A Guide to Lawyer Time Tracking

For law firms, having processes to accurately track time is crucial to the success of the entire practice. Proper lawyer time tracking helps firms bill accurately, measure profitability, and identify areas where efficiency can be optimized.

Small law firms are anticipating a [56% increase in demand for legal services](#). Correspondingly, it's essential for law firms to implement automated solutions to capture time without hindering productivity.

In this comprehensive guide, we will explore the importance of precise lawyer time tracking, how to overcome common time tracking challenges, and how to choose the best [legal time tracking software](#) to support your business.

Before we get started, here's a list of what's to come:

- [Why Time Tracking Is Important for Lawyers](#)
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Clock on desk with pen and paper

Why Time Tracking Is Important for Lawyers

To ensure you get paid accurately, it's essential to track your time diligently. However, it's not just about recording the hours you spend working, but also making sure that your records accurately reflect the time you dedicate to billable and non-billable tasks.

Many lawyers make the mistake of mixing billable and non-billable hours, which can result in undercharging their clients for their work.

Undercharging not only undervalues your time and effort, but it can also have negative consequences for your firm in terms of ethics and client retention. While it may not seem like a big deal in the short term, the accumulated impact can lead to financial setbacks and falling behind on finances.

It's crucial to be meticulous in time tracking and accurate billing for all your work to ensure fair compensation and maintain the financial health of your firm.

What Are Billable Hours?

Billable hours account for the time spent on business matters that you will charge to your client based on a previously agreed-upon rate. Much of the financial success of your firm is contingent on your billable hours.

According to the aforementioned study from the Thomson Reuters Institute, 20% of small firms pushed work to staff with [lower billable rates](#) in 2022.

Now more than ever, it's important to have the resources to determine how long certain tasks take you and accurately track them so you can bill your clients accordingly.

Billable vs. Non-Billable Hours

Mixing up billable and non-billable hours can come back to bite you later down the line. It's vital that you understand the difference so you can receive fair payment.

- Billable hours: The time you spend actively working on a case
  - Examples of common tasks include:
    - Drafting a contract
    - Researching laws relevant to a case
    - Attending meetings or court hearings
    - Building a case strategy
    - Managing client correspondence

- Non-billable hours: The time for which you cannot bill a client but is necessary for the life of the firm.
  - Examples of common tasks include:
    - Completing administrative tasks (e.g., collecting payments)
    - Continuing education
    - Attending seminars and networking events
    - Creating marketing strategies

How Do Attorneys Keep Track of Time?

Although attorneys must keep track of time, it can get complicated quickly. Interruptions can come from phone calls, having to break for team meetings, and taking care of daily firm responsibilities.

Many lawyers tend to use different tools to help them track their time, such as:

- Calendars
- Excel spreadsheets
- Pen and paper

Although these traditional methods can work, any process that requires manual entry, like [Excel spreadsheets](#) to track time, increases the risk of human error. You have a lot on your plate and even more on your mind, so relying on your memory and misplacing important documents isn't worth the financial and professional risk.

Person working at desk with laptop

Importance of Accurate Lawyer Time Tracking

[Time tracking for lawyers](#) influences several aspects of your business. Processes like [invoice generation](#), billing, and determining rates all tie back to how accurately time was captured.

Let's explore the impact time tracking has across your practice:

Improved Productivity

Accurate time tracking not only influences how your firm gets paid but also helps with task management and prioritizing work across the staff. When you understand how and where time is spent in your practice, you can make more informed decisions about your finances, legal service offerings, the types of cases your firm takes on, and how long it takes to complete certain types of cases.

Accurate Scope of Work

By efficiently tracking time, firms can better [report](#) on staff and lawyer performance. This can assist with managing bandwidth and identifying areas of improvement in workflows. By having this information, firms can then accurately allocate resources and provide more accurate scopes of work for clients.

Legal Billing and Invoicing

The success of a firm's billing and invoicing all ties back to the process they use to track and manage time. By efficiently capturing time spent on client cases or other relevant case activities, firms can optimize billable hours and easily generate [legal invoices](#) that accurately reflect the services provided to clients.

This level of transparency in a firm's billing process minimizes the chance of disputes with clients and ensures that the firm is properly compensated.

Client Retention (Transparency)

Maintaining transparent communication with your clients regarding the time spent on their cases can greatly impact client retention. By providing accurate and detailed invoices that clearly show the time spent on their case, you are showcasing your firm's commitment to transparency and accountability.

This fosters trust between you and your clients, and can ultimately enhance your brand's reputation as a reliable and trustworthy legal service provider. All in all, clients appreciate transparency in billing practices. It can be a key factor in building long-term relationships and retaining clients for repeat business.

Person at desk with multiple people

Why Lawyers Struggle With Time Tracking

As a lawyer, you often have a lot on your plate with court hearings, conflicting deadlines, meetings, keeping up with client correspondences — the list goes on. The sheer volume of tasks can be overwhelming and doesn't account for [administrative work](#).

One major administrative burden for lawyers is tracking the time spent on each client's case. Without automated processes, manual lawyer time tracking can be tedious and time-consuming, involving multiple steps to collect the time you worked. This not only takes up valuable billable time but also increases the risk of errors that can result in improper time tracking and billing.

To streamline your time tracking and billing process, consider using a dedicated time tracking software designed specifically for lawyers. The best time tracking software offers features such as automatic time tracking, task and project management, and integrated billing and invoicing that elevate the administrative burden that comes with traditional time tracking methods.

Don't worry, we'll dive more into time tracking software later in the guide so you know how to choose the best one for your firm.

Ethical Considerations for Lawyer Time Tracking

Proper time tracking practices are important for law firms to ensure compliance and avoid legal and ethical violations. Lawyers are required to follow the rules and regulations set forth by The [American Bar Association](#) (ABA). Rules which are relevant to time tracking are Model Rules 1.5, 1.6, and 1.15.

According to ABA Model Rule 1.5 (b), lawyers must communicate the scope of representation, basis or rate of the fee, and expenses to the client preferably in writing, before or within a reasonable time after starting the representation. Any changes in the fee or expenses must also be communicated to the client.

The ABA also provides time tracking tips for lawyers, which include:

- Regularly reviewing time tracking sheets and bills to prevent accusations of padding or billing for more than 24 hours in a day
- Being vigilant when logging time for multiple cases on the same day and at the same time
- Avoid moving on to another client before completing the task at hand to maintain accuracy in time tracking

Person in front of laptop appearing stressed

Common Time Tracking Errors Lawyers Make

Now that we know the risk of [improper time tracking](#), here are the most common mistakes lawyers make when tracking their time:

- **Manual time tracking**: Calendars, spreadsheets, and pen and paper are all manual ways to log and track time. Although there's nothing inherently wrong with them, they are prone to time tracking errors. It's easy to type in the wrong number, forget to log the hours, or even lose paper files that contain clients' information.

- **Delayed time entry**: Many attorneys wait until the end of the day, week, or even month to log their hours. The longer it takes you to enter your time, the more likely you are to forget how much time you actually worked. Don't be left scrambling with little time to review for discrepancies.

- **Not properly tracking non-billable time**: Everything you do is for your clients, it's easy to confuse billable and non-billable time. Being actively aware of the difference can help better structure the time and effort you dedicate to your clients.

Risks of Manual Time Tracking at Law Firms

Improper time tracking practices, like manual entry, can have various negative impacts on a law firm's business, including:

- **Billing Disputes**: Inaccurate time tracking can lead to disputes with clients over billed hours, resulting in potential loss of revenue, strained client relationships, and increased administrative time spent on resolving disputes. This may also make it difficult to justify fees or expenses to clients, leading

to the potential erosion of client confidence and reluctance to pay for services rendered.

- **Reduced Profitability**: Manual time tracking methods can reduce the accuracy of time tracking. This can result in underbilling or overbilling, leading to reduced profitability for your law firm as it may not accurately capture the value of the services provided or may result in lost revenue due to overcharging.

- **Legal and Ethical Concerns**: As mentioned, failing to accurately track time can raise legal and ethical concerns, potentially resulting in violations of professional conduct rules, penalties, fines, or even legal actions, which can harm the law firm's reputation and financial stability.

- **Damage to Professional Reputation**: If your firm is flagged for ethical violations, it can damage your firm's professional reputation. This could lead to negative word-of-mouth, loss of potential clients, and harm your firm's overall presence in the legal market.

- **Loss of Client Trust and Loyalty**: Clients expect transparency and accuracy when working with law firms. If clients notice repeat discrepancies in your time tracking billing practices, you risk losing repeat business and referrals. Both of which are leading business generation funnels for law firms.

It is crucial for law firms to implement proper time tracking practices to mitigate these [risks](#) and maintain the integrity of their billing and financial processes.

Person using laptop with Bill4Time time tracking for lawyers feature screens

Advantages of Digital Lawyer Time Tracking

It's estimated that lawyers spend nearly half of their time completing non-billable, administrative tasks rather than practicing law. With [digital time tracking](#), lawyers can streamline the time tracking process which also influences how quickly they generate invoices and verify their accuracy.

Here are a few benefits of digital time tracking:

Increased Accuracy

Digital lawyer time tracking eliminates the risk of manual errors and provides accurate and reliable time tracking data. This ensures that lawyers and legal professionals can capture their billable and non-billable hours with precision, leading to accurate billing, improved [invoicing](#), and reduced disputes.

Increased Productivity

Instead of wasting time hunting down where your time was allocated, digital time tracking allows you to easily allocate time to specific cases or activities. By categorizing how time is tracked, lawyers can identify areas where they can improve their [productivity](#), prioritize their work, and manage their workload effectively.

Transparent Billing

Lawyers can generate detailed reports on billable and non-billable time to help improve the transparency of their [billing and invoicing](#). This not only supports client trust, but it helps clients understand the value of the [legal services](#) provided.

Enhanced Profitability

Accurate [time tracking](#) can help law firms and legal professionals better understand the profitability of their work. By tracking time spent on different tasks and activities, lawyers can analyze their productivity, profitability, and ROI on matters or contacts. This can enable law firms to make data-driven decisions, optimize their pricing strategies, and improve their overall profitability.

Reporting

Many digital time tracking tools offer [reporting and analytics](#) features that provide valuable insights into time utilization, productivity, and profitability. Lawyers can use these insights to analyze many aspects of their business. Firms can analyze work patterns, identify areas for improvement, and make data-driven decisions to optimize their workflow, performance, and profitability.

What Is Time Tracking Software?

Time tracking software is a system that helps individuals and businesses monitor and record the amount of time spent on specific tasks or activities.

In the context of law firms, time tracking software is used to accurately capture the time spent on billable tasks by lawyers and other staff members. Law firms use time tracking software to streamline their billing processes, improve accuracy and transparency, and increase efficiency.

By effectively tracking time spent on client matters, law firms can generate accurate invoices and ensure that clients are billed appropriately for the work performed. Time tracking software can also help firms identify areas where they can maximize productivity by highlighting time-consuming or unprofitable tasks.

Overall, time tracking software is an important tool for law firms to ensure that they are maximizing their billable hours and providing accurate billing information to their clients.

Person using laptop with Bill4Time time tracking software feature screens

How To Choose the Best Time Tracking Software

Choosing the best time tracking software can be a critical decision that impacts the success of your firm's operations even beyond time tracking. Here are some essential tips to help you make an informed decision:

Assess Your Firm's Needs and Goals

Start by identifying your firm's specific time tracking needs. Consider factors such as the size of your firm, practice area, the software you currently use, and any specific features you require (i.e. project management, reporting, integrations). You will also want to consider your finances and how the new software will fit into your budget.

Defining your needs, goals, and budget before starting your search will mitigate any confusion and ensure you get the features your firm actually needs.

Compare Your Options

There are several time tracking options available on the market which can make it difficult to navigate which is best for your firm. This is why it's important to have your firm's goals in mind during the process so you have a point of reference.

Depending on your practice area, you'll also want to consider finding time tracking software that is specific to your field.

Read Customer Reviews

Read reviews and testimonials from other users to get insights into their experiences with the time tracking software. Look for feedback related to ease of use, features, customer service, and overall satisfaction to help you make an informed decision.

Book a Trial or Demo

It's one thing to see videos and images. Always book a demo to see the software in action. Once you have shortlisted your top options, schedule a demo to ask questions and see the functionality of its features.

When available, you should also opt for a [free trial](#) to see how easy it is to transition the time tracking software into your processes over an extended period of time.

Time Tracking Software Features to Consider

Ease of Use

The right time tracking software will be a seamless transition for your firm. It should be easy for you and your staff to quickly start tracking time without a steep learning curve. This is most prevalent in time tracking software that has a clean and simple interface, with clear instructions and navigation.

Features and Customization

Ensuring your firm has the features it needs is important. However, don't overlook having the ability to [customize](#) them. This can come in the form of specific settings. Think of features like adding your billable hour methods or increments or adding your brand logo to invoices

Security and Privacy

Lawyers have a responsibility to ensure that the [software and technology they use is secure](#) and maintains client confidentiality. Legal-specific time tracking software often operates in the cloud. With features such as data encryption, user access controls, and automatic backups, your data stays safe.

Platform Compatibility

Depending on the current systems your firm uses, it's important the new time tracking software you adopt is compatible with the platforms you use most frequently. This can reduce [migration time](#) and lessen the learning curve across your firm.

Reporting and Analytics

A time tracking software that offers robust [time and expense reporting](#) features can provide valuable insights. Make data-driven decisions and improve your firm's workflow, productivity, and project progress.

Pricing

Consider your budget and evaluate the pricing options offered by different time tracking software vendors. Some time tracking software may offer free or basic plans with limited features. Alternatively, others may offer more robust plans at a higher cost. Choose a pricing plan that fits your budget and provides the features you need.

How To Standardize Legal Time Tracking at Your Firm

Now that you know the features to look for in [lawyer time tracking](#) software, it's important to standardize your time tracking process so everyone at your firm is on the same page.

Create a Time Tracking Policy

Along with a defined [legal billing policy](#), your firm should consider creating a comprehensive time tracking policy that outlines lawyer time tracking expectations to ensure your firm's time tracking is consistent. A lawyer time tracking policy should include items such as:

- Expectations for time tracking
- Accepted methods of capturing time
- How to create detailed time entries
- The difference between billable and non-billable hours
- Compliance guidelines

Use the Time Tracking Software

A centralized time tracking software that is accessible to everyone in your firm will make it easier to capture time, monitor time entries, and track performance. How to properly use your firm's time tracking software should be outlined in your time tracking policy.

Determine Your Billing Rates and Codes

Establishing specific billing rates and codes for different tasks or activities will help streamline the billing process and improve accuracy in client invoicing. This includes items like your firm's billing rates, increments, or [fixed fees](#).

Train Your Staff

Offer training and education to all lawyers and staff on the importance of accurate time tracking and the proper use of time tracking software. Provide guidance on how to submit time entries, use billing codes or categories, and allocate time to the correct client or matter.

Routinely Monitor Time Entries

Set up a schedule for how often you will review your firm's perspective and by which measures. The [best time tracking software](#) will give you a bird's eye view of how long you spent doing each task, setting you up to make well-informed decisions.

Person using laptop with Bill4Time time tracking software feature screens

Improve Your Firm's Legal Time Tracking with Bill4Time

Time tracking can be an afterthought when balancing firm operations and [client demands](#). The need for legal services and digital processes continues to grow.

Now is the time for law firms to adopt solutions that automate time-consuming administrative tasks, like time tracking and billing.

As discussed, manual lawyer time tracking methods can hinder productivity and profitability. Plus, pose ethical issues that can tarnish your firm's reputation and client retention. By adopting legal time tracking software, your firm can access the resources it needs to standardize the time tracking process, boost productivity and increase the accuracy of your bills.

Bill4Time's time tracking software reduces administrative tasks with automated features. Maximizing firm efficiency by modernizing how law firms track their time.

With Bill4Time your firm will have access to:

Automated Time Tracking

A set-it-and-forget-it approach to lawyer time tracking. Running multiple timers assigned to different cases allows you to glide between cases while capturing all of your time. Easily start or stop the timers on one screen as you go and make edits as needed.

Multiple Methods of Time Entry Creation

Multiple timers are great for capturing time as you multitask, however, it shouldn't be the only time tracking method. The right legal time tracking software will allow you to create time entries from calendar events, or emails.

Integrated Billing and Invoicing

Time tracking is the foundation of billing and invoicing your clients. Having a time tracking software that links the two together will save you time from manually creating an invoice. Create invoice templates, add custom payment links for online payment, and add your firm's logo.

Robust Reporting

Use Bill4time's custom reports to easily generate essential time and expense reports to understand your firm's performance. Apply custom billing codes, search by contact or matter, expense, and more. Bill4Time also comes equipped with all UTBMS codes law firms use for expenses.

Mobile Application

Time tracking isn't limited to the office. Bill4Time's [mobile app](#) for lawyer time tracking helps you capture time on the go by having the ability to start and stop timers. The Bill4Time app even lets you track non-billable time.

In short, Bill4Time automates time tracking, legal billing, invoicing, and more to help lawyers operate more efficiently. To find out more, [schedule a demo](#) or [start a free trial](#) with Bill4Time.