

WHY YOU NEED AN ACCOUNTING PROGRAM

Quite frankly, if you don't efficiently collect money for the services you render, you're out of business (pro-bono funded legal service clinics – the exception). Top notch billing and accounting software will help you not only keep your practice organized, but will keep cash coming in the door, help you analyze what types of matters actually make money for your firm, and will keep vendors paid and your CPA from cringing as he/she analyzes your books.

In other words, proper legal billing and accounting software lets you serve clients more professionally, increase your revenues, decrease your costs, and gives you back much of the time previously spent on tedious bookkeeping. This in turn allows you to spend more time practicing law (i.e. better time management). After all, isn't that why you're here?

Consider a personal injury case. Your client was in a car accident and comes to you for representation for his personal injuries suffered in connection with same. You disburse money on a regular basis to the myriad of doctors, physical therapists and hospitals to keep up with the client's medical records and bills. You may pay one of those doctors to write an opinion as to permanent injury and you should keep up with your hours in the case, just in case there is an opportunity to recover attorney's fees, and to ultimately see what your effective hourly rate is for your work. Spreadsheets certainly can help in this regard, but won't compile data for you without setting up sophisticated programming into the spreadsheet. Plus, you'll find yourself constantly double entering information (writing the check, entering information on a spread sheet, copying manually into a file). This is a big waste of your time. Then, when it's time to settle the case and the adjuster is on the phone making a certain low ball offer, you need a quick total of all expenses. With the right software, you're just 1-2 clicks away from that total. When the insurer acts in bad faith, you can instantly compile a list of all of your time, multiplied by a reasonable billable rate, for presentation at your fee hearing.

With billing and accounting software, you can compile information instantly about your disbursements, keep track of what has occurred in a case and know the financial aspect of your firm.

Consider a case where you're keeping billable time (family law, wills, defense litigation). Even better, billing and accounting software will compile a professional bill to your client, presenting both billable time, disbursements, costs, less payments and credits and total same, with or without interest, as well as keep up with client receivables and vendor payables.

Subsequent to the billing cycle, you can, and should, analyze your practice through the many included productivity reports. Have you just spent over 100 hours on a case that netted less than \$5,000.00 in fees? Then you've just earned \$50 per hour on those 100 hours. Which area of law is making you the highest effective hourly rate? Based on that information, you can in turn make good marketing and business development choices. The idea is to empower you to work smarter, not harder, and make sound business decisions.

Usually, the investment in a billing and accounting system is minimal and the benefits are tenfold. Quite frankly, you will be hard pressed to survive without such a system. So, if you only invest in one other program besides a word processor, it should be a time, billing and accounting system.