

# Family Lawyer – Five Reports Every Family Law Firm Should Run at the Start of 2022

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You cannot set your family law firm up for success in the new year without taking a comprehensive look at its current financial health. This is done through reporting, which provides a snapshot of firm data over a specified period of time. With detailed reports, you can make informed decisions about firm goals in 2022 and the best strategies for reaching them. Keep reading to explore five reports that your family law firm needs for a great start to 2022.

## **Accounts Receivable (AR)**

AR reporting gives a record of unpaid client invoices, as well as the length of time that they have been outstanding. The value of this reporting is multi-faceted. At the very least, it provides the information you need to focus your collection efforts. Accounts that have only become recently overdue may only need a standard email reminder for payment to occur, whereas seriously overdue accounts may require more aggressive collections processes or modifications to the current level of service provided.

Along the same lines, AR time frames can also help you determine whether or not collection processes are appropriate. The longer an account remains outstanding, the less likely full collection becomes. With detailed reporting, you can decide which accounts should be written off as uncollectible at the start of the year.

Lastly, family law firms can utilize AR reports to identify any common factors among outstanding invoices. For instance, if a large percentage of overdue accounts belong to a single firm attorney, that may indicate an

issue that needs to be addressed with that member. Perhaps they are not billing accurately or their level of representation consistently fails to meet client expectations.

### **Profit and Loss Statement (P&L)**

A P&L statement summarizes the revenue, costs, and expenses that your firm has incurred over a period of time. The profit statement starts with the firm's revenue, which is also called the top line. The costs of running the firm are then deducted, leaving the net income, also referred to as the bottom line. By running an annual P&L, you can review the firm's profit over the past year. For more detailed data, you can run a quarterly or monthly P&L report and compare them to review how profits change from one time period to the next.

An important part of a profit statement is the expense report. Law practices must spend money each month to meet administrative and overhead needs. From office utilities to outsourced services, you need an accurate accounting of how much money the firm spends on expenses. With this data, you may be able to identify unnecessary costs that can be reduced or cut. There may be more affordable vendor options on the market or technologies that your firm can utilize to cut costs.

### **Practice Area Performance**

With comprehensive law firm reporting capabilities, family practices can review data for specific matter types. You can determine what percentage of firm revenue stems from custody matters compared to the amount earned from uncontested divorces or adoptions. There are several things you can do with this information. When you know which matters are most profitable for your firm, you can tailor the firm's marketing efforts to attract these types of cases.

Another benefit of practice area reporting is the ability to analyze the amount of cost and time that goes into various types of cases. If certain

types of matters fail to generate a level of profit that justifies the effort they require, it may be time to reduce those cases or make some necessary changes. Maybe your firm fees should increase for these types of cases, or better task management needs to occur.

### **Billable vs. Non-billable Hours**

To ensure that your family law practice is consistently operating in a productive and profitable manner, you need a constant eye on how timekeepers are spending the valuable hours of the day. A data comparison will reveal how many of those working hours are being spent on billable tasks vs. how many are not. Too many non-billable hours lessen your firm's profitability, leading to potentially serious financial troubles. By reviewing this data at the start of the year, you can implement a firm process that promotes sensible task delegation, free your highest billers for the most valuable tasks, and set your firm up for greater success in 2022.

### **Marketing Performance and Expenses**

In a competitive legal market, it can be challenging to attract potential clients. So marketing must be a critical part of a family law firm's overall financial plan. But it's unwise to invest significant money and resources into these efforts without a comprehensive view of how these efforts are paying off. With reports like Google Analytics and website performance measures, you can determine which of your firm's marketing strategies is resulting in new clients and greater profits.

Look at data related to the number of new clients your firm attracted over the past year and how they came to your firm. Did they come through the firm website or were they referred by other clients? The answers to these questions will help you target your marketing plan more effectively in 2022.

## **Detailed Reporting Helps Family Law Firms Prepare for the Year Ahead**

Your family law firm's best entrance into 2022 starts with a comprehensive look at current financial records. With these five reports, you can gain the data needed to make an honest assessment, create goals for the new year, and develop a strategy for fulfilling them.