# Reaching Zero AR to Maximize Law Firm Cash Flow

It takes a lot to manage a successful law firm, including the ability to handle firm finances efficiently and accurately. The mismanagement of funds can put firms in precarious financial situations. Maintaining sufficient cash flow is a major aspect of sustaining a firm's health, but managing it requires preparation and the implementation of resources that promote zero accounts receivable (AR).

Law firms can evaluate their cash flow in a few different ways:

- Cash flow projections – These monthly or quarterly considerations help law firms efficiently identify slow cash flow periods that arise during the year.
- Yearly financial goals – Annual financial objectives set a tone for the entire year. They also help firms ensure that they have adequate budgets in place to handle necessary expenses, while also preventing the unnecessary spending that hampers firm growth.
- Cash flow forecasts – Forecasting helps law firms prepare for future challenges by identifying potential needs for extra revenue and planning for them.

With estimation and a clear understanding of various implications, law firm leaders can mitigate the negative circumstances that can arise when cash flow becomes insufficient.

## Collection Rates and Zero AR

Collection rates represent the rate at which law firms collect outstanding invoices. On average, the rate sits around 85%, with that 15% of

uncollected fees accounting for tens or even hundreds of thousands of uncollected law firm fees, or a high AR.

A high AR can devastate a law firm's cash flow, significantly decreasing the amount of money available to handle financial responsibilities that may arise. But there are approaches that law firms can take to minimize AR and get it as close to zero as possible.

- Collection procedures – Law firms have policies in place that promote high collection rates, such as:
    - Expanded payment methods
    - Regular billing schedules
    - Documented retainer policies
    - Standard payment due dates
    - Past due notifications
    - Late payment penalties
    - Standard Collection procedures

These detailed policies standardize processes so that all firm members have a blueprint for completing valuable collection tasks.

- Automatic withdrawals – Under these arrangements, the law firm keeps client credit cards or bank account data on file along with an authorization for future usage. The payment method is automatically used to secure payment on a predetermined date, promoting full and timely compensation.

- Batch billing – This technique allows law firms to make numerous automatic withdrawals simultaneously, saving staff members a substantial amount of time while also promoting quicker and timelier collections.

- Technology – The right legal billing technology makes it much easier for law firms to achieve zero AR. Law firms need a platform that includes the tools for effective payment procedures. TimeSolv legal billing software offers law firms the most innovative e-payment features on the market, including integration with LexCharge, a company that specializes in electronic payment processing for law firms. This integration allows attorneys to securely store client payment methods and quickly process client payments in batches.

## Zero AR with TimeSolv and LexCharge

TimeSolv is the platform that law firms need to perform batch billing. The software streamlines the e-payment process with a variety of features, including:

- A streamlined process for getting started with LexCharge. Users can apply for an account right through the TimeSolv dashboard. Once approved the two platforms integrate for an efficient invoicing and payment process.
- An easy-to-use “Sent Invoice” screen that allows users to quickly view the status of client payments, including a list of all sent invoices, along with information about which have been paid and which remain outstanding.
- An efficient process for running provided payment methods and securing payment for law firm invoices.
- Batch payment options that allow firms to collect client payments in bulk. From the “Sent Invoice” screen, users can utilize the filter to identify clients with payment methods on file. They can then select all of those invoices and run payments for each with a single click of the mouse. In a few minutes, law firms can collect payment for an entire batch of invoices, instantly reducing AR.

Law firm leaders need to consistently maintain adequate cash flow.  By developing a payment processing plan and implementing some of these strategies, lawyers can get their firms to zero AR for increased cash flow. To learn more about TimeSolv, click this website link for a free, no-obligation trial.