centerbase.com

Centerbase CloudBased Law Firm Management & Growth Platform

10 Actionable Tips to Speed Up Your Monthly Billing Process

developers · Wednesday, June 17th, 2020

For law firms, time is money, and there's no time to waste on inefficient billing practices. But many law firms still rely on slow, tedious, paper-driven legal billing processes that hamstring their productivity and profitability. And many have yet to implement—or enforce—billing policies that would govern the creation and review of time entries and hours worked. Yet firms wonder why they can't shrink their revenue capture cycle.

Inefficient legal billing practices create difficulties at every level of a law firm. For lawyers, every precious minute they spend tracking and recording their time is a minute they aren't adding value through their legal work. This drives lawyers to take shortcuts, such as omitting explanatory details or using cryptic abbreviations, that lead to unclear bills. Those ambiguous notes, in turn, require further review and clarification and add more delays. Lawyers may not check to see whether their work matches client service agreements, and they may fail to specify proper billing codes. Those that cling to paper timesheets and bills often scrawl notes incoherently in the margin of invoices or pre-bills for their assistant or accounting team to decipher, contributing to confusion and inaccuracy. At the end of the month, the law firm's administrative team and accounting department must deal with these headaches—and more—all under the time pressure of closing out the month.

Legal billing doesn't have to be this hard. Here are our top tips for ways that you can start accelerating your law firm's billing processes.

1. Require Timekeepers to Enter Their Own Time in a Digital Timekeeping System

While administrative staff should support lawyers and paralegals in entering their time, they should not have the primary responsibility for it. Timekeepers themselves are in the best position to describe and categorize their time worked.

2. Require Timekeepers to Enter Time Contemporaneously

Timekeepers often wait until the end of the month to enter their time. At that point, they either consult their own manual or electronic system (both of which require duplicative work), or they comb through the recesses of their brain to recall what matters they handled, what tasks they performed, when they performed them, and how long they spent. Even attorneys who rigorously keep their time while in the office often forget those good habits when they go to court or travel to meet with clients, leading to the end-of-month reconstruction process.

When lawyers enter their time daily, they more accurately capture the time they've billed—and they can prepare their bills more quickly. They're also less likely to be late in submitting their bills for reconciliation, which keeps the billing process running on time. At a minimum, your firm should require its lawyers to enter their time weekly and provide additional incentives for lawyers who finalize their bills by the month's end.

3. Make it Easy for Lawyers to Capture Time

Lawyers, particularly when working remotely, may not capture the full extent of their billable hours. Adopt billing software that automatically captures time spent on client calls, texts, emails, and documents, whether from mobile devices, email apps, and even Microsoft Word. For example, Centerbase automatically captures client phone calls and texts as billable time, leading to an average increase of six additional billable hours per attorney each month.

4. Standardize Narrative Guidelines

To ensure consistency between timekeepers, implement, and enforce guidelines that detail how lawyers should describe the tasks recorded. The more granular your requirements are, the more uniform your bills will be—and the faster they'll process.

5. Train Timekeepers on Outside Counsel Guidelines

Outside counsel guidelines should help to standardize the firm's billing practices, but not all firms ensure that the guidelines are disseminated and readily accessible to all timekeepers. Make sure all lawyers and paralegals have access to the most up-to-date versions of all guidelines. Send periodic reminders to counsel to improve consistency. If you have billing software, see whether you can use the guidelines to create rules that will alert timekeepers to potential violations at the point of time entry.

6. Adopt an Electronic Pre-Bill Process

Many law firms still rely on paper-based pre-bill review processes that are fraught with issues. For instance, these processes create bottlenecks anytime that multiple lawyers must review bills. A bill's first draft is often rife with inaccuracies, such as incomplete or vague descriptions or missing details like task codes, meaning the bills must be returned to the timekeeper for revisions—further extending the billing cycle and adding to the lawyer's non-billable workload. If these issues aren't corrected, clients may refuse to pay and lose faith in the firm, leading to lower collections in the near term and a decline in overall revenue in the long term.

Paper processes afford little transparency into billing practices, particularly edits and writedowns. Furthermore, there's no audit trail documenting who made changes or when changes were made, which may create challenges if clients later dispute the charges.

An electronic pre-bill process avoids the delays of circulating paper printouts of pre-bills, reduces the risk that documents will be lost, and eliminates the frustration of illegible handwritten adjustments. Billing software that allows online revisions also enables firms to see changes at a glance and track bill changes over time, avoiding writedowns on top of writedowns and allowing businesses to identify the source of changes in the future.

7. Streamline Your Approval Workflows

Billing software can automate the approval process, notifying the next person in the workflow when the prior reviewer's work is complete. This process also gives lawyers and accounting immediate visibility into where bills may be stuck so they can rectify delays.

8. Measure Billing Key Performance Indicators (KPIs)

Billing is no exception to the adage that what gets measured gets managed. Billing KPIs should go beyond basic metrics such as hours billed and realization rate. Consider adding metrics to improve timekeeping quality, such as the number of edits made during pre-bill review and the dollar value of those edits. A review of metrics would then suggest which timekeepers may require additional training on billing processes (and if you're curious about how to create a billing training program, check out How to Create a Legal Practice Management Software Training Program). Firms may also want to measure the time it takes to finalize a bill or other time-related measures that may identify logjams in their billing processes.

9. Establish a Set of Written Billing Policies and Enforce Them

Your firm should establish clear policies that govern billing for attorneys, administrative staff, and accounting. Outlining your billing processes will help you identify problems that you need to resolve and enforce your policies. It may be prudent to add a penalty for those who persistently violate your policies.

10. Follow Change Management Best Practices

Technology is the linchpin for effective change in billing efficiencies, but it cannot stand alone. New solutions must be reinforced with policies, training, and support. Timekeepers and administrative staff must learn how to use billing software and understand billing guidelines. Follow-up training will help to increase adoption and reduce mistakes.