

# The five best billing practices for profitable law firms

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Billing is an essential aspect of running a successful law practice. It is how you receive remuneration for your work, take care of your office bills, pay your employees, and compensate yourself. If done incorrectly, your billing practices can threaten the very existence of your firm. That's why it is vitally important to implement and execute effective billing habits.

The following are five practices that can help you tame the legal billing beast to keep your practice profitable and well above water.

## Written billing policies

The first step in implementing proper billing practices is establishing them and writing them down as standard office policy. Determine how you want your billing process to work, including each staff member's duties. An article by the [ABA](#) advises that you have all employees time track, whether they are timekeepers or not. This practice helps you better understand where practice time is being spent and make comprehensive decisions about staffing and firm management needs.

After you decide how time tracking should be accomplished, set parameters for when these tasks should be completed. Establish how often you will bill your clients and how those invoices will be created.

Then, it's time to write it all down. Create written policies, so there is no question about your time tracking and billing expectations. Distribute these policies to all members of your firm and periodically review them when necessary.

## **Descriptive bills**

When clients receive your invoices, they want to feel confident that they understand what work has been done on their case, so they can justify paying your fees. An invoice that simply says “meeting” or “telephone call” does nothing to provide your clients with the assurance they want. In fact, these types of generalized billing statements are more likely to result in questions, suspicion, and even formal disputes.

You have enough on your plate each day, from conferences to court appearances. Do you really want to add client disputes to the list?

Instead, create invoices that strike a balance between detailed and concise. Provide the client with a clear understanding about what services you are billing for. I am not suggesting you write a 500-word description, but a sentence (or two) is much more effective than a single word explanation.

For example, instead of simply listing “meeting”, why not list “settlement conference with opposing counsel?” That way, the client knows exactly what task is being billed.

## **Send timely bills**

One of the most common billing mistakes made by attorneys is not billing on a regular basis. I get it. You have a lot to do and the simple thought of billing makes your head hurt. Most attorneys see this task as overly time consuming, stressful, and an interruption of the tasks they need to complete. Yet, ironically, it is the billing process that provides compensation for those tasks.

Don't let procrastination get in the way of an effective billing process. Timely invoices are vital to timely compensation... and satisfied clients. When clients go extended periods of time with no communication from you or updated billing statements, they start to wonder what work is being done on their behalf.

As I stated earlier, determine how often you will bill and stick to that schedule. Don't let weeks and months go by without invoicing clients. The

longer you wait, the more challenging a task it will become.

## **Regular reporting**

Don't forget to periodically run financial reports. Not only do they provide you with a clear view of your firm's financial health, but they can also help you implement improved billing habits.

By reviewing reports, you can see whether the timekeepers in your practice are billing in accordance to your guidelines. Identifying those members who are behind in billing gives you an opportunity to fix small issues before they escalates into major problems.

Reporting also allows you the ability to:

- Identify overdue invoices, so appropriate collections procedures can be instituted
- Stay within budget for individual matters and projects
- Identify the most profitable practice areas
- Detect profit-stealing client tasks
- Properly manage client trust accounts
- Identify billable time that is not being invoiced

## **Technology**

Adequate billing technology is the last piece (and perhaps the most important) piece of the billing puzzle. Many law firms have inefficient and confusing billing practices that leave their attorneys, staff members, and clients feeling frustrated. Don't be one of those law practices.

The right technology fills in all of the gaps, making the billing process more efficient, user-friendly, and far less frustrating. It improves your time capturing procedures and helps prevent non-payment of valuable time. Effective technology also simplifies the invoicing process, making them easier to generate and disperse to clients. It can even expedite the

collections process, by providing clients with quick and easy ways to pay their legal fees.

While the landscape is filled with small business technology for everything from billing to accounting, it is important for attorneys to choose a system that specifically caters to the particulars of legal practice. Otherwise, you are stuck with an expensive technology that is not designed to handle your very detailed invoicing needs.

TimeSolv was created with law firms in mind. This leading cloud-based legal time tracking and billing software is designed to handle the specific needs of your legal practice. Whether you are dealing with the rules of trust accounting or the requirements of e-billing compliance, TimeSolv is equipped with the tools and resources to effectively assist your law office.

Descriptive billing is simplified with TimeSolv's billing code and abbreviation options. With more than 30 reporting offerings, you can easily stay informed about the health of your law firm. Your attorneys will appreciate quick and mobile access to the time tracking tool, while your support staff creates timely invoices with just a few clicks of the mouse. Through their client portal and collaboration with LawPay, TimeSolv even makes it easier for your clients to pay your legal fees.

To find out all of the ways that TimeSolv helps improve your firm's billing practices, click [here](#) for a free, no-obligation trial.

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### **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.*