

OVERHEAD

COST PER HOUR

Timekeeper	Timekeeper Pay (1)	Direct		CLE and						T-Keeper					
		Secretary	Admin PR	Facility	EQ. and PA	MKTG/B D	Training Costs	G & A	Total	TK Pay	Overhead	Billable Hours (2)	Timekeeper PR Cost Hr.	OH Cost Hr.	Total Cost Per Hr.
Partner 1	210,000	71,173	25,235	37,452	16,542	37,333	5,629	18,027	421,392	210,000	211,392	2,205	95.24	95.87	191.11
Partner 2	227,500	45,579	25,235	37,452	15,567	13,333	4,629	16,712	386,007	227,500	158,507	1,730	131.50	91.62	223.13
Partner 3	166,250	43,087	25,235	37,452	97	48,333	6,629	20,667	347,751	166,250	181,501	1,710	97.22	106.14	203.36
35.00%	603,750	159,839	75,706	112,357	32,206	99,000	16,888	55,406	1,155,150	603,750	551,400	5,645	106.95	97.68	204.63
Associate 1	181,125	23,724	18,926	28,089	16,542	6,633	4,629	11,833	291,502	181,125	110,377	2,100	86.25	52.56	138.81
Associate 2	136,563	29,877	18,926	28,089	16,542	5,833	3,129	11,833	250,792	136,563	114,230	2,200	62.07	51.92	114.00
Associate 3	136,275	29,877	18,926	-	16,542	7,333	2,829	11,833	223,615	136,275	87,340	1,900	71.72	45.97	117.69
Associate 4	120,750	30,782	18,926	28,089	15,567	5,533	1,629	11,833	233,110	120,750	112,360	1,875	64.40	59.93	124.33
Associate 5	146,625	45,579	18,926	28,089	16,542	7,033	2,529	11,833	277,157	146,625	130,532	2,250	65.17	58.01	123.18
Associate 6	130,813	43,087	18,926	28,089	15,967	5,633	2,129	11,833	256,477	130,813	125,665	2,250	58.14	55.85	113.99
Sub-total	852,150	202,926	113,559	140,446	97,700	38,000	16,875	70,999	1,532,654	852,150	680,504	12,575	67.77	54.12	121.88
Paralegal 1	78,000	-	6,309	9,363	11,842	3,333	879	4,401	114,128	78,000	36,128	1,650	47.27	21.90	69.17
Paralegal 2	79,500	-	6,309	-	11,842	3,333	979	4,401	106,364	79,500	26,864	1,700	46.76	15.80	62.57
Paralegal 3	76,200	-	6,309	9,363	11,842	3,333	1,129	4,401	112,578	76,200	36,378	1,625	46.89	22.39	69.28
Sub-total	233,700	-	18,926	18,726	35,525	10,000	2,988	13,204	333,070	233,700	99,370	4,975	46.97	19.97	66.95
Total	1,689,600	362,765	208,191	271,529	165,431	147,000	36,750	139,610	3,020,874	1,689,600	1,331,274	23,195	72.84	57.39	130.24
	2,541,750														

1) Equity partner timekeeper pay is assumed to be 35% in this example. Some firms prefer a set amount per hour or some amount based on the firm's compensation plan. The method used in this example is based on market value of timekeeper results. Associate and paralegal compensation is assumed to be attributable to timekeeping. Any amounts for origination or for administrative work (paralegals) may have to be allocated differently (overhead allocation based on use).

2) In this example, billable hours are used as the denominator for calculation cost per hour. Some firms use hours billed, which is not an issue as long as the there relatively short time period between when an hour is worked and when it is billed. Normally, hours are costed when they are billed, which more closely matches them with creation of revenue (billing). A more sophisticated system could store costs for later use when hours are billed. Again, if there is not a long timing difference, the value of creating such a system would be less valuable.