What’s Your Law Firm’s Collection Rate?

Every lawyer and law practice owner understands that there will almost certainly be some percentage of their billed hours that are late being paid, or in some cases, never paid at all. 59 percent of lawyers report regularly dealing with late payments, and on average, lawyers are only collecting 86 percent of what they bill. The reality is, these late and non-payments can have a huge impact on a firm’s short- and long-term profitability.

In the past attorneys have tried to maximize collections in their practice by:

- Requiring clients to provide cash up front if the attorney charges on a flat-fee basis
- Collecting large retainers to cover the expected total cost of the case
- Limiting the clients that they will serve

Unfortunately, these activities can restrict a practice’s ability to grow. The good news is, however, that even small adjustments to a lawyer’s billing habits can have significant effects on cash flow, law firm’s collection rates, and ultimately, a firm’s bottom line.

In the blog post “What’s Your Law Firm’ Collection Rate?” attorney Claude Ducloux shares some of the tips and best practices he’s put in place over his nearly 40 year legal career, during which time he’s been able to maintain a collection rate of 97 percent.