

In-House vs. Outsourced Legal Bookkeepers: Pros & Cons

Legal professionals face increasing client demands while striving for operational efficiency. Specializing and outsourcing can help assign the right tasks to the right people, increasing productivity and quality of work. Bookkeeping can be an especially effective area of work to outsource, as it requires specific skills and experience.

To help you decide whether [outsourcing your law firm bookkeeping](#) is right for you, we've created this in-depth comparison highlighting all the pros and cons of keeping it in-house vs. outsourcing.

In-house legal bookkeeping

In-house legal bookkeeping entails hiring a dedicated team member to manage bookkeeping tasks at your firm. Depending on the size of your firm, you may choose to hire part-time or full-time bookkeepers to support your needs.

Pros of in-house bookkeeping

In-house bookkeeping can be a good choice for many law firms, offering benefits like increased oversight, confidentiality, and access.

Oversight

Opting for in-house bookkeeping provides greater control over your financial data. This approach allows for direct supervision, which ensures that the bookkeeping stays in step with your firm's needs and goals. In-house bookkeepers may be more responsive; if a task needs to get done on a Thursday afternoon, your team member is there to complete it.

Additionally, in-house bookkeeping can foster coordination among your team members, enhancing communication and problem-solving. They may offer unique insight into the organizational challenges you're dealing with, as well as opportunities to address them.

Confidentiality

In the legal field, confidentiality is paramount, and an in-house bookkeeping team may offer a heightened level of data security because you retain greater control over the implementation and enforcement of all protective measures.

Immediate access

With an in-house team, you can benefit from immediate access to all your financial data, allowing for quick decision-making and the prompt handling of client inquiries. Having direct access to your books is useful in the legal profession, where timely responses are a hallmark of success.

Cons of in-house bookkeeping

While keeping these processes in-house can be beneficial in several areas, this way of doing things can also pose challenges for your firm, including costs, investment of resources, and level of skill.

Costs and overhead

Creating and sustaining an in-house bookkeeping department implies significant costs for your firm. These costs include salaries, benefits, office space, and equipment, all of which add up to a substantial financial burden for law firms looking to keep costs down and remain profitable.

Time investment

Legal professionals tend to be extremely busy, and attorneys well know that, in this field, time is money. As your firm expands, so do the demands on your in-house team, and the time dedicated to managing financial data and ensuring compliance can keep your team from focusing on more high-value tasks, namely billable hours spent on client service.

Limited expertise

The expertise of your in-house team may be limited to bookkeeping and financial management, and they may lack knowledge on how to implement the latest technologies or industry best practices.

This can set your firm back when it comes to staying ahead of the curve in an incredibly competitive industry. What's more, if your bookkeeper needs to upskill to handle tasks, it may end up creating additional expenses for you.



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TimeSolv has prepared a list of the most commonly used legal billing terms that lawyers use in routine. It's a must to have it in your pinned files, sticky notes, or however you carry your essentials while practicing.

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Outsourced legal bookkeeping

We've considered the upsides and downsides of in-house bookkeeping for law firms. So now, let's look at outsourcing as a potential solution for increasing your efficiency while keeping your processes cost-effective.

Pros of outsourcing bookkeeping

Whether you're a mid-sized law firm needing operational support as you hit a growth spurt or a large practice looking to reduce your overhead, outsourcing your bookkeeping can provide you with a strategic advantage.

Speed and efficiency

[Outsourced legal bookkeeping services tend to be quicker and more efficient](#) than in-house teams. Professional bookkeepers are specialists in their field and can handle bookkeeping tasks quickly and accurately, which reduces errors and enhances overall efficiency.

Cost-effectiveness

When you choose to outsource your bookkeeping processes, you can significantly reduce your firm's operational expenses.

Instead of paying for salaries and overhead costs, you only need to pay for the services that you require, often at an hourly rate or with various pricing tiers. This frees up your resources to be used for more critical processes at your firm, such as case management.

Expertise and tech

By outsourcing, you gain access to professionals who are well-versed in legal financial management. These experts stay up-to-date with the latest industry trends and technologies, ensuring that your firm is able to leverage their knowledge to keep your financials on the right track.

As a result, your firm benefits from their expertise without having to invest directly in their professional development.

Cons of outsourcing bookkeeping

Even with the sizable advantages of outsourced bookkeeping, consider the potential challenges law firms may experience with outsourcing.

Lack of on-site coordination

When it comes to staying on top of your bookkeeping, communication is vital, and outsourcing your processes to an external vendor could hinder your ability to coordinate with your team in real-time or make immediate adjustments to financial strategies.

If you do choose to outsource your bookkeeping, make sure that you go with a provider that's known for prompt responses and proactive communication.

Data security concerns

For any law firm, the security of sensitive client data is of paramount importance. Entrusting sensitive financial information to someone outside the four walls of your firm can raise concerns about data security, so it's essential to do your homework when you're looking for a provider.

Make sure any provider you choose offers top-notch [security features for protecting sensitive information](#).

Striking a balance

When deciding on which solution works best for your firm's bookkeeping, remember that there isn't a one-size-fits-all solution. The right choice for you likely depends on your firm's specific goals, organizational culture, and current challenges.

For law firms actively seeking sustainable growth, a hybrid approach could be the key. This approach entails keeping sensitive tasks that require immediate attention and oversight in-house while outsourcing more routine tasks to save time and money.

Striking this balance between control and cost efficiency can help your firm scale and grow effectively while ensuring that your financial processes are

working exactly how they should.

Take tedious bookkeeping work off your plate with TimeSolv

If you're looking to dial in your bookkeeping processes without having to sacrifice immediate access to your team or control of your projects, TimeSolv has the tools you need to make sure your books are always accurate without eating into precious billable hours.

[TimeSolv's legal bookkeeping services](#) offer a comprehensive solution to streamline your financial management that ensures all of your data is kept safe behind a firewall with bank-level security in place. You can choose from three levels of service: e-billing, regular legal billing, and a premium "money in the bank" billing service in which TimeSolv will run payments for you.

If you're ready to get back to work on the tasks that matter to your firm, [schedule your free demo](#) today and see what TimeSolv can do for you.