

Benchmarking Panel

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Utilizing Benchmarking

- **Benchmarking against “Peer Firms”**
 - Compare key performance metrics against other firms to measure your firm’s performance against other firms.
 - Information is only valuable “if” being compared to firms similar to you in:
 - **Size**
 - **Geography**
 - **Practice Areas/Area of Law**

Utilizing Benchmarking

- Measuring performance against “Internal Benchmarks”
 - Promotes:
 - Goal Alignment
 - Accountability
 - Ways to measure relative performance across business lines

Establishing Benchmarks

- What is the Bogey?
 - Based on “Peer Firm“ Performance
 - Based on performance targets that are:
 - Aligned to firm initiatives
 - Measurable
 - Actionable
 - “Role-Based”
 - Based on Annual Budgets
 - Revenue Metrics for Fee Earners
 - Expense Control for Administrative Department Heads

Common Metrics Used Today

- **Production**

- The Almighty “Billable Hour”
- Effective Rates (Worked, Billed, Collected)
- Fee Collections
- Realizations
- Leverage
 - FTE
 - Hours

Common Metrics Used Today

- **Inventory Control**
 - Days to Bill/Collect
 - DSO (Days Sales Outstanding)
 - Aging Buckets

Common Metrics Used Today

- Financial & Expense Control

- PPP: Profits Per Partner
- RPL: Revenue Per Lawyer
- Margins: Gross/Net/Contributions
- Variance Analysis: Actual vs. Budget/Plan

Facilitating Performance Management through Technology

- **Business Intelligence**
 - Calculation of Metrics
 - Distribution of Metrics
 - Reporting of Metrics
- **Financial Dashboards**
- **Portals (Sharepoint)**
- **Budgeting/Planning/Modeling Tools**

Financial Dashboards

Examples

