Lavender Law Conference

Law Firm Performance Packet

Sample Deliverable

August 23, 2013

Quarterly Business Review Agenda

1. Review background and history of relationship
2. Outline Client's ongoing law firm performance review process
3. Introduce ongoing performance areas and metrics
4. Review Firm's performance scorecard
5. Discuss performance improvement and alignment opportunities
6. Determine and schedule next steps/meetings

Performance Review Goals

The goals of the quarterly performance reviews are to develop **win-win** ongoing relationships with a selected Outside Counsel.

- ✓ Increase collaboration and transparency between in-house and outside counsel
- ✓ Provide awareness on the analytics and scorecards used by Client to measure and evaluate firm performance
- ✓ Identify and discuss alignment gaps between current state performance and business goals
- ✓ Explore strategies to increase efficiency and reduce costs
- ✓ Increase use of and opportunities for alternative fee arrangements
- ✓ Improve overall efficiency, quality and outcomes of delivery

An Integrated Approach for Success

Elevate will support and facilitate ongoing performance discussions to ensure successful execution and win-win results.

	Ongoing Role(s)*
Client	• Define relationship goals/values • Drive discussion and relationship • Prioritize areas of improvement • Guide firm in delivery/execution
Law Firm	• Provide expert legal advice /guidance • Align delivery to client value/goals • Monitor and execute on areas of improvement • Proactively explore opportunities for improvement
elevate	• Generate scorecards and perform opportunities analysis • Provide guidance on improvement strategies and AFAs • Support ongoing delivery models

**Additional roles/responsibilities should be discussed and defined during initial performance review discussions*

Performance Review Components

Qualitative Scorecards

Quantitative Scorecards

FY2013 Firm Usage Summary

Firm Usage Snapshot (FY2013)

General

Practice Group	Summary		
	# of Matters	Total Fees	# of Invoices
Area 1	4	$316,920	23
Area 2	8	$1,474,817	31
Grand Total	**12**	**$1,791,737**	**54**

Staffing

Practice Group	Summary		Staffing Mix					Staffing Efficiency			
	Total Hours	Total Fees	P	AS	OC	PL	OT	# of TKs	FTEs	TKs/ FTE	P/NP
Area 1	485.9004	$316,920	64.5%	29.3%	5.0%	1.2%	0.00%	14	.26	53.8	1.8
Area 2	2617.2998	$1,474,817	37.4%	45.8%	5.4%	11.2%	0.15%	41	1.45	28.2	0.6
Grand Total	**3103.2002**	**$1,791,737**	**41.7%**	**43.2%**	**5.3%**	**9.6%**	**0.13%**	**55**	**1.7**	**32**	**0.7**

Rates

Practice Group	Summary			Rates				
	Total Hours	Total Fees	WABR	P	AS	OC	PL	OT
Area 1	485.9004	$316,920	$652	$735	$492	$614	$290	N/A
Area 2	2617.2998	$1,474,817	$563	$759	$476	$624	$245	$190
Grand Total	**3103.2002**	**$1,791,737**	**$577**	**$753**	**$477**	**$623**	**$246**	**$190**

Usage Details by Matter (FY 2013)

Area/Matter	Total Fees	Total Hrs.	WABR	PT	AS	OC	PL	OT
Area 1	$316,920	485.9	$652.23	64.5%	29.3%	5.0%	1.2%	0.0%
Matter 1	$179,148	269.1	$665.73	66.0%	34.0%	0.0%	0.0%	0.0%
Matter 2	$135,064	210.9	$640.42	64.4%	22.8%	10.1%	2.7%	0.0%
Matter 3	$2,708	5.9	$458.98	0.0%	52.5%	47.5%	0.0%	0.0%
Area 2	$1,474,817	2617.3	$563.49	37.4%	45.8%	5.4%	11.2%	0.1%
Matter 4	$94,363	143.3	$658.50	30.6%	22.2%	47.2%	0.0%	0.0%
Matter 5	$753,705	1406.8	$535.76	43.6%	35.4%	0.5%	20.3%	0.3%
Matter 6	$18,398	22.3	$825.01	100.0%	0.0%	0.0%	0.0%	0.0%
Matter 7	$17,725	27.2	$651.66	68.7%	31.3%	0.0%	0.0%	0.0%
Matter 8	$6,943	13.4	$518.18	8.2%	61.9%	0.0%	29.9%	0.0%
Matter 9	$577,832	996.5	$579.86	27.4%	65.5%	6.8%	0.3%	0.0%
Matter 10	$5,850	7.8	$750.00	100.0%	0.0%	0.0%	0.0%	0.0%
Grand Total	**$1,791,737**	**3103.2**	**$577.38**	**41.7%**	**43.2%**	**5.3%**	**9.6%**	**0.1%**

Performance Review

Performance Ratings/Scores

Client's performance ratings/scores are defined as follows:

1. **Weak -** High variance from intended targets or portfolio averages; Significant room for improvement
2. **Below Average** – Medium variance from targets or portfolio averages; Opportunity for improvement
3. **Average** – Limited variance and in-line with portfolio averages; Enhancement opportunities exist
4. **Above Average** – Better than targets or portfolio averages; Maintain performance levels
5. **Exceptional** – Exceeds expectations; Performance recognition

Performance Review (FY2013)

Scorecard Summary

Qualitative Analysis	
Category	**Score**
Subject Matter Expertise	3.5
Business Alignment	4
Responsiveness/ Accessibility	3.5
Project Management	4
Budgeting Accuracy	2.5
Creativity	3.5
Proactive Execution	3
Aggressiveness to Resolve	1
Communication	3
Partnership/ Trustworthiness	3
Quality and Presentation	3.5
Results/Outcomes	3

Quantitative Analysis		
Category	**Performance Details**	**Score**
Staffing Models	• High Partner-leverage (65%) for compliance and products matters • Overall, high partner leverage across all matters (47%)	2
Staffing Efficiency	• 55 Unique TKs used to provide 1.73 FTEs worth of work (32 TK/FTE); 52% higher than firm portfolio average (21 TKs/FTE) • Legal research activities are being performed by high-level resources at very high rates ($404 WABR);	1
Fees/Costs	• Partner-level rates higher than portfolio averages for compliance and products area ($652/hr vs. $561/hr) • Associate-level rates generally in line with Client portfolio averages	2
Compliance	• Paralegal rates well above allowed averages ($246 vs. $100) • Billing precision score is 3.55/5; Ranked 49/77 Firms • Timely, accurate and consistent submission of invoices problematic.	3

Alignment Opportunity Analysis

Aligning the firm's current performance towards intended targets can produce significant efficiency and cost improvements.

Firm Spend Analyzed	~$1.8mm	

Alignment Opportunity Category	Alignment Potential Savings	Alignment % Impact
1. Staffing Model Alignment	$283, 786	15.7%
2. Staffing Efficiency	$43, 298	2.4%
3. Fee/Rate Alignment	$168, 189	9.3%
4. Compliance to Guidelines	$85, 596	4.8%
Alignment Opportunity Savings	**$580,869**	**33.7%**

Explore Improvement Opportunities

Client has identified the following to be potential areas for improvement opportunity discussion.

- Determine how to best align partner-leverage staffing to targets (30%)
- Develop strategy for centralizing firm-deployed resources and increasing efficiencies around consistent delivery teams
- Address alignment gaps between firm rates and portfolio averages
- For repetitive areas of work, evaluate options for use of AFAs
- Explore the opportunity to unbundle legal research activities to Elevate

Appendix A

Quantitative Analysis of Alignment Opportunities

Driving Principles for Opportunities

The following basic principles were applied when analyzing potential opportunities for performance alignment.

- Quantification of opportunities should be used as a foundation to drive further discussion
- Opportunities uncovered should be actionable in nature
- Both sides need to determine and weigh the impact that certain opportunities may have on the quality of legal services
- Suggested targets should be aggressive yet realistic to ensure intended benefits

Align Staffing Towards Targets

Aligning the firm's current aggregate staffing model towards Client's target model (30/40/5/15/5) can produce various efficiencies and cost savings.

Current Model

Row Labels	TOTAL UNITS	TOTAL SPEND	P	P Spend	A	As Spend	OC	OC Spend	PL	PL Spend	OT	OT Spend
Area 1	485.90	$316,920	64.5%	$230,397	29.3%	$70,112	5.0%	$14,787	1.2%	$1,624	0.00%	
Area 2	2617.30	$1,474,817	37.4%	$743,364	45.8%	$570,620	5.4%	$88,492	11.2%	$71,599	0.15%	$742
Grand Total	3103.20	$1,791,737	41.7%	$973,761	43.2%	$640,732	5.3%	$103,279	9.6%	$73,223	0.13%	$742

Target Model

Row Labels	TOTAL UNITS	TOTAL SPEND	P	P Spend	A	As Spend	OC	OC Spend	PL	PL Spend	OT	OT Spend
Area 1	485.90	$236,027	30.0%	$107,095	40.0%	$95,561	5.0%	$14,907	15.0%	$13,848	5.00%	$4,616
Area 2	2617.30	$1,274,815	30.0%	$595,655	40.0%	$498,035	5.0%	$81,668	15.0%	$74,593	5.00%	$24,864
Grand Total	3103.20	$1,507,951	30.0%	$700,837	40.0%	$592,599	5.0%	$96,593	15.0%	$88,441	5.00%	$29,480

Centralize Resources

Current staffing centralization is at 32TK/FTE, which is 52% above Client's portfolio average of 21 TK/FTE.

Count	Name	Level	Location	Rate	Spend	Units
1	Timekeeper 1	Associate	Palo Alto, CA	$360.00	$52,704	146.4
2	Timekeeper 2	Associate	Washington, DC	$300.00	$870	2.9
3	Timekeeper 3	Paralegal	San Francisco, CA	$270.00	$270	1
4	Timekeeper 4	Partner	Palo Alto, CA	$875.00	$19,512	22.3
5	Timekeeper 5	Partner	San Francisco, CA	$710.00	$80,372	113.2
6	Timekeeper 6	Paralegal	Palo Alto, CA	$270.00	$810	3
7	Timekeeper 7	Library Services	Palo Alto, CA	$180.00	$198	1.1
8	Timekeeper 8	Partner	Georgetown, DE	$950.00	$2,375	2.5
9	Timekeeper 9	Partner	New York, NY	$875.00	$13,125	15
10	Timekeeper 10	Of Counsel	Palo Alto, CA	$610.00	$11,529	18.9
11	Timekeeper 11	Partner	Palo Alto, CA	$990.76	$88,970	89.8
12	Timekeeper 12	Partner	Palo Alto, CA	$875.00	$69,125	79
13	Timekeeper 13	Counsel	Palo Alto, CA	$610.00	$118,462	194.2
14	Timekeeper 14	Associate	Palo Alto, CA	$589.75	$189,782	321.8
15	Timekeeper 15	Partner	Palo Alto, CA	$719.14	$112,618	156.6
16	Timekeeper 16	Associate	Palo Alto, CA	$510.00	$17,493	34.3
17	Timekeeper 17	Associate	Palo Alto, CA	$342.97	$70,788	206.4
18	Timekeeper 18	Staff Attorney	Sunnyvale, CA	$270.00	$567	2.1
19	Timekeeper 19	Associate	Washington, DC	$340.00	$68	0.2
20	Timekeeper 20	Paralegal	Palo Alto, CA	$207.20	$23,704	114.4
21	Timekeeper 21	Associate	San Francisco, CA	$440.00	$1,672	3.8
22	Timekeeper 22	Partner	Palo Alto, CA	$850.00	$61,370	72.2
23	Timekeeper 23	Partner	Palo Alto, CA	$775.00	$465	0.6
24	Timekeeper 24	Partner	Palo Alto, CA	$875.00	$525	0.6
25	Timekeeper 25	Paralegal	San Francisco, CA	$272.47	$42,805	157.1
26	Timekeeper 26	Of Counsel	Palo Alto, CA	$630.00	$85,302	135.4
27	Timekeeper 27	Associate	Palo Alto, CA	$450.00	$15,570	34.6
28	Timekeeper 28	Associate	Palo Alto, CA	$590.00	$10,384	17.6
29	Timekeeper 29	Library Services	San Francisco, CA	$180.00	$36	0.2
30	Timekeeper 30	Partner	Washington, DC	$775.00	$3,720	4.8

Count	Name	Level	Location	Rate	Spend	Units
31	Timekeeper 31	Paralegal	San Francisco, CA	$290.00	$1,624	5.6
32	Timekeeper 32	Counsel	Palo Alto, CA	$610.00	$4,331	7.1
33	Timekeeper 33	Partner	Palo Alto, CA	$605.40	$146,144	241.4
34	Timekeeper 34	Partner	Palo Alto, CA	$763.28	$18,395	24.1
35	Timekeeper 35	Library Services	San Francisco, CA	$180.00	$234	1.3
36	Timekeeper 36	Library Services	San Francisco, CA	$180.00	$54	0.3
37	Timekeeper 37	Associate	Palo Alto, CA	$590.00	$9,558	16.2
38	Timekeeper 38	Associate	Brussels, Belgium	$550.00	$660	1.2
39	Timekeeper 39	Associate	Palo Alto, CA	$380.00	$1,254	3.3
40	Timekeeper 40	Library Services	Palo Alto, CA	$180.00	$108	0.6
41	Timekeeper 41	Associate	Washington, DC	$485.75	$48,526	99.9
42	Timekeeper 42	Partner	Palo Alto, CA	$758.31	$219,302	289.2
43	Timekeeper 43	Paralegal	Brussels, Belgium	$275.00	$1,100	4
44	Timekeeper 44	Associate	San Francisco, CA	$380.00	$24,092	63.4
45	Timekeeper 45	Partner	Palo Alto, CA	$825.00	$18,398	22.3
46	Timekeeper 46	Paralegal	Palo Alto, CA	$215.00	$1,870	8.7
47	Timekeeper 47	Paralegal	San Francisco, CA	$260.00	$1,040	4
48	Timekeeper 48	Of Counsel	Washington, DC	$626.54	$3,258	5.2
49	Timekeeper 49	Associate	Palo Alto, CA	$550.00	$990	1.8
50	Timekeeper 50	Of Counsel	Palo Alto, CA	$610.00	$2,623	4.3
51	Timekeeper 51	Associate	Palo Alto, CA	$340.00	$34,340	101
52	Timekeeper 52	Partner	Washington, DC	$747.67	$127,627	170.7
53	Timekeeper 53	Associate	Palo Alto, CA	$450.00	$28,620	63.6
54	Timekeeper 54	Associate	Palo Alto, CA	$480.00	$11,904	24.8
55	Timekeeper 55	IT	San Francisco, CA	$280.00	$112	0.4

Align Rates to Portfolio Averages

Firm's billing rates vary significantly from Client's current portfolio rates for similar areas of work.

Client Portfolio WABRs

Practice Group	Partner	Associate	Of Counsel	Paralegal	Other	Total Hours	Total Spend	WABR
Area 1	$561.09	$495.27	$249.15	$189.90	$274.00	12263	$5,377,834.05	**$438.53**
Area 2	$675.87	$458.95	$465.51	$272.47	$761.03	3601	$1,943,818.38	**$539.78**

Law Firm – EXISTING BILLED RATES

Row Labels	P WABR	A WABR	OC WABR	PL WABR	OT WABR	TOTAL UNITS	TOTAL SPEND	WABR
Area 1	$735	$492	$614	$290	*	485.9	$316,920	$652
Area 2	$759	$476	$624	$245	*	2617.3	$1,474,817	$563
OVERALL	**$753**	**$477**	**$623**	**$246**		**3103.2**	**$1,791,737**	**$577**

Law Firm – Based on Client Portfolio-Based Rate

Row Labels	P WABR	A WABR	OC WABR	PL WABR	OT WABR	TOTAL UNITS	TOTAL SPEND	WABR
Area 1	$561	$495	$249	$189	*	485.9	$212,824	$438
Area 2	$675	$458	$465	$272	*	2617.3	$1,410,725	$539
OVERALL	$647.36	$461.93	$433.62	$270.44		3103.2	$1,623,549	$523.19

** Savings and Variance analysis not performed on OT Rates because presence of various roles are included in this TK level category*

Compliance and Right-Sourcing

Client encourages firms to utilize an LPO provider for this category of work or reduce the billing rate to $100/hr (which better aligns to resource-level needs).

Current Spend by Matter	P	AS	OC	PL	OT	Total Hrs	Total Spend	WABR
Matter 1		$495				1.1	$495	$450
Matter 2	$25,537	$62,863	$366	$11,636	$144	252.8	$100,545	$398
Matter 3	$1,783	$1,307				5.1	$3,090	$608
Matter 4		$2,420				5.5	$2,420	$440
Matter 5				$1,100		4.0	$1,100	$275
Matter 6		$5,886		$116		12.3	$6,002	$490
Matter 7		$938				3.1	$938	$303
Matter 8		$495				1.1	$495	$450
Totals	**$27,320**	**$74,404**	**$366**	**$12,852**	**$144**	**284.9**	**$115,085**	**$404**

Hypothetical Savings Per Matter	Total Hrs.	Total Spend	WABR	Target WABR	Target Spend	Target Savings
Matter 1	1.1	$495	$450	$100	$110	**$385**
Matter 2	252.8	$100,545	$398	$100	$25,276	**$75,269**
Matter 3	5.1	$3,090	$608	$100	$508	**$2,582**
Matter 4	5.5	$2,420	$440	$100	$550	**$1,870**
Matter 5	4.0	$1,100	$275	$100	$400	**$700**
Matter 6	12.3	$6,002	$490	$100	$1,225	**$4,777**
Matter 7	3.1	$938	$303	$100	$310	**$628**
Matter 8	1.1	$495	$450	$100	$110	**$385**
Totals	**284.9**	**$115,085**	**$404**	**$100**	**$28,490**	**$86,596**

Compliance to Guidelines

Although not much, Client discovered approximately $5K in expenses that should not have been billed.

Matter	E110 – Conferencing
Matter 1	$1,951
Matter 2	$3,903
Matter 3	
Matter 4	
Disallowed Expense Total	$5,854

Appendix B

Glossary of Terms

Glossary of Terms

Term/ Acronym	Definition
WABR	Weighted Average Billing Rate; Calculated by taking the total spend / total hours (instead of averaging the calculated rates)
TK/FTE	Timekeepers per FTE; Calculated by taking the total # of timekeepers billed / (Total #of Hours Billed / 1800))
P	Partner
AS	Associate
OC	Of Counsel
PL	Paralegal
OT	Other

Contact Us

Kunoor Chopra

cell: +1 818 448 5592

kunoor.chopra@elevateservices.com

www.linkedin.com/in/kunoorc

@kunoorc

Pratik Patel

cell: +1 312 753 8962

pratik.patel@elevateservices.com

www.linkedin.com/in/pratikkpatel