



WEBINAR HIGHLIGHTS AND RECAP

The Rise of the Law Firm C-Suite: The Importance of Data in Law Firm Management

Every month, the Managing Partner Forum presents a webinar to help guide firm leaders toward a productive, progressive, and strategic future. This ongoing series is meant to give voice to relevant topics in the legal world, and to provide an opportunity to dig deeper into the challenges we face as lawyers and managing partners. The latest webinar in our series “The Law Firm of the Future” covered the importance of strategic planning, metrics, and KPIs for the business and practice of law, as well as the future of data analytics and technology like artificial intelligence and ChatGPT in the legal industry.

Hosted by:

- [John Remsen, Jr.](#) - President of TheRemsenGroup
- [Uri Gutfreund](#) - SVP and Managing Principal of Ames & Gough

Panelists:

- [Julie Boehme](#) - COO, Bernstein Shur
- [Rebecca Goodman-Stephens](#) - CEO, Moses Singer
- [David Shaefer, JD](#) - Managing Director, Calibrate

Evaluating Law Firm Business Needs

Among webinar attendees, 35% represented firms with 26-50 lawyers, 27% from firms with 50-100 lawyers, and 29% from larger firms with 100 or more lawyers. 141 firm leaders participated in the live session.

Profitability ranked highest among concerns, overshadowing other issues. Strategic planning was relatively low on the list of priorities.

Going into our discussion, we addressed the challenges of maintaining a balanced hybrid office model, emphasizing the need to monitor retention and find the right balance between remote and in-person work.

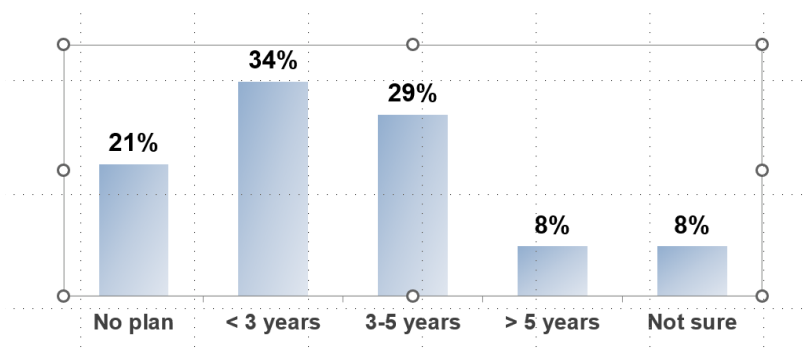
It was also suggested that retention can be improved through better hiring practices, alongside the use of metrics and KPIs.

We highlighted the audience's lack of succession planning, stressing the importance of preparing for the future and ensuring smooth leadership transitions.

The Importance of Strategic Planning for Law Firms

An audience poll showed that 21% of firms lacked a strategic plan, while 34% had plans less than three years old. Additionally, 29% fell into the 3-5 years old category, and 8% had plans older than 5 years, with 8% uncertain about their plan's age.

Question: How old is your firm's current strategic plan?



Julie admired the 63% of firms that developed strategic plans within the last 5 years. Rebecca stressed the essence of a "living plan," regularly referenced in decision-making to adapt to dynamic market conditions. An effective strategic plan aligns with measurable metrics, guiding the firm towards its objectives.

David found it puzzling that some law firms overlooked strategic plans when 97% of their clients had them. He acknowledged the challenges in crafting meaningful plans, but emphasized their transformative potential for firms.

John noted larger firms' greater emphasis on strategic planning, considering it a critical component of their success. Firms with plans rated them positively, with 88% believing their strategic initiatives enhanced overall firm performance.

Strategic Plans Should Be Updated Regularly

You cannot understate the need for a clear plan to define the firm's direction while working on a new strategic plan with your board. It's vital to understand the value of a dynamic "living document" that

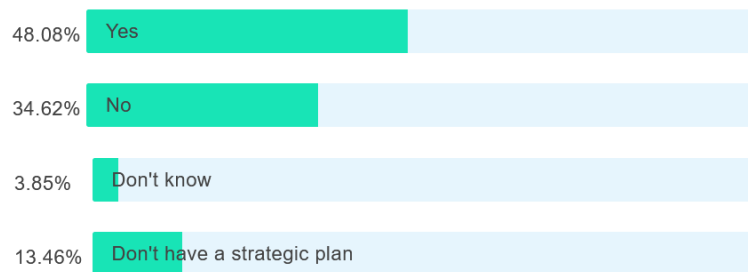
remains actively referenced, and to update it as time progresses. While many firms leave long gaps in between updates, research suggests midsize firms should review their plans every three years.

In order for your law firm to remain relevant and focused, it's key to take part in continuous evolution and adaptation of plans in response to industry shifts. A "living document" should be frequently referred to and assessed, with comprehensive evaluations occurring annually. Fostering a strong organizational culture, enhancing retention efforts, and guiding hiring practices will all have a positive impact on the future of your firm.

There are many ways in which strategic planning influences and drives a firm's culture, serving as a compass for its mission and vision. Even a basic plan, without complex forecasting, is better than having none at all, giving your firm guidance as it moves forward.

Assessing Law Firm Usage of Metrics and KPIs

An audience poll revealed that 48% of firms incorporate KPIs or metrics in connection with their strategic plan's goals, while 35% do not.



Rebecca believes that most firms utilize KPIs, albeit with adjustments over time to ensure alignment with evolving strategies, while David noted that a significant number of strategic plans he reviewed for clients did not include metrics or KPIs at all.

Julie expressed disappointment in firms that neglect the use of KPIs, questioning the rationale behind not leveraging such valuable performance indicators.

Uri, however, presented a contrasting viewpoint, suggesting that law firms lack a culture of accountability, particularly at the partner level. This lack of accountability might be a contributing factor to the limited use of KPIs within the legal profession.

Prioritizing KPIs for Law Firms

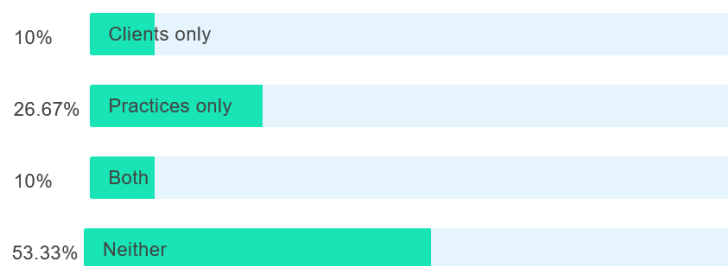
There are some crucial KPIs that apply to most firms, such as billable hours and fees per fee earner, but the focus should always be on profitability and profit margin percentage. High fees on large matters may not always lead to profitability.

Other metrics like cash flow and realization for quantitative data can play an important role, and engaging in analysis will lead you to well-rounded decisions.

KPIs also hold value beyond profitability, especially ones that apply to the C-suite and their direct reports' performance— these also play a role in driving firm revenue and optimizing overall efficiency. There is a surprisingly low adoption of data-driven approaches in partner compensation decisions, but you should consider the value of data in aligning compensation with firm goals, establishing a connection between performance and rewards. As you move your firm forward, data should incentivize desired behaviors and guide strategic choices.

John observed a positive trend in data-driven decision-making, signaling a shift from country club-like cultures to an era of informed, goal-oriented management.

Question: Does your firm use metrics and KPI outside of financial decisions like client experience?



David advocates for non-financial KPIs to enhance law firm operations, focusing on retention and hiring experiences. Data-driven hiring decisions, such as selecting candidates based on class rankings from top schools, can secure the best talent. He shared a case where tracking time spent on client satisfaction surveys correlated with increased business.

Most firms share metrics and KPIs monthly, but David believes more frequent sharing fosters a data-driven culture, guiding timely decision-making.

Julie stressed the inevitability of requiring data analysts to understand and leverage data for actionable insights. Rebecca agreed, emphasizing regular data and KPI sharing as vital for implementing the strategic plan.

Regarding pricing analysts, 79% of firms do not employ them, prompting the need for a more business-oriented approach to optimize financial performance.

Question: What do you think about ChatGPT and impact on the profession?

Some in the legal sphere see ChatGPT as a transformative tool that will reshape the legal landscape. While it's fair to be excited about its potential, it's vital for members of your law firm to execute proper piloting, assessment, and safety measures to ensure responsible and ethical use. One-on-one conversations are crucial to familiarize individuals with its capabilities and implications.

John has seen in the partner community that there is a true divide in opinion. Half of the partners view ChatGPT positively and advocate for embracing its effective use, while the other half strongly opposes its implementation entirely.

Julie's firm takes a cautious stance, prohibiting ChatGPT for client work but exploring its potential for internal use. They have formed a study group to cautiously familiarize themselves with its capabilities, focusing on knowledge management and administrative functions.

Final Thoughts

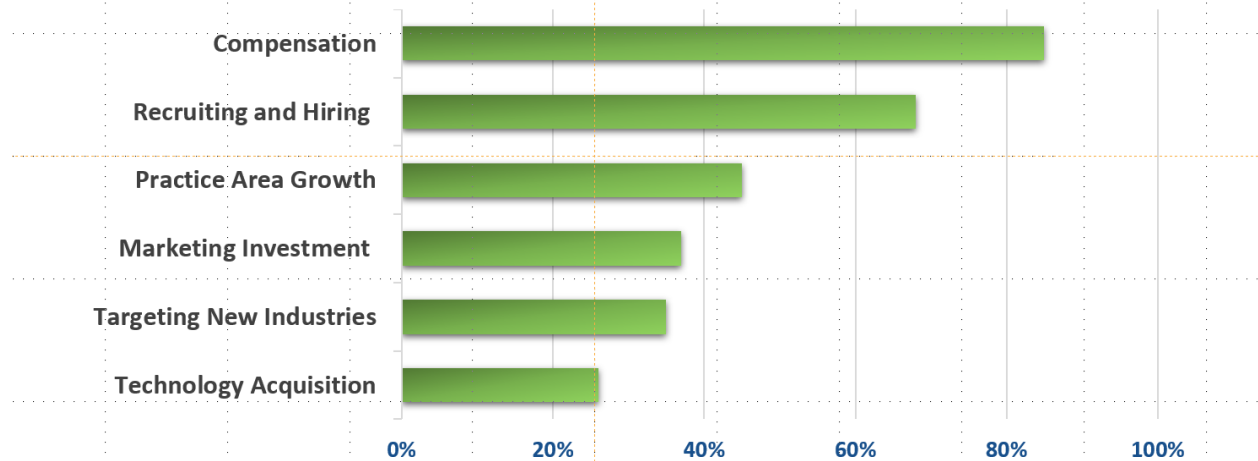
The data collected from the metrics and KPIs discussed here plays a pivotal role in guiding crucial aspects of law firm operations. From shaping compensation decisions to refining recruiting and hiring strategies, the focus remains on leveraging profitability data for sustainable practice growth.

###

This Webinar Recap has been brought to you by [9Sail](#). [Contact us](#) to learn more about our law firm SEO services or to receive a free site audit.



Decisions Based on Profitability Considerations



Key Performance Indicators (KPIs) Your Firm Monitors

