

Expert Billing Advice: “Billing is Marketing”

Cover Letters

Everyone talks about providing value. But when was the last time a client said, “Great brief!” or complimented you on the research you did? A cover letter allows you to explain the value you have brought to the engagement.

If you are pleased with a result, say so. If you wrote off time, tell the client what it was and why they don’t have to pay for it. You can also use the cover letter to update where the fees stand on the project. And, most important, you can thank the client. It may not be necessary to put a cover letter on every invoice, but at a minimum you should include one at the end of a major matter.

Time Entries

In my experience, clients’ unhappiness with bills can have as much to do with the way the information is described as the time itself. Here are tips that can help avoid that problem:

1. Be careful how you describe your time. Whether it is when you enter time or when you look at your pro formas, augment the terse computer language. Let’s use “office conference” as an example. First, clients don’t like paying for you to talk to other lawyers in your firm. Second, it provides zero insight into the value provided by the meeting. Instead, focus on what you did, for example, “Reviewed requirements for shareholders’ agreement,” “Analyzed tax issues in proposed trust” or “Met with Attorney A to discuss outstanding issues in settlement agreement.” And name names.
2. Avoid red-flag terms. In addition to “office conference,” other phrases that set clients off include “review of file” (paying you to get up to speed), “research” (don’t you know this already?), “attempted to call,”

“left voicemail for” and other things that don’t contribute to the progress of the file.

3. Use active descriptions. For instance, instead of “Consideration of” say “Analyzed.”
4. Show progress. When you write down time for the same matter, be conscious of showing progress on the file.
5. Be consistent. If you referred to the matter as a “stock purchase agreement,” don’t just call it an “agreement” in future bills.
6. Demonstrate value before billing. If possible, don’t bill for projects until clients have seen the related work product. If you have taken a deposition, send clients the summary before they have to pay for it.
7. Show time that you are writing off. If you did something for which you did not get paid, such as attend a client board meeting, enter it at “no charge.”
8. Pay attention. Be sure to apply time to the right file!
9. Concentrate your time. Clients would rather see blocks of time than six-minute intervals.
10. Bill on a timely basis. This helps clients see where they stand on a matter and, studies show, vastly increases your likelihood of getting paid.
11. Don’t nickel-and-dime. How do you feel when your \$300-a-night hotel charges \$12 for Wi-Fi when the Super8 provides it for free?
Disbursements, even if they represent a small percentage of the bill, can be a landmine because clients know what most things cost. In addition, charging .25 for administrative tasks—reading emails, reviewing bills—will cause clients to review future invoices in more detail for billing abuses.

Would You Mind?

Perhaps the best thing to do is put yourself in the client’s shoes and ask, “Would I mind paying for this?”

Remember, good billing practices result in no surprises for the client. If things are getting out of hand on a matter, pick up the phone. If your bill is higher than anticipated, deliver the invoice in person. When there’s a problem, it’s crucial that you contact clients before they have to contact you.

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