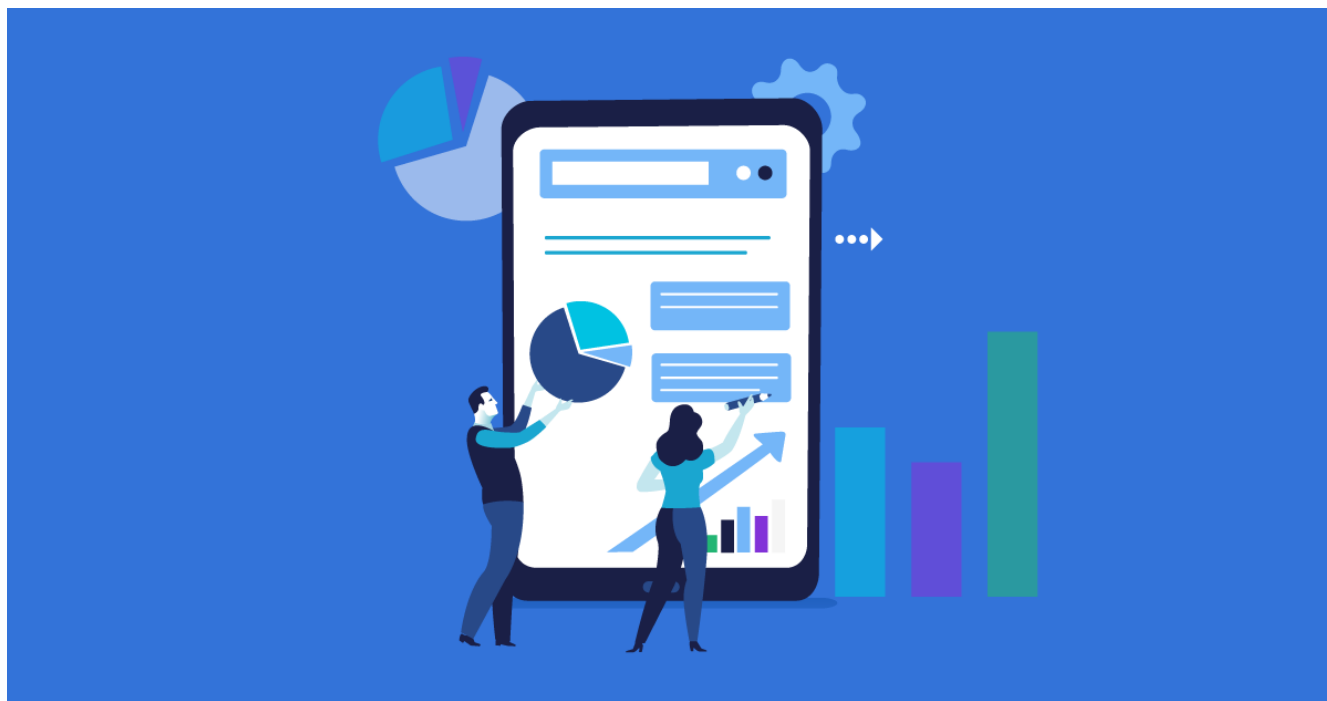


# Law firm billing: 7 Tips to Successful Invoicing



There's an easy way to trigger a malpractice lawsuit.

Just sue your clients for non-payment.

According to Attorney's Preferred Insurance, [suing for fees](#) often triggers a bevy of counterclaims against your law firm. Clients feel justified in asserting legal malpractice, breach of fiduciary duty, breach of contract, fraud, misrepresentation, and any other claims they think will stick at you.

## Clients are angry when they receive attorney invoices

Not every invoice, just invoices they don't expect. This is significant when you realize this tied directly to your client's number one complaint.

Communication.

[Research shows](#) clients list “provides clear indication of likely costs/works to fixed fee” and “explains charging system clearly at outset” as two of the most important factors in the client relationship. This shows your client’s most important concerns revolve around money.

You’re concerned about money too, right?

You want to ensure that you’re paid for your hard work and the services you’ve provided to your clients. If you’ve done the work, you deserve to be paid. When clients don’t pay, it’s your right to do whatever it takes to ensure that you’re paid.

## **Successful legal billing begins with your invoice**

If you’d like to ensure your invoices are paid promptly, completely, and consistently, it’s a good idea to focus your attention on the upfront work, the preventative maintenance that’s done *before* your invoice is sent out. Here are seven tips you can follow to ensure your invoices are paid on time.

### **Tip #1: Use arbitration clauses in your agreements**

If you can, work to avoid lawsuits as it ties up your time and energy dealing with non-billable work. Litigation takes a significant amount of time, effort, and energy. They’re messy, public, and often unsuccessful. Arbitration is an excellent alternative because it’s confidential, closed to the public, and fast.

### **Tip #2: Identify and set billing guidelines upfront**

Reach out to your decision-makers and accounting point-of-contact at the start of the relationship. Work to flush out the full list of billing dos and don’ts.

#### **Work to establish guidelines on:**

- What’s required/permissible
- What requires approval by the client
- What’s forbidden/unacceptable
- Stop words and hidden rules that immediately flag your invoices for review
- Fee schedules and required retainers

Create a summarized set of billing guidelines. Then, once you’ve learned the rules, the billing guidelines your clients expect you to follow, obey them.

### **Tip #3: Bill clients regularly**

According to attorney Andrew R. Jones, “attorneys who regularly bill their clients are in a better position as the issuing of invoices may create an “account stated” that entitles an attorney to fees.

For example, New York law is clear that an account stated is ‘an agreement between parties to an account-based upon prior transactions between them with respect to the correctness of the account items and balance due.’”

### **Tip #4: Create a written retainer agreement**

This is obvious, but a written retainer agreement can help you avoid any ethics violations that compromise representation. This protects your clients from over-billing. It protects you from any accusations that your bill is too high or out of line.

Your retainer agreement should, at a minimum, include:

- Specify the legal scope of the agreement, whether follow up will be necessary (appeals, enforcement, conflicts, etc.).
- A conflict check to flush out any potential conflicts of interest. Your agreement should state that there are no conflicts or that you’ve made your clients aware of any potential conflicts and that they agree to waive any potential conflicts.
- Fee schedule outlining your fees, expenses, and costs involved with representation.

### **Tip #5: Establish account stated**

This is a callback to tip #3 as firms that bill their clients regularly (i.e., sending invoices out regularly), may create an “account stated” that shows you’re entitled to the fees you’re demanding.

For example, “Under California case law, an account stated is ‘an agreement, based on prior transactions between the parties, that the items of an account are true and that the balance struck is due and owing. Moreover, if a creditor provides a statement/invoice to a customer/debtor and no reply is made in a reasonable time, California law implies an agreement by the customer/debtor that the account is correct as rendered. ’”

Here’s how that could work (depending on your jurisdiction).

- You send out and receive payment for, periodic invoices
- Any payment by your client establishes the implicit premise that a payment is due
- Your client's silence concerning a specific or recent invoice may be viewed as an implicit agreement

Of course, any client disputes may nullify the claim of "account stated."

### **Tip #6: Choose the right clients**

You'll want to select the right clients ahead of time. It's a good idea to focus your attention on clients who are both willing and able to pay for your services.

How do you do that?

You can run a credit check to assess your client's trustworthiness. You can also follow step #3 by requesting and replenishing retainer fees ahead of time. Doing this reduces the odds of a billing dispute dramatically. It makes it easy for clients to trust that you're looking out for them.

They're more focused on the value you're providing and less worried about you cheating them.

### **Tip #7: Optimize your timekeeping and time entries**

Your firm makes money when you: **(a.)** Map/identify the obvious and hidden rules in your billing guidelines **(b.)** You verify that all time entries are real-time compliant and automatically recorded as-it-happens and **(c.)** every time entry, every line item, is specific, detailed, and precise outlining the who, what, and why of a particular task.

This creates structure.

Structure minimizes the invoice review process; collection realization rates go up. Your client is happy. Your staff is happy. Revenue skyrockets automatically, so your partners are happy.

## **Accuracy is the key to successful invoicing**

Clients are angry when they receive attorney invoices they don't expect. This is significant because it's tied directly to your client's number one complaint.

## Communication.

When clients believe they're treated fairly, they're eager and willing to pay. When they're ambushed by an unexpected invoice, billing disputes, and malpractice lawsuits are not far behind. What does this mean for you? Successful legal billing begins with your invoice.

If you'd like to ensure your invoices are paid promptly, completely, and consistently, focus on the upfront work and the preventative maintenance that's done before your invoice is sent out. Create the right billing structure, and you'll find your invoicing is an automatic success.