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INDICATORS OF SUCCESS

GRAHAM MOORE, THE DATA GURU



“What are your BGIs? In your law firm, what measures truly indicate the future potential for growth, and your progress towards that?”

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“Standing still is the fastest way of moving backwards in a rapidly changing world,” said Lauren Bacall – not necessarily known as a business guru, but clearly a wise woman.

In the world of performance management, there’s much talk of key performance indicators (KPIs) – but, in a recent meeting reviewing our own business performance, I was introduced to the acronym BGI – business growth indicator. A subtle change in terminology, but to me one that captures the importance of measuring the right things. I often talk about key attributes of KPIs being ‘forward looking’ and ‘aligned to business objectives’, and the term BGI neatly encapsulates these, for our business at least.

What are your BGIs? In your law firm, what measures truly indicate the future potential for growth, and your progress towards that? Well clearly, when talking about the future, it will not be billing or time recorded last month.

At Katchr, we have adopted eight BGIs to monitor across all aspects of our business: customers, new business, people, process and finance. Identifying the right future-focused measures has been an interesting challenge, and I’m sure we will refine these over time.

For customers, we have selected one customer feedback measure – net promoter score (if you’ve never heard of it, look it up) – and one indirect measure of engagement – percentage of active users across our licenced users. This second measure is important for us, as licensed users not actively using the product are far less likely to continue to pay us recurring licence fees. It’s therefore a key indicator of future revenue.

In terms of new business, we measure a fairly conventional combination of pipeline value and conversion ratio. This is a common practice in most commercial organisations, but one I rarely see attempted in law firms.

We have decided that the key people-related measure for us at present is delivery capacity. This directly impacts our key outcome of future revenue, but also indirectly impacts on both staff morale and customer satisfaction. Two really important objectives for us are keeping these factors high – we measure this in terms of lead time to next new project commencement.

Our two measures of process are both financial in nature, chosen partly because this is the most accurate data we currently have. We look at measures that indicate project stage completion by linking these to invoicing, and then we look at project gross profit as an indication of efficiency.

And finally, our key finance BGI is future contracted annual licence fees, which is common for a software-as-a-service (SaaS) business, and a true indicator of future income for us.

Clearly, the appropriate measures for a business delivering legal services will be different to those of a SaaS business, but what I see as really relevant here is that the measures I have outlined above are specific to Katchr. They are not copied from other SaaS businesses, and they’re not the same things we were measuring last year, or five years ago. They’re specific to the current high-level objectives for our business at this point in time. And they will evolve as we develop and grow as an organisation.

So what are the BGIs for your firm? And are they really the right indicators for you? [LPM](#)

ABOUT

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