

UNDERSTANDING LAW FIRM VALUATIONS

01



EBITDA MULTIPLE

Applied to the valuation of a business and excludes financing costs. It's typically around 1-3 times.

"WORK IN PROGRESS"

WIP means work which has been logged but not yet billed. WIP can be difficult to value as some WIP is not recoverable.



02

03



STAFF COSTS

Staff costs, including bonuses and leave, typically make up 1/3 of expenses. High staff retention boosts business value.

NON-FINANCIAL RISKS

Insurance risks, employee risks, personal goodwill risks and client concentration risk must all be considered in a valuation.



04

05



KPIs

KPIs are *Key Performance Indicators* and should be used to track things like new client and partner recruitment goals.