

MEASURING CHARGEABLE TIME & PRODUCTIVITY.

(May 2004)

With the rapid development of so called 'value' based charging as a primary factor in billing, some firms are paying less attention to time recording. As a consequence a core appreciation of time recording is being lost. It is the fundamental measurement of productivity.

KPI. Five hours chargeable time, per day, from all fee earners should be the minimum.

An average daily increase of 15 – 30 minutes chargeable time, at full charging rate, by all fee-earning staff can result in an increase in profit for distribution of up to 20%.

Identifying what happens to 'lost' or non-chargeable **time** is the starting place for raising productivity.

If a fee earner has a contractual obligation to work 7.5 hours per day and has 5 weeks away from the office for holidays, sick leave and training, the maximum number of chargeable hours attainable is 52weeks X 5days X 7.5 Hours (less holidays, sickness and training 25 X 7.5) or 1950 minus 187.5 = **1762.5 hours**. Few, if any, achieve a figure anywhere near this. Most fee earners record around 1100 - 1150 chargeable hours, resulting in more than 500 hours 'lost' by a single fee earner, every year. When recovery rates are factored in for WIP, most fee earners are billing approximately half their *potential* chargeable time. This admittedly simplistic example clearly indicates the need to monitor productivity.

Increases in productivity will not come about through 'carrot and stick' techniques. Key factors in improving productivity include:

- Fostering a 'team' culture
- Allocation of work centred on professional and skills development
- Provision of sound supervision systems ("Is everything OK then?" is NOT good supervision.)
- Sound management information systems that measure performance and progress
- Pricing flexibility
- Providing regular and objective feedback to staff and clients
- Sound leadership skills
- Good delegation techniques. Partners hanging on to work in the interests of keeping the hours up makes no sense if the work can be handled by junior staff with a lower cost base.

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Imagine being the All Black Coach and having to develop a game strategy when no information is available on the opposition. - No player information. No form. No record of previous scores and no video footage to study, in short, nothing.

The outcome should surprise no one.

Managing a law firm with only the previous year's performance outputs as a guide will frustrate full development potential.

LBP has developed a complete series of performance benchmarks that enable firms to compare their own performance with Best Practice.

LBP's database is dynamic and available on-line at a secure site. It is simple to use and will answer the essential practice development questions:

-How do we compare?

-How well are the best performers doing?

-What do we have to do emulate them?