Best Practices: Tighten up on Collections

The unfortunate truth is that many law firms struggle with collections, expending valuable time and resources collecting or chasing their fees. Take a minute to review these best practices to ensure that your practice gets it's due.

Focus on First Things First

Invite prompt payment by starting with invoices that are clear, concise, accurate and promptly mailed.

- **Ensure accurate timekeeping.** An invoice is only as accurate as the timekeeping it reflects. Formal training for all new timekeepers and refreshers throughout the year are essential. Also, establish firm policies regarding the billing lawyers' ability to write off unbilled time (e.g., write-offs should not exceed the greater of $500 or 5 percent of fees).
- **Recover your costs (all of them!).** If you haven't already, develop easy-to-follow procedures to recover the costs of faxes, photocopies, long-distance telephone calls and the like.
- **Consider fixed fees where possible.** This way, the client will know at the outset what legal services will cost, and there will be no surprises.

Follow Up Promptly

No lawyer wants to be the “heavy” with clients with whom he or she has a solid relationship. But receivables grow harder to collect by the minute. Here are some guidelines for action at various stages:

30 days: Send a polite reminder notice.

45 days: Your bookkeeper calls to inquire about the bill.

60 days: The billing lawyer calls the client directly.

75 days: A collection letter is sent to the client over the billing attorney’s signature.

90 days: The client is informed via certified letter that third-party assistance may be retained in collecting the bill.

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