

## Pandemic KPI<sub>1</sub> - Some new, some old but all relevant



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We have no clear vision of the future as to what the "new normal" will look like. In these times, firms are right to focus on survival. We have our hands full just trying to manage our cash flows, support our lawyers and staff, all while still creating value for our clients.

Unfortunately, short-term optimizations can render your firm at a significant disadvantage in the eyes of your clients, especially if your competitors are moving forward from a place of client focus.

Your business plans may feel obsolete, or at least inadequate, in the face of all of this. Many of our processes and norms have probably started to feel a little off-target as well.

While COVID-19 has changed the opportunities to empower your firm, it has not changed the basic premise that - *client service* - has and will be the driver of empowering and growing your practice.

With most lawyers and staff working remotely for some or all of the work-week, firms are slowly making progress towards judging employees on their results and not activity. In the end, a little empathy will go a long way in bolstering performance, morale, and ultimately loyalty and retention.

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The following list is an example of various KPIs you may consider adopting when evaluating your firm's efforts during and even after the pandemic period (whenever that is).

Given the uncertainty of the times, the time frame over which KPIs are measured needs to be shortened to quarterly, monthly, and even weekly.

- ***Communication Ratio*** - the ratio number of clients contacted by telephone or video to the total number of active clients (in this case, emails are not considered genuine communication).

- ***Dormant Client Percentage*** - the ratio of clients with no open matters in the past 6 months to the total number of active clients.
- ***Number of Matters Opened*** - the ratio of new matters opened in the period being measured, compared to previous comparable periods.
- ***Average Fee per Billed Matter*** - the fee revenue for the period divided by the number of matters billed during the period.
- ***Participation in Virtual Meetings*** - the ratio of lawyers (and/or staff) participating in the periodic virtual meetings to the total number of lawyers/staff.
- ***Employee Attrition*** - the ratio of associates (and/or staff) who have left the firm to the number of full-time equivalent (“FTE”)² at the start of the period.
- ***Ratio of Lawyers per Client*** - the ratio of individual lawyers who generate working fee credits billed to clients on average.
- ***Number of Hours Billed*** - the ratio of hours billed in the month to hours worked.
- ***Unbilled Days*** - the ratio of the fee portion of unbilled work-in-progress to the average daily fee billings for the previous 12 months.
- ***Uncollected Days*** - the ratio of the fee portion of accounts receivable to the average daily fee billings for the previous 12 months.
- ***Average Cashflow*** - the total of cash receipts to the number of business days in the period.

As any skilled leader knows, you never waste a crisis. Now is the time to adapt and make the necessary changes to an outdated business model. The winners in the post-COVID economy will be those who see the crisis as an opportunity for systematic change.

The transition should be from one that is mainly law-firm centric to a more client-centric model.

Almost 6 years later Cordell Parvin's comment is even more true today, in great part due to COVID-19.

*“Clients cannot always recognize great legal work. But they can always recognize a lawyer and law firm who cares about them and makes every effort to provide exceptional client service.”*

Stay safe!




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1. Key Performance Indicators - should meet the following three criteria to qualify as a KPI for your firm:

- i. It must reflect the firm's strategy and goals;
  - ii. It must be key to the firm's success; and
  - iii. It must be quantifiable.
2. FTE reflects how many actual timekeepers or staff your firm had for the period being measured. For example, a lawyer who was with your firm for six of the past twelve months would be treated as one-half of an FTE in determining your lawyer count.

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*Stephen Mabey is a CPA, CA and the Managing Director of Applied Strategies, Inc. Stephen's focus is on law firms in general and on small to medium size law firms in particular. He has written about and advised on, a wide range of issues including - leadership, business development, marketing, key performance indicators, strategic planning, mergers, practice acquisitions, competitive intelligence, finance, mergers, practice transitioning, compensation, organizational structures, succession and transition planning, partnership arrangements and firm retreats. In 2013, Stephen was inducted as a Fellow of the College of Law Practice Management in recognition of his sustained commitment to the highest standards of professionalism in law practice management. For more information, visit [appliedstrategies.ca](http://appliedstrategies.ca) or connect with [Stephen Mabey on LinkedIn](#).*

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