

5 Super Easy Strategies to Substantially Increase Your Law Firm's Profitability

Though the essence of a law firm is the provision of effective legal services, it is imperative that attorneys treat their practices as businesses – and for a business to be successful, it must turn a profit. The easy answer to increased profitability is getting more clients through the door, but numerous opportunities exist within the law firm structure for greater profitability. Here are 5 super easy strategies to substantially increase your law firm's profitability.

#1 Legal Project Management

Legal Project Management (LPM) is an extremely useful tool that law firms can use for increased profits by improving efficiency for even the most complex matters. With LPM, attorneys can take a real-time look at the necessary tasks of a case and use that information in the following ways:

- Proactively calculate the profitability of a matter
- Identify aspects of the project that decrease the profit margin
- Manage matter profitability throughout the case process
- Make proactive changes before the work exceeds allotted time and financial budgets

LPM also promotes future profitability by providing law firms with the right tools for planning future projects. By reviewing completed projects, attorneys can:

- Gain valuable insight into increased profitability for similar future matters

- Leverage the knowledge and experience gained during the initial project by repeating the same plan with greater efficiency

When used correctly, the features of LPM can lead to increased revenues. Law firms can efficiently deliver their services on time and within the established budget, which results in the effective delivery of client services, favorable referrals, repeat business, and greater profitability.

#2 Metrics

To promote profitability, attorneys must keep a constant eye on the financial well-being of their practice, so metrics are extremely important. This can be accomplished by running financial reports and reviewing them for patterns.

Key Performance Indicators (KPIs) are quantifiable measures to gauge a company's performance. By using them, attorneys can learn and analyze vital information about various aspects of their company. Some of the KPIs that law firms should consider include:

- **Realization** – Realization is the rate that you are receiving payment for your billed hours. It is calculated by dividing the amount you billed by the total amount you collected from your clients. For example, if you billed a client for 10 hours of work, and they only paid for 5 hours of work, your realization rate is only 50%.
- **Client Satisfaction** – Law firms need referrals and repeat business for maximum profitability. Dissatisfied clients don't become repeat clients. They also don't refer other clients to the firm. Client satisfaction KPI allows attorneys to gauge client satisfaction and identify areas for improved client relations.
- **Matter Profitability** – With a matter profitability KPI, attorneys can determine which client engagements result in higher costs, and which ones result in higher profits. Firms can use this information to make strategic decisions about where firm resources are best spent.
- **Marketing Expenditures** – A marketing KPI helps attorneys review the firm's marketing strategy on a regular basis, so they can focus their

resources and efforts around on strategies that yield the highest results.

3 Staffing Decisions

Strategic staffing decisions can significantly impact law firm profitability. While growth is positive for a law firm, it can also result in significant challenges without adequate staff in place.

Contract attorneys are an efficient and affordable way to expand a law practice if hiring new associates is not yet an option. These attorneys work on a contract basis to handle specific cases without the added overhead costs associated with a new hire. They are a great option for handling new clients and new matters in an affordable manner.

Another important element of firm growth and profitability is quality legal assistance. An effective paralegal can independently handle appropriate tasks, freeing up valuable time for firm attorneys to handle the most profitable tasks. Like contract attorneys, many paralegals who are willing to work on a contract basis, for even greater profitability.

#4 Up Your Tech

With the right legal technologies, legal practices can decrease expenses and make better use of billable time, leading to increased profits. Some of the most cost-saving technologies include:

- **Cloud technologies** – Utilizing cloud storage offers convenience, providing attorneys with the ability to access files when away from the office. It also allows law firms to move towards a more cost-efficient paperless office.
- **Cybersecurity advancements** – One law firm security breach can cost tens of thousands of dollars. Many of the latest technologies include cybersecurity features that prevent these profit-stealing events.

- **Automation** – Process automation is the use of technology-enabled systems to perform law office processes and procedures with minimal human assistance. These time-saving and profit-enhancing technologies help streamline processes for maximum efficiency and service delivery.

#5 Improved Billing

Administrative tasks, like billing and invoicing, significantly affect law firm profits. If these duties are not carried out in an efficient and accurate manner, profits can suffer. With a streamlined invoicing process, firms can use administrative time and resources more efficiently, which can translate into increased profits. To implement the most and effective legal billing process, attorneys should consider the following:

- **Convenience** – An organized billing process starts from the moment timekeepers complete a billable task. To promote time tracking convenience, law firms should choose a legal time tracking system that includes a mobile application for greater accessibility.
- **Ease** – By simplifying the steps between time tracking and invoice creation, law firms can create an efficient billing process. The right legal billing software is vital to this goal. With the TimeSolv legal billing system, firms can easily:
 - Convert tasks into billable time with the click of the mouse
 - Use default tasks descriptions when entering billable time
 - Create customized, reusable invoice templates
 - Utilize LEDES billing codes
 - Batch invoicing process to send all bills with one click of the mouse

With these 5 super easy strategies, law firms can make small changes to substantially increase their profitability. [Click here to explore all of the profit-enhancing features offered by TimeSolv legal billing system.](#)

About Erika Winston:

Erika Winston is a freelance writer with a passion for law. Through her business, Personal Touch Edits, she helps legal professionals deliver effective written messages. Erika is a regular contributor to [TimeSolv](#) and a variety of other publications.