

Ultimate Guide to Law Firm Business Intelligence



rocket matter

You wouldn't start a cross-country road trip without planning out a route.

You wouldn't try to make a cake without reading through the recipe.

You wouldn't put together a bookshelf from Ikea without looking at the instructions.
(Well, maybe you would. Who are we to judge?)

So why would you run a law firm without regularly analyzing performance data?

There are just certain things in life that you wouldn't, even couldn't, do without a little research and background information. Running a legal practice is definitely one of those things.

If it hasn't already, your firm needs to invest in business intelligence software.



What is Business Intelligence?

According to [CIO.com](https://www.cio.com), business intelligence (BI) is defined as tools or programs that turn performance data into easy-to-digest, actionable insights that can be used to guide strategic decision-making processes.

Basically, BI plans the route, writes the recipe, and creates the assembly instructions your firm needs to understand and improve the efficiency and effectiveness of its operations.

But unless you were a statistics major, hearing the word “analytics” probably makes you a little bit queasy. After all, you went to school to become a lion of the law, not a number-cruncher.

Never fear, legal eagle! Law firm business intelligence software was created for attorneys just like you. With powerful, intuitive dashboards and reporting capabilities, products like Rocket Matter’s award-winning legal practice management software can deliver robust analysis of your firm’s strengths and weaknesses with just a few mouse clicks.



My firm isn't very big. Do we really need BI software?

It's a common misconception among small and mid-sized practices that automated BI tools only work for mega-firms.

We beg to differ.

As our economy becomes more digital, business intelligence capabilities have proven to be critical not just for growth but for *survival*.

Without the actionable data BI programs provide, firms of all sizes are more likely to waste time tracking data manually, underbill clients, target marketing to the wrong audiences, and miss opportunities to gain efficiencies.

There are hundreds of benefits to investing in a business intelligence software, but most of them can be grouped into three main categories:

- Key performance indicator (KPI) tracking and analysis
- Continuous process improvement capabilities
- Strategic business development planning



KPI Tracking and Analysis

Even if you don't know exactly what your firm's KPIs are (or should be), we're willing to bet you know KPIs are important because they help you measure your firm's progress against its goals. Let's run through an example.

Most firms have some type of KPI for monthly new client contacts or lead generation. A business tracking this KPI might notice a spike in Q1 that falls off sharply during Q2.

Recognizing the concerning downward trend, managers can do a deep dive into what may have impacted both the rapid growth (was there a networking event or marketing campaign that was particularly successful?) and the steep decline (did a productive partner leave the firm or did a competitor start encroaching on your target audience?).

Once you have a solid root cause analysis of what's happening and why, it's much easier to develop an effective remediation strategy and establish an internal culture of accountability.

Some important KPIs legal practices should be tracking include:

- **Origination** (how many new clients are signed and how they're finding you)
- **Allocation** (how much revenue each client and attorney is delivering)
- **Matter budgets** (how much funding is available for discovery and case management)
- **Productivity per user** (how efficiently both billing and non-billing staff are working)
- **Productivity per matter** (which cases have the highest cost-benefit ratio)
- **Collections** (how much money is being billed vs. how much is actually coming in)
- **Throughput rate** (how many cases are closed in any given time frame, usually one year)
- **Cycle time** (how long it takes to complete a case)

Having a firm grasp on how these factors affect your business, both individually and collectively, leads us to the next benefit of business intelligence: continuous process improvement.



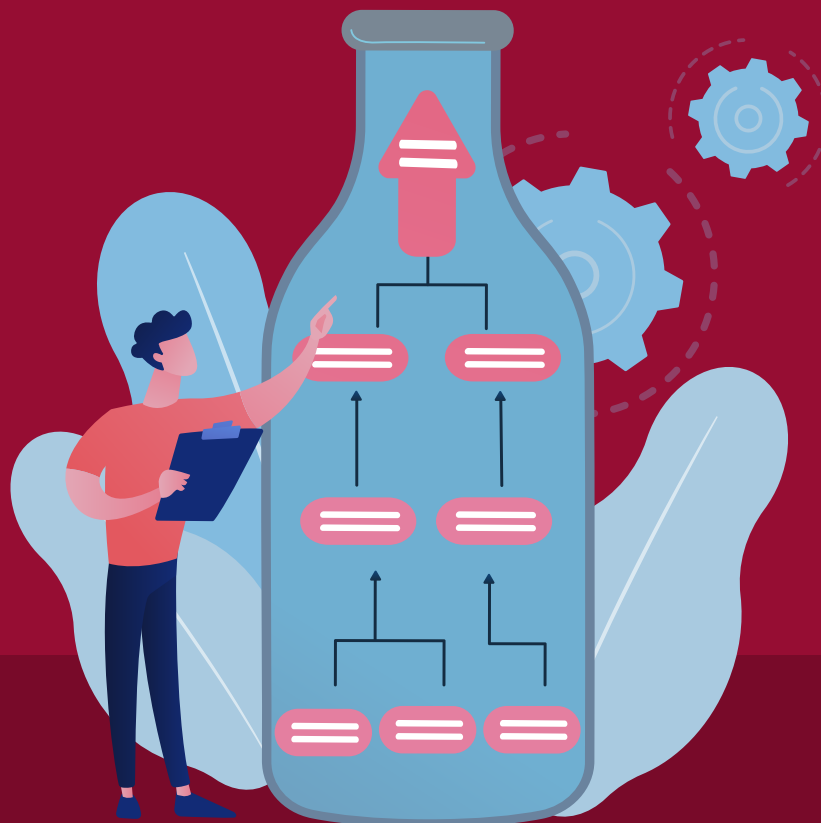
Continuous Process Improvement

Continuous process improvement is business jargon that means looking for ways to cut costs and gain efficiencies by identifying and removing bottlenecks. But you shouldn't start overhauling key operations based on just a hunch.

KPI analysis is the tool that makes it possible to uncover existing pain points in your standard operating procedures. For example, if your cycle time is longer than you want it to be, you can use other KPIs to figure out why. A low collections KPI will impact your cycle time. So will a low throughput rate. And low productivity per user or matter scores can drag down collections and throughput KPIs.

Analyzing these KPIs can show you where your processes are negatively affecting performance and give you the data you need to effectively reengineer clunky, outdated processes.

Remember, continuous process improvement is a journey, not a one-time project. Smart firms never stop looking for ways to boost productivity and upgrade the services they offer clients. KPIs and process reviews go hand-in-hand, and together they help you realize the final benefit of business intelligence: strategic marketing and business development planning.



Strategic Marketing and Business Development Planning

If you're like most business owners, you probably have a pretty good understanding of your target audiences and a decent idea of where your sweet spot is for marketing.

At least you *think* you do.

One of the most frequent reactions we see from clients who have just started maximizing their use of business intelligence programs is surprise. Whether they're realizing they aren't billing as accurately as they thought they were or they find out their advertising dollars aren't bringing in as much new business as they'd been told, there's almost always something that shocks them.

But it shouldn't.

Going back to our opening metaphor, you wouldn't be surprised if you got lost trying to drive from Anaheim to Chicago without directions. And it's reasonable to end up with a chocolate brick instead of a chocolate cake if you randomly dump eggs, flour, sugar, and cocoa powder in a pan.

Business intelligence makes it possible for your firm to confidently set marketing budgets and buy ads that deliver the maximum return on your investment because they're directed at your actual target audience.

BI data also shows you how to optimize every dollar you spend and hour you work by ensuring everyone's workflow is designed around the tasks that allow them to provide the most value.

Using this information to create short- and long-term goals make it much easier to meet your firm's business development objectives.



Blast off with Rocket Matter's advanced analytic tools.

As the original legal practice management software, Rocket Matter's all-in-one platform simplifies business intelligence. And clients in our Premier Tier have access to customizable reporting across dozens of metrics.

But business intelligence isn't the only thing Rocket Matter can help you with. Our program supports document automation, time tracking, calendaring, contact management, and case management functions for solo, small, and mid-sized firms without breaking the bank. And the Rocket Matter interface and integrations are also capable of accepting payments and sharing files securely.

If you're ready to reduce your admin time and grow your client list without sacrificing quality service, the team at Rocket Matter is here to help. Reach out today to [start a free trial](#) or [schedule a demo](#) with one of our experts.

