



*At a time when it is reported that two-thirds of the legal profession are experiencing stress, we should not ignore wellbeing KPIs as part of the embedded culture of any firm*



## Stress tests

**BARRY DAVIES, PRACTICE DIRECTOR**

At home, I recently discovered my young daughter avidly pretending to read through an old copy of *Law Firm Remuneration, Reward and Motivation* (edited by J Renz). Such a proud moment led me to thinking how things might be for future generations, such as hers, as to the drivers for motivation at work and performance metrics.

I feel the mantra of many managers is 'if you can't measure it, then you can't manage it', to which I've only ever partly agreed. If you measure something, is it good, bad or indifferent?

For key performance indicators (KPIs) to be worthwhile, much more than simple measurement is required. There is a great reliance on the target-setting process being realistic at the outset, a meaningful interpretation of any metrics, the use of readily available benchmarking reports to identify how your firm sits next to others (preferably with a geographical or practice style comparison), and most importantly your firm's culture. What works well in one firm could be disastrous in another. The KPIs adopted by any firm should measure behaviours and be able to tell a story or act as a health check of how it is operating, with any warning signs.

Traditionally, KPIs in law firms focused purely on the financial issues such as profit ratios, debtor days, average bill value, and the old favourite: chargeable hours. Some magic circle firms have dropped the latter in their performance rewards assessments. We are seeing the emergence of newer models that don't just rely on a team of people being thrown at a client matter to record as much time as possible, but instead take more of a team approach to achieving goals, and most

importantly consider what is in the client's and public interest and also employee motivation.

Some firms are exploring reward mechanisms linked to individuals, based on business development KPIs as well as financial performance such as new client gains per month, or clients referred to other departments with reward for conversion. These are usually met with enthusiasm. It would be interesting to see some compliance KPIs being introduced and used to improve compliance with new SRA regulations coming through.

However, at a time when it is reported that two-thirds of the legal profession are experiencing stress, we should not ignore wellbeing KPIs as part of the embedded culture of any firm. Half of those experiencing stress feel it is part of the job, maybe as a result of the traditional methods of having KPIs imposed on them and the 'available at any time' advances in technology. To balance this, wellbeing KPIs to consider could be workload volumes per individual (this would also deal with compliance KPIs); the use of chargeable hours, but from a wellbeing perspective; days worked without leave; number of medical appointments, or the Bradford factor formula as a positive indicator. As is the case with financial or operational indicators, the list could go on and needs to suit each firm and its culture, but would hopefully lead to better productivity and a more motivated individual or team.

The dashboard for KPIs needs to be balanced and not focused on short-term 'wins', with frequent monitoring – nor is it just an annual business planning tool. KPIs are ultimately only results, and while useful they require a good dollop of common sense and judgement to be applied to them. **LPM**

### LPM FIRM FACTS

**Douglas-Jones Mercer**

**Revenue: £4.5m**

**Corporate status: Ltd**

**30 fee earners,  
55 total staff**

**Offices: Swansea,  
Mumbles, Porthcawl,  
Cardiff**