

Ally or adversary?

Improve your relationship with
your senior partner

Unified front

Form a strong new
leadership team

Beware temptation

The perils of
low-cost volume work

Lean and agile

Use LPM to transform
client services



Informed decisions

John Banister discusses how he has used business analytics to improve firm profitability and matter management

CASE STUDY

KEY TAKEAWAY POINTS

- 1 Choose a solution that aligns with the thinking of your business and has long-term potential for development
- 2 Embed business intelligence into the psyche of your firm – only then will you get the most from it
- 3 Business intelligence as a concept cannot be mastered overnight – the more you use it, the more adept you become at it
- 4 Results speak for themselves – even the most sceptical lawyers will come on board once they see the quantifiable benefits of business intelligence

We realised some years ago that the world was changing, even for lawyers. It was important for us to understand the moving dynamics of law firm business to take the necessary measures to ensure profitability and, more importantly, poise our firm, Wiggin, to take advantage of any new opportunities that the evolving business landscape might present to us.

We therefore spent a lot of time understanding the new variables around margins and profitability and identifying which of our working practices we needed to update. For instance, we had never previously thought about proactively and collaboratively managing margins through the matter planning and fee negotiation stages of onboarding clients – sharing profitability information with clients and agreeing a commercially-sustainable fixed margin.

This process of introspection highlighted the need for a structured and commercially-led approach to business management. Lawyers typically aren't mercantile (after all their expertise lies in providing legal services), so they are always the hardest group to get on board when making major operational decisions. However, there was an undeniably strong case for the adoption of a business intelligence strategy, if we were to continue to adapt to the new business and economic landscape.

Choosing a system

We decided to adopt a business intelligence strategy in 2006 and LexisNexis' Redwood Analytics became our tool of choice after considerable market evaluation.

It is important to choose a solution that dovetails with the philosophy of the business. We found that Redwood used the same business language, variables, margin and profitability analysis as Wiggin. Even though we at the time were using relatively unsophisticated spreadsheets to measure profitability, this was reassuring and gave us confidence in the system.

The ability of the system to evolve was also a key consideration and the supplier's forum for users to share ideas and identify new requirements meant our system would not remain static.

Knowledge is power

In the early years of adoption, we were confronted with a major challenge – understanding profitability. Knowledge of what makes the firm profitable is fundamental to business planning of any kind. We used business intelligence to decipher what this meant for us.

The system helped us to analyse our clients, their legal requirements, type and sophistication of matters, and billing patterns. This gave us an in-depth understanding of which practice areas and aspects of business made us profitable, where we were losing money and where there was room for improvement.

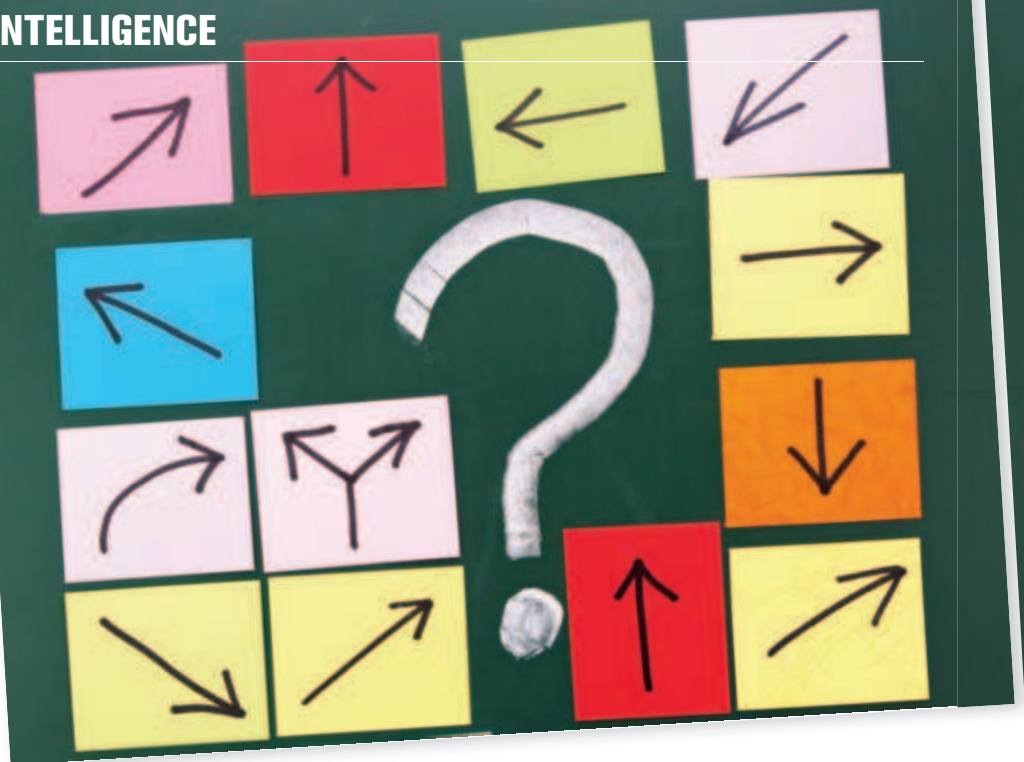
For example, we were able to work out the true cost of client secondments and therefore make better business decisions in this area, based on historic client profitability as well as predicted future pipelines.

“Knowledge of what makes the firm profitable is fundamental to business planning of any kind”

This insight into profitability has enabled us to develop different types of resourcing and billing models, in turn ensuring that matter and case profitability is maintained without compromising on the value of services we provide.

One of the ways we have taken advantage of this knowledge is by carrying out an analysis of our film production work, which includes rights acquisition and creating finance deals. The findings of the analysis highlighted the need for a paralegal resource for the team, which has since been recruited.

Continuously educating the firm is essential until thinking about profitability becomes second nature to the business. Understanding profitability is not difficult, but it is something that needs to be addressed regularly.



Over the years, we have become more sophisticated in the way we utilise business intelligence. The case for opening our office in Brussels in January 2012 was informed by analysis provided by our business intelligence system.

In hindsight, we now know that we very accurately predicted the best model for the practice, investment required, staffing and resourcing, the type and size of clients that best suited us and what the profitability curve would look like.

A way of life

Business intelligence is a way of life for us now. We use the system to inform many of our business decisions and it has become so intrinsic to the running of the firm that it is now a part of Wiggins' DNA.

Our matter planning now involves ascertaining:

- the level of staffing required (i.e. whether it should be a paralegal, lawyer or partner);

“Information drives our reaction to market changes, client requirements and the decisions we take for the long-term health and vitality of the business”

- the billing structure (i.e. will the client get most value from an alternative fee arrangement); and
- the length of time required to close the matter

All of this culminates in an analysis of the profit margin that the firm can expect to make from the activity.

Today, conducting quarterly assessments of our client base is common practice. We identify clients with the highest and lowest billings. For each category, we ascertain what we can do as a firm to enhance the value we deliver or perhaps increase profit margins by making changes to the way matters are handled for those that form part of the bottom 20 per cent of our customer base.

However, this is only the tip of the iceberg. We have made inroads into the business intelligence discipline, but we know that we can do more and be better at what we do.

Return on investment

People often ask me about how we measure the return on investment of business intelligence. It is a tough question – how do you put a value on insight and information? Guided by our culture and our organisation's vision, information drives our reaction to market changes, client requirements and the decisions we take for the long-term health and vitality of the business.

The adoption of business intelligence has helped to change the thinking and behaviour of people across the firm. We try to make sure all of our decisions are well informed and we actively manage the firm to be the most profitable it can be within the confines of our operational control.

In this day and age, law firms have to be driven by business objectives as well as reducing costs and increasing profitability. This requires access to accurate and credible information, without which one may recognise the business problems or identify new business opportunities, but will in all likelihood act in ignorance – a dangerous way for any business to function.

We have some brilliant minds that bring new ideas to life, but it is our ability to make the best use of business intelligence that helps us to confidently create business plans that we know can work. ^{mp}

John Banister is a partner and CEO at UK media law firm Wiggins (www.wiggin.co.uk)