

Choosing a Legal Accounting Solution that Handles All Law Firm Billing Options

Law firms use a variety of billing methods when seeking compensation for their legal services. Unfortunately, not all accounting systems have the tools to effectively handle all of these options. Without the right accounting solutions, law firms spend an extensive amount of time reinventing the wheel for each billing method. And in a law firm environment, every wasted minute is also a wasted dollar.

Alternative billing has become more common over the last decade as increasing numbers of attorneys and firm leaders recognized their benefits. In addition, as legal clients have become more sophisticated in their understanding of how firms operate, they have come to expect alternative billing arrangements.

First, let's take a look at the various types of billing options:

- **Hourly** – The billable hour has been a traditional staple of the practice of law. It involves tracking time spent on each individual matter and charging an hourly rate after tasks are completed. Accurate time tracking plays a vital role in profitable hourly billing because compensation depends on the amount of billable time invoiced. Every increment of billable time left on the table equates to dollars lost in firm revenue. Firms using an hourly billing arrangement need an effective and efficient legal time tracking system that quickly and easily tracks time, while also turning that time into invoices in a streamlined manner.
- **Retainer** – Retainer payment arrangements involve the client making a monetary deposit to the law firm, which serves as a retainer for the legal services they will receive. The firm holds these funds in a trust

account and withdraws from the account once tasks are completed and compensation is earned. Trust accounting comes along with strict requirements from state bars, so firms need appropriate accounting tools.

- **Fixed Fees** – Fixed fee billing establishes a set amount for legal services before representation begins. Clients agree to the fee and either pay it in one lump sum or divide the fee into equal payments over the course of representation. Clients tend to prefer fixed fees because it takes the uncertainty out of representation costs. While fixed fee billing may be easier to navigate when invoicing, for profitable fixed fee options, a comprehensive billing system that includes time tracking is necessary.
- **Contingency fees** – With a contingency fee arrangement, clients only pay law firm fees when a particular outcome is reached in the matter. For example, personal injury attorneys often charge 33% of any amount won in a case. Under this arrangement, the attorneys' fees are contingent on their securing some type of monetary award. Even with a contingency fee, law firms should keep track of time and expenses spent on the case, which requires legal billing solutions.
- **LEDES Billing** – "LEDES" stands for Legal Electronic Data Exchange Standard. Simply put, LEDES billing involves submitting legal bills in a special format. It uses a text-based format for billing, which means that it appears as a text file when completed. LEDES does not utilize formatted columns, which explains the difficulty that some law firms have when trying to implement it without adequate tools in place.

An Accounting Solution for Every Billing Arrangement

While some law firms only use one of these billing options, other firms use more than one, or maybe even a combination of them all. In addition, some firms use hybrid billing models that may combine flat fees with hourly billing or LEDES with contingency billing. With so many different options,

law firms need e-billing software that can handle the specific needs of each billing arrangement.

The alternative is a law firm staff that is bogged down and frustrated by the need to reinvent the wheel for each client and their individual billing arrangement. This translates into hours of wasted time and, even more importantly, wasted billable time and slow client payments.

TimeSolv legal billing software offers all the tools that law firms need, regardless of how they choose to bill for legal services. That starts with a comprehensive time tracking tool for the efficient and accurate tracking of tasks. Their software is specifically designed for the mobile way that attorneys work in today's environment, which means from anywhere, at any time, and on any device.

With accurate time tracking in place, TimeSolv then helps law firms streamline the process of turning tracked tasks into client invoices. Whether using hourly billing or fixed fees, TimeSolv's e-billing can be customized and programmed to meet specific law firm needs.

The requirements involved with retainers and trust account are also more easily managed with TimeSolv as a law firm's legal accounting resource. TimeSolv helps firms meet these needs through the following features:

- Autopayment of invoices from client trust accounts
- Automated replenishment of trust accounts
- Replenishment of trust accounts through credit card payments
- Management of multiple trust and IOLTA accounts
- Detailed trust account reporting

TimeSolv also has the tools that a law firm needs to effectively handle LEDES billing. With the necessary file options and auto-formatting to the exact specifications of the LEDES billing system, law firms simply upload client data and quickly generate LEDES compliant invoices. TimeSolv can also be programmed to automatically email the firm a copy of the billing statement – in the LEDES format, as well as a PDF version that's easier to read.

Create the Right Combination of Billing Arrangements and Accounting Software for Faster Payments

When law firms find the right combination of alternative billing arrangements and legal billing software, they can improve efficiency, increase accuracy, and lessen the time between completing a task and getting compensated for it. Legal accounting software reduces the time that law firms must devote to time tracking, creating invoices, and collecting client payments. This leads to more available time for productive and profitable tasks.

To learn more about TimeSolv and how it helps law firms implement a variety of alternative billing arrangements, click [this website link](#) for a free trial offer.