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# LPM

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BUSINESS INFORMATION FOR EVERYONE IN PRACTICE MANAGEMENT



# TOTAL CONTROL



A clearer view of team financials has transformed the way Harold Benjamin operates. Jamie Abrahams tells us how partnering with Katchr is building profitability

Full-service practice Harold Benjamin had for several years pursued a management information mirage. Usable and actionable data from its practice management system was not only limited, it was also concealing weaknesses within the business. The firm had a wider goal of closely monitoring finance, costs and behaviours at the firm – and it found an opportunity to do that through live reporting.

The Harrow-based firm had phased in dashboards before, testing different solutions to improve its financial reporting, but none had hit the twin peaks of useful data on an easy-to-use system. It wanted a self-service information structure for its people and its leadership, giving the business a sharper view on department profitability.

Operations director Jamie Abrahams says taking a team rather than an individual fee earner approach to financial reporting helps the firm face the realities of managing a legal business. “Our case management system is based around the assumption that if you ask a fee earner to do something, they’re just going to do it. That’s not the real world.

“Until you can distribute the information at team level, and have team leaders taking on responsibility for their areas and

reporting to the next person up the ladder, you can’t get control – there’s just too much information.”

Enabling the firm’s strategy to manage its teams with automatically logged, recorded and minable data adds new layers of financial understanding, says Abrahams. “There’s always been a desire to manipulate the data like this, distribute it to the right team leaders, and have the fee earners have a clear view of their own information as well – but most systems don’t do a lot of reporting for teams.”

A well-informed fee earner also benefits the team as a whole, he says, by better understanding their impact on the department’s profitability. “A lot of firms tend to be revenue-focused, particularly in the SME-sized businesses – everything is about billing and no one works out the costs. But now we’re developing a profit and loss model and creating our own reporting system to work out how much profit a team actually makes.”

## UNSEEN DATA

The ability to get all the detail on fee earner costs and team (as well as business) profits has better informed strategy change – and even redirection, says Abrahams. “Coming up with a way to tell a team how much they cost and therefore how much profit they

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**Katchr** is the leading specialist provider of management information and business intelligence software to mid-sized UK law firms

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## FACT FILE

**Harold Benjamin****£6m revenue****35 fee earners, 65 total staff****Offices: Harrow****Specialisms: Commercial property, construction and development, dispute resolution, private client, employment**

make, on a monthly basis or as they go through the financial year, was an important model we created with Katchr. There's no point billing £1m in a department if it costs £950,000 to run it – and this was information that just didn't exist before.”

SME firms may know their costs at a business level, he says, but they won't know which team is costing them more than others. “We've closed down a department that didn't make any money – we exited the family market for that reason. That's a good example of what we're prepared to do on the basis of our results, and that helps focus people's minds.”

Extending the profitability focus across the entire business puts the firm in far better control, says Abrahams. “We work out a cost per head to run this business – including business services staff. We might pay an apprentice £10,000 a year and that may seem like a bargain. But by the time you have given them a space in the office, desk licensing, and apportionment of all the costs, the firm is looking at a significantly higher cost just to walk through the door.” Adding an extra person may affect a team's profitability by 1.5% in some cases, he says.

## PROFIT PERFORMANCE

Getting around issues with utilisation figures has been another benefit to refined reporting. “If you don't record time, your utilisation is probably not accurate. Having fee earners consistently record time is a challenge for many firms. We're going through a similar battle at the moment. I'm looking at a piece of logic to go backwards where I'll work out the utilisation with this dashboard by looking at what they bill, dividing it by 5.5 hours a day, and multiplying it by their hourly rate. That gives the same figure, so you don't need the time recording figures.”

Monitoring financial performance has been made far easier by background data mining, all done automatically by Katchr's SmartEye dashboard, says Abrahams. “You can see the fees

received month by month, for example. We can see if we've received more than we've billed in a particular period against our delivery targets, with one click. This used to be printouts and time wasted compiling them in multiple programmes.”

Fee earners benefit greatly as well as leadership, says Abrahams. “The dashboard notifies and works as a good reminder for people. Fee earners would have had to run a Crystal report prior to this – or they would have to go into every file and fill out the details, which is the case for most PMSs. Something web-based like this is far more flexible and tenable for our business as we grow. It's had a very positive effect on profits. And importantly we can now run the firm how we've always wanted.”

Beyond finance-related needs, the firm is also exploring the behavioural tendencies of its people. “I'm looking at the documents we're producing on a daily basis, how we're handling dictation and outsourcing workloads.

The future for us will be getting a view of everything across the whole business through our dashboard.”

Once firms grasp the concepts of pricing and profit rather than just billing targets related to salaries, says Abrahams, their businesses will become higher performance engines.

“I haven't always been in legal – I started my career in high-volume, process-orientated, low-profit margin industries like logistics, and fast-moving consumer goods. Most businesses look at their costs structure, but law firms are not typically attuned to it.”

Harold Benjamin may be a more data-centric legal business than most, he says, but firms will have to be as they strive for survival in a more competitive future. “Firms want to know this information – they just lack an easy format to understand it. It's helped us see where our core strengths are, and it's helped us make those stronger.” Now its much-needed management information at the firm isn't just an illusion – it's a solid foundation for growth. **LPM**