

FISCAL METRICS TO GAUGE YOUR FIRM'S FINANCIAL HEALTH

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| Metric | Normal Range | | |
|---|--------------|---|-------------|
| | Low | | High |
| Revenues per lawyer | \$375,000 | — | \$575,000 |
| Revenues per equity partner | \$700,000 | — | \$1,800,000 |
| Overhead per lawyer | \$150,000 | — | \$250,000 |
| Occupancy costs/revenues | 6.5% | — | 8.5% |
| Income per lawyer/revenue per lawyer | 55% | — | 65% |
| Gross profit margin | 35% | — | 45% |
| Average equity partner income | \$325,000 | — | \$600,000 |
| Income per equity partner/revenue per lawyer | 90% | — | 115% |
| Distributions per equity partner/income per equity partner | 93% | — | 98% |
| Net cash available for working capital | 2 weeks | — | 12 weeks |
| WIP over 180 days/total WIP | 20% | — | 33% |
| Investment in WIP (# months at year-end) | 2.00 | — | 2.50 |
| AR over 180 days/total AR | 22% | — | 36% |
| Invest in AR (# of months at year-end) | 2.25 | — | 3.00 |
| WIP + AR : debt | 7.0 | — | 14.0 |
| Debt per equity partner | \$12,000 | — | \$90,000 |
| Debt/net fixed assets | 50% | — | 75% |
| Debt/equity partner compensation | 8% | — | 13% |
| Total liabilities per equity partner | \$40,000 | — | \$125,000 |
| Total liabilities/WIP + AR | 8.5% | — | 14% |
| Total liabilities/equity partner compensation | 15% | — | 23% |
| Permanent capital per lawyer | \$30,000 | — | \$60,000 |
| Permanent capital per equity partner | \$75,000 | — | \$160,000 |
| Permanent capital/WIP + AR | 12% | — | 30% |
| Permanent capital/revenues | 5% | — | 10% |
| Permanent capital/equity partner compensation | 12% | — | 27% |
| Realization from standard rates | 85% | — | 90% |
| Leverage (all non-equity partner lawyers : equity partners) | 1.2 | — | 2.2 |
| Billable hours/partner | 1,725 | — | 1,850 |
| Billable hours/associates | 1,750 | — | 1,900 |
| Billable hours/paralegal | 1,350 | — | 1,500 |

Note: Specific appropriate metric values are determined by firm size, practice focus and other factors.