

Law Practice Profitability Checkup

Indicate Your Agreement or Disagreement on The Following

YES NO DNK (Do Not Know)

- | | | | |
|---|-----|----|-----|
| 1. I am happy with the financial performance of my practice? | YES | NO | DNK |
| 2. I am happy with the earnings that I am deriving from my practice? | YES | NO | DNK |
| 3. I believe that the financial performance of my practice is on par with other firms my size and type of practice? | YES | NO | DNK |
| 4. I currently have an appropriate volume of work needed to meet my practice's financial goals? | YES | NO | DNK |
| 5. I currently have the appropriate type/mix of legal work needed to meet my practice's financial and other goals? | YES | NO | DNK |
| 6. I actively "work the books", management my pipeline, and stay on top of the following financial benchmarks using financial dashboards? | | | |
| a. Fee Collections | YES | NO | DNK |
| b. Fee Billings | YES | NO | DNK |
| c. Accounts Receivable | YES | NO | DNK |
| d. Work-in-Progress | YES | NO | DNK |
| e. Unbilled Client Advances | YES | NO | DNK |
| f. Realization Rate | YES | NO | DNK |
| g. Individual Attorney and Paralegal Productions | YES | NO | DNK |
| h. Retainers Approaching 85-90% Used | YES | NO | DNK |
| 7. My firm has an income and expense budget for the firm? | YES | NO | DNK |
| 8. My firm is on budget for this year? | YES | NO | DNK |

9. Your firm's performance on the Financial Red Flag indicators?

- | | | | |
|--|-----|----|-----|
| a. Reduction in fees collected by 15% or more | YES | NO | DNK |
| b. Reduction in fees billed by 15% or more | YES | NO | DNK |
| c. Annual billable hours less than 1500 hours for attorneys and paralegals | YES | NO | DNK |
| d. Declining inventory/pipeline (WIP, A/R, New Cases) | YES | NO | DNK |
| e. WIP over 180 days >15% | YES | NO | DNK |
| f. A/R over 180 days >25% | YES | NO | DNK |
| g. Occupancy Expense >10% revenue | YES | NO | DNK |
| h. Gross profit margin less than 35% | YES | NO | DNK |
| i. Billing realization less than 95% | YES | NO | DNK |
| j. Collection Realization less than 97% | YES | NO | DNK |

10. This year my firm's financial experience:

- | | | | |
|--|-----|----|-----|
| a. YTD fee receipts are declining | YES | NO | DNK |
| b. YTD fee billings are declining | YES | NO | DNK |
| c. A/R balance in increasing | YES | NO | DNK |
| d. Clients taking longer to pay
A/R balance over 30 days/60 days/ etc increasing | YES | NO | DNK |
| e. WIP balance increasing | YES | NO | DNK |
| f. Write-offs increasing | YES | NO | DNK |
| g. Is the firm's inventory of work decreasing? | YES | NO | DNK |
| h. Is the mix of cases appropriate – contingent vs flat rate retainer work that can be turned into cash quicker. | YES | NO | DNK |
| i. Is there a high risk level in your client/case mix? | YES | NO | DNK |

11. Our clients would hire us again on their next matter. YES NO DNK



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