



Living Analytics for Legal

	Descriptive	Predictive	Prescriptive
Profitability Management	We were profitable last year in our patent litigation due to a couple of large matters, and because we staffed them correctly and served the client well.	Based on our current staffing of existing matters, we have a medium risk of performing below our profit targets.	We should make adjustments in our staffing and consider a new pricing strategy for patent litigation work taken on to meet profit objectives.
Write-downs	We averaged 10% write-downs in our commercial litigation practice last year, totaling \$5m.	We are taking on a larger number of commercial litigation matters than last year. All other things equal, we are likely to incur similar write-downs, ranging from \$4 to \$6m.	We should review our intake process and even if we take this work on, review causes of our write-downs and better manage client expectations and review pricing and staffing mixes, to save us at least \$2m in avoided write-downs.
Bad Debt	We experienced \$2m in bad debt last year from clients in our employment practice.	Our employment practice incurs bad debt frequently with new startup clients without retainers and when the responsible lawyer has a mixed financial track record.	We should be applying a more systematic approach towards identifying bad debt prior to accepting new work, and manage it carefully through the lifecycle.
Client Attrition	We are losing clients and not understanding why, although we suspect it is because our staffing is not meeting their needs.	We see a big drop in fees from clients when our work is highly leveraged and when we see high write-offs.	When we receive early signals about post-bill discounts and financial performance degradation, we should talk to the client, and learn where we are falling short.
Partner Attrition	We are losing partners in the energy practice.	The energy practice is operating as a silo separate from the firm and is economically under pressure, and those conditions usually lead to partner turnover.	When we observe that a practice is silo'd and under economic stress, we should talk to these partners and reconcile the issue for our partners and firm.