

Law Firm KPIs: 23 Must-Have Metrics for Growth



Tracking law firm KPIs or key performance indicators, can give you insight into how your firm is performing and allow you to make informed decision about your business. Every law firm's measurement for success is different so it's important to determine which KPIs will produce the greatest amount of growth.

When it comes to KPIs and metrics, you'll want to break them down. You'll want to segment your metrics into three groups: primary, secondary and tertiary. Your primary metrics are all about **survival**, which is exactly what you need if you're looking to get to a growth state. You need to determine which KPIs are most important to your firm.

KPIs Your Law Firm Should Track Regularly

[Survival KPIs](#) are metrics that measure what your law firm needs to generate a significant amount of traffic, leads, clients, sales and profits. These metrics are indispensable and your firm won't be able to measure or improve growth without them:

- 1. Client satisfaction rating:** Measures how happy your clients are with your services, often determined through surveys or feedback forms.
- 2. Breakeven cost:** The minimum amount your firm needs to earn to cover all its expenses, indicating your firm's financial health.
- 3. Balance in your operating account:** The amount of money available in your firm's operating bank account, which helps manage daily expenses.
- 4. Balance in your trust accounts (unbilled only):** Funds held in trust for clients for unbilled services, critical for legal ethics and financial management.
- 5. Amount of accounts receivables:** Money owed to your firm for services rendered but not yet paid, impacting cash flow.
- 6. Amount of outstanding accounts receivables:** Portion of accounts receivable that has not been collected, indicating potential cash flow issues.
- 7. Age of accounts receivables:** The length of time invoices have been outstanding, helping to identify delays in payment collection.
- 8. Firm debt:** Total debt from credit cards, lines of credit, loans, etc., affecting your firm's financial stability.
- 9. Number of marketing actions taken each month:** Total marketing efforts made, reflecting on your firm's commitment to growth and client acquisition.
- 10. Number of consults generated from each marketing action:** The effectiveness of different marketing efforts in generating potential client consultations.
- 11. Recommendation index:** A scale measuring the likelihood of clients recommending your firm to others, indicating client satisfaction and service quality.
- 12. Current run rate:** A projection of financial performance based on current revenues and expenses, useful for future planning.
- 13. Current monthly expenses:** Total expenses incurred in a month, crucial for budgeting and financial management.
- 14. Current anticipated expenses:** Expected expenses based on the current run rate, aiding in financial forecasting.

- 15. The number of new clients per month:** The growth of your client base, showing the effectiveness of your firm's marketing and client acquisition strategies.
- 16. Number of new cases/matters opened each month:** The volume of work your firm is taking on, indicative of business activity.
- 17. The value of these new cases/matters:** The potential revenue from new cases or matters, impacting future earnings.
- 18. Number of closed cases/matters:** Completed work, reflecting on your firm's operational efficiency and case management.
- 19. The value of these closed cases/matters:** Revenue realized from completed cases, contributing to your firm's financial success.
- 20. Number of new appointments/consults set:** The initial step in the client acquisition process, showing the potential for new business.
- 21. Number of prospects (consults who showed up):** The effectiveness of your firm in converting interest into actual consultations.
- 22. Number of prospects who became clients:** The conversion rate of prospects to paying clients, key to growth and revenue.
- 23. Marketing expense as a percent of revenue:** The cost-effectiveness of your marketing efforts, indicating how much you spend to earn revenue.

What Makes These KPIs So Useful?

They answer real, legitimate questions about your law firm. When you have answers to these questions, you have a clear set of goals and objectives in mind.

- 1. They're all measure-driven and difficult to manipulate.** This means our [biases](#) are less likely to get in the way. An example of this would be, controlling the message and resources in your website but still being unable to compel customers to pay for your services.
- 2. Consistency means your KPIs are built on and oriented around principles.** Most of the metrics in your business may fluctuate; however your KPIs should remain — producing the same results.

3. Leading indicators reflect the changes in the business hours, minutes, days and weeks into the future. Metrics that predict future KPIs are ideal as they give you greater explanatory power and preciseness.

We're conditioned to focus on the details we can see, but tracking these metrics can provide a deeper look into how your law firm is *really* doing. Adopting a practice management software like Bill4Time allows you to easily [track and report on your law firms performance](#). From tracking which matters bring the most revenue to monitoring cash flow with the built-in payments processor, [Bill4Time Payments](#), your firm will have access to metrics that will boost your firm's productivity.

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