

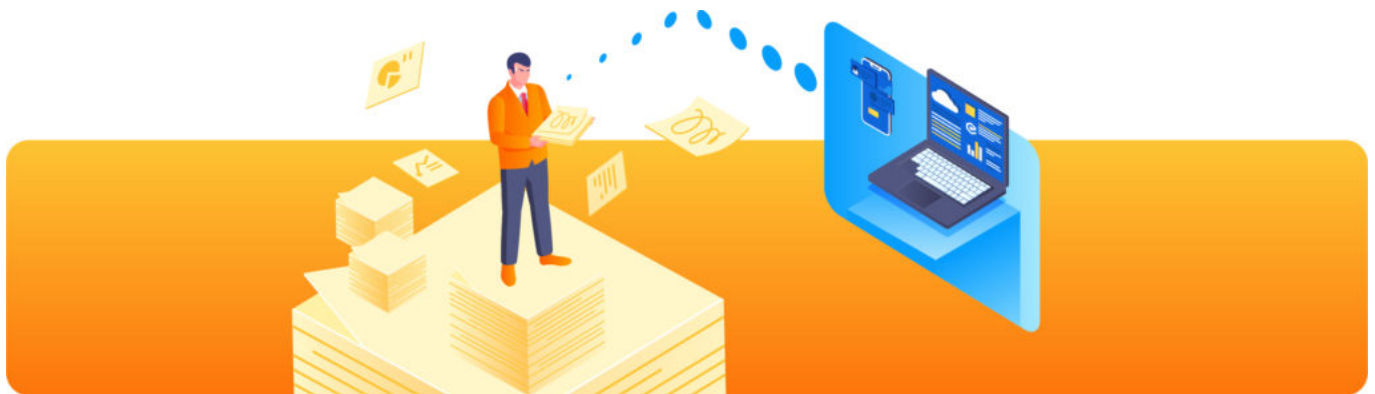
Billing Workflow and Automation: Why Your Firm Needs Them

[Sherry Macey](#) November 12, 2020

Ideal Billing Workflow

The purpose of a billing workflow is two-fold: save your firm time and drive the collections process. There is a lot going on in the world and for your firm, if you can save time on non-billable tasks, stay organized, and increase client satisfaction, wouldn't you want to? Sure it isn't always easy to adopt new change and break old habits, but if it means increasing your profitability wouldn't you want to try?

It's this simple, technology can help you bill while you work, get your invoices out much faster, and reduce your bottom-line. We'll show you how.



Invoice template

The first thing you should do is set up your invoice template. Your template needs to be consistent, clean, on-brand for your firm, and easily digestible for your client. It is important that everyone at the firm is trained on how everything is documented so that there is a level of uniformity that is maintained. Additionally, you should ensure your invoice templates account for all of the critical information that your clients want to see, like who worked on a particular item, what they've paid you recently, any money in Trust, ledger details, etc. This is an essential piece of communication for your clients, so it is imperative that you give an adequate amount of detail. Your invoice also contributes to your professional appearance, so make sure that it accurately represents who you are.

Electronic invoice sharing

First, you need to ask your client for approval to email your invoice rather than sending it via snail mail. It is strongly recommended that clients opt into this agreement in a written way. This will help combat those individuals who claim they never got your bill in the mail.

The beauty of an electronic invoice is that it will eliminate the time spent on printing, folding, stuffing, and then mailing every invoice you have each month. This will also help you keep an electronic repository with documentation on who has paid what and who hasn't, and depending on what platform you use, some systems will give you the ability to track whether the email with the bill was opened by the recipient or if it went unread.

Legal technology is really opening the door to so many possibilities when it comes to your billing practices. For example, there are some software that will allow you to take advantage of a [billing portal](#) where you can provide your clients access to view and pay bills or to access a complete history of bills. Your clients want visibility, and with a portal like this, they're given the autonomy to review what they owe, on their time.

Set-up and apply taxes, interest, and discount rules

Taxes need to be accounted for in jurisdictions where taxes apply to legal services rendered. Whether this is applied based on where your client lives, or where you're performing the services, these rates can automatically be applied when you're creating your invoices. The goal here is to prevent any kind of bottleneck at the end of the month when you're trying to send your bills out. You could also consider assessing interest on past due invoices to help drive the speed of collections. This will need to be discussed with your client beforehand, it should be drafted up in writing, and something that they can expect if they're late on a payment. Additionally, some states have found this to not be usury, so please take note of that and do your research as you're making decisions. Lastly, you can incentivize early payments with discounts. If a client pays within the first 5-7 days of receiving the bill, you could consider offering a loyalty discount. Especially for clients with multiple matters, this will not only get you paid quicker, but it will build trust and establish a stronger partnership.

Even if your firm chooses to pursue only one of these options, you will still be contributing to the reduction of bottlenecks and ultimately speed up your collections process!

Capture Time as Your Work

Do you want to hear something shocking? According to studies compiled in an [ABA blog](#), if you don't get your time in by the end of the day, you're likely to lose 10% of your billable hours. If you don't get your time recorded the next day, you'll lose 25%! If you don't get it in by the end of the week, you'll lose a full 50%.

So at this point, you're either thinking, wow, I have lost my firm a lot of money or wow, I need to figure out more efficient ways to track my time.

If you're thinking the latter, we've got you covered. There are services that address the pain points of being a timekeeper. With today's technology, you have the ability to bill directly from tasks, [phone and text conversations](#), email, and word documents. You can use multiple timers, you can set time to bill in advance and then adjust the figure accordingly in the pre-bill process. All of these solutions aim to remove the inaccuracies that come from waiting until the end of the month to record all your time.

Schedule A Billing Cutoff Date

As you are creating your ideal billing workflow, consider setting a hard billing due date. The most well-run law firms bill on a bi-weekly or monthly basis. When you're ready to bill, you need to identify a cut-off date. Utilize a [firm-wide calendar](#) or practice management system to schedule these dates, so any work that was done between that designated time frame needs to be recorded before that billing cut-off date. This does not mean that the billing stops for any work moving forward, but any work that has happened previously needs to be submitted to allow the person in charge of billing time to run those pre-bills.

Set-Up Automated Payment Emails

The next thing your firm should do is set-up automated payment emails. This communication is a reflection of your firm and should motivate your clients to take action and to pay those bills. The email should not be abrasive, but rather warm and include their invoice and clear descriptions for how payment is accepted. If you have it set-up in your system to [pay securely online](#), then this would be an opportunity to include that link. It should also include contact information if questions arise on the bill. The objective here is to make it as seamless as possible for your clients to pay you.

Run Pre-Bills, Then Batch Billing

Running pre-bills and batch billing is the ideal, most efficient process. You get all of your information into the system regarding the work and services you've performed by that billing cut-off date, then pre-bills are run. Pre-bills allow you to see a preview of your invoices so that you can check for formatting, errors, or omissions without changing matter ledgers. The best part about pre-bills is that they can now be done [electronically](#). Gone are the days where firm administrators have to give their timekeepers different colored pencils to mark up a pre-bill by hand. And did you know that by electronically reviewing and sending your bills, you will speed up your billing by 30%! That is a lot of time!

If you use batch billing, this will allow you to generate all of your invoices at once, in whatever format you designate, in just a few minutes. A lot of powerful billing systems have this feature for you to capitalize on to increase your billing and collections processes.

Managing Alternative Fees

In, [8 Tips to Improve Your Firm's Collection Process Right Now](#), we talked about alternative fees and why you should set those up on your retainer or fee agreement with your client. If you have a situation for example, where you have a monthly retainer agreement, you can set this up to bill automatically. This is one less thing you would have to take care of. If you have matters that you're billing hourly and then collecting on or deducting from Trusts and you have a monthly retainer agreement, you can set all these permissions up to draw directly from the bank account, or to automatically charge the credit card on a specified day. For payment plans, this is useful to accommodate your past-due clients or flat fees that cannot be paid all upfront. Sometimes clients do need a little flexibility and this fee arrangement is a great way to show them that your firm can be. If your firm chooses to use a reduced rate as an alternative fee, you want to ensure that you document the rate that deviates from your standard hourly to save you time when you bill and ensure you're not inaccurately billing your clients. Taking care of these things up front will make running your bills at the end of the month much easier.

Conclusion

All these steps can help you deliver an exceptional customer experience while also driving your firm's profitability. If done correctly, billing doesn't have to be dreadful! Centerbase offers countless tools to serve your law firm, take a [free product tour](#) today, and see how!