



## Living Analytics for Legal

	Descriptive	Predictive	Prescriptive
<b>Profitability Management</b>	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.
<b>Write-downs</b>	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.
<b>Bad Debt</b>	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.
<b>Client Attrition</b>	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.
<b>Partner Attrition</b>	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.