



Capturing More Time and Billing It Too!



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ELLEN FREEDMAN, CLM

Ellen serves as the Law Practice Management Coordinator for the Pennsylvania Bar Association. In that capacity she assists PBA's members with management issues and decisions on the business side of their practice, including areas like technology, bookkeeping procedures, human resources, marketing, risk management, setting up a practice and so forth. PBA members are encouraged to contact Ellen through the 800 "Hot Line" at PBA headquarters, (800-932-0311 x2228) or through email (lawpractice@pabar.org).

Ellen is founder and President of Freedman Consulting, which assists PA law firms with a full range of issues and projects on the business side of the practice. More information about Ellen and her law practice management services may be obtained at <http://www.PA-LawFirmConsulting.com>. Ellen is also founding partner of the Managing Partner Development Institute™, which has been formed specifically to provide educational information and management resources to current and future managing partners of small to mid-size law firms. More information may be obtained from the web site at <http://www.ManagingPartnerInstitute.org>. Ellen also publishes the Law Practice Management Blog at www.PA-LawPracticeManagement.com.

Ellen holds the designation of Certified Legal Manager through the Association of Legal Administrators (ALA), the credentialing body for the CLM degree. Of the 11,000 members of the ALA, approximately 240 are certified legal managers. She was one of the first 20 in the nation to have achieved this designation. She holds a Certification in Computer Programming from Maxwell Institute, and a Certification in Web Site Design and a B.A. from Temple University.

Ellen managed inside law firms for twenty years. Most of that time was spent in a mid-size (35+ attorney) firm environment. She launched her consulting practice in 1998, and joined the Pennsylvania Bar Association in 1999.

Ellen is an associate member of the American Bar Association, and its Law Practice Management and General Practice & Small Firm sections. She was a member of the Association of Legal Administrators for over 20 years. She is a frequent author and speaker on law firm management issues on a national level.

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PBA's Law Practice Management Coordinator offers services &

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Your Other Partner

800-932-0311 x2228

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assistance for your firm in:

- Human Resources
- Technology
- Bookkeeping / billing / reporting
- Equipment buying
- Strategic planning
- Risk management
- and much more

Overview

- Timekeeping tips & tricks
- Automating the process: software
- Best billing practices
- Metrics and monitoring

Timekeeping Tips and Tricks



Timekeeping 101

- Record time contemporaneously;
- If you must hand write – keep a timesheet nearby at all times;
- *Enter your own time in timekeeping software;*
- Account for your entire day/each day; (see next slide)
- See what works best for you!;
- Record time regardless of billing arrangement; and
- Don't self-edit.

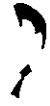
Good Reasons to Track ALL of Your Time

- Discretion leads to lost time
- Account for hours at the office
- Non-billable time adds up
- How much CLE do you have?
- Set realistic billable hour goals
- Good business data is essential
- Small missed increments = big lost dollars!



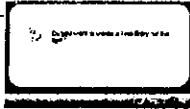
How to Capture More Time

- Develop Good Habits
 - Start new attorneys off right
 - Correct bad habits right away
 - Monitor working hours vs. recorded hours
 - Train in related ethical issues



Automate Time Capture

- #1 – DO IT YOURSELF!
- Time & Billing Software
- Case Management
- Microsoft Outlook Journal
- Carpe Diem / DTE / Element 55
- PDA
 - Airtime Manager (Blackberry)
 - Bill Bull (iPhone)
 - PCLaw TE/Amicus Mobile/TM Mobile



Best Billing Practices



Managing Billing

Develop "Best Practices" to cover:

- Engagement Letters
- Bill Timing
- Billing Methods
- Billing System Selection
- Bill Clarity
- Billing Habits
- Expressing VALUE

Your Engagement Letter

- Required
- Rates & Terms
- Disengagement for non-payment
- Interest charges
- Early pay discounts
- Who should get it?
- Reimbursement of collection costs
- Binding arbitration
- Get signed copy for your files!

Billing Cycles: Timing is Everything!

- Top of "bell curve of appreciation"
- The client's payment cycle
- The 10th of the month
- Staggered



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- file retention & destruction

Billing Arrangements

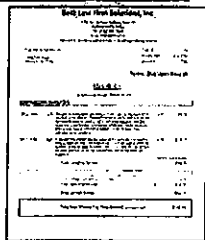
- Retainers
- Hourly
- Value Billing / Flat Fee
- Contingent
- Performance Kickers

Selecting a Billing System

- Examine software options thoroughly
- Arrange personal demo
- Evaluate your reporting requirements
- Evaluate your billing requirements
- Evaluate your rate structure & needs
- What other software do you use
- Hardware requirements

Bill Clarity

- Good layout
- Complete narratives
- Logically arranged
- Clear titles
- No unseen discounts
- Due date displayed



Develop Good Billing Habits

- Consistent cut-off;
- Deadline for edits;
- Appoint a "billing czar";
- Bill the right person;
- Resolve problems immediately;
- Consistent billing date.

Learn How to Draft Bills Properly

- It's not rocket science, but it IS an art;
- Don't give unseen discounts/no charge something.
- If your bill is about hours x rate, you've missed the boat;
- Your bill is an important client communication tool – use it wisely!



How to Draft Bills
Credit Recovery



Getting Bills Paid

- Resolve problems immediately
- Offer payment schedules and monitor for compliance
- Accept credit cards
- Follow up *consistently* and *immediately*

Reward and Punishment



Early
payment
discounts



Interest on
past due bills

How to do it:


- Select the *right* person to follow up
- Start calls on due date
- No exceptions
- Aged receivable reports on demand
- Don't accept lies – build in accountability

- Resolve problems immediately – don't be defensive
- A slice of bread is better than none of the loaf
- Empower immediate resolution <10%
- No call ends without commitment


- Mark all commitments in calendar for follow-up
- Follow-up consistently with calls on every commitment date until you are paid in full
- Never let the client think a promise will "buy" them unlimited time

Metrics & Monitoring

In the absence of good data one cannot make good business decisions!



Billing Turnover Rate

$$\frac{\$60,000 \text{ (Year end WIP)}}{\$20,000 \text{ (Average monthly billing)}} = 3 \text{ months}$$


Receivable Turnover Rate

$$\frac{\$500,000 \text{ (Total year's billing)}}{\$100,000 \text{ (Average monthly A/R)}} = 5 \text{ months}$$



Billing Realization

$$\frac{\text{Fees Actually Billed}}{\text{Dollar Value of Hours Billed}} = \text{BR\%}$$

$$\frac{\$90 \text{ Fees Actually Billed}}{\$100 \text{ Worked / Billed Out}} = 90\%$$



Collection Realization

$$\frac{\text{Account Receivable Collected}}{\text{Account Receivable Billed}} = \text{CR \%}$$

$$\frac{\$90 \text{ Actually Collected}}{\$100 \text{ Billed}} = 90 \%$$



Summary

- Good habits for
 - Intake
 - Timekeeping
 - Billing
 - Follow-up





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presented by

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**You may download the balance of the
seminar materials from
<http://tinyurl.com/PBA-CapturingMoreTime-Billing>**