

# 5 Compelling Reasons to Outsource your Law Firm's Accounting and Bookkeeping Needs

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Accounting is an essential aspect of business, and at its core, law firms are businesses. So, without proper accounting, a law firm will likely fail. Studies show that poor financial management often plays a significant role in the failure of legal practice.

Unfortunately, when many attorneys set out to open their solo or small practice, they make the critical mistake of handling the firm's accounting and bookkeeping needs on their own. This happens for a number of reasons. Some underestimate how crucial these tasks are to the health of the firm. Some have a problem giving up any aspect of control in the firm, and some assume that outsourcing would prove too costly. Let's debunk each of these misconceptions:

- First, bookkeeping and accounting form the lifeline of a business, so their importance cannot be emphasized enough.
- Second, successful business leaders build teams that consist of experts in their particular areas. Unless you are both accountant and an attorney, you likely lack a level of accounting expertise that could truly benefit your firm.
- Lastly, outsourcing comes in many different price ranges, and the amount of money saved through proper accounting is worth the investment.

Outsourced accounting services used to be a luxury reserved for mega law firms, but a lot has changed over the years. With modern technologies within the legal industry, the practice has become much more accessible to medium, small, and solo legal practices.

Outsourcing your bookkeeping and accounting needs can mean the difference between failure and success. But if that's not enough of a justification, here are five more reasons why your law firm should get on board.

### **Reason #1 A Dedicated Bookkeeping and Accounting Team**

With outsourced bookkeeping and accounting services, law firms benefit from access to a team of professionals focused on keeping your financial records in order. It may feel uncomfortable at first to give up this bit of control, but an experienced accountant offers priceless benefits.

The right professional has advanced knowledge of the legal industry's tax structure, so they can offer advice that specifically speaks to your firm's interests. They may also help you make strategic financial decisions about the direction of your firm.

### **Reason #2 Better Technologies**

It's hard enough for law firm leaders to keep updated about all of the new legal technologies. Why add accounting tech to that list when outside accounting services have a pulse on the latest services and technology available within their industry? Since this is the center of their business structure, these professionals are more likely to utilize technologies and equipment that promote the highest standards.

Just think about the frustrations that you may have experienced trying to manage your law firm's finances through QuickBooks. When armed with only the basic skills and knowledge of the software, you can quickly run into problems that you do not know how to handle. Outside accounting firms have access to the latest software offerings, and the skill needed to reach the best results from them. Your law firm benefits from that expertise.

### **Reason #2 Cost-Effectiveness**

Especially within a law firm, any hour spent on administrative tasks is an hour not spent on a billable client task. The average small business owner reportedly spends at least 10 hours a month on their business accounting needs. Let's say your hourly rate is \$250. That means that you could be wasting more than \$2500 a month on accounting tasks. Surely, you can find a reputable accounting firm for far less.

You may not want to spend any of the firm's dollars on bookkeeping and accounting services. However, when compared to the cost of hiring a full-time accountant, or the collateral costs of inadequate DIY accounting, the investment is negligible. With an outsourced accountant, your firm only pays for the services requested.

### **Reason #3 Supporting Firm Growth**

As your law firm grows, the skill required for adequate accounting also grows. What you may have been able to handle when the practice first started has probably become much more complex. You are now more susceptible to devastating financial errors.

Outsourced accounting services minimize these risks. Just as you dedicate yourself to protecting your clients from legal harms, professional accounting services dedicate themselves to protecting their clients from financial harms – especially as your firm expands.

### **Reason #4 More Time to Focus on Your Firm**

Outsourced accounting services let you and your law firm staff stay focused on what matters the most – providing stellar legal services to your clients. Yes, it is important to maintain awareness about the financial health of your firm, but outsourcing allows you to do that without taking up unreasonable amounts of your time.

The legal industry is crowded. To stay competitive, you need to consistently identify strategies for staying ahead of the competition. This means focusing on areas like client retention, service expansion, and marketing. It

doesn't mean spending hours and hours each month trying to figure out bookkeeping and accounting.

Time spent on accounting is time not spent on the other crucial aspects of running a successful law firm. By outsourcing the accounting to a trusted professional, you and your firm members can dedicate more time to building your law practice, while feeling secure that the finances are being managed by skilled accountants.

### **Reason #5 Lessen the Stress**

It's no secret that the practice of law comes with a lot of stress, which makes this reason the most important of them all. As an attorney, you need systems in place that make your work life easier and promote a healthier work-life balance. Outsourced accounting is one of those systems. Running a law practice takes a lot out of you but outsourcing your firm's accounting and bookkeeping can lessen some of the stress you may feel about such an important part of your business.