

Making Better Matter Budgets for Personal Injury Firms

Budgeting and time management are two keys to any law firm's success. Personal injury firms must be especially cautious to avoid excessive expenditures. Because the exact compensation for any case is uncertain until the conclusion of the matter and many personal injury firms work on contingency, it can be challenging to weigh the costs of building a case against the potential recovery of a personal injury claim.

While attorneys may want to spend additional time and money on a particular case, doing so isn't always cost-effective. How do you know?

One way personal injury law firms can protect profitability in the face of uncertainty is to establish individual matter budgets for every case. The more accurate these budgets are—and the more closely attorneys are able to follow them—the better.

How time and expense tracking lead to better matter budgets for personal injury firms

Developing realistic matter budgets for future cases is easier when you understand how long matters actually take ([and cost](#)).

Do matter budgets really matter?

[If you already follow an organizational budget](#), you may wonder whether creating an individual budget for each client's legal matter is worth the effort. Rest assured: it is. Especially if your firm uses contingency fees.

Contingency fees increase based on the client's settlement, regardless of the amount of time attorneys dedicate to the matter. Since your firm isn't getting paid by the hour, *knowing* how much time attorneys spend on a

single matter is essential. You don't want to spend more on attorneys' salaries than the client is paying.

Additionally, many clients request cost estimates before choosing a firm, especially when they are facing potential loss of work and medical expenses from a personal injury matter. When clients who are conscious of their own bottom line see that your firm is proactive about time and money management, they're more likely to choose your firm over another. While it's not always possible to know exactly how much a personal injury case will cost up front, a detailed estimate helps potential clients to manage their expectations and builds confidence in your practice.

Individual matter budgets also improve project management by encouraging attorneys to focus on tasks that directly impact the value of the client's settlement, and consequently your firm's revenue.

Matter budget must-haves

It's easy to say, "We're going to spend X dollars on every personal injury case." However, this is an oversimplified approach to budgeting. Such blanket statements lack clarity and direction. When you build matter budgets, follow the three tips below.

01. Focus on clear and specific deliverables

Effective matter budgets are *specific*. They include a clear outline of associated goals, tasks, and costs. Your matter budgets should be tailored to each client's unique situation to ensure accuracy. Your clients could feel misled if the difference between the initial budget and their final legal fees are too disparate.

02. Build in flexibility for changing circumstances

Matter budgets should also *evolve* because circumstances in personal injury cases can change as new evidence is revealed. Keep your client up to date whenever unexpected expenses or savings arise and revise your matter budgets regularly.

03. Track your matter budgets

Tracking how your firm upholds individual matter budgets allows you to identify patterns over time. This information provides invaluable guidance to help you draft new, more realistic budgets in the future.

Better budgets, better law firm operations

Setting accurate matter budgets depends on your insight into matters, and that insight should be backed with data. Thankfully, with consistent use, the time and [expense data](#) you track within TimeSolv accumulates. As a result, your matter budgets will grow more accurate over time, because they're backed with real-world data from similar cases.

They also help your law firm reign in expenses, prioritize tasks and set the right fees.

Prevent expenses from spiraling out of control

Accident reconstructions, deposition costs, expert witnesses—if you aren't careful, these common expenses associated with pursuing a personal injury case can quickly spiral out of control. A thorough matter budget helps you to [track how much you're spending](#) and adjust your tactics accordingly.

Improved prioritization

Creating matter budgets helps attorneys [manage tasks more effectively](#) throughout the course of every matter. [Tracking time](#) and expenses demonstrates how a matter is progressing and provides real-time opportunities for attorneys to adjust priorities as needed.

More profitable fees

When you work on a contingency rate or charge a flat fee, monitoring and minimizing your firm's spending is crucial to protect your profits. [Tracking time](#) and expenses against your goal helps prevent excessive spending on mundane tasks.

How to set matter budgets in TimeSolv

There's no need to break out your calculator! With the right software on your side, making a matter budget is an easy process.

First, determine the tasks you'll need to complete to achieve the injured client's goals. What resources, including time and money, will you need to complete those tasks?

Next, assign a dollar value to the resources and time necessary to complete the legal matter. Many law firms choose to calculate this by deciding on an internal hourly "rate," even if the firm doesn't overtly charge clients by the hour.

Once you've established your plan and calculated the expected cost, review the proposed matter budget with your client for the sake of transparency.

From there, simply follow your plan of action. Just remember to track all of the [time and expenses spent on the matter](#). That way, TimeSolv's matter budgets can become even more accurate and useful to you in the future.

Take the guesswork out of matter budgeting

When it comes to managing your firm's money and expenses effectively, TimeSolv does it all.

In addition to generating data-driven matter budgets and estimates, TimeSolv automatically calculates profit-maximizing fixed fees. Our software also generates robust budget reports to keep you on track in real-time, so you don't have to wait until a matter is completed to see whether the budget was exceeded.

Once you've developed a plan for tackling a client's personal injury suit and determined the amount of time and money likely needed to complete it, [TimeSolv supports your entire team's efforts to stay on budget](#).

Administrators can monitor timekeepers' activities to ensure that allotted time or expense budgets are upheld, and TimeSolv will notify timekeepers automatically if they overspend on time or expenses. When necessary, you can also configure individual user permissions to limit excessive time and expense entries altogether.

To see for yourself how our software can help your personal injury law firm track and budget for matters more effectively, [contact us today for a demo](#) or get a [free trial](#).

