11 Proven Strategies to Substantially Increase Law Firm Profitability

#1 Bill Accurately and Often

Billing is at the core of law firm profits as the vehicle by which law firms are compensated for the legal services provided to clients. Done correctly, billing can significantly add to a law firm's profitability. But when done incorrectly, it can create some profit-stealing problems. Inaccuracies undermine client confidence, leading to late or missing payments. Late bills may be viewed as a sign of disorganization or laziness, which also hurts the firm brand and affects profits.

Accurate and timely billing keeps clients informed about the progress of their cases, which makes them more apt to pay their invoices on time and in full. For increased profitability, law firms need a streamlined billing system that keeps the process on track with little room for error and delay.

#2 Be Vigilant About Tracking Time

Lost billable time equates to lost profits. With systems in place to vigilantly track all time spent on client matters, law firms are more likely to capture every increment of profitable time. The first step in this process is the implementation of an electronic time tracking system. Traditional methods of tracking time by hand or using antiquated systems simply do not work to the level needed for a high level of profitability. Time tracking software gives law firms a quick and convenient tool for tracking all hours of the day, both billed and non-billed.

The second half of this strategy is the enforcement of firm-wide time tracking procedures. Firms should put policies in place to require the timely and complete submission of time by established timelines. To promote profitability, time tracking and invoicing processes cannot be mere suggestions. They must be mandated and enforced.

#3 Ask for Client Feedback

Client satisfaction takes center stage within a profitable law firm because referrals, repeat business, and a positive reputation are all vital for business growth. Dissatisfied clients may refuse to pay their legal invoices and leave negative reviews that may tarnish a firm's reputation. Satisfied clients turn into return clients, provide positive referrals, and typically pay their legal fees in a timely manner. All components for greater profitability.

#4 Pay Attention to Metrics

Metrics matter within a profitable legal practice. Leaders need a consistent awareness of the firm's financial well-being. This is best accomplished by reviewing regular financial reports for patterns that may be impacting profitability, including excessive overhead, high accounts receivable, and inefficient invoicing procedures. Armed with this valuable data, firm leaders can forecast and plan towards increasing profits.

#5 Automatic Billing Arrangements

Late and incomplete bills continuously affect the legal industry in a major way. This is partly due to attorneys' hesitance to automate billing arrangements and the storage of client payment methods. By requiring clients to provide credit card or bank account draft information, along with a billing preauthorization, firms have a greater assurance that complete

payment will be made in a timely manner. With a valid billing agreement in place, these payment methods can be run on a regular schedule.

#5 Take Advantage of Batch Billing Technologies

Batch billing is a new and unique legal billing feature that enables law firms to process numerous client payments with just a few clicks. It takes only minutes for firms to instantly lower AR and improves cash flow, which is essential to maintaining a profitable practice. Inadequate cash flow leaves firms unable to cover overhead costs or effectively plan for greater financial stability, both of which impede profitability.

#7 Implement a Strong Marketing Plan

New clients don't just fall from the sky, yet their importance to profitability cannot be understated. Law firms must craft and implement a marketing plan that yields measurable results. This is much more than a glossy law firm website. The most profitable firms have marketing plans that include a variety of techniques, including a social media presence, client newsletters, video content, and speaking arrangements.

#8 Provide Clients Convenient Payment Options

Today's legal client wants convenience and ease and that extends to the payment methods that the firm accepts. Profitable firms recognize that online access and credit card payments provide a greater overall value when compared to paper checks and mailed payments. Not only are clients quicker to pay their invoices when these methods are accepted, but they also alleviate time spent waiting for payments to arrive or checks to clear. With a client portal, law firms can provide their clients with a method of independently logging in to view specific account information and pay invoices without having to spend time contacting the office.

#9 Automate Collections

With an automated collection process, law firms can lessen the occurrence and number of outstanding invoices. Profitability suffers when clients don't pay invoices on time, even more so when firm members are forced to waste otherwise billable time chasing down payments. With an automated collections process, law firms streamline the entire collection process from beginning to end, including timely and consistent invoicing, billing reminders for overdue payments, and valuable data reporting.

#10 Delegate Less Profitable Tasks

A firm's highest billing attorneys should spend the majority of their time on the most profitable tasks. This means that they should not spend their days performing nonbillable administrative duties or even tasks that can be adequately handled by support staff members. With a strategic delegation of duties, law firms can increase the number of potential billable hours, which can translate to greater profitability.

#11 Get TimeSolv Legal Billing

TimeSolv is the legal billing software system that prioritizes law firm profitability. With its billing and accounting features, law firms can implement many of these strategies to streamline collections, increase billable time, and promote timely client payments. To learn more about all the ways that TimeSolv helps your law firm increase its profitability, click this website link to claim your free, no-obligation trial.