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How Firms Can Make More Money While Doing Less Work

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Today more than ever, attorneys are realizing there is more to being a lawyer than the practice of law. Firm leadership needs to run the firm like a business. The most successful firms also know it isn't just about the billable hour. If a firm is to be profitable, there are key metrics to consider and actions that can be taken to improve the firm's profitability without increasing billing hours.

Know the Hourly Cost of Your Timekeepers

In a prior blog, we reviewed the importance of using [cost accounting methods](#) to know what the hourly cost is for each of your attorneys. There is more to be considered than their salary and benefits when calculating what it costs to have each attorney working in your firm. If you know their true hourly cost including firm overhead, you will know where you need to set their billable rate in order for them to add to your firm's profitability.

Push Tasks to the Appropriate Level

By ensuring you don't have partners performing associate-level work, senior associates performing junior associate-level work, and attorneys in general performing paralegal-level work, you are providing better service to your clients by keeping the work as economical for them as you can while also improving your firm's profitability. Proper [training](#) of your attorneys and paralegals to help them understand the importance of delegation will help your firm to be successful in this area. Delegation is not intuitive to everyone; it is important that the firm's leaders recognize this and that management has procedures in place to assist in this area.

Automate

No two cases are the same. However, there are many similarities among cases where standardized documents and processes can be created. As we discussed in [Everything Your Firm Should Know for Practice Area Expansion](#), by analyzing and structuring your internal systems to take advantage of areas that are duplicative, you can save time and money.

Look for processes that take place in your practice areas that will be similar across all or most of the matters in those areas and create procedures, processes, and forms for those tasks. Part of this process should include identifying how each task will be staffed. By carefully identifying your legal services in each practice area and setting up procedures and protocols for each task with team members assigned appropriately, you will develop an efficient and well-oiled machine that contributes to your firm's profitability. And if you still aren't sure where to start, check out the

blog [How Do You Know What to Automate at Your Law Firm](#)

Beef Up Your Procedures and Train Your Team Members

As firms grow, they often find that the ways things have been done historically are no longer contributing to the firm's success. A firm that started out small may be able to manage without officially documented processes and procedures. As more attorneys and staff are added, however, it is important to ensure that protocols are followed across the board and that everyone is steering the ship in the same direction.

Use Practice Management Software

Regardless of your firm's size, using a practice management software that suits your number of users and type of practice will save you countless hours and headaches in the long run. It will help you to keep a well-documented record of the activity in a matter that will make your practice much more efficient. Should you experience attorney turnover or unexpected illness, having a good system in place that everyone follows consistently will mean another attorney can step in without wasting non-billable hours trying to determine what has occurred in the case and where the status currently stands.

Know When to Say No Thank You

It can seem counterintuitive to turn away work when you are focusing on increasing your firm's profitability. However, by taking on work that you are either unequipped to handle or that will not pay enough to cover your attorney hourly costs will end up costing you money instead of adding to the bottom line. Attorneys who are forced to handle a case that is out of their practice area end up spending many non-billable hours just getting up to speed on how to handle the matter. Cases that do not dictate an hourly rate that covers your overhead will be practiced at a loss.

There are times when you will choose to take these matters on. Perhaps you want to [move into a new practice area](#), and you are willing to incur the expense of getting your attorneys up to speed in that area with an eye toward the future. Maybe you are trying to get work from a particular company or industry, and you are willing to take on a loss leader at a rate lower than you need in order to move in that direction. The key is that you know what you are doing and why you are doing it so that an educated decision is being made.

Having A Billing Policy That Includes Concurrent Timekeeping

Studies show that more than 30% of billable time is lost when time is not captured concurrently. Putting the right [billing policies](#) in place can help to avoid seeing billable hours go down the drain. It is important to note, however, that having policies in place is only the first step. It is important that firm partners lead by example and support firm management in enforcing the policies if they are to be successful.

Offer Multiple Payment Options

Like the rest of us, many of our clients no longer pay their bills by writing a paper check. By providing multiple options for how your clients pay their bills, you should see improvement in the speed with which your invoices are paid. Consider allowing clients to pay by credit card or eCheck. There are services available that are geared toward law firms that will allow you to

include a payment link with an emailed invoice so that the client may pay by credit card or eCheck. LawPay, for example, allows both credit card and eCheck payments and also has the ability to accept payments for both operating and trust accounts while charging all credit card fees to the firm's operating account.

The Takeaway

There are so many ways a firm can impact its profitability without increasing work hours. You can work smarter and not harder by putting these few examples into practice, resulting in an immediate change to your bottom line.

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