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Are You Getting the Timekeeping, Billing, and Accounting Features You Want From Your Legal Practice Management Solution?

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When evaluating new technology, you should start with thinking more about your firm's day-to-day operations and how those procedures lend themselves to your requirements.

You're probably constantly in the process of putting together a requirements list to include certain solutions, but let's dig a little deeper into the questions you should be asking to ensure you're getting the features you want from your legal practice management software solution.

Timekeeping

Legal software should make timekeeping as easy as possible, so make sure that any software you're considering has an intuitive interface. Next, you need to think about whether the new system meets your rounding requirements. Some firms bill in quarter-hour increments, while others bill by every one-tenth of an hour. These details need to be communicated and understood prior to diving into the rest of your timekeeping requirements.

Let's start with the basic questions:

- Does your firm need to be able to run timers?
- Do you hold time entries that you're not going to bill your client in a period?
- Do your timekeepers want time to be automatically captured for them?
- Do you need to be able to merge time entries together?
- How easy is it to set up rates on a client or matter basis?

Some systems make you manually enter in everyone's rates at the start of a new matter, while others let you create and assign those rate tables as you go. With that in mind, additional questions to consider include:

- How difficult is it for you to update your rates in the system if your rates change?
- Do you have to manually update them, or can you do it with effective dates on your rate tables?
- Do your timekeepers need mobile access?
- Do your timekeepers work heavily in Outlook or Word on a daily basis? Would it benefit those users to be able to create billing entries from those two programs?

Billing and Accounting
Billing

It's not a secret that no two clients are alike; the same is true for their billing needs. Being able to accommodate clients' finances doesn't just help your firm stand out, it also increases the likelihood of you getting paid on time. The key to determining billing requirements is to ask yourself the right initial questions, like:

- How do you take payments?
- How easy is it to manually put the payments in and allocate them if need be?
- Do you need to be able to send bills out via email?
- How easy does the vendor make credit card processing?
- Do you need to be able to tack on convenience fees?
- Do you need to be able to use ACH with different services?
- Do you charge interest? If so, how would that work within the software?

How you choose to bill your clients, or how they request to be billed, will play a huge role in whether a client wants to retain you from the start. Do not take these considerations lightly as you build out your requirements!

- Are you billing by the hour?
- Are you flat fee billing? If so, how important is it to be able to allocate parts of a flat fee to each timekeeper that worked on the matter?
- Do you offer contingency fee agreements?
- Do you need the ability to enter settlements and either hold or bill expenses on a monthly basis?

If you don't care to track the productivity of your allocation in compensation, then you are opening your door to a lot of software options. But, if you do care about details like this, you need to look deeper into how your software options handle flat fee billing.

- Does your firm do any electronic billing?
  - If your firm does electronic billing, the payment processor is going to cut back the number of your bills, so is it important for you to be able to allocate any kind of payments or credits to your different timekeepers based on adjustments made to those electronic bills?
    - Do you require split billing?
    - How do you allocate your splits? Is it 50/50 right down the middle? Or do you have a more complex structure in place? (If you have one matter with multiple parties paying for the work to be done, then, at a minimum, your software must be able to accommodate this.)
  - Does your firm require LEDES billing?
    - If so, do you have a certain template that requires your bills to be in a very specific format?
      - Can your vendor provide those different LEDES formats?
      - Are there different sets of billing codes you need?

As your firm grows, the one surefire thing your management will need is reports. Off-the-shelf reports may work for you in the immediate term, but the ability to produce reports on any metric on the fly is invaluable.

For your reporting requirements on billing, you need to address some specific questions:

- What kinds of out-of-the-box reports does each vendor provide?
- Does the vendor have a custom report builder?
- Does the system produce compensation reports for originators or working timekeepers?

The more intricate your billing needs get, the more advanced and granular your software needs to be. If you need to generate flat-fee bills and statements, complete trust accounting, and perform trust replenishments, you'll need to consider additional key accounting details when evaluating legal practice management software.

Accounting

With billing comes accounting needs. When you're evaluating a software's accounting system, the first thing you should ask is if you want integrated accounting or a system that can integrate with QuickBooks.

Fully integrated accounting enables you to be more efficient and prevents the common mistakes that occur as a byproduct of inputting manual entries into multiple systems. If the system is fully integrated, think about whether or not you use cash-based or accrual-based accounting.

When you're evaluating individual vendors, consider:

- Can you set up a chart of accounts the way you need?
- Does the balance sheet report properly?
- Do you need the software to be able to do comparative or segmented reporting?
- Do you need to enter payables?
- How do you write checks? Do you need certain layouts? Do you write checks out of multiple accounts?
- Can you have multiple operating and IOLTA accounts?
- How does your firm handle 1099s?
- Does the system keep your trust accounts and client liabilities in balance?
- Does the system remind you to make transfers between the operating and trust accounts?
- Do the accounts receivable in the accounting system always balance back to your billing system?

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