

# 7 Ways to Improve Your Law Firm Profitability with Zero AR & More Billable Time

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Profitability is a constant concern for law practices. Inadequate profits negatively affect a firm's ability to compensate members, provide excellent service to clients, and attract talented professionals. So, it is vitally important that firm leaders keep an eye on improved profitability.

Increasing law firm profit requires two components – greater revenue and lower overhead. This post focuses on greater revenue and its relation to firm collection processes.

The billable hour plays a critical role in law firm revenue, which is why firms need effective strategies for maximizing every increment of time. Inefficiencies and poor administrative procedures result in lost billable time – and lost billable time results in lost profits.

The collections process tends to be a common inefficiency among legal practices. Far too many firms dedicate ridiculous amounts of hours each month to collecting payments for current and overdue invoices. This not only depletes opportunities for billable time, but it can also contribute to a consistently high accounts receivable (AR).

AR is the amount of money owed to a law firm by clients, and many firms routinely carry AR balances in the tens and even hundreds of thousands of dollars. By taking steps to lower their AR, law firms can simultaneously increase opportunities for billable time and pursue greater profitability. Hours previously spent on collections can now be redirected towards more profitable tasks.

This post will explore seven things that law firms can do to reach zero AR and increase profitability.

## **#1 Be Strategic with Task Management**

High billing timekeepers should not be spending their time processing payments and chasing overdue invoices. Their skill, time, and energy should instead be reserved for the more profitable tasks, while collections duties are delegated to support staff members.

When each firm member focuses on their highest-value work, it maximizes revenues while reducing overhead costs – a great recipe for law firm profitability.

## **#2 Streamlined Payment Procedures**

Firms need standard payment processes that detail how and when client payment methods will be charged. Streamlining and standardizing these procedures takes the guesswork out of these duties so that firm members can handle them in a more efficient manner.

It's also important that firms share the process with clients to ensure their understanding of how their payments will be processed. This information can be included in an engagement agreement or in a separate document but consider putting it in writing and having the client give a signed acknowledgment to avoid costly disputes later.

## **#3 Stored Payment Methods**

The legal industry is slowly beginning to recognize the benefits of stored payment methods. Firms can require that clients provide credit card or bank account draft information, along with a billing preauthorization. These stored payment methods offer some assurance of complete payment of firm invoices at the appropriate time.

#### **#4 Charge as Agreed**

With processes in place and clients adequately notified, firms can charge the preauthorized payment method as agreed. Leaders need to ensure that established timelines are followed and that the payment procedures stay within the guidelines of the agreement. For instance, if a law firm's policy states that clients will be charged on the fifth day following invoicing, payment methods should not be charged on the third day or the seventh. By strictly following the established policies, firms can avoid disputes and strengthen client trust.

#### **#5 Batch Billing**

Batch billing is an innovative tool that allows law firms to process numerous client payments with just a few clicks of a mouse. In minutes, rather than hours or even days, firms can instantly lower their AR with timely and complete payments.

#### **#6 Get the TimeSolv and LexCharge Integration**

Through a valuable integration with LexCharge legal credit card processing, TimeSolv provides law firms with the tools they need to pursue zero AR. Specializing in law firm electronic payment processing, LexCharge understands the importance of properly managing law firm payments and they help law firms do so in a cost-effective and compliant manner.

#### **#7 Use TimeSolv**

Here are some of the ways that TimeSolv helps law firms pursue zero AR for greater billable hours and increased profits:

- A quick and simple process for getting started with LexCharge. Subscribers can apply for an account right through the TimeSolv dashboard. Once approved the two platforms integrate for an efficient invoicing and payment process.
- A convenient “Sent Invoice” screen that allows users to quickly view the status of client payments. It includes a list of all sent invoices, along with information about which have been paid and which remain outstanding.
- A quick process for running provided payment methods and securing payment for outstanding invoices.
- Batch payment options that allow firms to collect client payments in bulk. From the “Sent Invoice” screen, users can identify the clients with payment methods on file. They can then select all of those invoices and run payments for each with a single click of the mouse. In a matter of seconds, an entire batch of invoices is paid, instantly reducing AR.

### **Zero AR and More Billable Time for Increased Law Firm Profits**

Zero AR equates to more billable time because hours previously spent on collections can now be redirected towards more profitable tasks. By taking steps to pursue zero AR, law firms can simultaneously reach zero AR, find more billable time and increase their profitability.