12 Ways to Improve Your Legal Practice With Data

Written by Teresa Matich

Every lawyer is different, but a few things hold true for just about every law firm, big or small: You need more cash flow and more clients. Period.

There are a lot of pressures on the average small firm or solo lawyer, but a data-driven approach can ensure you're taking an objective look at areas for improvement and making changes to make your firm more efficient.

Mary Juetten of Traklight and Sam Glover of Lawyerist spoke at the 2023 Clio Cloud Conference about how lawyers and legal professionals can use data-driven decision-making to make their practices more profitable. Here are a few tips from their talk.

1. Get ahead of your accounts receivable

Use Clio and QuickBooks Online to find out how much you're billing each month, but don't stop there. Find out which clients owe you money and how long their invoices have been past due for. Organise these invoices from oldest to newest to see how much money is 90 days past due, 60 days past due, and 30 days past due, so that you have a clear picture of your accounts receivable.

Tip: Clio's Accounts Receivable Aging Report can help with this process.

2. Don't just create a system for billing—create a system for collecting

Once you see how much you're owed, take time to create an effective process for following up with clients who have past-due invoices. "It's not good enough to record the time and bill the time. You have to collect the money," said Mary.

For example, you may want to send an email reminder to clients when an invoice is 30 days past due, and you may want to call to follow up if an email is over 90 days past due. Although collection agencies aren't popular with lawyers, Mary recommends considering them for persistent collections.

3. Map out how you're spending your time

What gets measured gets managed. To see where your time is going, track how much time you're spending finding new clients (including answering the phone and consultations), how much time you're spending tracking hours, invoicing and collecting payments, and how much time you actually spend serving clients. Record every task you spend time on, and categorise it within one of these three areas (or more, if needed) using a spreadsheet, software, or even just a whiteboard with post-it notes. Look at which tasks are taking up way too much of your time, and which ones might need an efficiency tune-up.

Suppose you're finding that you're spending more time on administrative tasks than on billable work (as, according to the 2017 Legal Trends Report, many lawyers are). In that case, it may be time to hire a legal assistant or to use technology to make some of your administrative tasks more efficient.

4. Make it easy for clients to pay with online payments

How did you pay for the Starbucks in your hand? What about the laptop you're typing on? How about the Spotify Premium you're currently jamming to? The answer to all of those questions was likely not 'by check', but 'online.'

"You can't walk into your office and then suspend your normal day-to-day life, which is what I find a lot of lawyers do," said Mary. "They're on their iPhone and their iPad constantly—until they walk into their office, and then they want to revert back to paper."

Implementing a system like Clio Payments is simpler than you think, and it can make for a much better client experience. Bonus: The Legal Trends Report also found that lawyers who accept online payments by credit card get paid 39% faster on average.

5. Explore flat fees by tracking your time

It's reasonable to be wary of a fee structure change, Mary advised, but it's worth trying something new that will simplify your billing. But, tracking your time won't totally be a thing of the past. "It is a fallacy that if you bill flat fees or fixed fees that you don't have to track your time anymore because, of course, you need to figure out how much to charge," said Mary.

For example. If you're looking at charging a flat fee instead of an hourly rate for a certain type of service, first track how long it takes to complete the task, so you know you're not losing out when you no longer charge by the hour. Then, continue to track your time to ensure that the time you spend on these tasks doesn't creep upward.

6. Delegate some tasks to a less-expensive person

Speaking of your hourly rate, it's not cheap. As Chelsea Lambert says, "A difficult truth of running a law firm is that you need to 'fire' yourself from the jobs that rob your law firm of revenue."

Take another look at how you're spending your time—tasks that are below your pay grade should be kicked back to an administrative professional or a service. These could include answering your phones to vet new clients, invoicing clients, following up with clients, or other essential business tasks that your data shows you spend way too much time getting done.

7. Rethink your client onboarding process

Just like you mapped your time, map out how a person or company goes from being interested in you to becoming a client. What are the ways that you can more effectively check for conflicts before wasting time? In Sam and Mary's solo lawyer role-playing example, Sam (who played the solo during the presentation) learned that his client vetting and onboarding process was pretty backward.

"I realise that I'm meeting with everyone, which means I'm spending a lot of time in meetings, and not all of my meetings turn into clients," Sam discovered.

In other words, stopping to take an objective look at your client onboarding process—or any process in your firm, for that matter—can give you valuable insight into what might need to change.

8. Collect more data to make client intake more efficient

Collecting more data upfront is one of the easiest ways to reduce the number of calls and meetings you have to take on while evaluating potential clients. Think of it this way: Your hourly rate still applies, even if you're not billing it, so any way you can make non-billable tasks more efficient is a win for your firm's revenues.

Try beefing up the 'Contact Us' form on your firm's website with relevant vetting questions, or consider hiring someone to field clients before they get to you.

9. Find out which marketing efforts are most cost-effective

In marketing, the term 'cost per acquisition' assigns a numeric value to the effectiveness of a marketing campaign. It's important to try to keep your cost per acquisition low—in other words, you should be trying to get the maximum number of potential new clients (aka leads) with the least amount of spend. But you'll only know what your cost per acquisition is if you keep track of your promotional efforts.

"I want to know how many former client referrals I got; I want to know how many visits I get to my website that have turned into the number of calls and where they came from," said Sam.

Tracking leads in a legal CRM or client intake software will help you find out which channels actually result in consults and new matters. That's where more of your time and marketing money should go.

10. Know which marketing efforts bring in more clients

Your conversion rate is another important number to track, as it tells you which channels are actually bringing you worthwhile leads.

"Let's say Sam, you get five leads that come from a speaking engagement," said Mary. "So a lead is someone who calls Sam and says, 'I want to talk to you.' And so you get five of those and three of them turn into clients. That's great. That's a 60% rate of converting from a lead to a client."

Mary also gave an example of a not-so-great conversion rate:

"Alternatively, let's say the same week you have 25 people who come through your website because you're paying somebody for search click optimisation, and only two of them turn into clients. So that's about 8%. That's not so good."

Keep an eye on your conversion rate: A certain campaign or channel may have a low cost per acquisition, but a different method with a slightly higher cost and a much better conversion rate may be more worth your while.

11. Know definitively whether your clients are happy

As Mary explained, it's important for lawyers to have a clear view of how their clients see them: According to the Legal Trends Report, 62% of consumers find their lawyer through a referral from a friend or family member, so if your clients aren't willing to refer

you, you could be missing out big time.

“As a lawyer, I would want to know if my clients would refer me,” Mary said. “[With referrals], there’s none of that business development time that has to go into getting them as a lead. It’s the same for any business, and I do believe that as law firm owners you’re all business people. It’s smart business to make sure that you’re finding out whether your clients are happy with your services.”

One way to track client satisfaction is to gather a Net Promoter Score (NPS®) from all of your clients. With this system, clients rate you on a scale of 1-10: Those who give a rating of nine or 10 are promoters, those with a rating of seven or eight are neutral, and those with a rating of six or below are detractors. Your overall NPS® is an average of all client ratings.

There are tech tools that can help with gathering NPS® information, but start by simply asking your clients to rate you on a scale of 1-10, via email or even over the phone, and ask for the reason for their rating. Keep an open mind about the feedback, and be willing to change to keep the score high.

12. Carve out time to improve your processes

Perhaps most importantly, Mary and Sam emphasised that it’s important to consciously set aside time to focus on process improvement at one’s law firm. Every journey begins with a single step, and the first step is making time to look at your law firm’s data, processes, and opportunities for improvement.

“If you’re not sure where you start, the place to start is putting a weekly appointment on the calendar for your entire team [to look at your processes],” said Mary.

“It doesn’t have to be long. It can be an hour. But you have to make time for this, because if you don’t, then all of the administrative stuff that you can’t make more efficient because you aren’t doing this will continue to be the thing that takes up your time.”

Tip: Clio Manage’s Law Firm Performance Dashboard makes it quick and easy to see and track law firm data—like your firm’s billable hours, how much money your firm is taking in (and how much money your firm is losing) in one centralised place.

Watch Mary and Sam’s full talk below:

About Clio

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