3 Surprisingly Simple Strategies to Boost Your Law Firm's Profitability

From offering competitive compensation to attorneys and legal staff to paying for legal software subscriptions and marketing campaigns, your firm has many non-negotiable expenditures. So, naturally, it needs reliable revenue to operate.

To grow and scale, your firm needs more than that. It needs a profit margin that increases over time.

But with a full caseload and endless administrative work to attend to (plus a social media feed filled with "gurus" promoting a head-spinning number of productivity "hacks"), it can feel hard to know where to start with boosting profitability.

Do you know how profitable your firm is? How can you bolster your firm's cash flow and profit margin without increasing your mental load?

The solution could be hiding in plain sight. Consider these three simple strategies.

1. Upgrade your billing and payment processes

Everything you do to keep your firm running smoothly matters. Negotiating with vendors, communicating with clients, and reviewing the budget all have their place. But if you have an unfavorable balance between billable work and administrative tasks, your firm will miss out on much-needed revenue.

Billing and payment tasks, in particular, take a lot of time to manage—time that could be better spent on casework than chasing down delinquent accounts. Ineffective billing and payment processes cost your firm in the form of payments that are never collected, too.

This is a prime place to start if you want to increase your law firm's profitability.

Profit-boosting tip: implement thorough time and expense tracking for more timely, accurate invoices

Odds are, if you're using manual methods to track billable hours and attorney productivity, you're leaving money on the table. Unrecorded matter-related expenses and precious minutes and hours of billable work that are untracked also translate to losses.

But when you switch to legal-specific time and expense tracking software, you can confidently bill for the true costs associated with each legal matter.

By increasing billing accuracy, you'll experience an improved cash flow. Drafting more precise invoices that include a high level of detail on the billable work performed can also favor greater revenue for your firm by fostering client trust and encouraging timely payments.

With the right integrations, you can even leverage tracked time to automate the process of creating and sending invoices, saving even more time and shortening the payment life cycle for optimum cash flow.

Profit-boosting tip: offer your clients more flexible payment options

When your clients feel a sense of control over the payment process, they're less likely to delay settling their invoices.

Plus, alternative payment options and flexible billing arrangements empower your clients to pay their legal bills in the most convenient way for them. (No more waiting for payday). This fosters goodwill, making your clients more likely to keep coming back for services and send you referrals.

The Ultimate Guide to Automating Your Legal Billing and Payments

To stay competitive in today's legal landscape, law firms must embrace the power of technology, especially when it comes to billing and payments.

The best way to improve your law firm's cash flow while also increasing client convenience is 'Automation'.

Download our free guide to improve your legal billing and payment process today!
Get your free guide

2. Keep workflows clear and simple

There's no denying that repetitive tasks are essential to your firm's daily functions. (Don't believe it? Try completing a legal matter without preparing the proper documents.)

Still, busy work and profitability don't play well together.

Be thoughtful about responsibilities, tasks, and delegation. Determine whether the current division of labor at your firm makes sense. Do your current workflows take the greatest possible advantage of each person's skills and abilities?

For example, attorneys' experience is best utilized on complex legal work. Conscientious paralegals can support casework and process and file important documents, and support staff will make a positive impression during the client intake process.

An ideal workflow goes beyond assigning the right tasks to the right people, though. Legal staff also need the right tools to complete their work as efficiently as possible. These days, that can mean taking advantage of automation.

Profit-boosting tip: automate recurring non-billable tasks

From marketing outreach to collecting the final payment at the close of a legal matter and staying in touch, opportunities for automation abound. Some firms shy away from automated workflows, but the benefits are worthwhile.

Reducing the time you spend on recurring tasks allows legal staff to focus on billable tasks and provide personalized, high-quality client service.

Automation also minimizes the risk of potentially costly manual data entry errors.

Profit-boosting tip: Leverage legal-specific project management software

Project management software can help you to streamline your processes, improve your efficiency, and reduce your costs.

Legal-specific solutions have the advantage of including workflows and milestones that make sense for the tasks you complete most often. It also balances the convenience you want with the security every law firm needs to keep financial and client data secure from bad actors—compliance safeguards come already baked in to the tools.

3. Make financial and operating decisions based on the data

Real-time financial data helps you make more impactful decisions about your law firm's operations so you can reach the highest profit margin possible.

Choose legal software that offers intuitive dashboards for instant visibility into:

- Billable hours
- Revenue
- Outstanding balances
- Overhead and matter expenses
- Overall and matter profitability
- And more!

Reviewing your key performance indicators (KPIs) daily will only take a few moments, but it will ultimately put your law firm on the path to profitability.

Profit-boosting tip: review reports regularly

Don't wait to look at reports until the end of the quarter. Setting a consistent cadence for assessing your financials can lead to increased

profitability. Up-to-the-minute financial data can clarify emerging patterns in your cash flow, so you can make informed management decisions sooner. When you don't delay reviewing your law firm's numbers, you can respond to negative trends right away and mitigate risks.

This information can also be used to improve your pricing strategy, create more effective marketing campaigns, and inform sustainable staffing decisions.

Put your firm on a path to profitability with TimeSolv

Whether you plan to implement one of the strategies above or all three, TimeSolv has the tools and features you need for law firm profitability, including:

- Time and expense tracking
- Invoicing and payments
- Dashboards
- Project management tools
- Document management

Our friendly and experienced support staff ensures your firm receives the greatest possible benefit from each of these tools. That's why we include one-on-one training with every free trial of TimeSolv. Contact us today to get started.