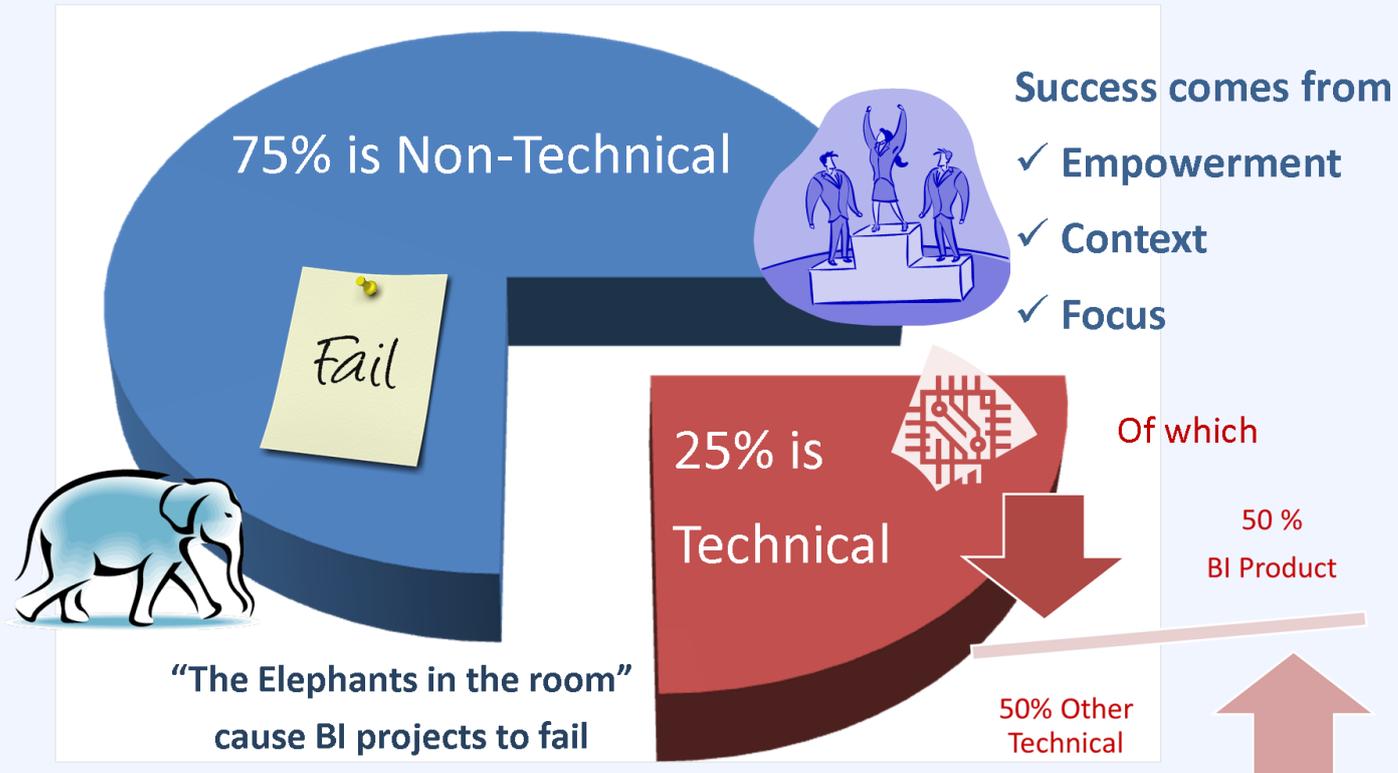




## The Problems with Law Firm Business Intelligence Of all the key elements in a Law Firm BI Project ...

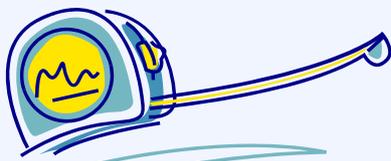


There have been a few postings recently on the Legal Technology Insider regarding BI products within the Legal Sector - acquisitions, competing product launches etc. As someone who is quite familiar with all of the suppliers and products mentioned, I could comment on the relative merits of the products (and they do all have merits and can make good firms even better).

However rather than comment on the average refresh times, technology stacks or merits of ETL layers I thought it might be useful to mention that there is rather a large elephant in the room. And I think the suppliers of these BI suites would acknowledge that they meet this elephant quite often.

A few years ago I produced a 'mind-map' of large law firm BI projects, which concluded that of all the points on the mind-map only 25% were technical, of which only half were directly related to BI products. The rest were non-technical items, one of most important of which was the elephant in question.

And the elephants name is Empowerment, followed closely by a circus like train of baby elephants.



### Empowerment

Too many law firms are still using BI tools to merely measure, record and assess. They are not using BI to provide measures and then following through by empowering individuals to change outcomes.

A young boy keeps measuring his piggy bank balance, and it's never any bigger, even though he wants it to be. The problem is that his parents won't let him get a paper round ...

Perhaps a more relevant example; One common measure is utilisation. It's no good producing fancy nanosecond refresh, 3D rendered graphs showing that utilisation is too low every month unless the recipients are empowered to do something about it; it's just an exercise in public hand wringing unless the recipients are allowed and expected to go out there and win new business. Similarly, if utilisation is high but profitability is low, then perhaps the individuals should be empowered to get rid of the less profitable clients and work types and replace them with something better?

Now this is not the place to discuss why empowerment and change does not happen, however the point is that without such empowerment then expensive BI products are nothing more than a fancy tape measure.



## The Problems with Law Firm Business Intelligence

An interesting aside here is 'gamification' – a word we're hearing more and more of – and in this context it's all about empowering individuals to change and making a game out of the results. Human beings like to play (how many billable hours are being lost to Candy Crush Saga I wonder?) and I know of a number of law firms who are considering using BI to make change and empowerment more 'fun' by creating league tables and positive rewards, however small, for those who win or are promoted. Note however that they are cleverly keeping the lower leagues 'anonymous' – people who are down in the 'Football Conference' know that they are and have incentive to get promoted, but their exact positions are not published so as to save embarrassment. The key thing however is that people are empowered to change and thus improve their positions ...

### Context



The first trailing elephant is Context. Too many law firms are measuring the wrong thing in incorrect contexts and then measuring individual's performance incorrectly.

Yes, these BI tools can let us take PMS transactional data and slice and dice in all sorts of ways. And so that's what happens. Firms measure AR days or realisation against the timekeeper who recorded the time which hopefully got billed, just because the fancy BI tools let them do so.

But what's the point? Just because someone recorded some time on a matter does not determine if that time got billed and paid or written down/off – that's down to the individual who is responsible for the billing, and that's why we call them the Partner Responsible. Of course it's a little more complex than that as individuals do have more than one role at the same time, insomuch that a person can be both a timekeeper and a client/matter partner at the same time. However this just makes it more difficult to deliver information in the right context without irrelevant overload.

And the issue with delivering information in these irrelevant contexts comes back to empowerment. Even if the culture allows it, people can never be empowered to change something if they can never possibly have control over it. And perhaps the word here is not 'gamification' but rather 'blamification' ...

By all means measure utilisation against timekeepers and provide them with the information, but not items over which they have no control, such as profitability. In other words only deliver information to people which is directly relevant to them and for which they not only have responsibility for results, but empowerment to improve those results.

### Focus

And the final elephant in the chain is Focus.



We can measure all sorts of things with our fancy BI suite... lockup days, utilisation, realisation, profitability etc. Averages, comparatives, trend analysis, semi-skimmed cumulative rolling 12 month colour coded Z –graphs with a hazelnut shot and a touch of cinnamon. And a common issue is that too often we want everything, all the time.

Though there are some exceptions I know of, too many firms are failing to break their strategic goals down into specific tactical measurable actions and then associating the measurement of the actionable outcomes into the BI suite with a specific enough focus and level of granularity. In fact too often the strategic goal is merely 'More profit' so 'Measure everything'.

However, the exceptional firms do have focus ... Utilisation is too low, so this year we focus on measuring that in detail and empower people to improve it. Ok, that's better; 2<sup>nd</sup> year we'll keep an eye on utilisation but at a less granular level, but now we really focus in detail on realisation. Much better; 3<sup>rd</sup> year we'll focus on lock-up days. 4<sup>th</sup> year its profitability; keep monitoring everything else at the high level, but let's dump those rubbish clients and move up the food chain...

### In conclusion

I've known some law firms achieve great results through BI, using nothing more than T-SQL and a black and white Excel spreadsheet. No fancy BI product at all, because Business Intelligence is not a product. Instead they use intelligence about the business, combined with empowerment, correct context and a focused approach, to achieve their desired outcomes.

As I mentioned, good BI products and tools can help make a good firm even better and be a sound investment.

But no matter how much lipstick you apply to a pig, it's still a pig ... or in this case, a string of elephants that need to be addressed.

*Andy*

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