Improve Your Billing Process to Increase Your Income

Clients love working with attorneys who are up front and clear with them about fees and the billing process. An organized and efficient system builds trust, increases business and grows your bottom line. Here are tips to make sure your billing process is working efficiently.

1. Establish a minimum hourly rate.

Many people do not understand hourly rates, nor do they want to pay a high hourly rate. For these reasons, you should know your minimum hourly rate. Use this calculation to find it:

Annual target revenues ÷ (realization rate x billable goal).

Annual target revenues are the total of your compensation and benefits, share of firm overhead and contribution to firm profits. Your realization rate is the percentage of fees billed that you actually collect. Your billable goal is the total billable hours you expect to work this year.

2. Maximize your billing cycle.

The timing of when you send bills impacts how much you will be able to collect. To even out your cash flow, divide up when you send out your bills. For example, send half of the bills on the fifth of the month and the other half on the 20th so that your bill arrives a few days before payday. You can also ask your clients which billing period they prefer. This will help clients budget and ensure you get paid on time.

Bill regularly and promptly, especially when a matter concludes. Clients are more likely to pay quickly when they can still remember the value of your services and your attentiveness.

3. Provide clear billing statements.

The purpose of a billing statement is not just to collect money owed; it is also meant to communicate what you've been doing and market your services by demonstrating the benefit of your work. Clients have trouble understanding an invoice that is short on detail. **"T/C w/opp couns"** doesn't really tell the client anything; **"Telephone conference with Mr. Brown regarding equitable division of the investment portfolio"** does. Give clients a complete description, and they'll have less reason to question your bill.

Be sure to reflect free, value-added services you provide on your invoice. Take time to audit and assign amounts to each service. Clients will realize the great deal they are getting when you show them all the additional services you have provided for them.

4. Make it easy for clients to pay.

Offer your clients a choice of ways to receive and pay their bills. Adding a private client portal to your website will save the time and costs involved with mailing bills. Provide a personal access code and a click-through "pay here" button for convenience. If your clients prefer to receive bills by email, include a link to your payment portal or credit card processing service.

For clients who still prefer a paper bill, take credit card information up front (with the client's signature on file) and secure written permission to charge the card if a payment is not received in a timely manner.

About the Author

Peggy Garland is a relationship liaison for ARAG®. Peggy connects ARAG plan members with attorneys who can help them with their legal needs. She has a passion for providing top-notch customer service and improving processes to create the best overall experience for members and attorneys. Peggy also reviews and manages complex legal cases.

Peggy received her associate degree in logistics management from San Bernardino Valley College in California. In addition to her work for ARAG, Peggy is an active member of The American Legion.

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