



Design Reports Backwards to Meet Firm Objectives

By: Mary Merrell Bailey, JD, CPA, MBA, MST, MSA



How do you know if your firm is meeting its objectives? What reports are you using to track progress? At Bailey Zobel Pilcher, we work backwards to design reports to help us succeed.

What Is Your Objective?

The Cheshire Cat in Wonderland mused that if Alice didn't know where she wanted to get to, it didn't matter which way she went. At Bailey Zobel Pilcher, we take that lesson to heart. Instead of designing our reports by starting with the information we have available to us, we start by defining our destination. Where do we want to go?

As I am an old MBA, our firm objectives follow the SMART criteria. Objectives must be **S**pecific, **M**easurable, **A**ttainable, **R**elevant, and **T**ime-specific. For example, each partner at Bailey Zobel Pilcher has an individual revenue objective for 2009. Our firm reporting must accommodate our need to know how well each of us is doing as a rainmaker. We call this report the revenue-collected report.

What Will the Report Showing Your Progress Look Like?

Now that we know where we are going, how will we know when we get there? We draw, by hand on paper, the look for a report that quantifies progress towards the objective. We do not focus on the information that we have available to us. We concentrate on what we want to see.

We scribble on paper so that we feel free to erase, adjust, or throw out the draft altogether. Do not invest time on the computer to sketch the face of a report. Doing so limits your creativity. For example, if you were to doodle in Excel, everything in the report would be in boxes. In addition, drafting via computer tends to obligate the creator to that particular design, even if the report is not quite right.

Keep it simple. To design our revenue-collected report, I

drew a table of four columns, one for each of the three partners, and one for total revenue collected, with a timeframe at the top.

What Data Must You Collect?

Next, we back into the data we must gather for the report to be useful. Think who, what, where, and when. Ask yourself which person in your firm can capture the necessary information, when does s/he have access to the information, and how will s/he know what to look for and what to do with it?

Remember, your firm may not now be collecting the data included in this report. However, you must be able to collect the data in some logical manner, whether by hand or using software. The information we need for our revenue-collected report is available to the bookkeeper (who) enters the deposit (what) into Quickbooks™ (where) when the client pays us (when).

Thoughtful Forms Ease Data Capture

We thoughtfully design our infrastructure to capture desired data easily. Our intake forms are simple, and offer boxes to be checked whenever possible. As our objectives evolve, so do our forms. All staff members are encouraged to make our forms better always.

For our revenue-collected report, how will the bookkeeper know to assign a particular client check to the correct partner? The partner responsible for the matter completes our billing intake form (BIF) each time a client engages us. The BIF shows which attorney originated the matter. The BIF also shows the area of law, the amount and type of the fee, the name of the referral source, and other information that we find necessary for us to track multiple objectives.

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Track Progress Using Periodic Reports

At this point, you know your objective; you know what the report should look like; you know how to capture the information. Consider using a software consultant to create the report most efficiently. It is your managing partner's responsibility to publish the report on schedule.

For our revenue-collected report, we use the "class" function in Quickbooks™, which allows us to treat each partner as a profit center. Using information from our BIF, each client deposit automatically is assigned by Quickbooks™ class to a partner.

Quickbooks™ offers budgets by class. Running a budget versus actual report by class shows us how we are doing towards meeting our objectives over time.

Why Design Reports Backwards?

Do not design your reports based on information you already track. You will stagnate by selecting objectives that accommodate what you already are doing. Start with your objective and work backwards. This opens your firm to new ideas, growth, and success.

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