

Law Firm Billing: 4 Strategies to Get Paid Faster



Law firm billing and payment collection can be a time consuming process. Attorneys can spend a substantial amount of non-billable time managing different matters, tracking billable time, invoicing and collection. Poor or dated billing practices can make this process even worse.

It's important to remember that your clients want to pay for your work. However, accessibility or the shuffle of the day, may delay their payment.

Start with the basics

The usual advice offered by a variety of pundits is a solid place to start. To increase your odds of getting paid on time, make sure your invoice:

- Follows billing guidelines
- Is properly formatted
- Is sent to the right people, at the right time
- Provides clear instructions and due dates
- Clearly accounts for performed work

- Follows any additional instructions (i.e., CC decision-makers)

These basic details are easy to miss, so it's important to verify that you've covered your basis with this first before proceeding with the unexpected strategies below. If you're missing the basics, these extra details won't work.

Strategy #1: Require 100% percent of your fee upfront

This is a difficult sell for many attorneys.

Many clients are absolutely unwilling to pay 100 percent of your fee upfront. This makes sense for a variety of reasons. If you're doing work (i.e., litigation) that is ongoing, there's no way for you to know how much 100 percent is with any significant degree of accuracy.

Then there's client fear. Many clients enter into a relationship with a new law firm or attorney hesitantly. Most prefer to test the waters first and see how the relationship goes ahead of time.

How do you go about getting 100 percent of your fee upfront? You build relationships, reputation, and authority with prospective clients *before* they arrive at your firm. You do this by teaching clients. There are a variety of approaches, but the focus is the same. You're displaying authority and demonstrated expertise that clients can use as a measuring stick to recognize your value.

- Giving speeches at local, regional, and national events
- Conducting webinars
- Partnering with high-profile thought leaders
- Create industry-leading research
- Write a book or create a workshop
- Create several seminars to solve a specific problem
- Become a perpetual interviewee, appearing as a guest on TV, radio, podcasts, and video

When many attorneys hear the word guarantee, they immediately assume clients are expecting a specific outcome with their matter (which they can't do). You can't do that because you don't have control over all of the elements in their matter.

When I use the word guarantee, I'm talking about factors you can control. Here's a list of the following guarantees you can provide to reduce client risk:

- An attorney available 24/7
- Same day response times for client calls, requests, or messages
- Budget cap guarantees (no additional billing without prior authorization)
- No double billing promise

These are details you can control quite effectively and won't negatively affect your law firm billing. This upfront preparation gives clients the confidence they need to take a risk. It also enables you to ask for 100 percent of your fee upfront because you're giving clients far more in return.

Strategy #2: Members-only bonus

Your clients have specific people they'd like to speak with. A members-only bonus can be tied to your client's performance (e.g., paying on time, offering feedback promptly, being a pleasure to work with, etc.) and used as a behavior correction mechanism.

Here's an example: Let's say you're a real estate attorney, you work with a variety of clients, but real estate investors are your bread and butter. Who do they want to talk to? People with money.

You can create, at your expense, a monthly lunch and learn where you connect your clients (real estate investors) with financiers who have large amounts of available cash. Each month, you provide tickets to the event, available only to clients in good standing.

You can create a members-only bonus around your clients for a wide variety of practice and focus areas. Here are a few examples to get you started:

- Connect clients with financiers
- Introduce clients to power brokers, influencers, and thought leaders
- Provide access to your 'deal-making service'
- Access to exclusive in-demand seminars and events
- Exclusive members-only services and rewards

You can come up with your own ideas for members-only benefits. The important part here is that your benefits have a strong value proposition and meet four specific criteria:

1. Your clients want/value it
2. It's exclusive to your law firm
3. They understand it

4. Clients believe what you're offering

The hidden benefit to these members-only programs is the fact that it enables you to command (and receive) higher fees from clients. If your members-only benefits have a strong value proposition, your clients will jump at the chance to join your program.

Strategy #3: Quid pro quo partnerships

[A report by Sheldon Banoff](#) at Katten, Muchin, Zavis, and Rosenman states, "lawyers and law firms are being asked (or are aggressively seeking) to take equity ownership in their clients." More and more, attorneys are receiving stock and stock options in place of all or a portion of client legal fees.

Is this legal? Absolutely, though, there are some specific guidelines attorneys will want to be mindful of. The ABA Standing Committee on Ethics and Professional Responsibility released [Formal Opinion 00-418](#). "Opinion 00-418 notes that the laws, court rules, regulations, codes of professional responsibility, and opinions promulgated in the individual jurisdictions are controlling on individual lawyers."

This is good news. Per the ABA opinion, if you receive equity ownership in lieu of, or in addition to, a cash fee for your services, you're entering into a business transaction with your client. This means you'll need to meet the requirements of [Model Rule 1.8\(a\)](#).

Will this work for your firm? It's an important question that you'll want to consider carefully. Banoff notes that attorneys/firms will need to discuss the following:

1. Are there legal constraints on law firms owning equity interests in various types of businesses?
2. Are there ethical constraints (pursuant to bar association opinions, state court rules, or otherwise) that preclude lawyers from accepting stock for fees in certain situations?
3. How would a jury view a law firm defendant, where the firm has a substantial ownership interest in the client?
4. Do the law firm's professional liability insurance policies cover situations involving clients in which the firm also has a substantial economic interest?

Banoff notes you'll also need to have an internal dialog about the following:

- Are you prepared to hold this stock for the long term?

- If a long-term hold is likely, how will the firm allocate the stock ownership among its partners?
- Would the client view the law firm's sale of the stock as a vote of "no confidence" in the client?
- Should the stock be distributed out to the partners individually?
- Should the equity be transferred out of the firm and into an investment partnership or fund?
- What should be done concerning partners who leave the firm (either voluntarily or involuntarily; by retirement, termination, or otherwise) before the stock is ultimately disposed of? Do they retain an economic interest in the stock's value?
- Will the firm pay the withdrawing partners cash for their interest, even though the firm cannot or will not liquidate its investment at that time?
- What are the firm's exit strategies concerning the stock or options received?

This seems like a hassle. But the potential payoff is *monumental* if both sides properly negotiate the terms. It positions you and your clients on the same side instead of the adversarial relationship that's typical with attorney/client relationships. This is the benefit of partnerships.

If you're able to produce exceptional value for clients and you've negotiated well, bonuses or incentives are very reasonable requests to make. This also means you no longer need to hound or pursue clients.

Strategy #4: Incorporate ePayments in your law firm billing

If your law firm only offers one method of accepting payments, you may be making it difficult for your clients to pay you faster. Majority of clients are used to paying for services online and [about 78% of them would prefer to do so](#). Law firms are comfortable with accepting paper checks because it has been the norm in the legal industry for decades. However, they present several roadblocks in your law firm's billing process and delay invoices being paid on-time and in-full.

Accepting ePayments is easy with the advancement in legal technology. Legal software management platforms like [Bill4Time](#), allow you to offer online payments easily. The platform offers a [built-in payments processor](#) that keeps your payments safe and compliant.

These law firm billing strategies motivate clients to pay faster

The wonderful thing about these strategies is the fact that you can use all four in your law firm. Use them separately, across various clients, or simultaneously with a small batch of motivated clients.

These unexpected strategies mean you'll have the peace of mind you need to pour yourself into your work, doing everything you can to take care of your client's needs. You can go above and beyond, providing the care, guidance, and protection your clients need.

Create the right structure, and you'll find clients are eager and quick to pay.