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End the Write-Off: Collection Strategies to Close Out the Year

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As we draw near the end of 2020, many attorneys find themselves faced with the same universal question — “Is there any way I can collect on my outstanding receivables before the year is out?” Although it’s not something you dreamed about in law school when you thought about practicing law, collecting on unpaid bills is a vital aspect of your business. Ideally, you should want to end your year with as much money in your pocket as possible. But, how can you collect on invoices that some clients thus far have ignored or refused to pay?



First, some quick definitions. Accounts Receivable, or “A/R,” is a term that refers to unpaid balances left on a client’s account. Furthermore, an “Aged A/R” is an unpaid balance that has been left standing for a certain, prolonged amount of time (say, for example, a client has not paid their invoice in over 60 days).

Now, let’s present a common scenario: Your client emails you saying she cannot pay her outstanding invoice. In this instance, many lawyers choose one of three options: 1) hang on to the invoice and hope their client eventually pays it; 2) enlist the help of a debt collector to obtain the funds; or 3) simply write off the debt when the year is over. Option One is less than ideal, because you have no assurance of ever getting paid. Option Two is hardly ever preferred because you still want referrals from that client, and handing over their outstanding balance to a collections firm is not likely to instill good feelings between attorney and former client. Thus, the majority of attorneys end up choosing Option Three, wherein they simply write-off the debt at the end of the year.

But, is there another way to get paid on an account that you were all but ready to write off?

The short answer, for the most part, is **yes!** Attempting to collect on unpaid invoices is not a fruitless endeavor, no matter how aged the invoice is. Let's look over a few quick tips to point you in the right direction.

Get organized

Naturally, every client you take on is unique in their own special way, and this also translates into their invoice payments. There is no “one-size-fits-all” solution to collect on A/R—every client with an outstanding bill will require a different strategy, but there are still some universal applications that you can utilize to track down your payments.

You can accomplish this by first creating a list of every client with an unpaid invoice, including their name, their matter number, the amount they owe, and how long the balance has been overdue (i.e., 30 days, 60 days, 90 days, and 120+ days). If you work at a firm with multiple attorneys, you could also label each invoice based on the primary attorney overseeing the case.

Once you've put your list together, you can then determine which invoices you should go after first. You may consider tackling the “youngest” invoices first—that is, the invoices that have gone unpaid for the shortest period of time (let's say 30 days, for example). Set aside time in your day to email these clients with a short, to-the-point message about their outstanding invoice, including the amount they owe. Include a link for the clients to pay online - the goal is to eliminate friction between your client's pocketbook and your bank account. From there, you could expedite the process by duplicating the email for the remaining clients on your list—simply change the names and the amount owed, and send it off. This email should come from the attorney working the case; the attorney's email address is more likely to grab the attention of the client.

When dealing with the older invoices, you can follow a similar plan as above, at least with the clients whom you believe will pay if prompted (or will have a way to do so in the near future once you've reminded them). However, there is a high likelihood that you have clients on your A/R list whose ability and/or willingness to pay don't inspire much hope on your part. These are the clients that you fully expect to write off at that end of the year.

In these cases, consider offering the clients an opportunity to wipe a portion of the debt away if they pay within a certain period of time. For example, if a client owes you \$10,000.00 and has not paid you in over six months, consider emailing them with an offer that if they pay half of their balance (\$5,000.00) within the next three business days, you will forgive their remaining balance.

You would be surprised at how many clients will take you up on this.

Adopt online payments



Another way to turn unpaid invoices into paid invoices is to make it easier for your clients to pay you. That's where an online payment solution can make a big difference. These solutions give you the power to email your clients an electronic invoice that they can pay with a credit card, debit card, or eCheck. Rather than having to find their checkbook, write out a check, find an envelope, and break out their stamps, your clients can pay you with a few clicks of a button.

You would be doing yourself a favor in the long run by integrating online payments into your practice. Like it or not, cash and check payments are becoming less popular in favor of online payments and credit cards, with less than **half of U.S. adults** carrying cash on them on a regular basis.

Ideally, you should use an online payment solution that was **built with the legal industry in mind**, with features that can correctly separate earned and unearned fees and protect your IOLTA account from third party debiting. You can stay compliant with your state bar and also provide a benefit to your clients at the same time.

In short, giving your clients the ability to pay online will not only entice your late-paying clients to pay their invoices, but will also entice future clients to seek your services by giving them the payment options they most commonly use for most every service in their daily life.

This is only a cursory look at some of the strategies you could employ to get more cash in the door before the year's end. If you're looking for a deeper dive on collecting unpaid invoices from clients by the end of 2020, read LawPay's latest e-book, [Finish Strong: How to End the Year on Better Financial Footing](#). You'll discover essential steps to keeping your cash flow strong at the end of

your year, and you'll leave with the right tools to reduce your outstanding receivables going forward into the new year.

Jordan Turk is a practicing attorney in Texas, and is also the Legal Content and Compliance Manager at LawPay. She earned a B.A. in Classics, History, and Religious Studies from the University of Texas, and went on to earn her law degree from the University of Arkansas School of Law. Prior to LawPay, Jordan worked with a high-asset family law firm in Houston, Texas.

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