



5 Financial KPIs Your Law Firm Must Know

PROFIT PERCENTAGE

Period Being Measured

Total Firm Revenue for Period

Total Firm Expenses for Period

Total Profit

Profit as a % of Revenue

*Target should be 10-15% with all partners being paid market rate as an expense item

ACCOUNTS RECEIVABLE OVER 30 DAYS

Number of Clients with balances > 30 day

Total Amount of Invoices > 30 days

CASH ON HAND

Cash Available in Non-client
(i.e. not trust) Accounts

*Target should be 30-90 days of operating expenses

LABOR PERCENTAGE

Total Labor Costs
(salary, tax, benefits)

Total Revenue

Total Labor as % of Revenue

*Target should be 30-33%

REALIZATION RATE (COLLECTED FEES)

Fees Invoiced for Period

Fees Collected from Invoiced Amount

Realization Rate Based on Fees Actually Collected

*Target should be > 95%