

On Board with Dashboarding

An Administrator's Guide to Executive Information Systems

BY IRA D. SMITH

Executive Information Systems (EIS), sometimes referred to as “dashboards,” have become standard equipment as part of industrial strength Enterprise Resource Planning (ERP) solutions. These dashboards are designed to provide management with constantly updated metrics designed to indicate the relative health of the company's financial and operating positions.

“Dashboarding” has not translated as easily within the legal industry. In many respects, the legal profession has fallen behind when it comes to offering real-time operating information to firm management. The question is, “Why?” Why are sales orders, manufacturing production, distribution analysis, and cash flow considered mission critical to daily operations in other industries, but in law firms the monitoring of new file openings, fee production, critical dates and events, and cash receipts are typically reserved for discussion at monthly partner meetings?

This question goes well beyond the basics of management's obligation of keeping abreast of fiscal operating health. Under request, and sometimes mandate, from their liability carriers, many firms have begun developing systems and processes designed to stay on top of critical events surrounding their practices.

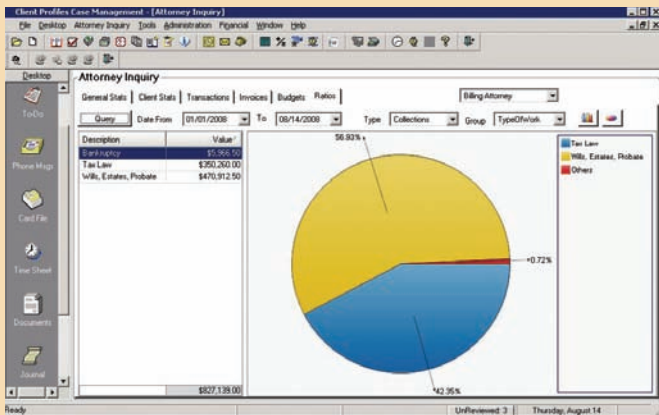
A significant shift in partnership thinking is taking place as it relates to key performance indicators (KPIs) in the law firm business. This is not just a function of competitiveness and rate pressures within the market. Firms have come to realize that past trends are often indicators of future performance, and KPIs can help identify and proactively address common “day-to-day” law firm business scenarios.

Consider these examples:

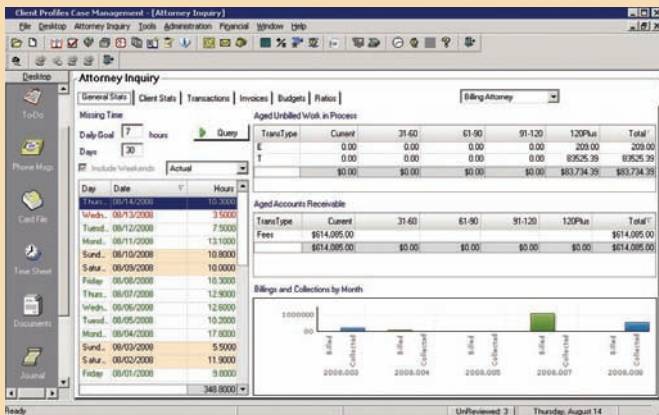
- A deposition just got rescheduled, and the covering attorney is now available for the mediation that she has been unable to get scheduled. In the meantime, the rescheduled deposition now has the case pushing up against the discovery period window.
- You notice that 40 percent of the billable timekeepers in your firm have not been entering their time throughout the day. This is not so bad, except for the fact that you have recently discovered a trend that timekeepers who delay time entry more than two hours from the time a task was performed tend to record 10 percent fewer hours and will also write down 5 percent more of their time during pre-billing.
- The firm's IP Litigation group has just opened a new file, bringing its total active cases to 51. The management committee decided two months ago to limit the active case load in that department to 50 as part of a risk management initiative.



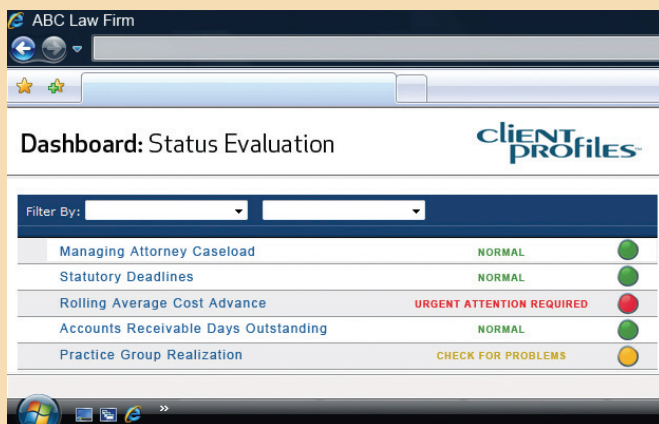
To drive growth, law firm management must have access to real-time, relevant data.



Billing attorneys can quickly view the value of billings and collections by case type within any time range.



Combining key information related to billing, collections, and unbilled time gives legal professionals real-time and relevant fiscal insight.



Status evaluation screens depict essential key performance indicators (KPIs) and their status. By utilizing a "traffic light" system, firm administrators can quickly and effectively determine the status and overall "health" of select KPIs.

As evidenced by these examples, the issue is not just about key measurements and management reports, but also about timely reporting of this information. Another important concern, beyond the timing, relates to the presentation of the KPIs. Instead of taking a typical technology industry approach focused on grouping information by subject matter, law firms and their technology providers are quickly realizing that a role-based, recipient-centric approach has a lot more appeal and applicability. Why not let the user and consumer of these metrics and performance statistics decide what they want to see, and how they would like it presented?

Ultimately, there is no one way to do this. The beauty of modern law firm technology coupled with the evolution of EIS provides unparalleled flexibility and incredible access to details and drill-downs.

In the above scenario, we addressed docketing, time and billing, and case opening issues. As a Firm Administrator / Executive Director, you likely wear many hats and receive a great deal of disparate and uncorrelated information throughout the day. The key to a robust EIS is to present a consolidated view of relevant information in an individually intuitive manner.

Here's a sampling of specific real-time KPIs you might see as part of a management dashboard:

- **Case Load by Working/Managing Attorney:** Pinpoint how many different files a working attorney might touch in a day or in a week to better understand productivity. Controlling managing attorney caseload is a key component of the firm's risk management strategy.
- **Average Statutory Deadlines by Period:** Certain periods of time may be heavily weighted with critical procedural and statutory deadlines. Knowing this ahead of time can allow you to more efficiently plan staffing requirements.
- **Rolling Average Cost Advance by Month:** How do actual period cost advance values compare with the 12-month moving average? How sensitive are firms to trend changes in client payment practices? This will have implications on cash flow, credit line, and financial exposure.
- **Average Documents Created by Users:** Tracking these KPIs will alert the firm to changing trends in productivity and facilitate budgeting for growth.

Relevance of individual KPIs is truly firm specific. Your culture and objectives will determine what real-time numbers should be presented and the manner in which they should be displayed on your personal dashboard. Some of the examples provided above might be presented in absolute numbers, while others may be set in "traffic light" fashion, switching colors when ratios fall within pre-set parameters.

As these concepts evolve, integrated practice management solutions from Client Profiles and other organizations are well positioned to meet law firms' real-time reporting needs. The Client Profiles solution unites case and matter management, billing and financial solutions, and marketing activities. While many practice management solutions offer integrated case and financial management, Client Profiles' solution is built with technology that allows firms to create custom dashboards designed to meet the information needs of individuals, departments, and the firm as a whole. In addition to these dashboards that can be delivered as Web parts, Client Profiles employs automated alerts and reminder solutions to keep management and staff informed on critical information.

Law firms are just now beginning to utilize performance dashboards by graphically presenting personal billing performance measurements to the attorney desktop, such as the "Financial Inquiry" screen found in the Client Profiles case management

environment. This screen presents a consolidated view of aged WIP, accounts receivable, billing and payments, and timekeeper time entry. Additional tabs provide graphic presentation of fee allocations by case type.

The next logical step in leveraging EIS functionality is to graphically present some of the metrics discussed above related to case load, critical dates, and work production. As previously discussed, selection of specific KPI measurements are a function of many factors, including practice type and scope, management structure, size, and firm culture. If you are utilizing a modern practice management suite, chances are that you are tracking key information that, with a little thought and guidance from your technology provider, can be appropriately presented to you and your firm in the form of a Practice Management Dashboard. ✱

about the author

Ira D. Smith, Director of Business Development for Client Profiles – a provider of case management, financial management, and client relationship management applications for the legal profession – plays an integral role in product strategy related to Client Profiles' integrated law firm financial systems. Learn more at www.clientprofiles.com.

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