

# 6 Steps to Increasing Your Law Firm's 1st Quarter Revenue in 2022

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Financial success in the coming year requires planning and a strong start. Law firm leaders need to honestly assess the firm's current financial state in order to craft a plan for reaching goals in 2022. Adequate revenue is essential for growing and maintaining a healthy law firm, so it must be a top goal. With a focus on clients, marketing, and billing, your law firm can position itself for the first quarter of increased revenue and success.

## Step #1 Establish Firm Revenue Goals

The first step to increased revenue is defining what success looks like for your firm and crafting a path for getting there. Specific revenue goals provide a finish line that guides the direction of firm processes and actions during every stage of development. Here's how that looks in the real world:

- For the new law firm, that may look like surviving the financial challenges of the startup process.
- A midrange law firm may have a goal of greater firm growth and building reserves.
- An older, well-established firm's financial goals may include leadership retirement and succession planning.

Once you have established your firm goals, you can identify the strategies, plans, and tactics to help you accomplish them.

## Step #2 A Client-Centered Focus

Law firms can spend a lot of money and resources on marketing to new potential clients, but attention must also be paid to the firm's most valuable current resource – the existing client. Not only are these clients providing the firm with its present revenue, but they also bring the potential for future business. Satisfied law firm clients recommend your services to others and return to your firm for additional assistance, so it's important to focus on providing them with a quality experience.

Consider what level of service is currently being provided to clients and identify areas for improvement. For instance, is client communication consistent? Are invoices being sent on a regular basis? Is the firm providing clients with processes that make their experience more convenient and less stressful? If your answer to any of these questions is a no, then your firm has some work to do. A client-centered focus helps law firms promote increased revenue.

### **Step #3 Update the Marketing Plan**

The new year offers a great opportunity for reviewing your current marketing plan and tweaking it for greater results. Analyze reporting data to determine which of your current strategies are having the most results. Perhaps your website drives the most traffic to your firm, or you may find that one of your firm's community initiatives resulted in an influx of clients.

When performing this assessment, it's also useful to evaluate your firm's online presence. Make sure that your website is performing directly on all applicable devices. Also, take a look at website traffic and search engine ads to determine whether your online presence could be improved.

Once you have this information, craft an updated marketing plan that promotes the current goals of the firm. Some of the strategies, channels, and products you may use include:

- Pay-per-click advertising
- Social media branding
- Email marketing
- Content marketing with blogs and newsletters
- Speaking engagements

- Television and radio ads

#### **Step #4 Reevaluate your Fees**

One of the most effective strategies for increasing the revenue stream is raising your firm's billing fees, but this isn't a quick fix. You need to really examine the pros and cons of raising your fees before deciding to do so. One consideration is the average rate for legal services in your geographic area. It's important to remain competitive, and though that doesn't necessarily mean having the lowest fees in the area, having the highest may price you out of valuable opportunities. So, it's important to strike a balance.

It may also be useful to consider the potential benefits of alternative billing arrangements. You may practice an area of law where clients want and expect alternatives to the traditional billable hour. Examine whether or not these fee changes could increase law firm revenue.

One additional option for law firm fee changes is the evolution to value-based billing, which uses an analysis of the client's goals and their perceived value in reaching those goals to determine a value for the matter at hand. Value-based billing is a type of fixed-fee-based arrangement where the client agrees at the outset of the case to pay a flat fee for services received. It benefits clients by alleviating the potential for unexpected legal fees. It benefits the firm by promoting more timely and complete payments from clients, while also compensating for firm services based on their actual value instead of the just time spent.

#### **Step #5 Overdue Invoice Collections**

Idealistically, your legal practice will leave 2021 with no overdue invoices and zero AR. But for most firms, this simply will not be the case. So, a focus on collecting these overdue payments could pay off in the form of increased first-quarter revenue. If traditional collection processes are not proving successful, your firm could offer clients discounts for payment in

full by a stated time to encourage payment. A collection of overdue invoices at the start of the year could result in a substantial boost to revenue during the first quarter of 2022.

### **Step #6 Technology that Supports Growth**

To truly increase revenue in the coming year, your law firm needs the tools and technology to implement your growth plans in an efficient and strategic manner. This means identifying tech options that streamline processes and further your goals. Some tech tools that can assist in growing revenues include:

- Practice management software that helps your firm efficiently handle administrative processes, while also providing an integrated system for the management of client matters.
- Customer relationship management software that helps firms keep track of client communications.
- Document management platforms that organize the voluminous amount of law firm documents and files in a cloud-based system for greater organization, security, and remote sharing.
- The legal billing software helps law firms streamline their invoicing processes, including features like remote time tracking, customizable invoicing, and electronic payment processing.

With a clear goal and a detailed plan, your law firm can experience greater revenue for the first quarter of 2022.