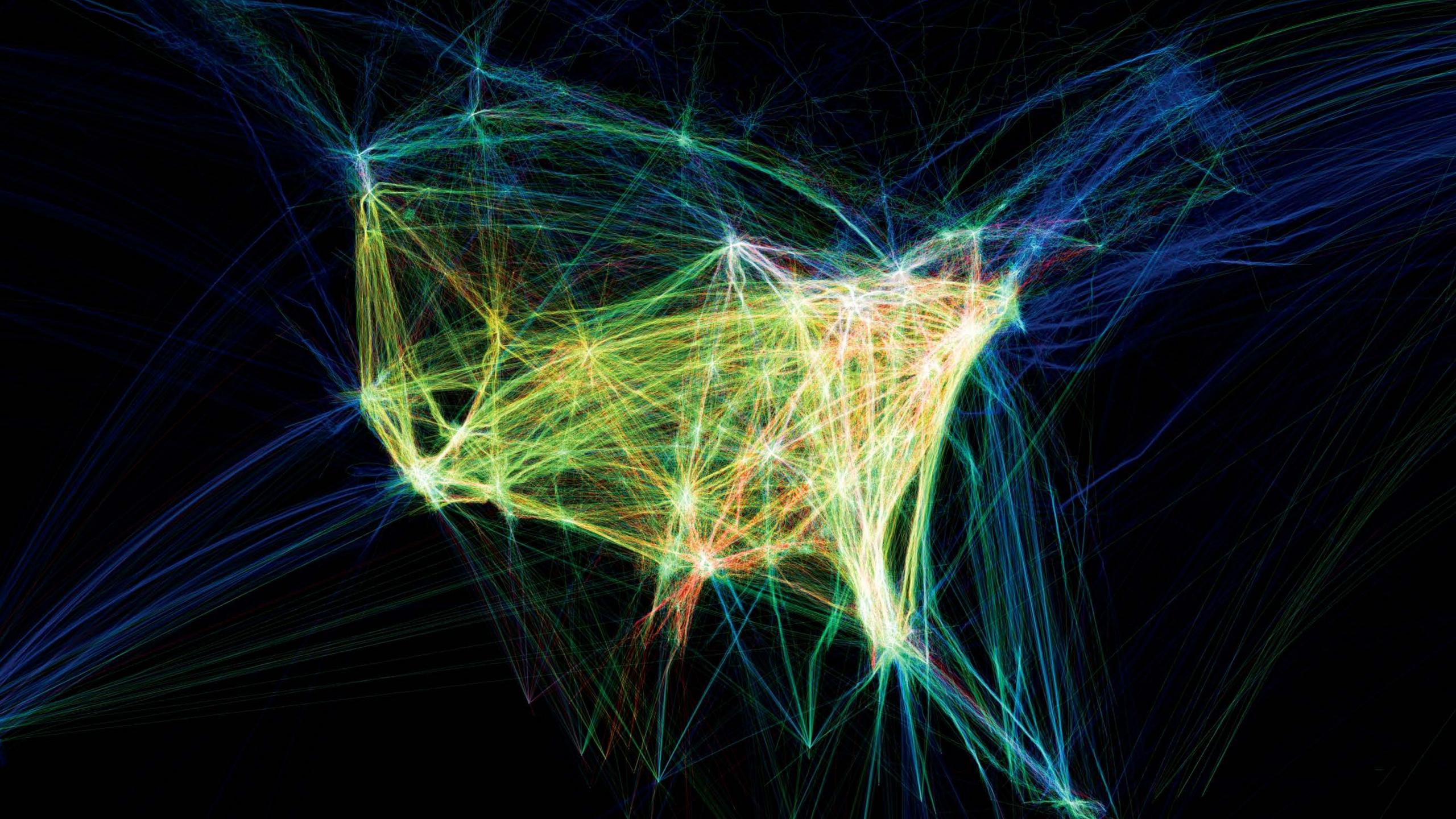
Referrals



Where do we start?



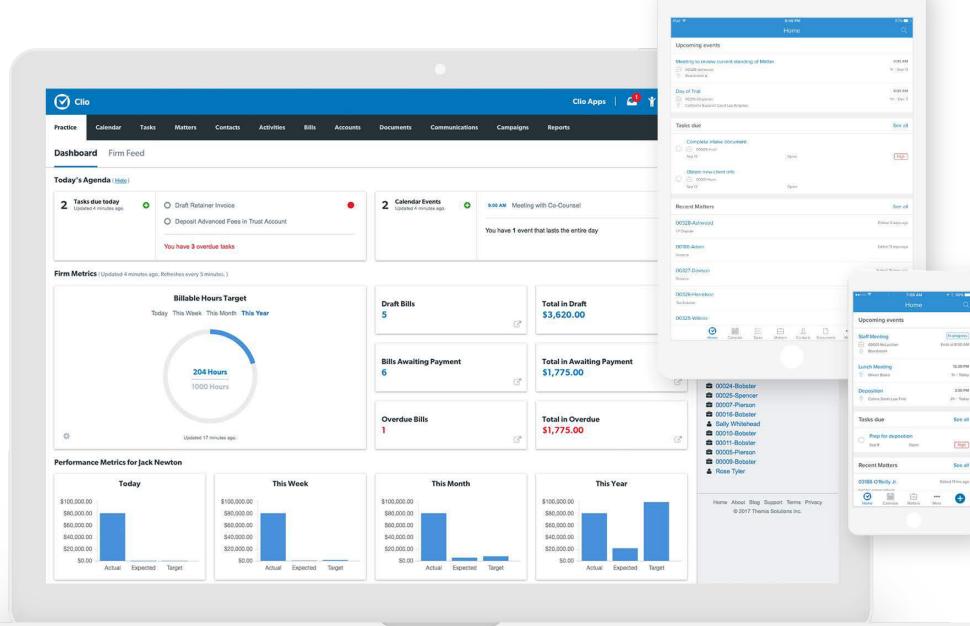






With the utmost care for privacy





# Methodology Data Usage + Privacy

- All extracted data is aggregated and anonymized;
- No personally identifiable information (PII) was used.
- No data belonging to any law firm clients was used.
- Customers can opt-out from the settings menu in Clio.



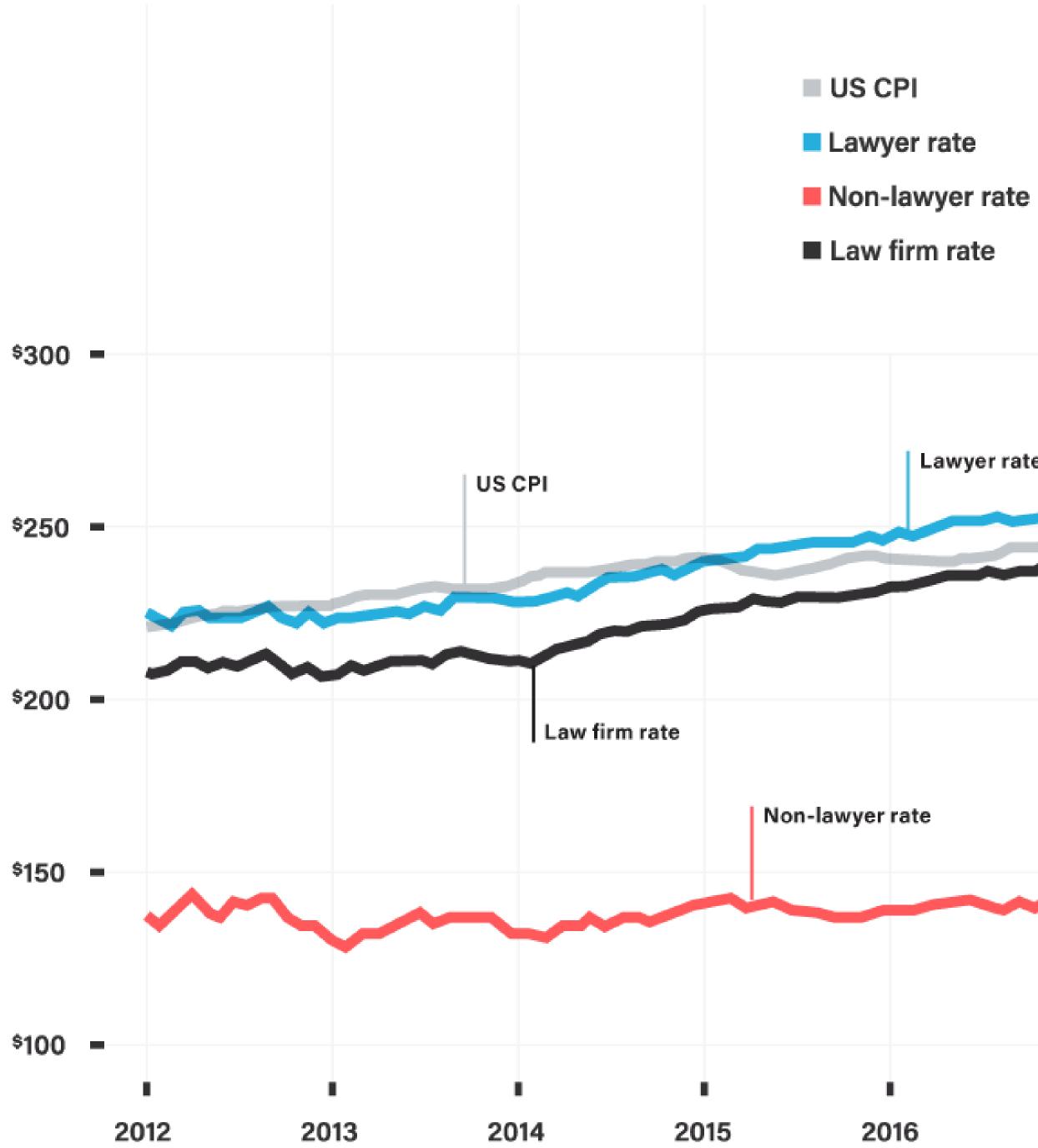
# Part II: Show me the data / 2017 LTR review





# The Billable Hour Index





# Lawyer rate 2017

# 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

\$312 Bankrur

Bankruptcy

\$290 Corporate

\$289 Intellectual Property

\$278 Civil Rights

**\$275** Appellate **\$165** Medical Malpractice

\$159 Government

\$**150** Criminal

\$139 Worker's Compensation

\$**85** Juvenile

#### Lawyer rates by practice area

\$**340** Immigration

\$318 Intellectual Property

**\$308** Tax

\$304 Real Estate

\$**302** Trusts



#### Non-lawyer rates

by practice area

\$186 Insurance

\$162 Mediation/Arbitration

\$150 Worker's Compensation

**\$149** Medical Malpractice

\$**86** Juvenile \$223 Traffic Offenses

\$203 Immigration

\$180 Intellectual Property

**\$172** Tax

\$152 Real Estate \$**89** 

Insurance

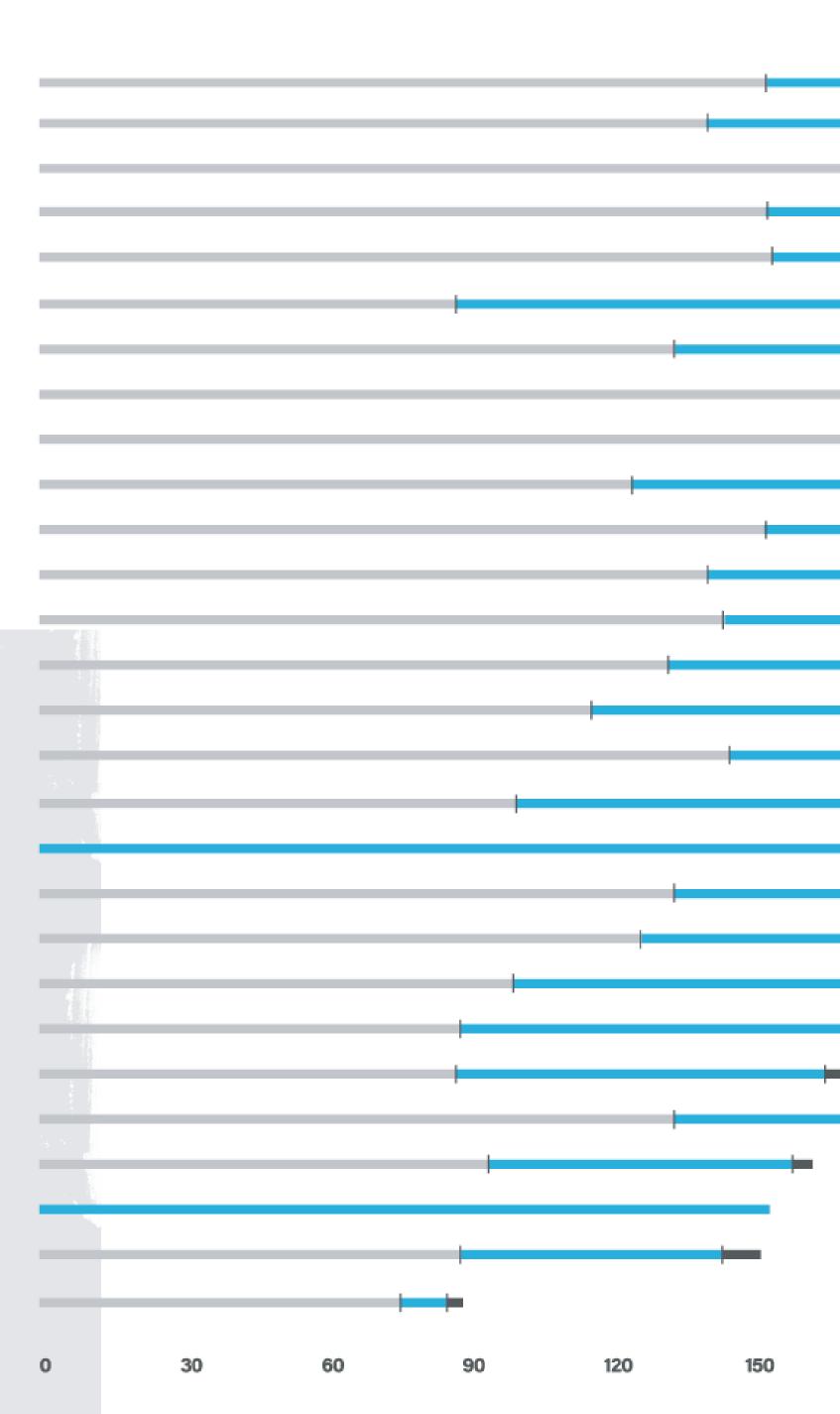
\$88 Mediation/Arbitration

\$88 Medical Malpractice

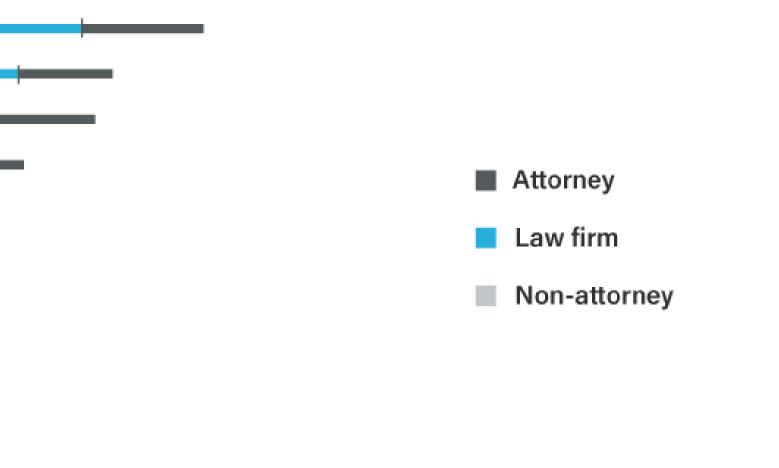
\$88 Worker's Compensation

\$**75** Juvenile n

Bankruptcy Civil Rights / Constitutional Intellectual Property Corporate Trusts Mediation / Arbitration Employment / Labor Tax Immigration Appellate Commercial / Sale of Goods Business Wills & Estates Construction Contracts **Civil Litigation** Administrative **Traffic Offenses** Family Collections Personal Injury Insurance Medical Malpractice Small Claims Government Criminal Worker's Compensation Juvenile



### Billable Rates by Practice Area



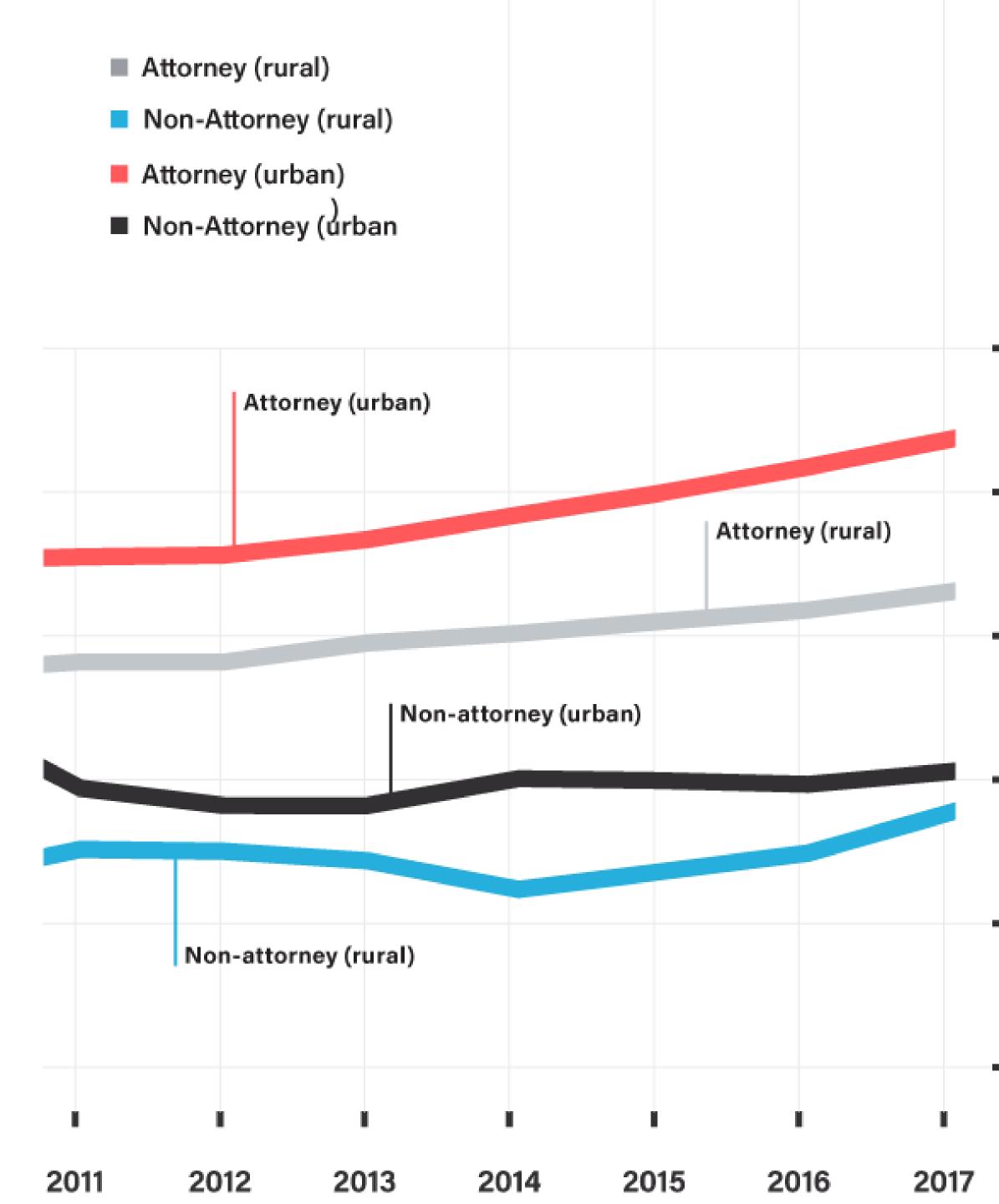
180

270

240

300





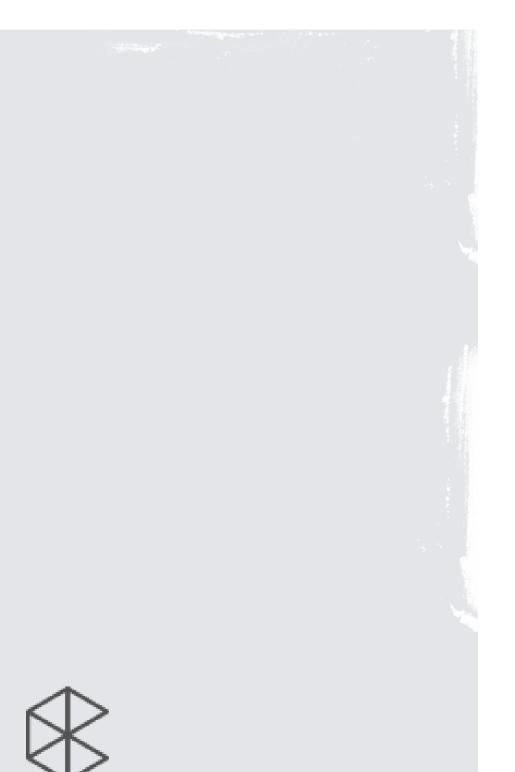
- 300	Billable Hour Index
- 250	Urban versus Rural
- 200	<ul> <li>Delivered using US Census Bureau classifications.</li> </ul>
- 150	<ul> <li>Average urban lawyer rate: \$267/hour</li> </ul>
- 100	<ul> <li>Average rural lawyer rate: \$213/hour;</li> </ul>

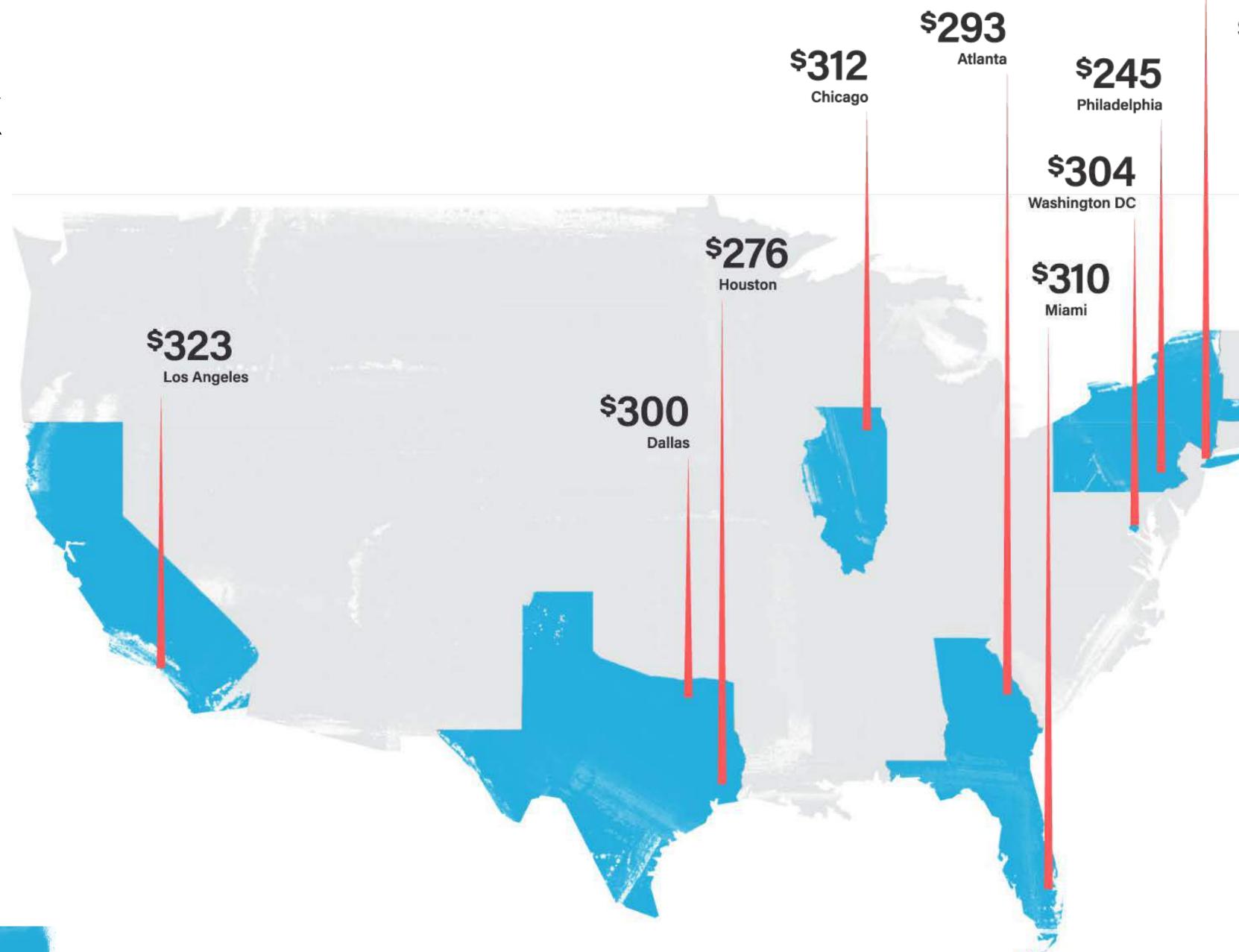
- 50





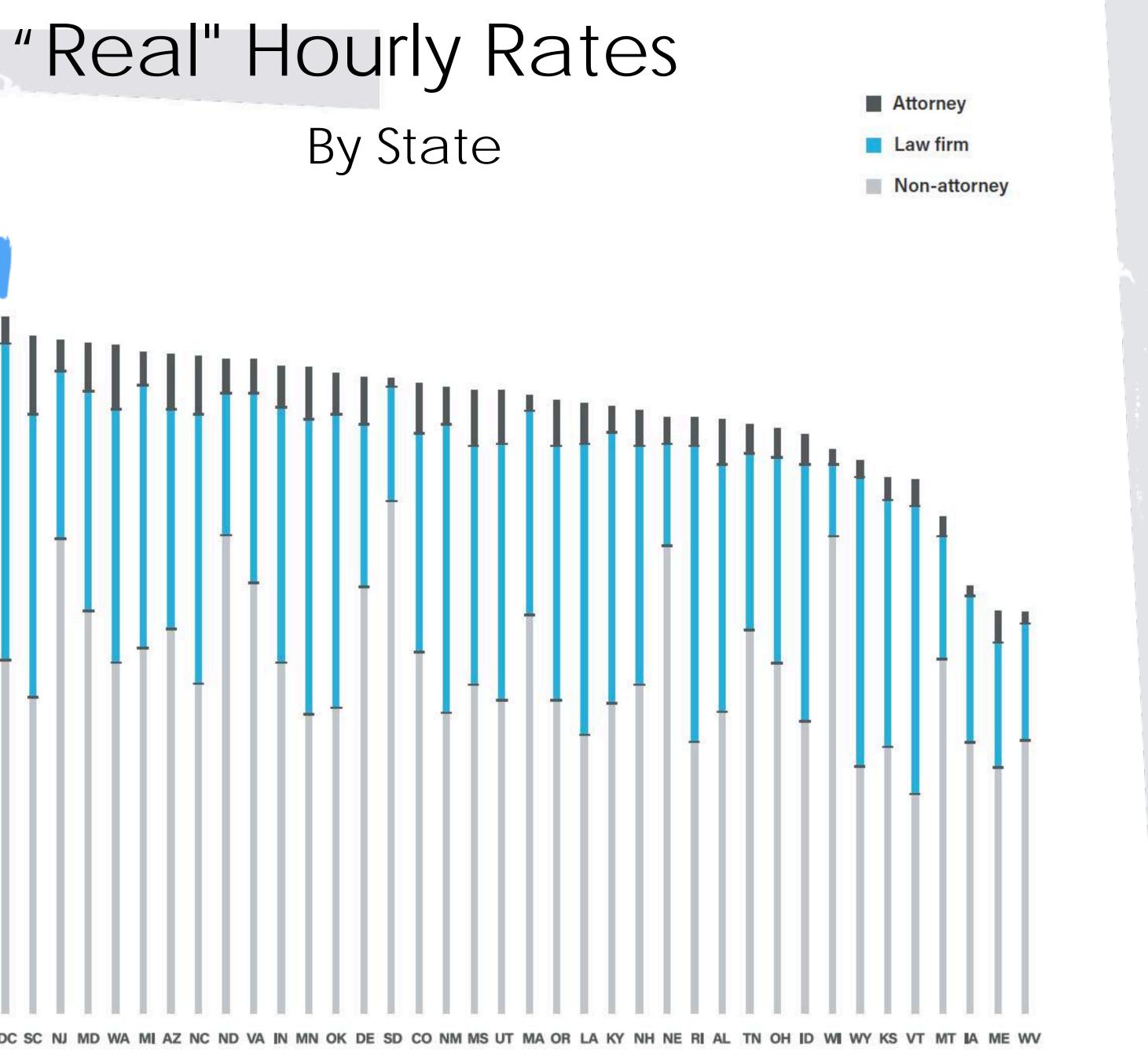
# Billable Hour Index Top 10 MSAs

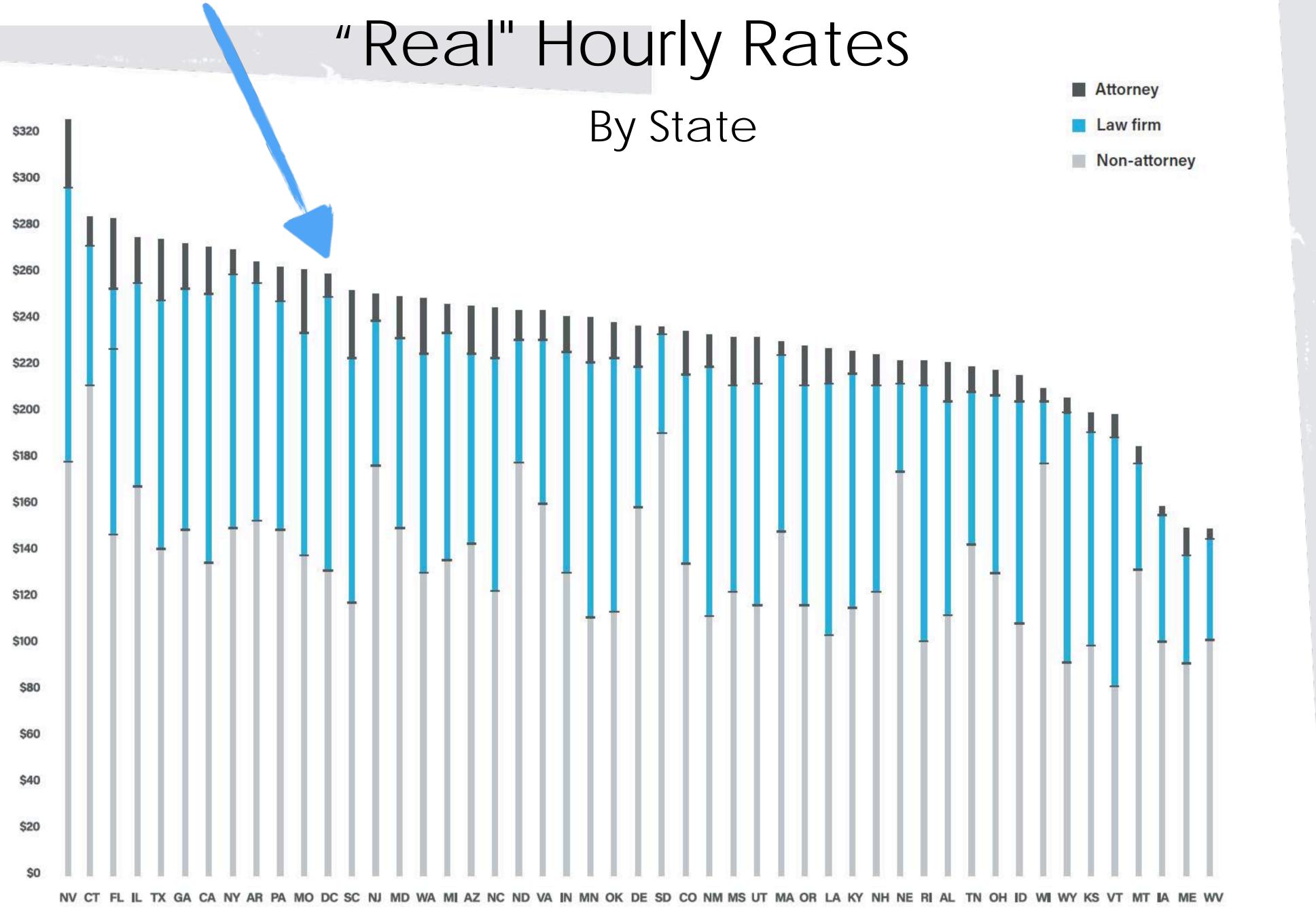


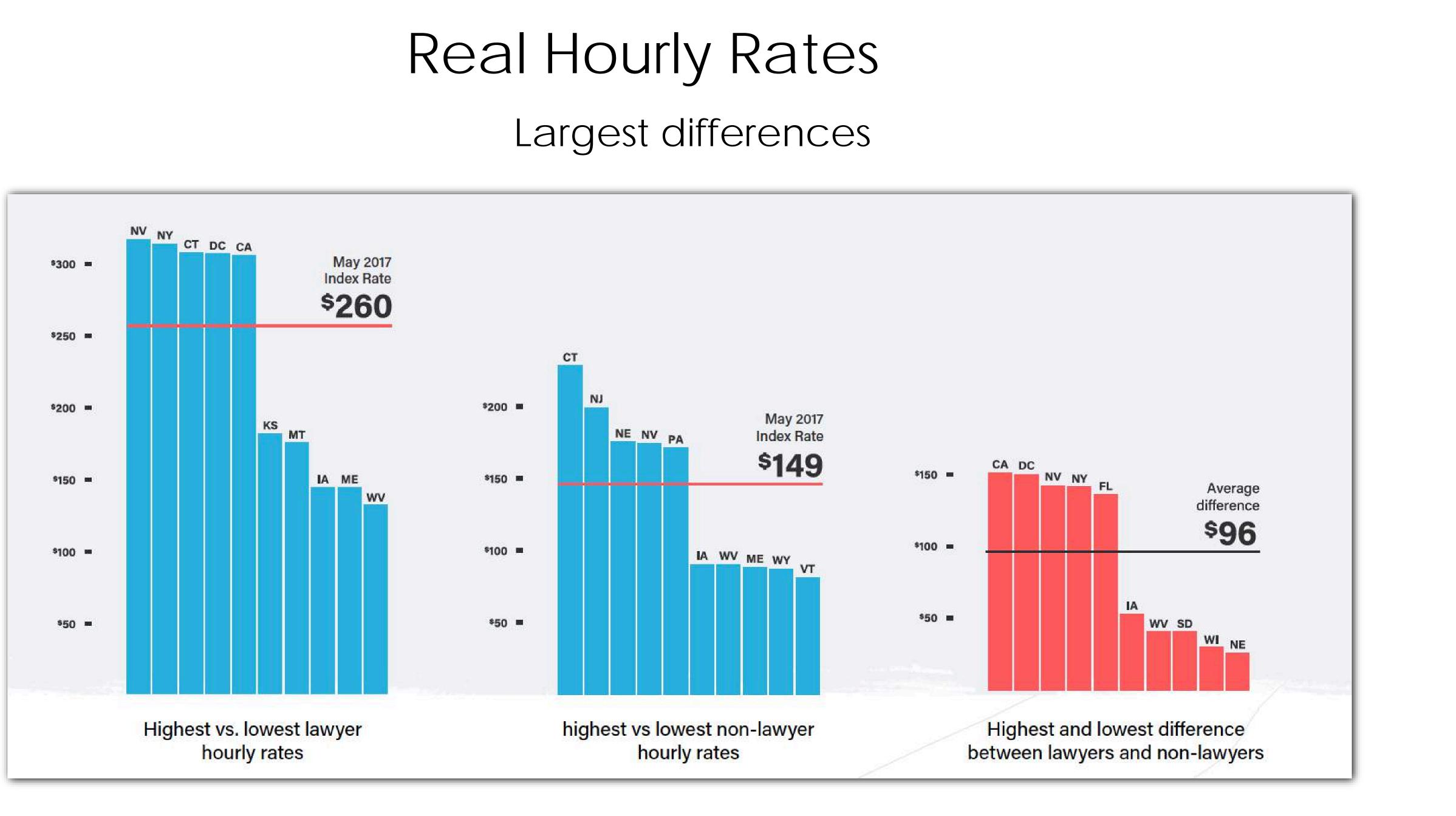


#### \$344 New York City



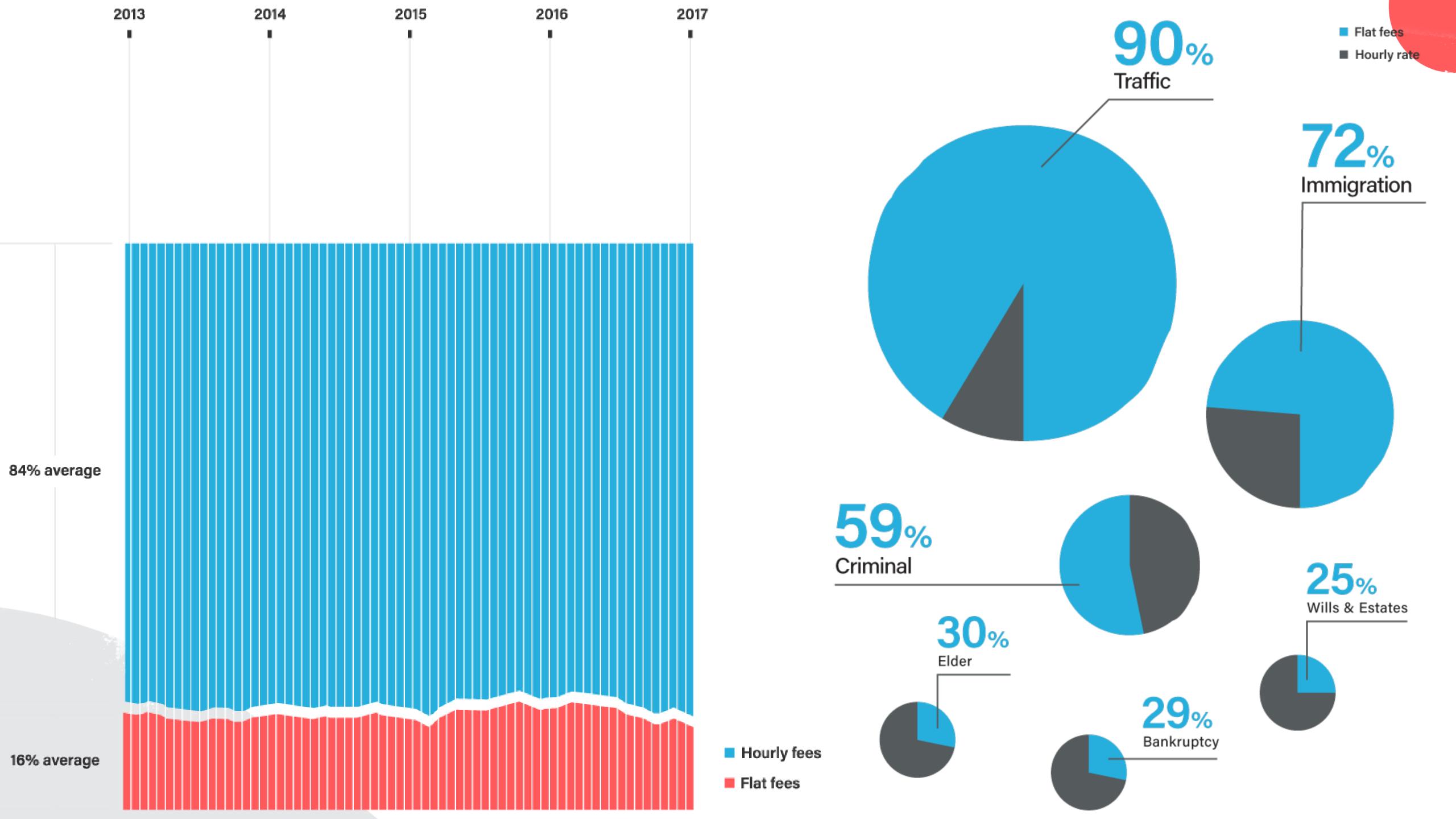






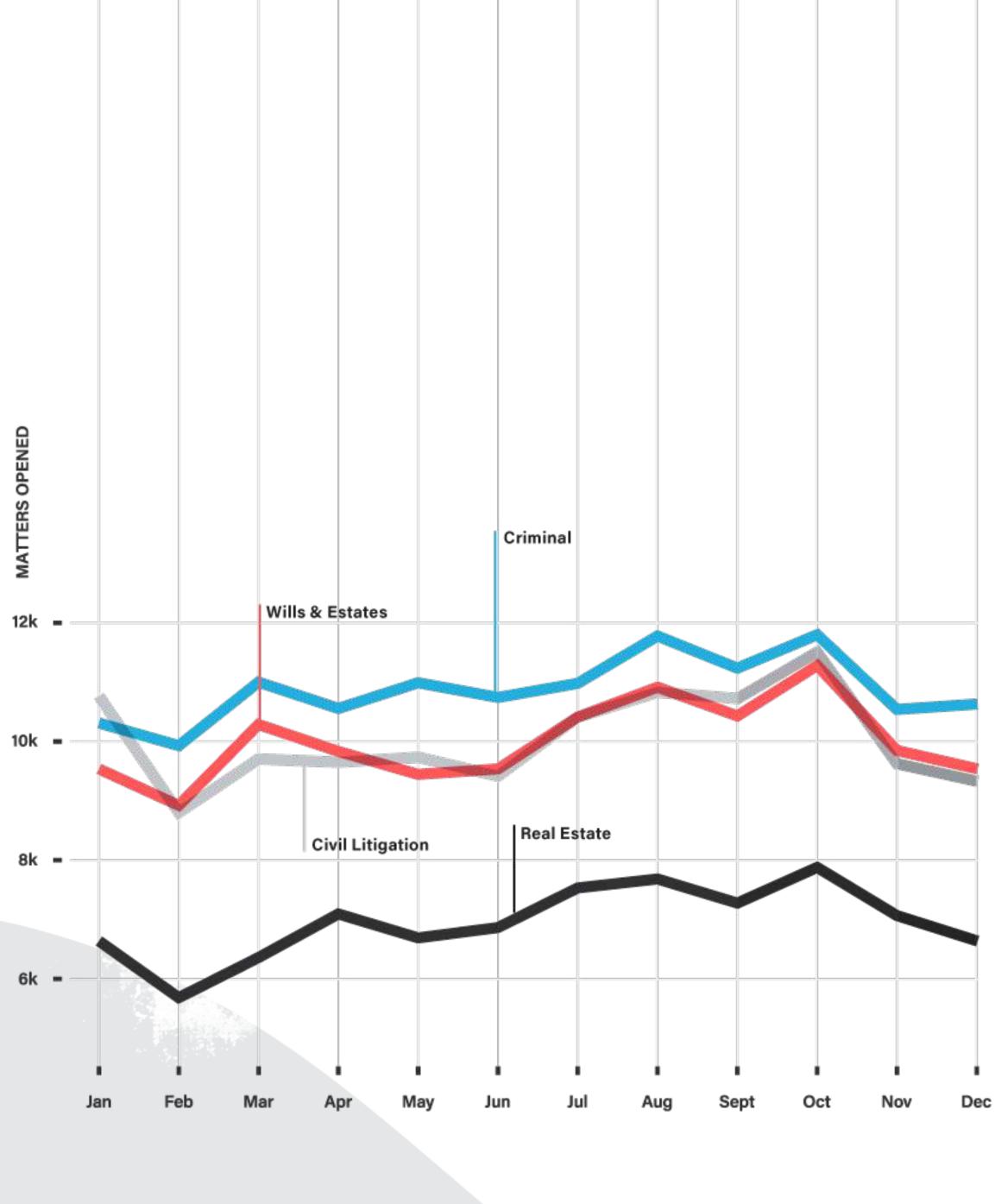
Fee Structures





Seasonality





Civil Litigation Criminal Wills & Estates Real Estate

# Seasonality in Caseload By Practice Area



#### Insurance

Increase in cases at the end of the year



Tax

Increase in cases at the beginning of the year



Law Firm KPIS



## The Law Firm 'Funnel' Key Performance Indicators



**Utilization rate** 

# The amount of billable time worked.

Billable hours worked	/	Available workday hours	=	29%
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**Realization rate** 

# The amount of time worked that gets invoiced.

Actual billed hours	/	Billable hours worked	=	<b>82</b> %
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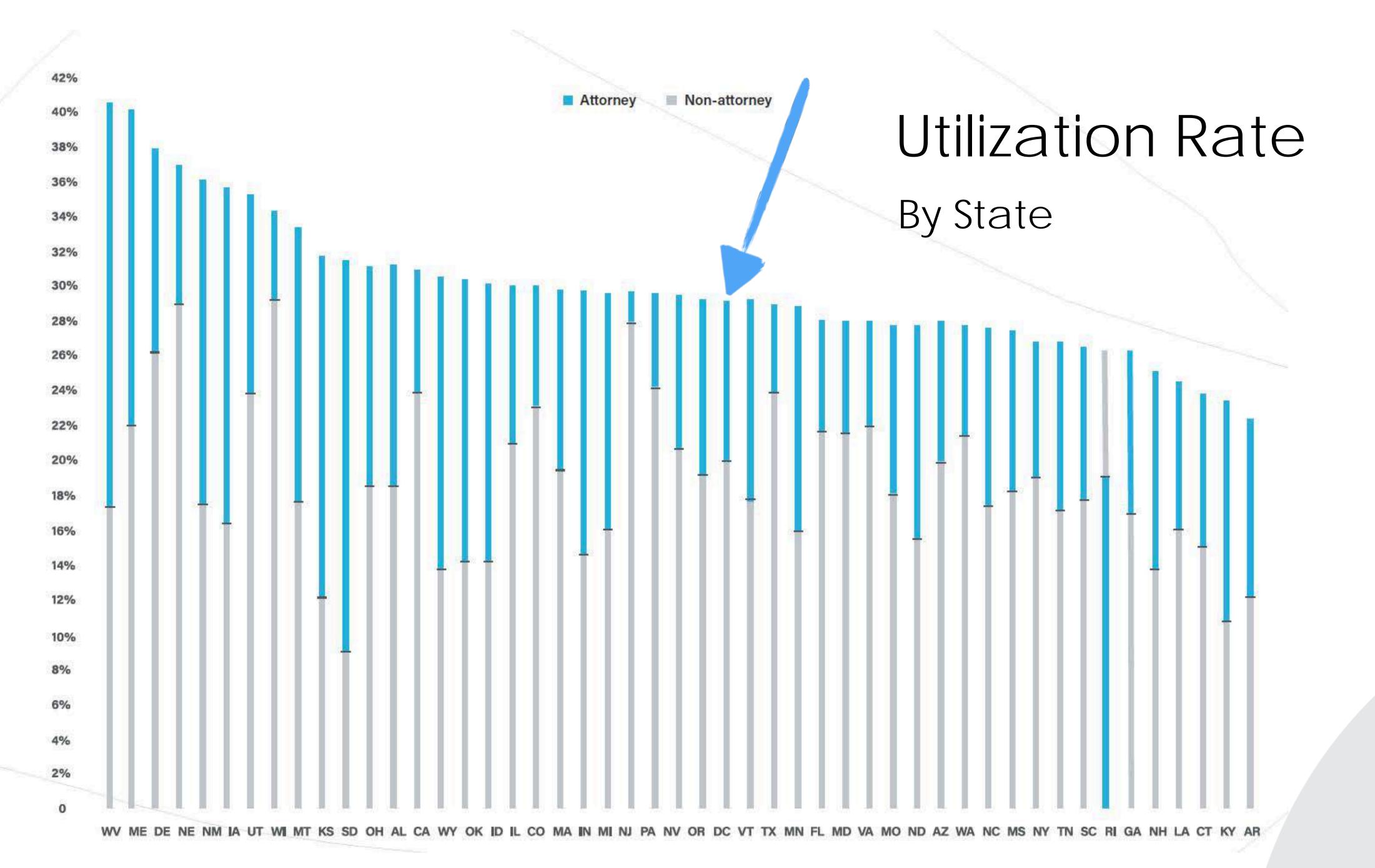
**Collection rate** 

# The amount of billed work that gets paid.

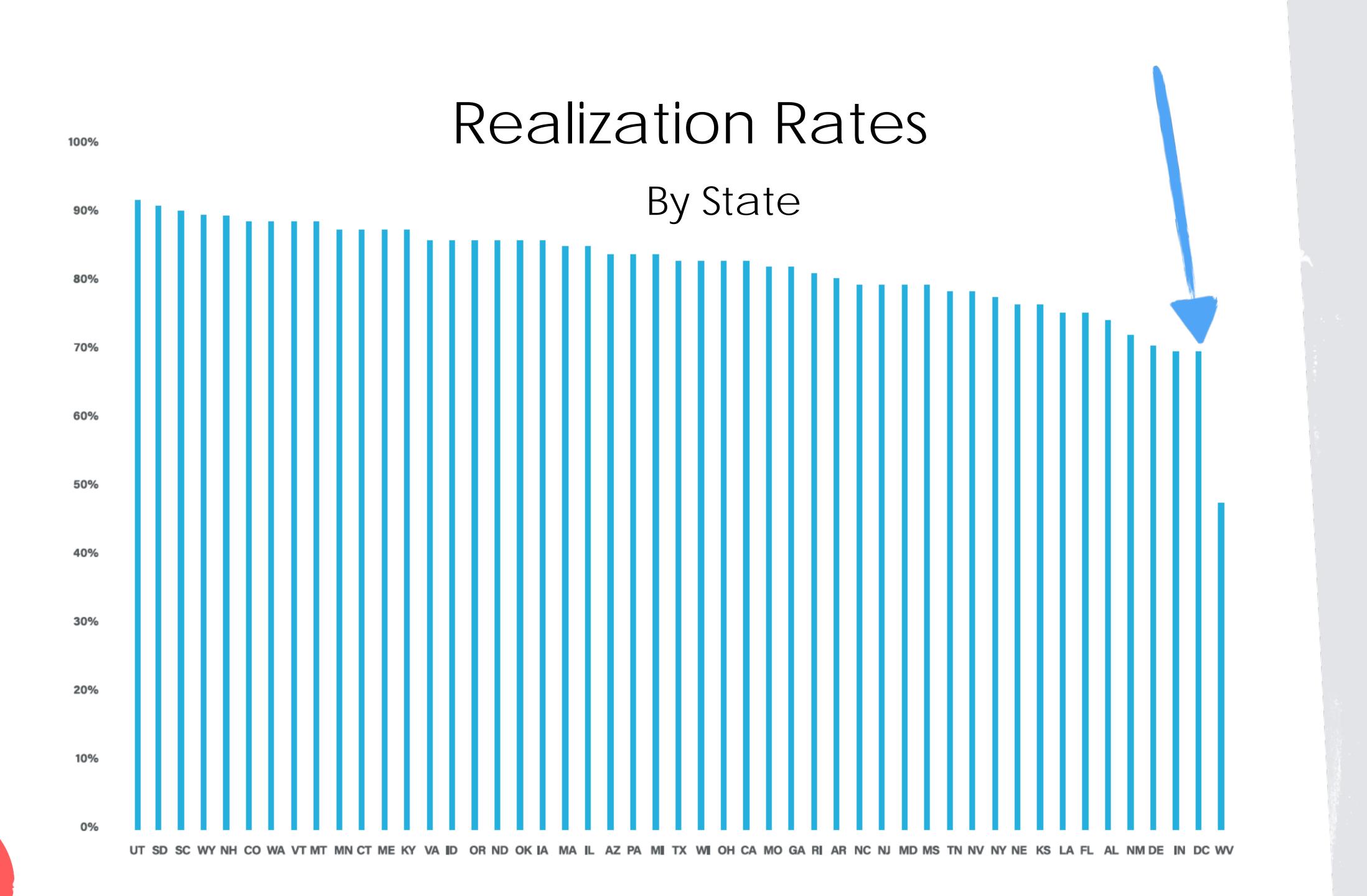
Actual collected revenue Actual billed hours









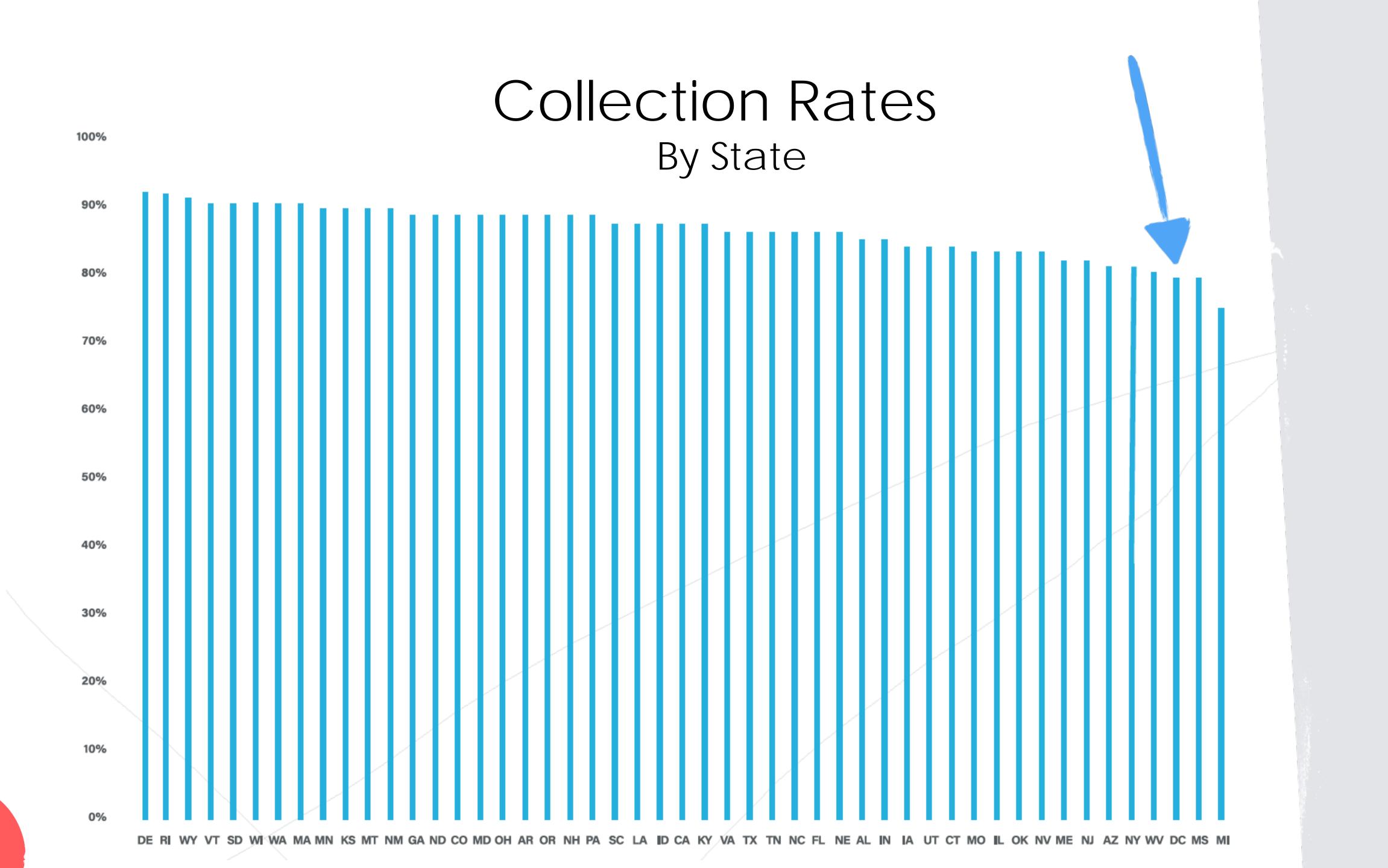


Construction Government Family Worker's Compensation Collections Mediation / Arbitration Business Corporate Real Estate Small Claims Trusts Intellectual Property Tax Commercial / Sale of Goods Appellate Eder Law **Civil Litigation** Traffic Offenses Wills & Estates Juvenile Medial Malpractice Contracts Insurance Bankruptcy Criminal Immigration Employment / Labor Administrative Personal Injury Civil Rights /Constitutional Law 50% 10% 20% 30% 40% 0

### Realization Rates By Practice Area

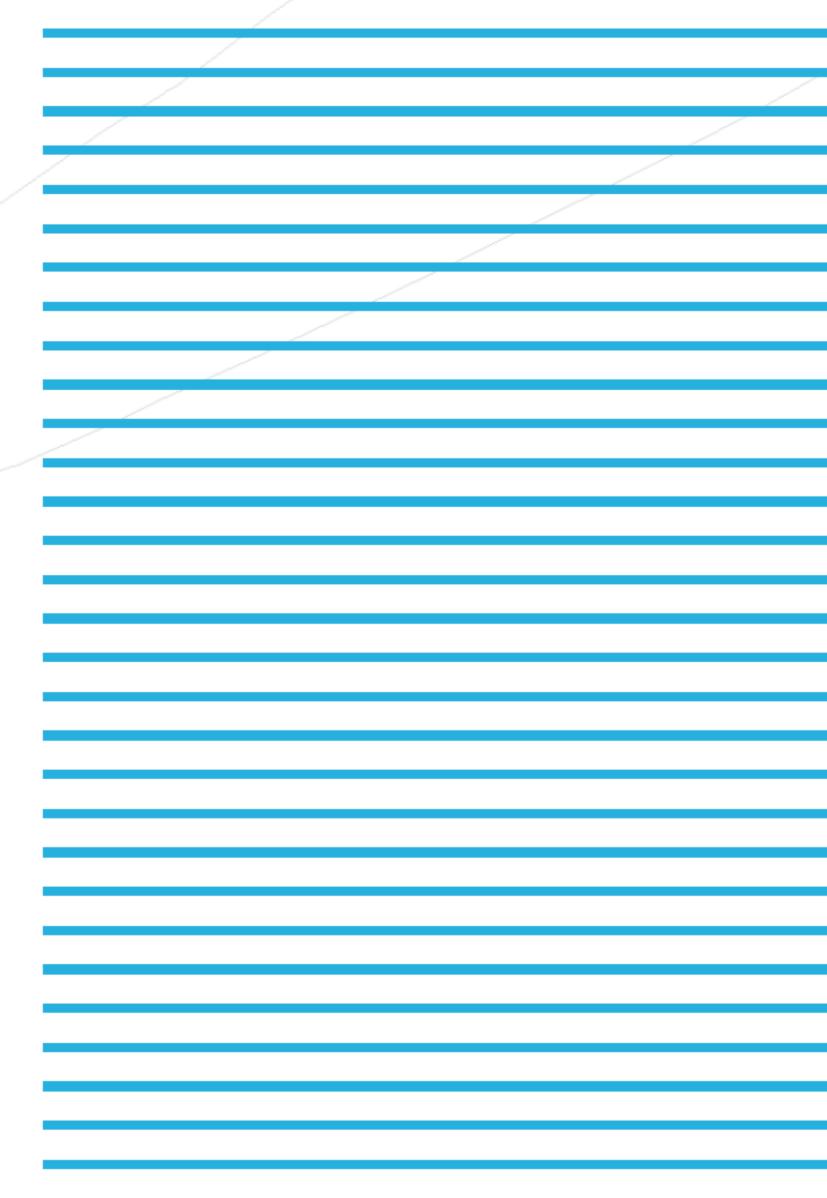
60%	70%	80%	90%	100%





Government Worker's Compensation Intellectual Property Personal Injury Trusts Collections Employment / Labor Business Construction Corporate Wills & Estates Administrative Contracts Mediation / Arbitration **Real Estate** Tax Commercial / Sale of Goods **Medical Malpractice** Appellate **Civil Litigation** Criminal Elder Law Civil Rights / Constitutional Family Juvenile **Traffic Offenses** Small Claims Immigration Bankruptcy

Insurance



20%

10%

50%

#### Collection Rates By Practice Area

60%	70%	80%	90%	100%



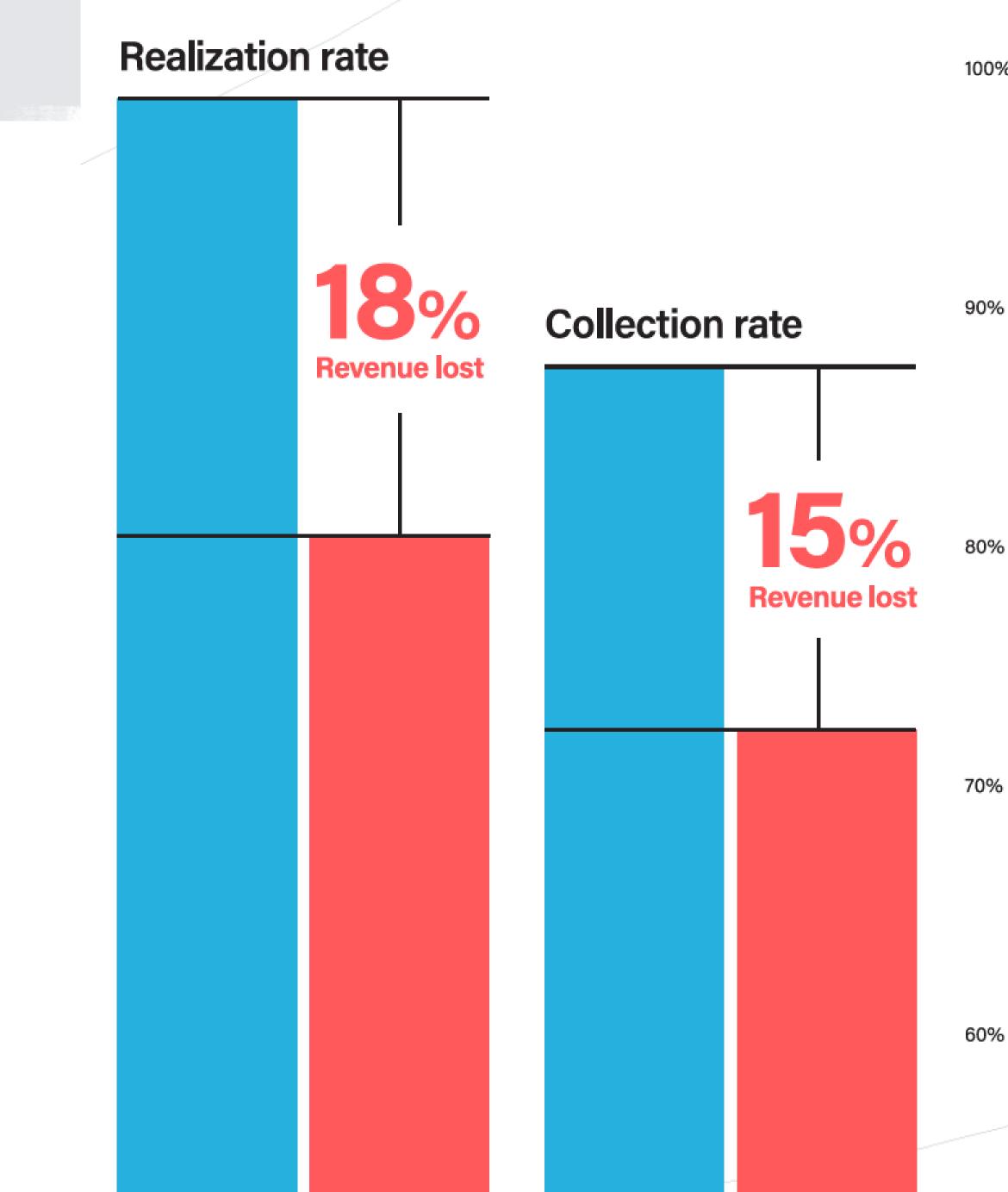
Average collection rates			
86% Collected	Lost 70		
Bankruptcy	Family		
74% Collected	82% Collected		
Criminal	Immigration		
83% Collected	78% Collected		
Insurance	Small Claims		
72% Collected Lost	<b>79%</b> Collected		

Co		ctio	nRa	ate	<b>es</b>
_	<u> </u>				-

- Law Firm Survey Insights
- 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.

### Impact of Trust Accounts

On Realization and **Collection Rates** 



100% 90%

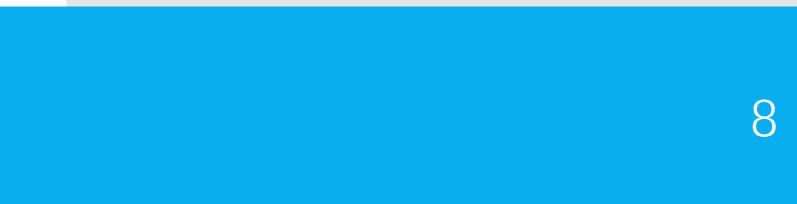
80%

60%

The biggest surprise: the case of the missing 6 hours



### Total hours in the workday



8 hours



# Utilization rate (how many hours were billable?)

#### 2.3 Hours

#### Hours utilized

Missing 6 hours

Get more clients Be more efficient Both?



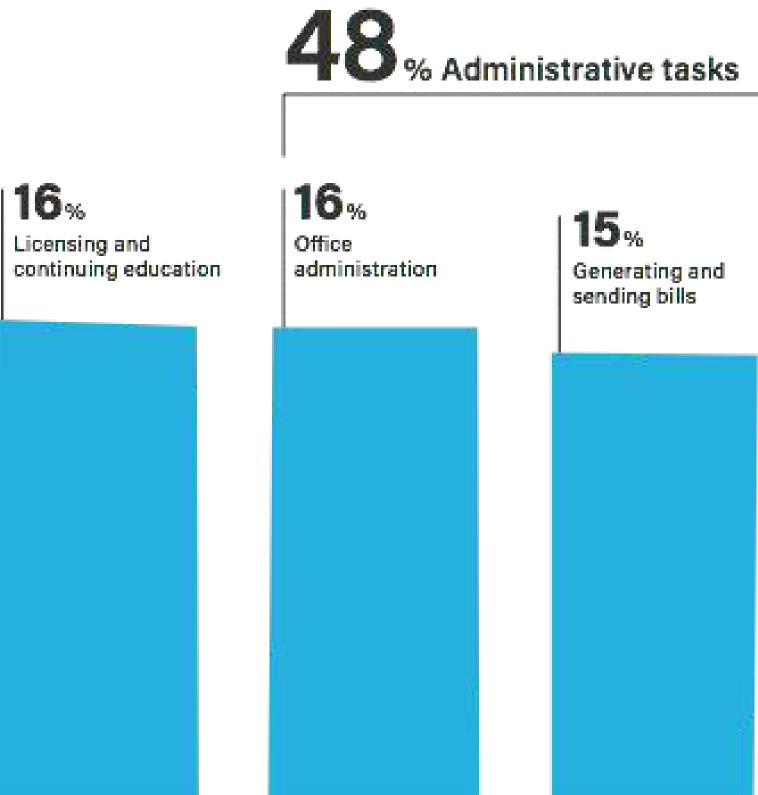
Where do the hours go?



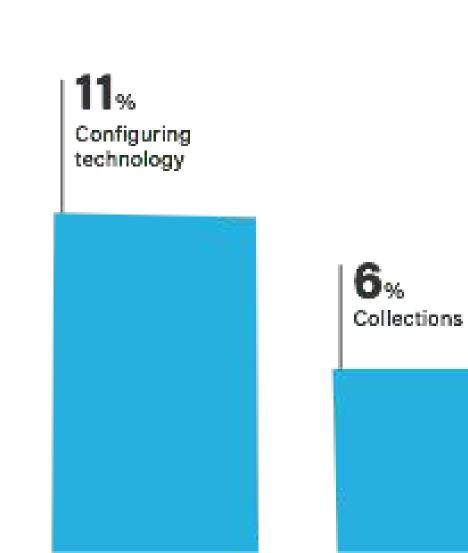
# 2,915 Legal Professionals Surveyed



### Where does the time go?



33% Business development







### Additional Insight

- 69% agreed: not enough time in the day;
- 59% report that they struggle to keep track of tasks and deadlines;
- Interruptions:
  - 25% are interrupted more than 10 times per day;
  - 30% are interrupted 6 10 times per day.



# *It takes a knowledge worker an average of 23 minutes and 15 seconds to get back to a task following an interruption*

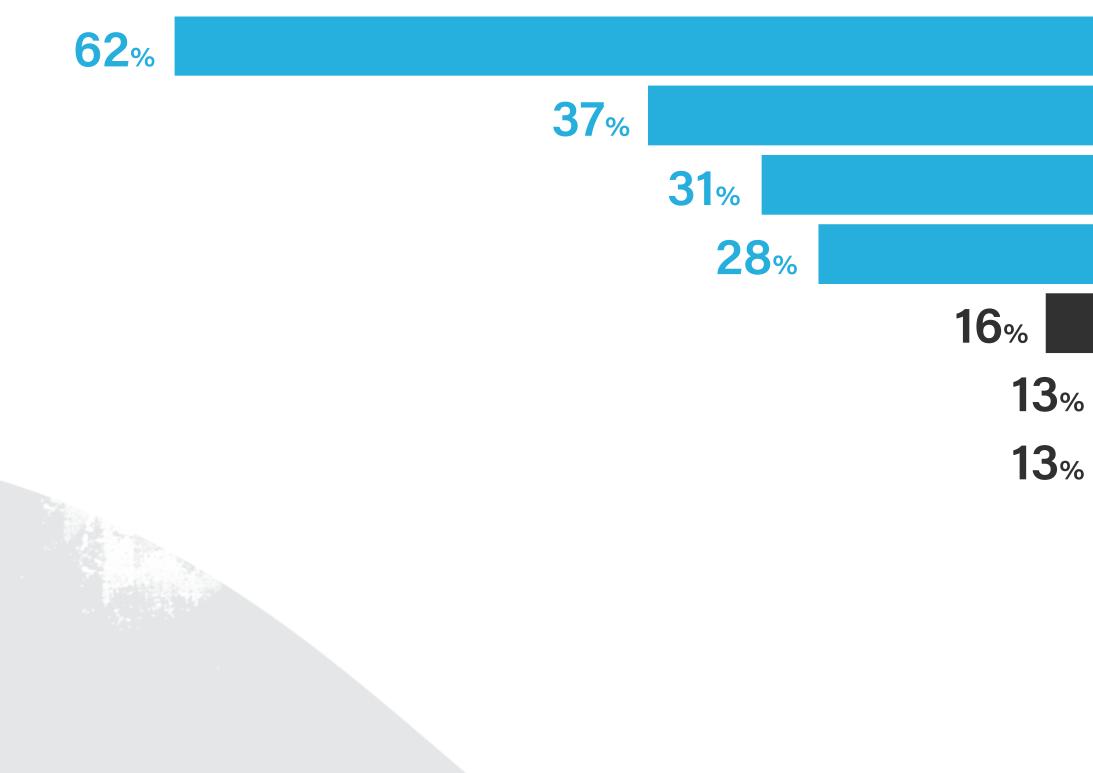
-Gloria Mark, Professor in the Department of Informatics at the University of California, Irvine



# 2,002 Consumers Surveyed



### Consumer Research How do you find on a lawyer?



Get a referral from friend/family Use an online search engine Get referral from another lawyer Look in a lawyer directory or listing Look in the yellow pages Contact a lawyer seen in a TV ad Contact a lawyer seen in an ad online Contact a lawyer heard in a radio ad Contact a lawyer seen on a billboard

 %

 %

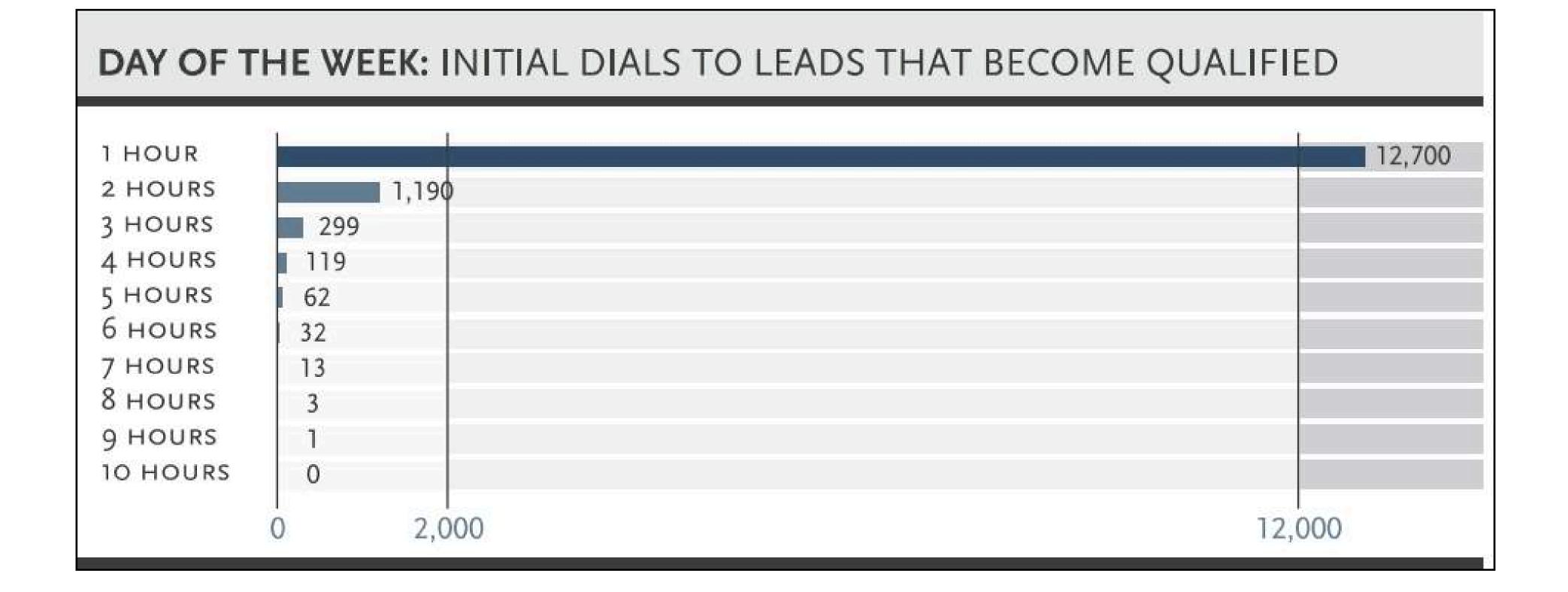
 7%

 6%



### Consumer Research How do you choose a lawyer?





#### Source: 2007 MIT / insidesales.com LRT Study



## How do I get my 6 hours back?

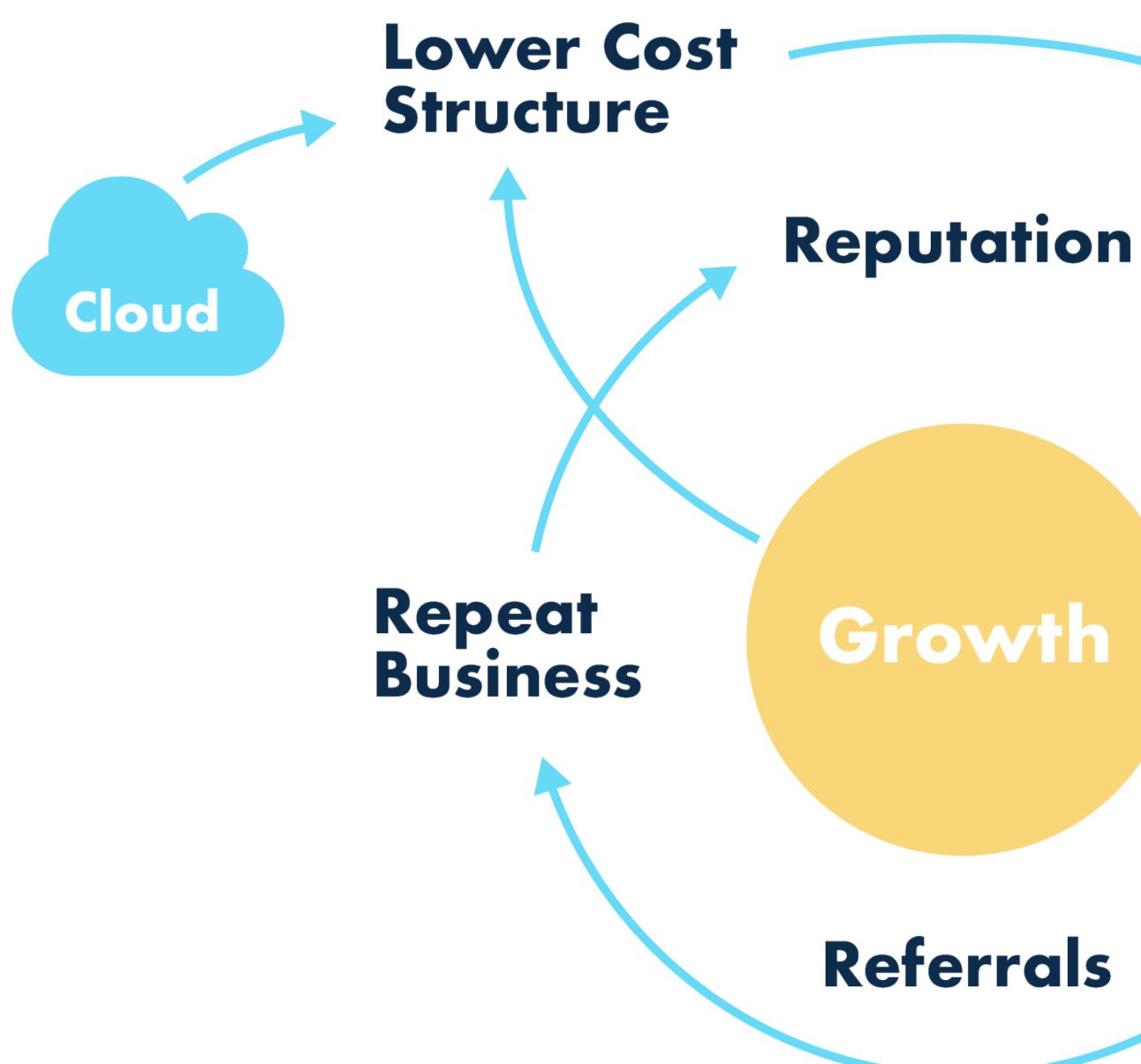
Respond to your client inquiries, fast

Minimize interruptions from existing customers

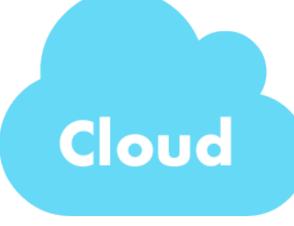
Streamline and automate administrative tasks where you can

Invest in managing your reputation and client satisfaction levels









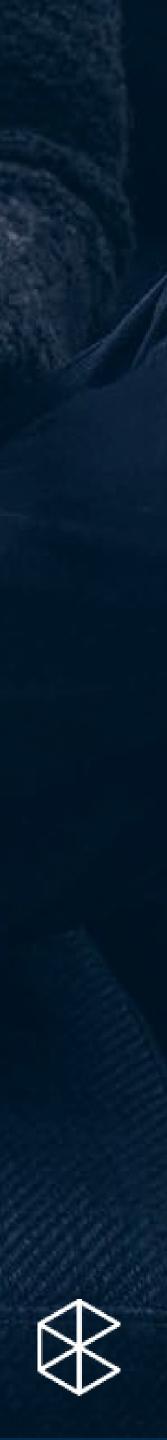
#### Growth

#### Customer Experience

Referrals



## Part III: Using LTR Data to Drive Decisions





Example #1 - value of a matter





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

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?

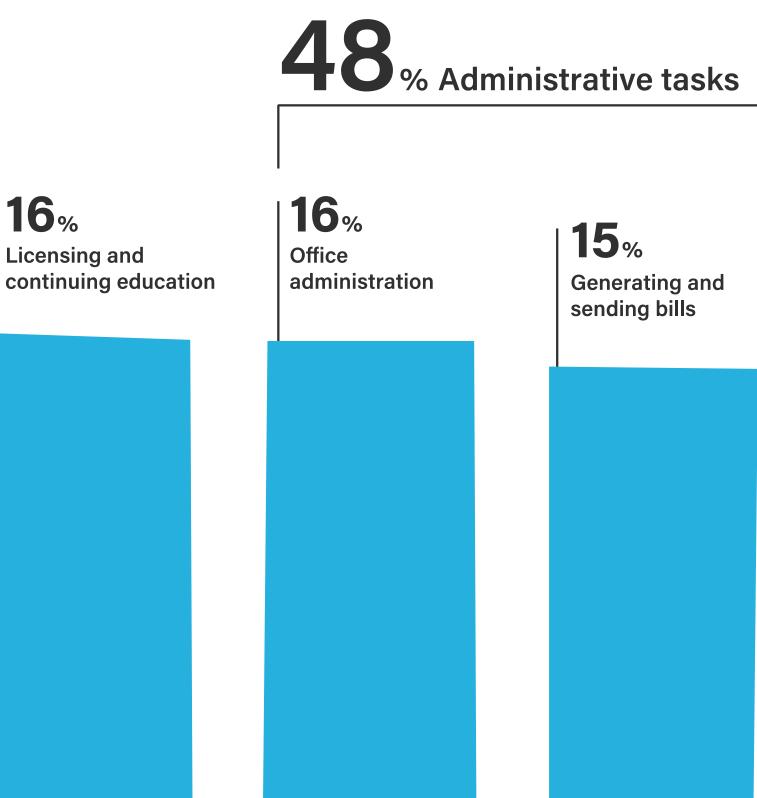
How much can I afford to spend to acquire this case and still be profitable?



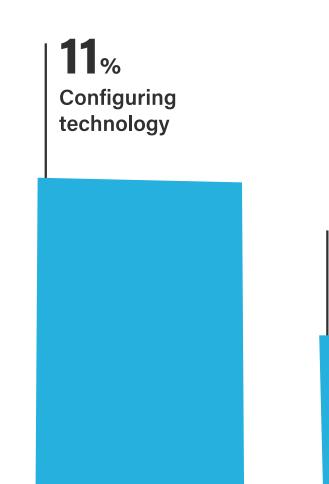
Example #2 - efficiency



### How does your time allocation compare?



#### **33**% Business development







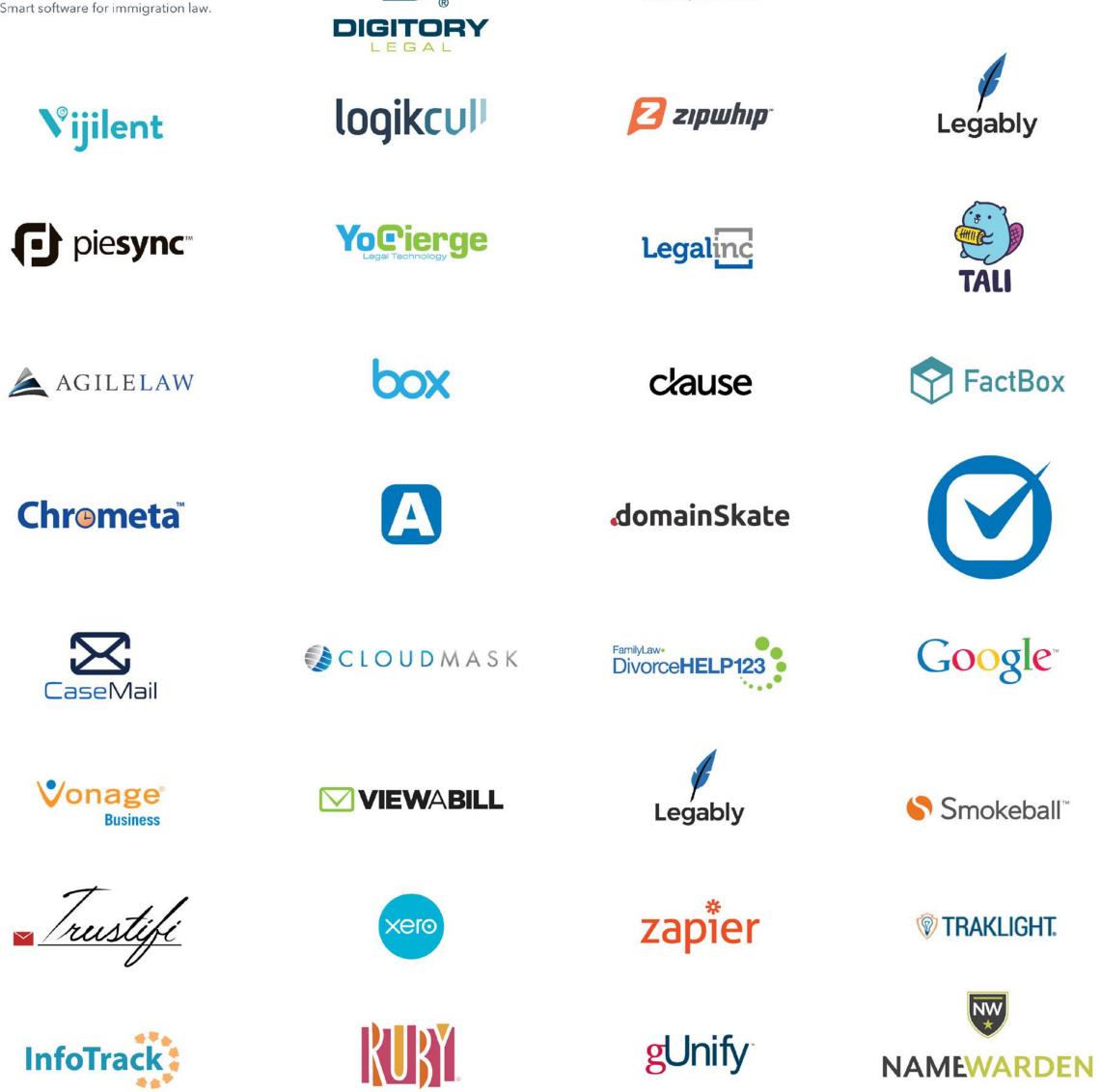












receptionists

<b>FrustBooks</b> .	<b>FUNDBOX</b>	<b>JurisPage</b>	LAWPAY CREDIT CARD PROCESSING
Legably	Court Information Experts	Lawdıng <u>o</u> -	MY LEGAL BRIEFCASE
TALI	DCS	<b>Next</b> Chapter®	<b>V</b> Legaler
FactBox	fastcase	plainlegal	LawLytics
	Virtual Lawyering Made Simple <sup>IX</sup>	PrimaFacie	Legalist
Google	TRAKLIGHT.	<b>PromptAppointment</b>	<ul> <li>✓ Lexicata<sup>™</sup></li> </ul>
Smokeball <sup>™</sup>	QD	Invoice <b>Sherpa</b>	ALT LEGAL
TRAKLIGHT.	RightSignature	Intake123	Uptime JurisPage
MEWARDEN	Clocktimizer	Pinetdocuments <sup>*</sup>	<b>Dropbox</b>



# Example #3 - acquiring clients

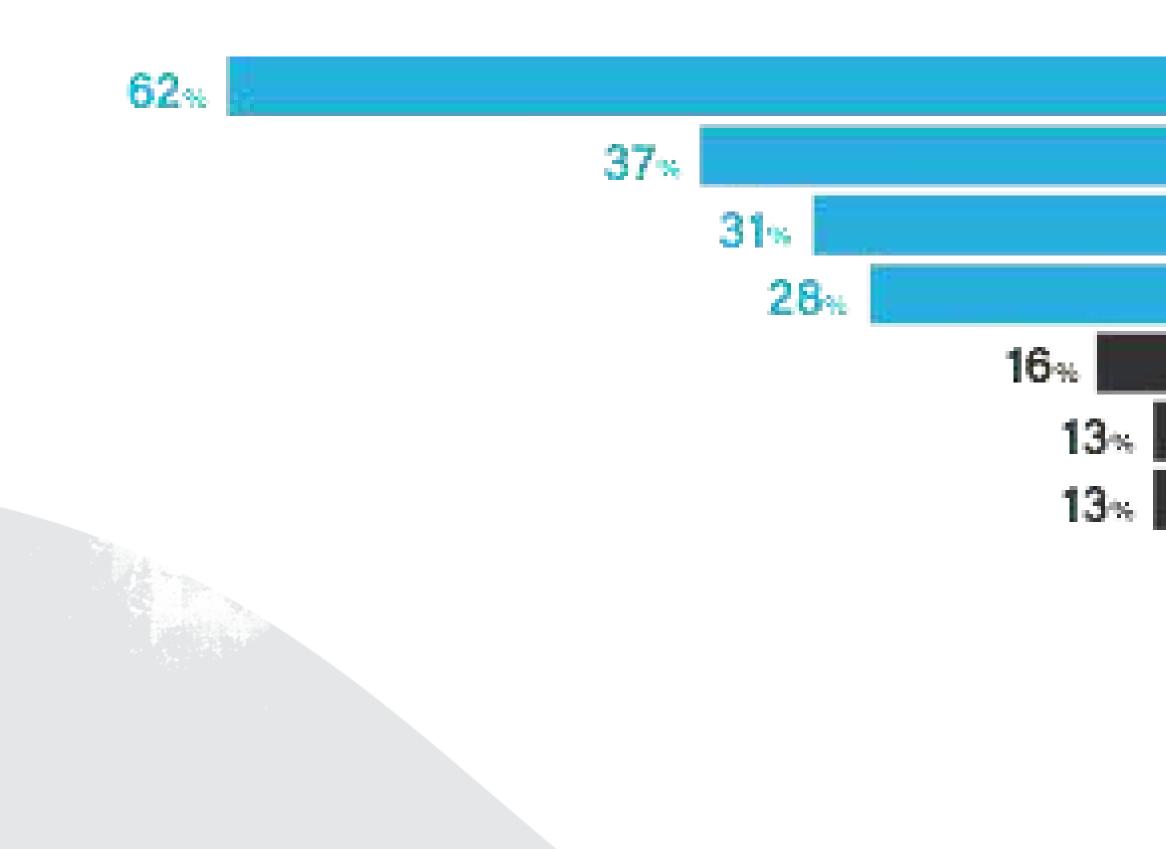




#### Consumer Research How do you find on a lawyer?

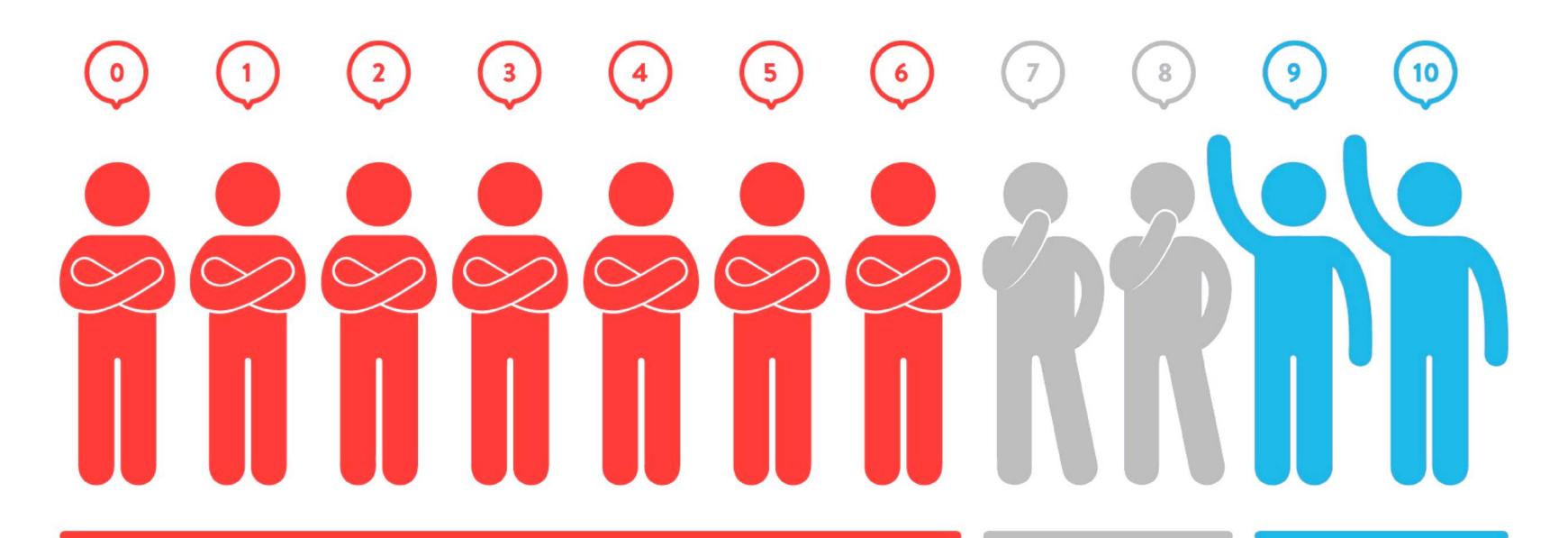
7%

6%



Get a referral from friend/family Use an online search engine Get referral from another lawyer Look in a lawyer directory or listing Look in the yellow pages Contact a lawyer seen in a TV ad Contact a lawyer seen in an ad online Contact a lawyer heard in a radio ad Contact a lawyer seen on a billboard





#### **Detractors**

**Net Promoter Score** 

## NPS Score

**Passives** 

**Promoters** 





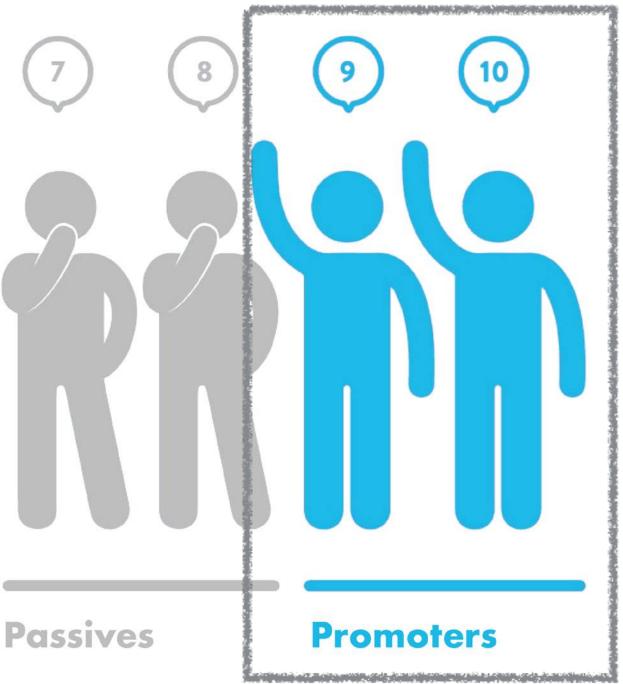
# NPS Score 2) (3) 0 **Detractors**

**Net Promoter Score** 



% **Promoters** 



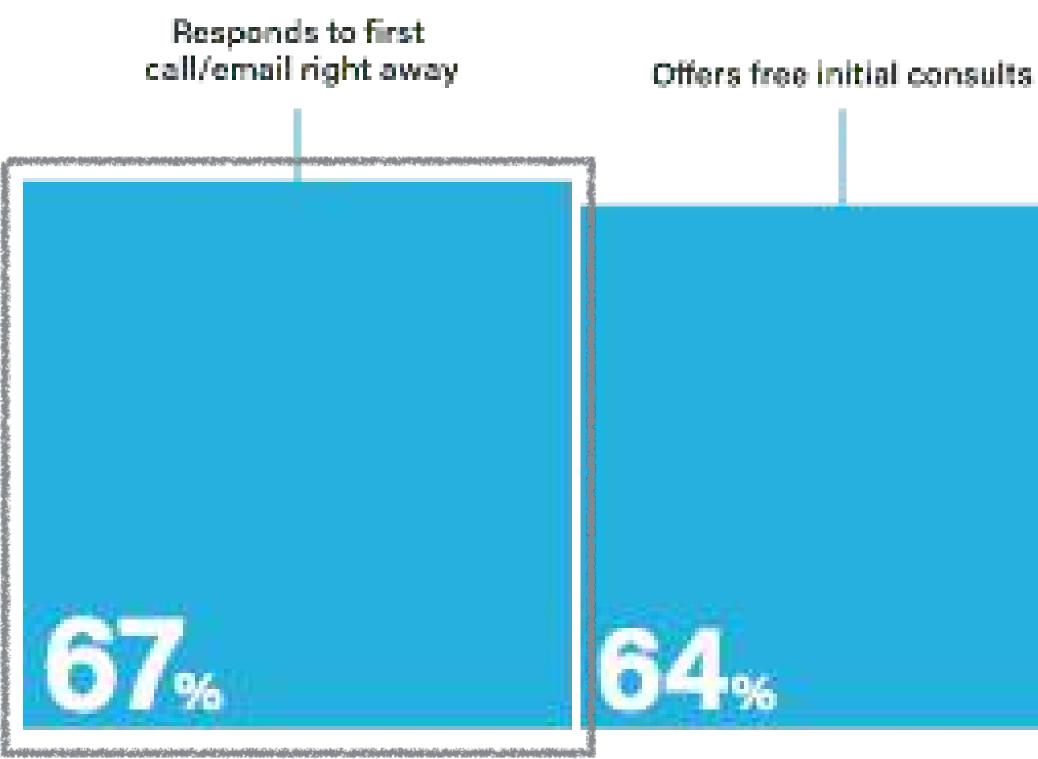


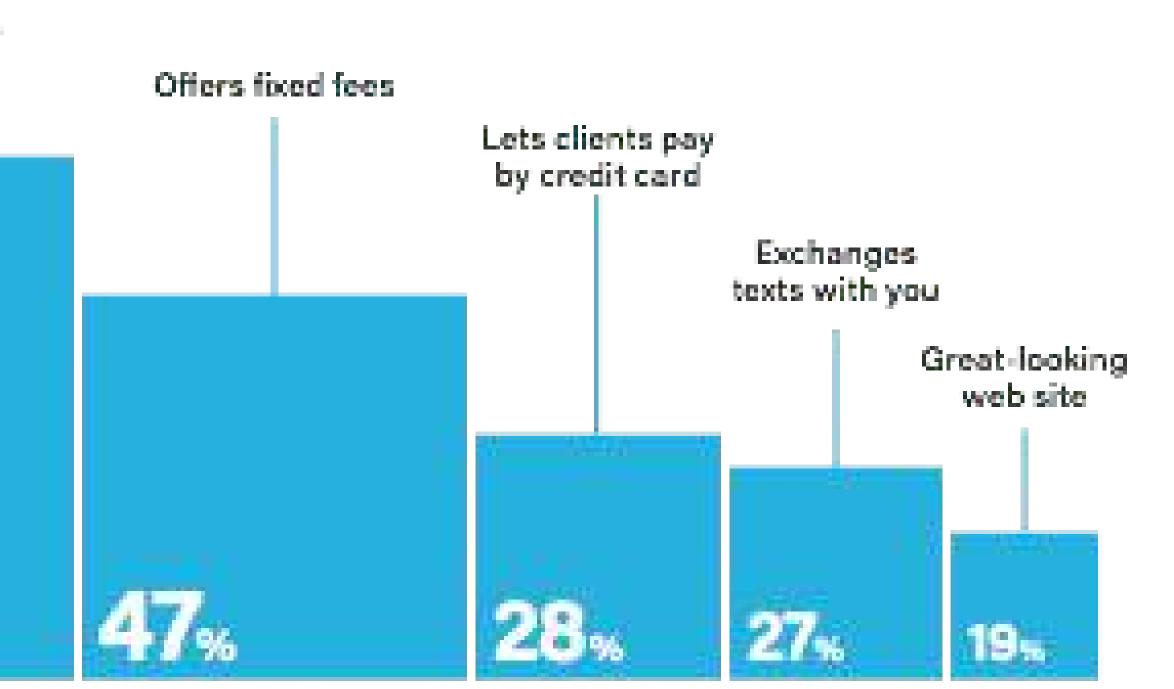


#### % Detractors



### Consumer Research How do you choose a lawyer?







## receptionists







In conclusion



#### Data-driven lawyers eat robots for breakfast

— George Psiharis (me)



## Online Resources

Download the full report at: <u>clio.com/2017-legal-trends-report/</u>

Compare your billable rates at: <u>clio.com/compare-lawyer-rates/</u>



# Thank you!

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