The Jakovenko Group helps private equity professionals and strategic acquirers assess the operational health of law firms under consideration for acquisition or investment.

This engagement delivers a clear picture of the firm's operational infrastructure, identifies risk and leverage points before close, and maps a preliminary plan to stabilize or scale the practice post-acquisition.

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This is a sample engagement report. Meridian Law Group is a fictitious estate planning firm. All data is illustrative.

INVESTOR TAKEAWAYS

TJG Score	**61 / 100**
Overall Assessment	Meridian grew by accident and has coasted on a strong referral network for 15 years. The referral base from financial advisors is real, durable, and the actual asset in this deal. Everything built around it is fragile. Billing and collections are a mess — not because the staff is incompetent, but because the founding partners have never built a system around either. The collection rate is 74% against a practice that should collect 90%+. That gap is $806k annually in billed revenue that doesn't reach the bank. The pro forma case is straightforward: fix billing, fix collections, consolidate two redundant staff positions, and migrate off end-of-life case management software. On the same revenue base, normalized net income moves from $435k to $750-900k. The operational fixes are not complicated. They just require someone willing to make them.
Strengths	80%+ of new clients come from a referral network of 40+ financial advisors and CPAs built over 15 years — this doesn't walk out the door in a sale Associates are solid and billable; two are consistently at 85%+ utilization and generating $380-400k individually Firm has operated profitably every year since 2010 and carries no long-term debt
Needs Improvement	Billing WIP averages 67 days to invoice — nearly double the 30-35 day target for estate planning. The bottleneck is partner approval, not billing staff. Intake process is untracked and slow: no CRM, no lead source data, 11-day average time from inquiry to signed engagement. The firm is losing 2-3 referred clients per month to faster-responding competitors.
Red Flags	74% collection rate on $3.1M gross means $806k in billed revenue is not being collected annually. The firm has no write-off policy and is carrying $180k in balances over 180 days. Treat the stated AR as a valuation adjustment, not collected revenue. Both founding partners handle client origination, billing approvals, and strategic decisions personally. Neither has a succession plan. Without retention agreements tied to accountability milestones, client relationships follow the partners out the door on day one.
Opportunities	Retainer-forward billing on all new matters would eliminate the collections problem structurally — 90% of estate planning engagements are predictable-scope and fully collectable upfront A documented co-marketing program with the existing advisor referral network

	(client events, educational content, referral tracking) would quantify and grow the firm's most valuable channel
How to Improve Score (See detailed breakdown next page)	Implement retainer-forward billing on all new matters immediately after close — single highest-leverage change available Execute 30-day AR cleanup: settle the collectible, write off the uncollectable, and set a policy that nothing over 90 days gets carried without managing partner review Scope and sequence PCLaw-to-Clio migration before close — data portability is the single highest-risk operational item in this transaction Negotiate partner retention agreements tied to 12-month client relationship transition milestones

HOW TO IMPROVE SCORE / NEXT STEPS: DETAILED BREAKDOWN

Summary	Details	Impact	Timeline
Implement retainer-forward billing on all new estate planning matters	Standard engagement letters updated to require full retainer at signing. New matter opens only after retainer clears. Billing becomes reconciliation rather than collection. Eliminates post-work AR risk on all new engagements going forward.	High	0–30 Days
Execute AR aging cleanup and set write-off policy	Contact all 90+ day accounts with settlement offer (70-80 cents on the dollar). Write off confirmed uncollectable balances (minimum $180k over 180 days). Draft and execute written write-off policy: partner approval required for any amount over $1,500; automatic write-off at 180 days.	High	30–60 Days
Scope and sequence PCLaw-to-Clio migration	Engage Clio migration specialist before close. Export all active matter data, billing history, and document templates from PCLaw. Parallel-run both systems for 30 days post-cutover. Decommission PCLaw only after two clean billing cycles in Clio.	High	Pre-Close to 90 Days
Implement CRM for intake and lead tracking (Lawmatics or Clio Grow)	All new inquiries logged in CRM from day one. Automated follow-up sequence: text confirmation within 15 minutes, consultation booking link within 1 hour, reminder 24 hours before consultation. Time-to-engagement target: 48-72 hours. Lead source tracking added to all digital inquiries.	Medium	30–60 Days
Negotiate partner retention agreements tied to client relationship transition milestones	Both founding partners on 12-month retention contracts with quarterly milestones: client introductions to successor relationship holders, documented referral source handoffs, and billing origination tracking. Earn-out structured against collected revenue, not billed.	High	Pre-Close
Restructure associate compensation to hybrid production model	Base salary set at 70% of current comp. Production draw kicks in above individual billing threshold (set at 80% of current average). High billers make more; under-performers feel the gap. No cost to firm on current average billing levels.	Medium	60–90 Days

LAW FIRM OPERATIONS AUDIT BY AREA

#	Area	Score	Key Takeaway
1	**Revenue & Billing Operations**	**55/100**	The billing rhythm exists but the process is partner-bottlenecked. WIP averages 67 days to invoice. Uncapped write-down authority is costing the firm $250k+ annually in realization leakage.
2	**Collections & Accounts Receivable**	**50/100**	$806k in billed revenue not collected in 2025. No written collection policy, no escalation protocol, $180k in AR over 180 days. The 74% collection rate is a billing philosophy problem as much as a collections one.
3	**Staffing, Compensation & Overhead**	**65/100**	Overstaffed by 2-3 positions at 2.5:1 staff-to-attorney ratio. Overhead at 71%. Two solid associate billers with no production incentive to grow.
4	**Technology Stack & Infrastructure**	**58/100**	PCLaw is end-of-life, QuickBooks Desktop integration is manual, no CRM, no dashboard. Data portability at close is the single highest-risk operational item.
5	**Client Intake & Pipeline**	**63/100**	11-day average time to engagement on high-intent referred leads. No CRM. Non-referred leads convert at 22% with no data on why. Referral concentration in 8 advisor relationships covering 55% of lead volume.
6	**Financial Health & Profitability**	**70/100**	Profitable every year since 2010 with no debt. But 19% net margin on a practice that should run 28-35%. Pro forma at corrected billing and collections: $750-900k net on the same revenue base.

FINANCIAL SNAPSHOT: MERIDIAN LAW GROUP (2025)

Metric	2025A	YoY Trend
Gross Revenue	**$3.1M**	+4%
Collected Revenue	**$2.3M**	-2%
Realization Rate	**82%**	-5pts
Collection Rate	**74%**	-3pts
Revenue per Attorney	**$383k**	-6%
Overhead Ratio	**71%**	+2pts

Net Profit Margin	**19%**	-3pts

1. REVENUE & BILLING OPERATIONS

Score: 55/100

Revenue and billing operations covers how the firm converts completed work into invoiced dollars — the billing rhythm, WIP management, realization rate, and partner oversight of the billing process. In a law firm, this is the first leak in the bucket. Everything downstream of a bad billing process is harder to fix.

Situation	Meridian billed $3.1M in 2025 against $3.78M in time recorded — an 82% realization rate. Industry standard for an estate planning practice is 88-92%. The firm leaves 8 cents of every recorded dollar off the invoice before the client ever sees a bill.
Positively	Monthly billing cycles run consistently. The billing coordinator sends statements without prompting and maintains a clean WIP aging report. The underlying infrastructure is functional.
Potentially Negative	WIP averages 67 days from matter open to invoice — nearly double the 30-35 day target for this practice type. The bottleneck is partner approval. Partners are informally writing down fees 'as a courtesy' with no policy, no dollar threshold, and no record of what was written down or why. That informal habit accounts for the entire realization gap.
Takeaway	The billing process is functional but unmanaged. Uncapped write-down authority is costing the firm approximately $250k annually in realization leakage. A written write-down policy with a dollar threshold, partner-approval-required above $1,500, and a 30-day WIP-to-invoice target fixes this without touching headcount.

Opportunities: What to Do Differently

Billing Template Standardization

Every matter type at Meridian is predictable-scope — revocable trusts, powers of attorney, estate administration each have known hours and known fee ranges. Standard billing templates with defined fee schedules remove the 'judgment call' write-down and make billing faster. Partners approve the template once, not every bill.

Retainer-Forward Billing on All New Matters

Moving to retainers collected at engagement signing eliminates post-work collections risk on all new revenue. The fee is collected before work starts; billing becomes reconciliation rather than collection. 90% of Meridian's estate planning engagements are fixed-scope and fully collectable upfront. This is not a new model — it's standard practice in the market.

Risks: What to Correct

Uncapped Write-Down Authority

Both founding partners currently have uncapped authority to write down any fee for any reason. There is no record of what was written down, against which matters, or the stated rationale. This makes it impossible to evaluate true profitability by matter type and permanently masks which practice areas are actually generating margin and which are subsidized by the partners' goodwill.

WIP Exposure at Close

With a 67-day average bill cycle, Meridian carries approximately $440k in unbilled WIP at any given time. A system migration, attorney departure, or operational disruption during the first 90 days post-close would delay billing and create an immediate cash flow gap. The acquirer should account for this in working capital requirements at close.

2. COLLECTIONS & ACCOUNTS RECEIVABLE

Score: 50/100

Collections is what happens after billing. The gap between what a firm invoices and what it actually deposits is where operations either work or don't. At 74%, Meridian's collection rate is one of the clearest indicators that the firm has never built a real collections process.

Situation	Meridian collected $2.3M against $3.1M billed in 2025. The $806k gap consists of timing (30-60 day payment windows) and permanent loss. AR aging shows $340k over 90 days, $180k of which is over 180 days. There is no written collection policy and no escalation protocol beyond a phone call from the billing coordinator.
Positively	The billing coordinator does follow up on past-due accounts and makes calls without being asked. A small portion of the 90-day balances are on payment plans that clients are honoring.
Potentially Negative	The firm has no mechanism for escalating past-due accounts beyond a second phone call. There is no written policy on when an account goes to collections, no outside collections referral, no write-off schedule, and no gate preventing a delinquent client from opening a new matter. Two currently delinquent clients have open active matters.
Takeaway	The 74% collection rate is the single largest operational value gap in this firm. A collections process with a written policy and clear escalation path would recover an estimated $150-200k in the first 12 months and prevent ongoing accumulation. The $180k over 180 days should be written off at close and treated as a valuation adjustment.

Opportunities: What to Do Differently

AR Cleanup Campaign at Close

A targeted 30-day campaign contacting all accounts 90+ days past due with a settlement offer — typically 70-80 cents on the dollar for estate planning balances at this age — can clear the backlog and generate immediate cash. This is standard post-acquisition practice in firm acquisitions. The goal is not to collect everything; it is to identify what is collectible, settle it, and clear the phantom AR before it gets buried further.

Trust Account Pre-Billing Expansion

Meridian already uses upfront retainers on some estate planning matters. Expanding that to 100% of new engagements eliminates post-work collections risk on all new revenue from day one. The client signs the engagement letter, pays the retainer, and the firm works against it. Collections becomes a question of reconciliation, not pursuit.

Risks: What to Correct

No Write-Off Policy

The firm carries $180k in balances over 180 days. These will not be collected in any material amount. They inflate stated AR and gross revenue while producing no cash. An acquirer should treat this as a downward valuation adjustment — not an asset — and write the policy into place as a day-one operational change.

No Collections Escalation Protocol

Without a written escalation path — 30-day statement, 60-day phone call, 90-day final written notice, 120-day write-off or referral to outside collections — every past-due account is handled reactionally. Some get collected; others get forgotten depending on the billing coordinator's bandwidth that week. The inconsistency compounds: clients who are not contacted learn they can pay late with no consequence.

3. STAFFING, COMPENSATION & OVERHEAD

Score: 65/100

Staffing covers headcount, compensation structure, overhead ratio, and key-person dependencies. It is the firm's largest expense and its most direct lever on profitability. For an acquirer, it also determines how much of the firm's value walks out the door if the wrong person leaves.

Situation	Meridian has 15 total staff: 6 attorneys (2 equity partners, 2 associates, 1 of counsel, 1 contract attorney) and 9 support staff (2 paralegals, 3 legal assistants, 1 intake coordinator, 1 billing coordinator, 1 office manager, 1 receptionist). Overhead ratio is 71%. Staff-to-attorney ratio is 2.5:1; target for a well-run estate planning firm is 1.5-2:1.
Positively	Two associates are strong billers — consistently at 85%+ utilization and generating $380-400k individually on flat salary. The office manager has 11 years of institutional knowledge that has real transition value.
Potentially Negative	Three support staff positions have overlapping functions. Two legal assistants and the billing coordinator share intake data entry across three different systems. The receptionist handles initial intake calls without a qualification script or criteria. Associate compensation is flat salary with no production incentive — the firm's two best billers have no financial reason to push past their current output.
Takeaway	Meridian is overstaffed by 2-3 positions and has a compensation structure that rewards tenure over production. Consolidating to one senior paralegal role and implementing a hybrid associate compensation model costs the firm nothing at current billing levels while creating real upside incentive for the people who should grow.

Opportunities: What to Do Differently

Associate Compensation Restructure

A hybrid model — base salary at 70% of current comp plus a production draw above an individual billing threshold — creates upside for the firm's two high billers and a clear performance gap for the two who aren't performing. The structure pays for itself: at current billing averages, total comp cost is flat; above threshold, the firm shares the margin on incremental billing.

Staff Consolidation

Merging the two legal assistant roles into one senior paralegal position with defined scope saves $55-65k annually and eliminates the overlapping intake data entry problem. The redundant work gets absorbed into a CRM workflow — one system, one person logging it. The receptionist intake function gets replaced by an automated CRM follow-up sequence.

Risks: What to Correct

Key-Person Dependency on Both Founding Partners

Both partners handle client origination, billing approval, and all strategic decisions personally. Neither has a documented succession plan, a delegation framework, or an identified internal person positioned to absorb their functions. In an acquisition, if either partner is not retained or does not transition client relationships on a defined timeline, the firm's referral base walks with them. Retention agreements must be negotiated before close and structured against client relationship transition milestones — not just attendance.

Overhead at 71% Limits Deal Mechanics

At 71% overhead, the firm is generating a 19% net margin. That margin compresses further if either partner's above-market compensation is normalized in the deal structure. Three positions eliminated and the billing model corrected moves the ratio to 62-64% without touching revenue — but it requires the acquirer to move on staffing changes in the first 60 days, not 12 months.

4. TECHNOLOGY STACK & INFRASTRUCTURE

Score: 58/100

Technology in a law firm is the infrastructure underneath everything else — case management, billing, intake, document generation, and reporting. It determines how fast the firm runs and how visible operations are to anyone trying to manage them. In a post-close integration, technology is often where the real operational complexity shows up.

Situation	Meridian runs PCLaw for case management and billing, QuickBooks Desktop for accounting, a standalone phone system for intake, and no CRM. Document templates live on a shared drive organized by matter type. There is no dashboard, no automated reporting, and no client portal in active use. The PCLaw-to-QuickBooks Desktop integration is reconciled manually by a staff member monthly — a 4-6 hour process that produces two reconciliation errors per quarter.
Positively	PCLaw data is intact and exportable. The shared drive document structure is logically organized — someone built it with care. Hardware and internet were upgraded in 2024 and are current.
Potentially Negative	PCLaw is end-of-life software. Support contracts are expiring and no migration has been planned. The manual accounting reconciliation is a control risk that goes undetected for up to 90 days. There is no dashboard — neither partner can pull WIP, AR aging, or attorney utilization without asking the billing coordinator to build a manual report.
Takeaway	The stack works but is fragile and unscalable. The PCLaw-to-Clio migration is the highest-risk operational move post-close because it touches billing history, matter management, and document access simultaneously. It must be scoped before close, not treated as a 90-day post-close task.

Opportunities: What to Do Differently

Clio Grow + Manage Migration

Clio solves three problems at once: case management, billing, and intake CRM. Full migration within 90 days of close is achievable with proper scoping. The data export from PCLaw is technically straightforward; the real risk is matter status data and historical billing records being mapped accurately. A Clio migration specialist engaged pre-close can scope this in 2-3 weeks and build a parallel-run plan that reduces cutover risk.

Automated Reporting Dashboard

Once on Clio, a basic management dashboard — WIP by attorney, AR aging, monthly collected vs. target, utilization rates — can be configured in hours. Neither partner currently has real-time visibility into any of these numbers. Building that visibility into the first 30 days post-close changes how the firm is managed from week one.

Risks: What to Correct

PCLaw Data Portability at Close

If the PCLaw license lapses before migration completes, historical billing records are at risk. This is not theoretical — it has happened in prior firm acquisitions when license renewal fell through a gap in transition planning. The data export must be completed before close or written into the purchase agreement as a specific deliverable with a deadline.

No Business Continuity Plan

Client data is backed up to a local NAS unit with no off-site copy and no documented recovery procedure. If the NAS fails, billing history and document templates go with it. An acquirer should require off-site backup to be in place before close — cloud backup for a firm of this size runs under $100/month and takes a day to implement.

5. CLIENT INTAKE & PIPELINE MANAGEMENT

Score: 63/100

Intake is the firm's front door. It determines how leads are qualified, tracked, converted, and onboarded. In a law firm, poor intake is invisible revenue loss — the leads that called, didn't hear back fast enough, and hired someone else. You never see them in the numbers because they never made it into the system.

Situation	Meridian receives 30-40 new inquiries per month. The intake coordinator handles initial calls from a phone script last updated in 2019. Follow-up is manual. Time from first contact to signed engagement agreement averages 11 days. There is no CRM, no lead source tracking, and no visibility into unconverted inquiries.
Positively	The referral network generates high-quality, pre-qualified leads. Conversion on referred leads is 68% — strong for an estate planning practice. Clients referred by financial advisors are already sold on the firm before they call.
Potentially Negative	Non-referred leads — people who find the firm through Google or Avvo — convert at 22%. There is no data on why. The intake coordinator does not log unqualified leads, dropped calls, or no-shows. The firm does not know how many leads it is losing, where they came from, or what happened after the first call.
Takeaway	11 days to engagement on high-intent referred leads is too slow. Industry best practice for estate planning is 48-72 hours from inquiry to consultation scheduled. At 30-40 inquiries per month with an 11-day average, Meridian is likely losing 2-3 referred clients per month to faster-responding competitors — roughly $30-40k in annual revenue leaking through a slow follow-up process that costs nothing to fix.

Opportunities: What to Do Differently

CRM with Automated Follow-Up Sequence

Lawmatics or Clio Grow can automate follow-up from the moment a lead submits a form or the intake coordinator logs a call: text confirmation within 15 minutes, email with consultation booking link within 1 hour, reminder 24 hours before the consultation. This reduces time-to-engagement from 11 days to 48-72 hours without adding a person. The intake coordinator's time shifts from manual follow-up to consultation preparation.

Lead Source Attribution

Adding source tracking to every inquiry — UTM parameters on digital, referral source field on phone intake — gives the firm its first real data on which advisor relationships produce revenue and which are social with no referrals. That data reorients the advisor relationship management effort toward the 8 advisors driving 55% of referrals and away from the 32 who send one client a year.

Risks: What to Correct

No Intake Response SLA

There is no written policy on how fast new inquiries are contacted. Calls received after 3pm sit until the next morning. Website inquiry forms sit 3-5 days in some documented cases. Estate planning clients frequently reach out during or after a health event in the family — that is an urgency window. Slow response is not a minor inconvenience in this practice area; it is a decision to lose the client.

Referral Concentration Risk

Eight advisor relationships account for 55% of all referral volume. The average age of those eight advisors is 57. Two are expected to retire within 5 years. If those relationships are personal to the founding partners — which they are — and the partners do not actively transition them to the new firm's relationship structure, the lead volume drops materially. This is the highest revenue risk variable in the entire acquisition.

6. FINANCIAL HEALTH & PROFITABILITY

Score: 70/100

Financial health covers what the firm actually keeps after paying everyone — gross and net margins, profitability by matter type, and the reliability of the reported numbers. In a firm acquisition, the financials as reported and the financials as normalized are often materially different.

Situation	Meridian reported $3.1M gross and $2.3M collected revenue in 2025. Net profit was approximately $435k — a 19% net margin. The firm does not produce a monthly financial close; the partners review QuickBooks quarterly. Two reconciliation errors per quarter go undetected for up to 90 days.
Positively	The firm has been profitable every year since 2010 and carries no long-term debt. The referral-driven revenue base is predictable and recurring. Gross revenue has grown 4% year-over-year on a base that requires no paid marketing.
Potentially Negative	19% net margin on a well-established estate planning practice in a growth market is underperformance. The estate planning segment at this size and market position should produce 28-35% net. The gap is not a revenue problem; it is an overhead and collections problem — both of which are on the fix list.
Takeaway	The pro forma case is the strongest thing in this deal. Correct the collection rate to 90%, reduce overhead to 64% through staff consolidation, and the same $3.1M gross produces $750-900k net — a 2-3x improvement on current net income without adding a single new client. The fix is operational, not commercial.

Opportunities: What to Do Differently

Pro Forma Normalization at Underwriting

A full normalization of the P&L — removing above-market partner salaries, adjusting AR for confirmed write-offs, and modeling at a 90% collection rate and 64% overhead ratio — produces a materially different picture than as-reported. The acquirer should build the deal model on normalized figures, not reported net income, and reflect the operational improvement timeline in the earnout or purchase price structure.

Matter Profitability Tracking

Meridian has no visibility into which matter types make money and which don't. Early data suggests elder law advisory work is billed at $300-350/hour with actual costs running higher once paralegal time is fully allocated. Moving to Clio with time tracking by matter type will surface this within 60-90 days of go-live and allow the firm to either reprice the work or reduce its scope.

Risks: What to Correct

No Monthly Financial Close Process

Without a monthly close, the partners are running on quarterly snapshots. Billing errors, trust account discrepancies, and expense misclassifications sit undetected for 90 days. The acquirer should expect to find 2-3 months of accounting cleanup in the first 60 days post-close and should require QuickBooks Online migration (from Desktop) as a close condition to enable real-time financial visibility from day one.

Revenue Concentration in Partner Relationships

The firm's top 10 client relationships account for 28% of annual gross revenue. These are multi-generational estate planning clients with personal relationships to the founding partners. If both partners exit within 12 months without structured relationship handoffs, the revenue concentration risk is material. Deal structure should require partner presence for a minimum of 24 months with specific relationship transition milestones at 6, 12, and 18 months.

This report is delivered live — not dropped into an inbox.

Every engagement includes a working session to walk through findings, answer questions on the data, and build a shared picture of what's in front of you before you close. The goal is not a polished document — it's a verdict you can act on.

Engagements can be standalone pre-close diligence or roll into post-close operating advisory. If you engage for diligence and close the deal, the same operator who wrote the report can run the 90-day integration. The work does not stop at the deck.

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