

# 5 Ways to Maximize ROI by Overcoming Law Firm Payment Challenges

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The provision of legal services requires a significant investment of time, money, and resources. So, it makes perfect sense that attorneys want to see a positive Return on Investment (ROI) in the form of revenue and profitability. Yet, even when providing stellar representation, a firm may fail to realize the desired ROI due to payment challenges that create compensation obstacles. This article will look at five steps that law firms can take to overcome those challenges and maximize ROI.

## **#1 Implement Systems to Increase Collection Rates**

Collection rates represent the percentage of compensation that law firms are actually collecting for their services. High percentages typically promote high ROI while low collection rates indicate a low return. Consider this example:

If a midsized law firm collects \$60,000 of the \$80,000 invoiced to clients for the month, its collection rate is 75%. If this is an accurate representation of the firm's general billing and collection rate throughout the year, it could be losing a quarter of a million dollars in revenue annually to poor collection rates. These huge losses would show up in the form of limited cash flow, the inability to meet overhead costs, and limited opportunities for growth.

Attorneys must recognize that collections can start months before an invoice is even sent to a client. It is a process that includes multiple systems, starting with the intake process. Firms need to provide new clients with a crystal-clear understanding of payment expectations and implement

strategies like stored payment methods and automated billing agreements to encourage timely payment of invoices in full.

The collection process continues through the invoicing stage. Detailed bills, sent on a regular basis, promote faster client payments and cut down on billing disputes.

The last part of the process is the actual collection of funds owed to the firm. By offering clients the ability to make electronic payments and implementing unique collection strategies like batch billing, law firms can greatly improve the rate of satisfied invoices. Law firms need to have processes in place that result in collection rates of 95% to 97%. By consistently collecting at this level, firms can experience a positive ROI.

## **#2 Get Paid Faster**

Slow payments often result in low collection rates and insufficient ROI, and they are generally caused by one of two things – inconvenient payment methods and/or the failure to accept credit card payments. To get paid faster, law firms must make it quick and easy for clients to pay their bills. That means putting a system in place that accepts electronic payments in a safe and secure environment.

But even before that happens, firms must actually accept credit card payments from their clients. According to studies, credit and debit card usage has continuously risen over the past decade, far exceeding the traditional legal industry payment method of paper checks and even cash under some circumstances. Many law firm clients prefer electronic payment options and they are more likely to pay their bills in full when offered this convenience.

Law firm ROI also benefits from the immediate access to funds that comes with the acceptance of electronic payment systems. There is no annoying check float time, with some credit card processors offering virtually immediate access to valuable working capital.

### **#3 Control Payment Processing Costs**

One electronic payment challenge that intimidates some attorneys is the cost that can be associated with electronic collection methods. This is because some credit card processing companies charge firms a number of fees that can add up and take away from the ROI.

Law firms can overcome this challenge by choosing a payment processing company that uses a transparent billing system that is easy to understand and calculate each month. For example, TimeSolvPay charges its users a flat processing fee rate, no matter what kind of card is used for payment. There are no monthly fees or hidden costs at the end of the month.

### **#4 Keep an Eye on the Data**

It's sad to say, but some attorneys have no clue about their ROI at any given time because they fail to analyze the financial health of their firm on a regular basis. Reporting is a vital piece of running any successful business and every law firm, regardless of size, needs a system in place to do so. The value of data reporting includes:

- Daily and weekly A/R reports that keep attorneys on top of changes to accounts receivables. This data helps law firms identify overdue accounts and address them accordingly. Review accounts receivable regularly
- Reporting analysis helps firms implement the alternative fee arrangements that clients prefer, which can equate to a higher ROI. For example, when setting the fee for a new matter, historical data reveals the information that a firm needs to establish a fee amount that sufficiently reflects all aspects of the case.
- Firm growth opportunities are often found through data reporting. It helps attorneys forecast future patterns and opportunities, while also providing invaluable feedback about investments and their resulting returns.

## **#5 TimeSolvPay Helps Firms Overcome Payment Challenges to Boost ROI**

The TimeSolvPay difference means that attorneys can spend more time practicing law and less time chasing invoices. They can do so with the reassurance of a reliable credit card and ACH processing system built right into the legal billing platform with a proven track record of stellar service and technology.

With TimeSolvPay payment processing and unique batch billing features, firms can overcome each of these billing challenges to consistently experience a high ROI. To learn more, click [this website link](#) to schedule your free consultation.