

Law Firm Goodies: How to Improve Your Client Billing Process and Get Paid Quickly

Uncollected money and inadequate realization rates can have a negative effect on law firm profitability and cash flow. While there are numerous reasons why clients do not pay their legal bills, inefficient billing practices are often part of the problem.

Many law firm leaders fail to recognize the importance of maintaining uniform processes for handling invoicing efficiently and effectively. Think about this:

- Law firms often wait 60 to 90 days for payment once an invoice is sent to a client.
- Further complicating the problem, once invoices reach 120 days, firms may discount the overdue balance or entirely write off the debt.
- As a result, the firm may only actually make \$.75 to \$.85 on each dollar they bill, resulting in a serious cash-flow problem for the firm.

But firms can counter this issue by improving their client billing process to promote faster client payments. Keep reading to find out how.

A Standard Process

This is one of the most important steps you can take to improve client billing and get paid faster. A standardized process promotes efficiency and encourages faster payment from clients. When attorneys and staff members have to waste time working through an inefficient invoicing process, they are also wasting money and profits. With firm-wide procedures in place, there is no more guessing or difficulties to figure out.

Make the effort to create detailed instructions that staff members can quickly and consistently follow. Use legal billing optimization to analyze your firm's current billing process and identify areas for potential improvements.

Identified billing issues should be resolved as quickly as possible. If you fail to adequately address these problems, your firm may experience more client billing disputes and costly unpaid invoices.

While creating a standardized process may seem time-consuming, it is a one-time sacrifice that will continue to pay off for years to come. Optimized legal billing requires effective workflows and procedures, so take the time to create them for faster payments and greater profit.

Payment Plans

The key to faster payments is making the payment process as convenient as possible for your clients. When the payment process is quick and easy, it incentivizes them to make payments quickly. With payment plans and scheduled payment options, clients can use a credit or debit card to preschedule automated payments without having to continuously think about it.

Clients appreciate payment plans and recurring payment arrangements because it makes the payment of large legal bills more financially manageable. The benefit for your law firm is that your staff and lawyers spend less time trying to get overdue invoices paid.

Interest Fees

Law firms rarely charge fees for past due invoices. This is often true even when the engagement agreement states that interest charges will be imposed.

Some firms choose not to utilize interest fees because they want to preserve the attorney-client relationship. Others do not have the proper processes in place to implement the fees. But interest fees can benefit the law firm in a couple of ways:

- Assessing overdue fees and penalties encourage clients to pay their bills on time to avoid the extra costs.
- It also helps your law firm recoup the costs associated with overdue invoices.

So, if your firm has shied away from interest fees, it may be time to reevaluate that policy.

Online Payments

Most consumers do not like paper checks and manual payments. They overwhelmingly prefer electronic forms of payments, so a firm that does not accommodate such options can lose out on the benefits of faster payments.

Implementing online payment options translates to timely payments for your law office and quicker availability of funds. Electronic checks and credit card payments clear faster than paper checks, so your firm has access to the money faster.

Consistent Billing

Law firm invoicing should happen early and often. A delayed billing process leaves a client wondering about the status of a matter and work completed on their case. When this happens, firms are more likely to experience unpaid invoices and billing disputes.

One invoicing strategy that can be effective is billing after events that provide clients with the greatest value.

- Did you get a big win in court? Send an invoice.
- Was that negotiation successful? Send an invoice.

The perceived value diminishes as the days pass after a successful event, so take advantage of the momentum by getting your invoice out quickly.

Standardized Collection Process

If you hate collecting overdue invoices, then your firm's process is probably ineffective and in need of updating. With an automated collection process, firms can put an end to the stress and contention that often accompanies the collection process.

Automated email reminders take away the awkwardness of phone calls while also saving valuable firm time. The right billing technology allows firms to create customized payment reminder messages and predetermine when they will be sent. With minimal effort, reminders can be repeatedly sent until full payment is received.

Electronic Billing

Depending on your law firm's practice areas, electronic billing codes may be an effective tool for streamlining the billing process and increasing revenues. LEDES, one of the most popular electronic billing systems, was created by the Legal Electronic Data Exchange Standard Oversight Committee (LOC) to provide a standardized billing system that accurately categorizes legal tasks and expenses.

For law firms working within industries that require LEDES billing, a legal billing software that offers electronic billing options for ABA task codes, UTBMS, LEDES 1998b, LEDES 1998BI, Chubbs, and Litigation Advisor is essential.

Improve Your Client Billing Process to Get Paid Quickly

The law firm's legal billing process is key to effective invoicing and quicker client payments. If your firm isn't seeing the level of revenue you want, then it's time to improve your procedures.

TimeSolv legal billing system is a powerful tool for improving your invoicing process. With a variety of features like electronic billing options, online payment capabilities, and streamlined invoicing, TimeSolv can help your firm get paid faster. For more information, visit their website for a free, no-obligation trial.

About Erika Winston:

Erika Winston is a freelance writer with a passion for law. Through her business, Personal Touch Edits, she helps legal professionals deliver effective written messages. Erika is a regular contributor to [TimeSolv](#) and a variety of other publications.