

Ten tips for increasing the profitability of your law practice

We talk about profitability a lot on this blog. That's because it is vitally important to treat your law office like a business – a very unique business – but a business none-the-less. Your practice needs to earn profits in order to serve your clients and thrive among the countless number of law firms that crowd the current legal landscape. Below are 10 tips for increasing the profitability of your legal practice. They may not all be applicable to your firm, but even a single tweak could mean the crucial difference between valuable gains and critical losses.

1. **Contract Attorneys**

Growth is essential to increased profits. Without new clients and new matters, your firm will remain stagnant, never seeing the financial improvements you seek. While growth is a good thing, it can also bring about challenges for solo and small practices. There are only so many hours in the day, and it can be detrimental to take on more work than your practice can manage.

Contract attorneys are an efficient and affordable way to expand your practice, even before you are ready to hire new associates. For an agreed upon amount of compensation, you can get the benefit of an additional legal mind, without the additional overhead.

2. **A Quality Paralegal**

Another important element of firm growth is quality legal assistance. A good paralegal is worth his or her weight in gold. Your practice needs a reliable paralegal who can handle appropriate tasks and help free up your workload so that you can take on the more profitable tasks. Like contract attorneys, there are numerous paralegals who are willing to work on a

contract basis. Just be sure to ask for references and clearly communicate your expectations.

3. Fixed Fee Arrangements

These billing arrangements have become vastly popular among the legal industry because of their benefits to the client, as well as well as the law firm. Fixed fees allow you to better budget your matters, including expenses and time management.

4. Pay Attention to Metrics

Metrics are extremely important to any business venture. You need to be constantly aware of your firm's well-being. You can accomplish this by regularly running financial reports and reviewing them for patterns. Identify problematic metrics, like excessive overhead and unpaid client bills, as soon as possible. Then, take measures to address these problems before they result in decreasing profits for the firm.

5. Level up Your Technology

We live in a world where technology is constantly evolving to make our lives easier. With improved technologies and more efficient methods, your office can decrease expenses and make better use of billable time. Some relevant legal technologies include:

- Cloud-based storage – Utilizing cloud storage can save your office valuable time and resources. It is extremely convenient, offering your attorneys the ability to access files when away from the office. It is also cost-saving, enabling you to move to a much less expensive paperless office environment.
- Cybersecurity advancements – A single security breach can cost your firm thousands of dollars or more. Take proactive steps to prevent breaches by upgrading your cybersecurity technologies.
- Automation – From intake forms to legal research, automation can streamline your practice and allow you to focus on your most profitable tasks.

6. Satisfied Clients

A happy client is the best way to grow your business and ultimately increase profits. Do the work and go the occasional extra mile to ensure that your clients receive the best level of customer service. Happy clients equal valuable references, which leads to more clients and greater profits.

First and foremost, make sure you provide excellent legal representation. Complete filings and other tasks in a timely manner. Make sure you keep clients updated and communicate on a regular basis. Track your time accurately and send reasonably detailed bills that keep them informed about the work completed on their behalf.

7. Project Management

While still relatively new within the legal industry, project management is an extremely useful tool for your law firm that, when done correctly, can lead to increased profits. With legal project management, you take the time to fully assess the tasks and timing necessary for particular matters. You can then use that information to handle future cases in the most time and cost-efficient manner. It can take some time to initially implement, but project management can lead to increased profits in the long run.

8. Minimize Expenses

Excessive overhead is one of the quickest ways to minimize your law firm profits. Take a close look at where the firm's money is being spent each month and seek out areas that are ripe for cost-cutting. Make the extra effort to compare prices when choosing service vendors because even small changes can lead to improved profits annually. Is your electricity bill outrageously high? Invest in energy-saving thermostats that automatically adjust at night or motion sensor lighting that shuts off when the office is not being used.

9. Choose Clients Carefully

It may sound counterproductive to increasing profits, but not every client is a good client. While I understand how tempting it may be to represent every new matter that walks through the door, it pays to be somewhat selective when deciding whether or not to take on a client. If the intake leaves you with red flags, you probably shouldn't ignore your intuition. A

troublesome client can lead to increased stress and even increased expenses over time.

10. **Better Billing**

Every client bill that leaves your office should be accurate, timely, and appropriately detailed. When clients are satisfied with the bill they receive, they are more likely to pay without delay. On the other hand, dissatisfied clients tend to result in delayed payments, stressful disputes, and additional work. Head off profit-stealing problems before they arise by implementing a billing process that provides your client with quality invoices each and every time.

Remember, the health of your law firm depends on your ability to make profits over time. If your firm's financial outlook is not where you want it to be, don't wait another day before implementing some of these tips for increased profits.

About Erika Winston:

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