



FOR MANAGING PARTNERS AT US LAW FIRMS | 20-75 ATTORNEYS

The 6 Questions Your *Practice Management Software Cannot Answer* — And What Happens When You Finally Can

A diagnostic framework for mid-market law firms that know their PMS has a ceiling — and need to see precisely where the gap is costing them.

6

DIAGNOSTIC
QUESTIONS

93

MEDIAN LOCKUP
DAYS¹

\$1.27M

EARNED REVENUE
IN LIMBO²

3x

ANALYTICS USE
GROWING FIRMS²

¹ Clio Legal Trends Report, 2025 ² Clio Legal Trends Report, 2025

Before your last partner meeting, someone at your firm spent half a day exporting spreadsheets, reconciling numbers across systems, and building a slide deck that showed everyone what happened last month. By the time the report was ready, the moment to intervene had passed. This guide answers the six questions that process still couldn't answer — and shows you what it looks like when a firm can.

“Operational management and business intelligence are not the same thing.”

What Your PMS Does Well — And Where It Stops

Your practice management system is foundational infrastructure. It handles the operational layer of running a law firm: time and expense tracking, matter management, trust accounting, invoice generation, intake workflows, calendar and task coordination, and basic billing activity reporting. It does all of this well. That is not the problem.

The problem is that operational management and business intelligence are different jobs. Your PMS was built for the former. The strategic questions that determine whether your firm grows, holds flat, or shrinks — questions about practice-area profitability, attorney realization, revenue leakage, client margin performance — require the latter. And your PMS was never designed to answer them.

PMS Handles Operationally

- ✓ Time & expense tracking
- ✓ Matter management
- ✓ Trust accounting
- ✓ Invoice generation & billing
- ✓ Intake workflows
- ✓ Calendar & task coordination
- ✓ Basic billing activity reports

PMS Cannot Answer Strategically

- ✗ Which practice areas are actually profitable?
- ✗ Which attorneys drive highest realization?
- ✗ Where is revenue leaking — and how much?
- ✗ Which clients generate strong margins?
- ✗ How long does collection really take?
- ✗ Which fee arrangements are structurally profitable?

The six pages that follow answer each of these questions — not as a product capability list, but as a specific, output-level picture of what your firm would actually know. Each section shows you the information. Each section names what it costs your firm per month that it goes unknown.

QUESTION 01 OF 06

Which Practice Areas Are Actually Profitable?

Your PMS can tell you revenue per practice group and hours billed per matter. It cannot calculate net margin by practice area because that requires loading attorney costs against billed and collected revenue — a calculation PMS was not built to perform.

WHAT PMS SHOWS YOU

- Total billed hours by practice group
- Invoice totals by matter type
- Write-off dollar amounts (aggregate)
- Revenue by billing timekeeper

WHAT YOU WOULD ACTUALLY SEE

Your IP practice group billed \$1.24M last year. After attorney loaded costs, write-offs of 7%, and realization of 93%, net margin was 41%. Your family law group billed \$680K — but a 21% write-off rate and 79% realization collapsed margin to 18%. Same firm. Two very different businesses. Both invisible without an analytics layer. (Realization benchmarks: Clio Legal Trends Report, 2025)

COST OF NOT KNOWING

A firm with \$4M in revenue and one practice group running 18% margin vs. a correctable 32% target is leaving approximately \$280K in annual margin on the table — without knowing which group to fix or how.

QUESTION 02 OF 06

Which Attorneys Drive the Highest Realization Rates?

Your PMS reports total billed hours by attorney. It does not show you realization by attorney — the percentage of billed time actually collected as revenue after write-downs and write-offs. Without this split, a high-billing attorney and a high-value attorney look identical.

WHAT PMS SHOWS YOU

- Total billable hours logged per attorney
- Total billed dollars per timekeeper
- Write-off totals (firm-level)
- Collected revenue (aggregate)

WHAT YOU WOULD ACTUALLY SEE

Partner A billed 1,840 hours at \$350/hour — \$644K gross. After write-downs and write-offs, realization: 71%. Collected: \$457K. Partner B billed 1,520 hours at \$310/hour — \$471K gross. Realization: 94%. Collected: \$443K. Partner A generates \$14K more collected revenue but costs the firm 320 additional hours and two partner-level write-off conversations. The analytics layer makes this visible before year-end compensation review.

COST OF NOT KNOWING

A 5-point realization improvement across one practice group is associated with approximately a 20-point profitability swing — a 4:1 ratio that holds across most mid-market firm structures. (Clio Legal Trends Report, 2025)

QUESTION 03 OF 06

Where Is Revenue Leaking — and How Much?

Revenue leakage has three distinct points of origin: write-offs at billing (realization leakage), delayed collection (lockup), and unbilled WIP (billing lag). Your PMS records each transaction. It does not aggregate them into a leak diagnosis.

WHAT PMS SHOWS YOU

- Individual write-off transactions
- Outstanding invoice balances
- WIP unbilled (requires manual export)
- Days-outstanding by invoice (basic)

WHAT YOU WOULD ACTUALLY SEE

For a \$5M firm: Lockup — the combined value of unbilled WIP and outstanding receivables — runs at a median of 93 days, putting \$1.27M in earned revenue outside the operating account at any given moment. Your analytics layer shows lockup broken down by responsible partner, client, and practice group — updated in real time. 60–70% of lockup typically concentrates in two or three partners' books. (Source: Clio Legal Trends Report, 2025)

COST OF NOT KNOWING

A \$3M firm at the 93-day median carries ~\$763K in lockup. A 20-day reduction releases \$254K in working capital — the difference between drawing on a credit line in Q3 and not drawing on one. (Clio Legal Trends Report, 2025)

QUESTION 04 OF 06

Which Clients Generate Strong Margins — and Which Don't?

Some of your largest clients by revenue are your worst clients by margin. Rate concessions, scope creep, write-off patterns, and collection behavior combine to produce a client P&L that looks nothing like the revenue line. Your PMS records the revenue. It does not compute the margin.

WHAT PMS SHOWS YOU

- Revenue by client (total billed)
- Outstanding balances per client
- Write-offs attributed to client matters
- Hours worked per client (aggregate)

WHAT YOU WOULD ACTUALLY SEE

Client X: \$380K billed annually. Consistent 95-day payment cycle. Three matters with 18% average write-offs. Rate concession of 12% below standard. Net margin after costs: 14%. Client Y: \$210K billed. 38-day average collection. 4% write-off rate. Standard rates. Net margin: 38%. Your second-largest client by revenue is your least profitable by margin. The analytics layer shows you this before the next engagement letter is signed.

COST OF NOT KNOWING

A firm that grows its lowest-margin client relationships — believing they are its best clients because they are its largest clients — compounds the margin problem with every engagement renewal. This is a business development strategy error that only matter-level analytics can diagnose.

QUESTION 05 OF 06

How Long Does Collection Actually Take — by Partner, by Client?

Firm-level average collection days tells you a problem exists. It does not tell you where the problem lives, who owns it, or which client relationship needs a direct conversation. Your PMS can produce a receivables report. It cannot produce a collection performance view segmented by partner.

WHAT PMS SHOWS YOU

- Aging buckets (0–30, 31–60, 61–90, 90+)
- Outstanding invoice list by client
- Days outstanding per invoice
- Total AR balance (aggregate)

WHAT YOU WOULD ACTUALLY SEE

Firm average collection: 51 days. That average conceals: Partner A's client base averages 78 days — driven by two clients who routinely pay at 90+. Partner B's client base averages 31 days. The analytics layer shows you Partner A's collection performance in isolation. The managing partner can have one specific conversation — not a firm-wide collections policy that affects every partner relationship for the behavior of two clients.

COST OF NOT KNOWING

A healthy collection cycle for a 20–40 attorney firm is under 60 days. A 40–75 attorney firm under 65 days. Any responsible partner whose lockup exceeds 120 days and any single client representing more than 15% of total firm lockup are specific, addressable problems — invisible at the firm-average level. (LawKPIs benchmark, calibrated to Clio Legal Trends 2025)

QUESTION 06 OF 06

Which Fee Arrangements Produce Sustainable Profitability?

As flat fees and alternative fee arrangements become standard in mid-market legal work, managing partners face a pricing question their PMS cannot answer: is this flat-fee matter actually profitable? PMS records the fee. It does not map time spent against fee received to calculate margin per arrangement type.

WHAT PMS SHOWS YOU

- Fee type per matter (flat / hourly / contingency)
- Total billed by fee arrangement
- Hours logged per matter
- Invoice status per flat-fee matter

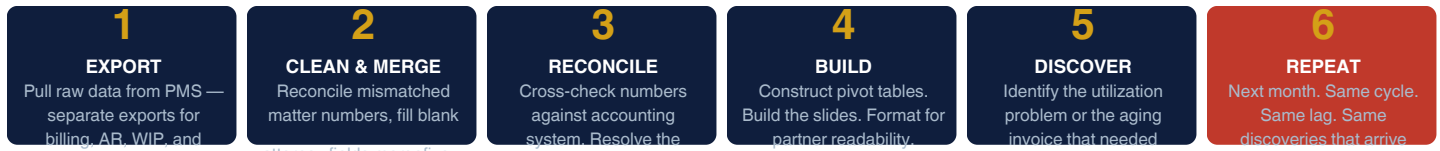
WHAT YOU WOULD ACTUALLY SEE

Your flat-fee employment matters: average fee \$4,200. Average attorney time per matter: 16.4 hours at \$290 loaded cost. Margin: 33%. Your flat-fee business formation matters: average fee \$1,800. Average attorney time: 9.8 hours at \$290 loaded cost. Margin: negative 58%. The analytics layer identifies which flat-fee arrangements are structurally unprofitable before the next engagement letter is signed — and surfaces the pricing adjustment required to reach target margin.

COST OF NOT KNOWING

A firm with 40 flat-fee business formation matters per year, each consuming 9.8 attorney hours against a \$1,800 fee at a \$290 loaded rate, loses approximately \$104K annually in negative-margin work — while its revenue reporting shows \$72K in flat-fee income from those same matters.

What your monthly reporting cycle is actually costing— in hours, and in dollars.



Every month. Every reporting cycle. Before every partner meeting.

The Dollar Cost of the Cycle

CONSERVATIVE ASSUMPTIONS

Reporting cycles per year	12
Hours per cycle (COO / Practice Mgr)	6–8 hrs
Loaded hourly rate	\$95–\$140
Cost per cycle	\$570–\$1,120
Annual reporting cost	\$6,840–\$13,440

THE COMPOUNDING COST

Every cycle produces decisions made on 2–4 week old data.
 Every delayed discovery = a problem that compounds for another month.
 Hours spent building slides are hours not spent on billable work or strategy.
 The annual cost above does not include the cost of decisions made too late.

THE ARGUMENT IN ONE LINE

Your monthly reporting cycle costs between \$6,840 and \$13,440 per year — and produces decisions that arrive two to four weeks after the moment to act. The analytics layer eliminates the cycle. Not reduces it. Eliminates it.

What the Intelligence Layer Actually Looks Like.

Not capability labels. Specific outputs — what you would actually see, for your firm.

CAPABILITY	PMS ONLY	PMS + ANALYTICS LAYER
Matter Profitability	Revenue per matter. Hours per matter. No net margin view.	See margin on each matter: billed value minus loaded attorney cost minus write-offs — updated in real time, compared to firm average and practice-group median.
Attorney Realization	Total billed hours and dollars per timekeeper. No realization split.	Realization rate by attorney, segmented by matter type and client. Identify which partners' write-down patterns are suppressing their effective rate below firm average.
Revenue Leakage	Write-off transactions recorded. No aggregated leak diagnosis.	Three leak points mapped simultaneously: write-offs by practice group, lockup by responsible partner, unbilled WIP by age bucket — updated daily, not at month end. Net margin per client: rate concessions + write-off history + collection cycle combined into a single client profitability view. See which of your largest clients are your least profitable.
Client Margin	Revenue by client. Outstanding balances. No margin computation.	Collection performance by responsible partner and client. Identify that Partner A's book averages 78 days vs. firm average of 51 — before the managing partner conversation, not after.
Collections Performance	Aging buckets. Outstanding invoice list. No partner-level view.	Time-spent mapped against fee received, by arrangement type. Flat-fee matters with negative margin flagged before the next engagement letter. Pricing adjustment surfaced
Fee Arrangement P&L	Fee type recorded per matter. No margin calculation by arrangement.	

The right column is what the six diagnostic questions look like when they are answered.

“Nottoreplaceyoursystems—tofinallymake sense of the data already inside them.”

The primary objection to adding an analytics layer is the fear that it requires replacing the PMS your firm runs on. It does not. The analytics layer connects to your existing Clio, MyCase, or PracticePanther instance at the API level. Your firm's data stays where it is. Attorneys do not log into a new system. Workflows are unchanged. The only thing added is visibility.

WHAT YOU WILL NOT HAVE TO DO

- ✗ Replace your PMS
- ✗ Migrate data to a new system
- ✗ Train attorneys on new software
- ✗ Hire a consultant to configure it
- ✗ Disrupt any client-facing workflow

WHAT YOU WILL HAVE TO DO

- ✓ Connect the API (2–4 hrs, IT or DoF)
- ✓ Configure role-specific dashboards (1 hr)
- ✓ Establish a weekly review habit
- ✓ Have the first data-anchored partner conversation
- ✓ Choose who sees what — and act on it

The 6-Week Implementation Reality — 20–75 Attorney Firm

Week 1

Connection & Configuration

API-level link to PMS. No data migration. 2–4 hrs IT or Director of Finance attention.

Week 2

Baseline & Benchmarks

90 days of historical data populate the dashboard. Managing partner sees real utilization, realization.

Week 3

Role-Specific Access

Three views configured: Managing partner (firm-wide + partner-level); Practice group leader (their group's

Week 4

First Intervention

First partner conversation anchored on dashboard data. Typically when the firm shifts from

Weeks 5–6

Habit Formation

Practice group leaders adopt Monday-morning check-ins. Adoption measured at the PGL

CONSPICUOUSLY ABSENT FROM THIS TIMELINE

Data migration. Attorney training programs. Six-figure consulting engagements. Disruption to client-facing work. The analytics layer is read-only on your existing system. Attorneys do not log into anything different.

“Competitive advantage is no longer just legal talent. It’s business intelligence.”

The firms that can answer the six questions in this guide are already acting on information that firms without an analytics layer will not see until month-end reports arrive — too late.

You’ve seen what the six questions look like when they’re answered.

The next step is seeing them answered for your firm’s data.

[Book a 20-Minute Walkthrough](#)

No pitch. No commitment. No demo data — your firm’s numbers.

Or — forward this guide to your COO first.

This guide was written for both of you. Page 9’s manual reporting cost is a number your COO will recognize as their own time.

6 QUESTIONS

Each answered with output-level specificity for a 20–75 attorney firm.

NO MIGRATION

API connection to Clio, MyCase, PracticePanther.
Read-only. Workflow unchanged.

20-MINUTE WALKTHROUGH

Your firm’s numbers.
Your practice areas.
Your attorneys.