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Transform Billing Processes to Improve Your Firm's Bottom Line

By Kevin Harris

Lawyers and legal staffers are under enormous pressure to bill time, complete matters and justify their work to clients who may question their invoice details. Unfortunately, many hours of quality legal work can be improperly devalued or discounted at the point of billing. And a slow bill generation process can cost the firm money far beyond its allotted overhead.

The typical law firm's billing department collects billing timesheets with narrative details, generates prebills, collects lawyers' edits to the prebills, issues invoices to clients and collects payment. There are many potential stumbling blocks that can hobble this process, but many can be handily addressed by streamlining billing workflow, instilling training measures and harnessing the benefits of technological solutions.

Consider these five strategies to build billing efficiency and accelerate the dollars coming into your firm:

1. STREAMLINE BILLING

Billing is what keeps the firm going, so its efficiency is crucial to the firm's success. Analyze your firm's billing workflow, from lawyers entering their time through the prebilling process to sending out final invoices. Draw it out flowchart-style if a visual representation helps. Show how information is routed within the organization and how long information "sits" or "waits" at each stage. It's likely that you'll quickly start to see where the delays occur.

Paper-based processes are a main culprit in slowing down a law firm's billing. Orion Law Management Systems recently conducted a survey* showing that more than 71 percent of law firm accounting/billing departments were still printing out and circulating paper prebills (invoice drafts), which were then sometimes lost or misplaced. Eighty-two percent of respondents said lawyers marked up their prebills with handwritten notes that were frequently illegible. Outdated processes like this unnecessarily lengthen the billing process, causing firms to send bills out later and therefore delaying collection of funds. Eliminating outdated paper-based processes and offering electronic alternatives can help improve efficiency.

2. GIVE TIMEKEEPING A TUNE-UP

Lawyers and legal staff members don't like tracking their time — that's a given — and, as a result, many leave it to the last minute. When time is not tracked at the same time the work is done, it leads to lackluster timekeeping results that are not accurate or easily defensible. With that in mind, law firms should make it as easy as possible for legal professionals to submit accurate time reports. One way to do so is by providing assistive technology tools, such as new artificial intelligence and machine learning tools that contemporaneously capture time spent on documents, emails and phone or video conferences. Firms that invest in electronic time-capture tools will

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improve timekeeping accuracy and boost morale among lawyers, paralegals and legal assistants.

3. MAKE INVOICES CLEARER FOR CLIENTS

For many law firms, invoices are a critical instrument of client communication. If an invoice is confusing, poorly formatted or vague, clients find it difficult to understand the value of the services rendered. Listen to feedback from clients about what frustrates them about the invoices they are receiving, and make modifications when possible. Clients are never happy to part with money, but at least you can make them feel heard about how their bills are presented. By tailoring your invoices, you help clients understand the fees being charged and reinforce their loyalty to the firm, too.

4. BUDGET FOR AND RED-FLAG WRITE-DOWNS

Due to their learning curve, new attorneys inevitably spend more time working on projects than more experienced lawyers. However, clients sometimes balk at paying for the extra time junior lawyers require to complete tasks. Firms should establish and enforce matter-based budgets that alert the billing attorney and firm management of potentially excessive amounts of time spent by junior attorneys. This time overage may ultimately have to be written down, or reduced to a more agreeable figure. Once a certain threshold for write-downs is crossed, the account should be red-flagged for detailed partner review. In fact, it's advisable to develop and enforce a firmwide policy governing write-downs of unbilled time.

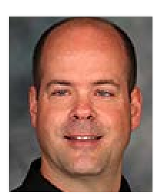
5. TRAIN NEW EMPLOYEES ON DISCOUNTING

As part of the firm's onboarding process, all timekeepers joining the firm, including junior attorneys, lateral hires and partners, should be trained on timesheet discounting policies. Clarifying these procedures from the outset will mean fewer mistakes in timekeeping and fewer accounting/billing assets expended to fix those errors. Use periodic webinar or video training to help long-term firm employees brush up on the policies.

Your firm's billing process is already functional — otherwise it wouldn't be staying in business. However, by making the modifications listed above, the billing process can bring more money into the firm faster while improving the experience for your employees and clients. By improving timekeeping, removing billing obstacles, presenting clear invoices, training people appropriately and guarding against extreme write-downs, your firm can maintain both a good bottom line and strong client relationships. ■

**To view this survey, visit the web version of this article.*

ABOUT THE AUTHOR



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