

# 4 Zero AR Strategies That Improve the Law Firm Client Experience

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Within the law firm industry, Accounts Receivable (AR) is the amount of revenue due to a law practice for legal services provided.

It represents money owed to a law firm by its clients, so when firm invoices go unpaid, they convert to AR. It is not uncommon for law firms to carry significantly large AR balances, which can cause a variety of problems.

Regular expenditures like payroll, insurance costs, taxes, and office overhead can outpace firm revenue when cash flow becomes restricted by high AR. Collection procedures take up a lot of valuable time and resources because firm members must use potentially billable hours to contact clients and collect overdue payments. This is lost time that cannot be spent on more profitable tasks. Lastly, collection processes can damage the client relationship leading to negative reviews and missed opportunities for profitable referrals. For all of these reasons, many attorneys and law firms decide against aggressively pursuing collection procedures. But there is a viable alternative.

## Strategies for Reaching Zero AR

Instead of chalking unpaid invoices up to the cost of doing business, law firms implement strategies for reaching zero AR, including:

- Standardized collection plans
- Expansion of accepted payment methods
- Standard billing schedules
- Strictly followed retainer policies
- Pre-established payment due dates
- Automated past due to notification processes
- Payment Incentives

## **How Zero AR Strategies Benefit Law Firm Clients**

While these steps provide numerous benefits to law firms, they can also provide value to law firm clients in a variety of ways, and here are four of them.

### **Strategy #1 – More time for Clients**

With zero AR, attorneys can spend less time chasing overdue invoices and more time providing quality client services. The mental energy spent on trying to collect payments can be better spent crafting case strategies and maintaining proper client communications.

One of the most common complaints against law firms is lack of communication, and the reason behind it is usually a lack of available time. Zero AR allows law firms to reclaim previously unavailable time. Traditional collections procedures typically include numerous client notifications that advance from written notices to telephone calls and, ultimately, legal actions. Each of these steps takes time and effort, and some of them even require a financial investment. By working towards high collection rates on the front end, law firms can save valuable resources on the back end.

But more client time doesn't only benefit the client. This is a strategy where the benefits go around full circle. Satisfied clients are more likely to pay their legal fees on time and in full. They are also more likely to bring in repeat business, provide referrals, and leave positive reviews. All of this leads to zero AR and greater firm profitability.

### **Strategy #2 – Greater Client Convenience**

Clients want to feel valued and appreciated by their attorneys. Law firms can meet this expectation by implementing processes that offer clients greater convenience and choices. With expanded payment options, clients

aren't forced to write out paper checks or deliver cash to the law office when paying their bills. They can quickly and easily make payments using a credit/debit card or ACH option.

There are a variety of reasons why many clients prefer the option to make credit card payments. Some appreciate the ability to pay their legal fees over time through their credit card companies, while some like the added level of purchase protection that they receive with these types of payments. But the one benefit that all clients appreciate is the convenience of making their law firm payments in a way that is most convenient for them, whether from the comfort of their couch at home or on the go through their smartphones.

Another zero AR strategy that adds to client convenience is stored payment method arrangements, where clients provide credit card or bank account to be kept on file within the law office. Then, the firm automatically runs the payment method on a predetermined date. Some clients like the security of knowing that their legal bills will be automatically paid on time and in full, with minimal effort on their part.

### **Strategy #3 – Better Collections Processes**

With standardized payment processes that are clearly communicated, clients have a better understanding of when and how their financial responsibilities to the firm will be met. They know when to expect their billing statements each month, on what date payment is due, and when overdue payments will incur a late fee.

Clients hate unexpected costs and consequences. The communication of standard collection and billing procedures helps shape their expectations and lessens the possibility of payment disputes down the line.

### **Tip #4 – Payment Incentives**

In the pursuit of zero AR, law firms sometimes offer clients incentives for early bill payment. While promoting zero AR, these options also provide

clients with some level of control over the cost and payment of their legal fees, which enhances their experience. Consider these examples:

- **Early payment discounts** – Everybody loves a sale, and clients like the idea of receiving a discounted rate as a thank you for their timely payment.
- **Payment plans** – Clients on a budget appreciate the ability to pay their legal fees in smaller increments.

### **Zero AR Strategies Can Elevate the Legal Client Experience**

Strategies for reaching zero AR not only benefit the law firm, but they can also add value to the client's experience. An essential aspect of achieving zero AR and improving client relations is a legal billing software system that provides law firms with the features they need to implement each of these strategies. TimeSolv legal billing software offers some of the most innovative e-payment features on the market, including the ability to securely store client payment methods, automate payment plans, and easily collect virtual payments.