

How to Boost Law Firm Revenue Using Online Payments



Online payments are a great way to boost law firm revenue. Especially, when we're in a time where waiting around for paper checks and bank deposits just won't cut it.

Data from the [2019 State of the Legal Market](#) shows client demand has been stagnant for the last 10 years, since the Great Recession. Firms are fighting to bring in more revenue as demand continues to decrease. The outcome could have been much worse. It hasn't been, thanks to the ingenuity of attorneys and law firms. It's still incredibly difficult for attorneys and small firms to build the thriving practice they want.

Law firms are struggling to bring in business

Small firms face a variety of problems. There's the struggle to attract and retain clients, minimize expenses and run your firm. The [State of Small Law Firms](#) outlined the problem best.

“Chief, among these challenges are problems acquiring new client business. Every small law firm segment surveyed, regardless of the number of lawyers, identified this as their primary “significant challenge.” Whether a solo attorney or the managing partner of a 25-lawyer firm, worries about where your next client will come from likely causes some consternation.”

“Competition Is More Fierce than Ever.” In a market characterized by sluggish demand growth, the only way for one firm to improve its market position is by taking existing market share. That, in turn, drives increased competition.”

As in, stealing or luring clients away from your firm. It’s frustrating, but it’s also not a secret. Sluggish demand growth only adds to the competition. Ask knowledgeable attorneys how to increase firm revenues and they’ll outline some variation or combination of these solutions.

- [Attract more clients](#) to increase cash flow
- [Increase realization](#) rates
- Limit [billing disputes](#) and nonpayment
- Decrease expenses and non-billable work
- [Increase productivity](#) and work/life balance
- Fix [gaps in your firm’s utilization](#)

These are all essential and valuable ideas. But there’s one idea that’s not receiving the attention it deserves.

Using online payments to boost law firm revenue

With the right strategies and [payment processor](#), you can use online payments to boost law firm revenue. Many of these ideas are simple to implement but provide consistent (and compounding) value over time. Here are three tips you can use to increase your revenue.

1. Ask your clients to pay via credit or debit cards

A recent study by Promothesh Chatterjee and Randall L. Rose found [credit/debit cards change your client’s perceptions](#). Client focus shifts from cost to benefits.

Purchasers were far more focused on the benefits of the products or services they received than they were on the overall cost. This reinforces [previous studies](#) showing participants are **willing to spend twice as much** as those who paid by

cash or check.

What does this mean for law firms? It's a clear indication that law firms should recommend or set clients up with scheduled payments. The importance here can't be overstated. This is just as important as the agreement.

2. Get clients familiar with your billing options

Most attorneys/law firms focus their attention on pursuing and collecting from delinquent clients, which makes sense.

What if they weren't delinquent? What if [your fee arrangement was the problem](#)? What if your clients aren't able to swing a \$33,000 lump sum payment, but they were able to swing a \$2,750 per mo payment? Instead of sending your delinquent client to collections, you could move them from an hourly AFA to a subscription AFA.

It's a straightforward way to keep your clients. But it depends on your ability to save and retain your client's credit card profile.

3. Combine online payments with alternative fee arrangements

When it comes to AFAs, there are only two ways to approach the problem. **Proactively** or *reactively*.

Proactive firms initiate the AFA conversation with their clients, discussing pricing, budgets and expectations. Reactive firms, on the other hand, wait for clients to initiate the conversation.

An Altman Weil [survey](#) compared these two approaches. Here's what they found:

"When asked to compare the profitability of non-hourly work and hourly work, 84% of proactive firms find their non-hourly projects to be at least as profitable as their hourly projects. This is the case in only 51% of reactive firms. Narrowing the focus, 40% of proactive firms report their non-hourly projects are **more profitable** than their hourly projects, compared to only 10% of reactive firms. The lesson is that firms that make a rigorous effort to understand and manage a new or evolving market tactic like alternative fees generally succeed in doing so, and enjoy increasing benefits over time."

Here's why this is significant. Let's say your client hires you to help them with a matter. You estimate that they'll need to spend approximately \$17,000. Your client may bristle at that price. With an alternative fee arrangement, you can charge the same (or more), but you can break it up into monthly payments, (say \$3,100 per month or \$37,200 annually).

How can you justify charging more?

Risk. A month-to-month arrangement increases the amount of risk you're required to take on. That risk is mitigated thanks to the saved billing profile you have on hand. This strategy is also an effective way to deal with discounts, write-offs and write-downs. It's a straightforward way to generate more income in less time and with less effort.

This is why combining a saved billing profile and an alternative fee arrangement enables you to generate more revenue in less time and with less effort. See the difference?

Online payments can boost your law firm revenue

Small firms face a variety of problems. Attorneys are struggling to keep their piece of the pie. Law firms are stealing or luring clients away from each other. There's the struggle to attract and retain clients, minimize expenses and run your firm.

It feels like an uphill battle. Using online payments and a variety of other factors, you can attract, convert and retain the profitable, high-quality clients your firm needs most. Adopting a built-in payments processor, like Bill4Time Payments, is an easy way to start offering online payments and creating a payments experience both you and your clients will benefit from. Take a look inside Bill4Payments below before [booking your custom demo](#).

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