

Law firm tips: 8 strategies to expedite your law firm's payment processes

One of the biggest challenges faced by law firms is slow payment of invoices, with uncollected money and low realization rates putting a serious damper on a firm's profitability and cash flow. When you peel back the reasons for this dilemma, you often find inefficient billing procedures at the center of the problem. Many law firms lack the uniform internal processes necessary for handling their billing efficiently and effectively.

It is not uncommon for law firms to wait 60 to 90 days for payment once an invoice is sent to a client. Once bills reach 120 days, firms may offer discounts on the overdue balance and eventually write off the debt entirely. As such, a law firm may only actually see \$.75 to \$.85 on each dollar they bill.

Poor billing practices lead to poor payment habits by clients, leaving your firm with a serious cash-flow problem. But fortunately, this doesn't have to be your reality. Keep reading for eight strategies that you can introduce inside your legal practice to expedite your payment processes.

Tip #1 Online Payments

While the legal industry still embraces the paper check as a leading form of payment, it is not the preferred method for most consumers. Lawyers need to understand that many clients prefer to use electronic forms of payments. Implementing online payment options can mean quicker payments for your law office.

For example, while a paper check can take five or more days to clear, an electronic check clears in one to three days. Credit card payments clear even faster, which makes them worth the small transaction fees you may pay for processing. By giving clients the freedom to make online payments, you gift them with ease and convenience, while gifting your firm with faster payments for its valuable services.

Tip #2 Fixed Fee Arrangements

As clients become increasingly savvy about law firm billing and the options made available to them by different legal service providers, they give law firms more pushback when it comes to making payments. Fixed fee payment arrangements can help calm these concerns while also reducing the risk of nonpayment with upfront payments.

The implementation of fixed-fee arrangements requires some work on the part of your firm. You need to take a proactive look at similar cases and establish an adequate fee for similar cases going forward. But once the work of figuring it out is done, your legal practice can reap the benefits. Upfront fees help your law firm avoid profit stealing discounts and write-offs down the road.

Tip #3 Offer Scheduled Payments

As I pointed out before, making the payment process as convenient as possible for your clients incentivizes them to pay your legal fees faster. With scheduled payment options, your clients can use a credit or debit card to preschedule automated payments towards their account.

Clients like these recurring payment arrangements because they allow them to break large legal bills down into smaller payments without having to think about it each and every month. For law firms, lawyers and supporting staff spend less time and energy chasing overdue invoices.

Tip #4 Interest Fees for Late Payments

Unlike most business industries, legal professionals rarely impose fees for past due invoices. Even in situations where the retainer agreement states that interest charges will be imposed, many law firms fail to take the steps for implementation.

Whether the reason for this failure is wanting to preserve the attorney-client relationship or not actually having processes in place, this shortcoming is costing law firms valuable profits. These fees and penalties encourage clients to pay their bills on time in order to avoid extra costs. Make sure you understand the rules of your jurisdiction regarding interest charges and late fees – and once you figure it all out, get to charging.

Tip #5 Installment Payment Plans

Let's be real... legal fees can be financially challenging for many clients. Paying a large payment to your law firm just isn't in their budgets. By giving installment payment plan options, law firms allow these clients the flexibility of paying their bills over time.

While it doesn't make payment quicker, it does make full remittance of your bill more likely while providing your firm with a steady flow of cash. Clients appreciate these types of arrangements, which strengthens the attorney-client relationship.

Tip #6 Automate the Collection Process

For many lawyers, the process of collecting overdue invoices is so unbearable that just refuse to take it on. But that only results in more unpaid invoices and costly write-offs. With an automated collection process, you can put an end to unpleasant phone calls and reinventing the wheel each time an invoice goes unpaid. For example, email reminders serve the same purpose without the awkwardness – and when preset for automated sending, they also free up valuable firm time.

With the right billing platform, firms can create customized messages and predetermine when they will be sent. It works by providing clients with a friendly, but firm, reminder while preserving the relationship for potential future matters. Without any extra effort from the law firm, reminders can be repeatedly sent until full payment is completed.

Tip # 7 Standardize the Process

Once you figure out the best payment strategies for your law firm, systemize your processes to ensure they are streamlined and efficient. You don't want your attorneys and staff members wasting time trying to figure the process out every time client payments come due. Instead, put firm-wide procedures in place to standardize the payment processes.

Spend time once to create detailed instructions, then your staff can follow them with ease and quickness. By standardizing your payment processes, you can improve your firm's productivity and profits.

Tip #8 Implement Technology

Don't forget to take advantage of the various technologies on the market. The right legal billing system helps your law firm implement efficient and profitable payment procedures.

TimeSolv legal billing software provides numerous tools for expediting your payment process. From online payment capabilities and fixed fee billing options to automated payment reminders, this platform offers everything your law firm needs to standardize a rock star payment system that gets your firm paid. To learn more about what TimeSolv has to offer, [click here](#) for a free 30-day 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.