

# 4 Small Law Firm Changes with a Big Return on Investment

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Return on Investment (ROI) measures the amount of financial benefit that law practices receive in exchange for specific investments into the firm. Though you commonly hear ROI discussed in corporate settings, it is also a valuable performance indicator for law firms. When leaders spend firm funds on initiatives and systems meant to promote profitability, they need to measure whether or not these efforts have actually resulted in a financial benefit to the firm.

This post will explore 4 small law firm changes that can result in a significant ROI.

## #1 A Marketing Plan

Most law firms maintain websites, and some make additional advertising efforts. But for maximum impact, these actions should be organized and implemented as part of a comprehensive marketing plan. By crafting a plan, leaders are forced to analyze the specific needs of the firm and develop strategies to meet those needs.

A law firm marketing plan may include:

- Website upgrade
- Strong social media presence
- Regularly updated blog posts
- Community outreach
- Article publishing

Once the components of a marketing plan are implemented, firms can determine ROI by measuring [Revenue earned] – [Cost of investment]. With this information, firm leaders can identify which marketing tools bring

paying clients through the door and which ones do not. Then, they can spend firm funds on those strategies that result in a higher ROI.

For example, a law firm runs television ads at a cost of \$10,000. By tracking the number of new clients who were brought to the firm by the ads and the amount of revenue earned from their cases, the firm can determine the ROI. If the revenue earned exceeded \$10,000, the ROI was positive. If the earned revenue was less than \$10,000, the ads resulted in a negative ROI and may not be well-suited for the marketing plan.

## **#2 Increase Billable hours**

For many law firms, the billable hour forms the basis for measuring work completed and compensation earned. Even for firms that utilize flat fee billing arrangements, the billable hour serves as a measure for the productivity of firm members. This is why firms experience a positive ROI from maximizing billable hours.

There are a few steps that law firms can take to increase billable hours:

- Use minimum time increments to round up time spent on individual tasks for billing purposes.
- Implement a firm-wide time tracking policy where all timekeepers record times as tasks are completed throughout the day.
- Track all hours – both billable and non-billable – to gain an accurate view of how all time is being spent within the firm.
- Explore alternative fee options that require a close analysis of the tasks that go into each matter and the most efficient manner of completing those tasks.
- Maximize reporting capabilities with data that helps you effectively measure the health of your law practice and examine factors that may hinder the maximization of billable hours.
- Implement Legal Project Management (LPM) strategies that involve creating a path for the legal team to follow in furtherance of the matter. Like the preparation involved in setting fixed fees, LPM gives greater insight into every aspect of the case for the maximization of billable time.

Each of these strategies can significantly increase a firm's billable hours and profitability, which makes the step of Increasing billable hours well worth the resulting ROI.

### **#3 Invest in Legal Billing Software**

Legal billing serves an extremely important role within law practice management. Without it, firms would not get compensated for the services they provide, so they need a legal billing system that meets these needs while providing a favorable ROI.

The return on legal billing software comes in the form of increased billable hours, complete bills, and timely client payments. Effective legal billing software streamlines the entire billing process from time tracking to payment collections, which translates into greater profitability.

TimeSolv's legal billing software includes all the features law firms need to improve their billing processes. Its mobile app makes time tracking easy and convenient. It then transfers those tracked tasks into comprehensive invoices. With online payment options, firm clients can pay their bills from the comfort of their homes. Additional features, like automatic payment options and batch billing, also promote TimeSolv's high ROI.

### **#4 Outsource Paralegal Tasks**

Paralegals help attorneys provide quality legal services to their clients. While in-house paralegals are still quite common, many law firms have chosen to outsource their paralegal service needs instead. With benefits like cost reduction, on-demand staffing, and remote work capabilities, outsourcing paralegal services can result in a positive ROI.

Firm attorneys can delegate lower-value tasks to paralegals, which frees them to handle higher-value tasks themselves. Outsourcing promotes more efficient utilization of practice resources, which can significantly increase ROI.

Outsourced paralegal services can also lead to a reduction in such practice costs as payroll taxes, health insurance, physical office space, and overhead costs related to in-house personnel. Through outsourcing, law firms can make staffing decisions that directly correlate with their workload instead of paying on-staff paralegals during times when the workload does not support it.

### **Make Small Changes with a Positive ROI**

Law firms need to measure the ROI for the strategies they implement to bring in new clients and benefit the practice. Changes like online billing, contract paralegal services, and the maximization of billing hours can result in a significant ROI and greater profitability for the firm.

To learn more about TimeSolv legal billing software, take advantage of their free, no-obligation trial [here](#).