

## Financial Tips to Help You BOOST Profits in 2011

Posted by [Martha Newman, J.D., PCC, TopLawyerCoach, LLC](#) • December 7, 2010 • [Printer-friendly](#)

### *Practical Advice to Get Your Bottom Line Healthy Again*



The new year is almost upon us. It's time to reflect on the year gone by... and what lies ahead. Chances are you're thinking about ways to grow your practice and your profits.

Thankfully the experts from [ABA LPM](#) are way ahead of us. Janis Alexander, Ed Poll, and Mark Robertson have outlined the following quick tips to help get our bottom lines fat and happy in 2011.

#### **1. Develop a cash-flow statement.**

A cash-flow statement is your firm's single most important financial statement. It will project when you will need to borrow money, hustle for more business or increase collection efforts. It will also tell you when you will have sufficient reserves to make the capital investment you've wanted or to increase your own draw.

**Top Lawyer Coach, LLC**  
601 Penn Street  
Fort Worth, TX 76102

817/992-6711  
[newman@toplawyercoach.com](mailto:newman@toplawyercoach.com)



## **2. Use an electronic timekeeping system.**

The efficiency, extra speed and greater accuracy of an electronic timekeeping system makes it far better than the traditional handwritten timesheet. And be sure to enter time as you go from task to task! Trying to create entries for work done earlier in the day much less in the distant past is very time-consuming and won't be accurate or complete. Lawyers who contemporaneously docket time capture a significantly greater portion of the work they have done—up to 20 percent or more. Also, spend a few minutes at the end of the day reviewing your dockets, and make any necessary corrections or additions while things are still fresh in your mind.

## **3. Send out e-statements.**

Reduce postage and stationary costs AND facilitate faster payment by sending out bills electronically. And, be sure to send the statements by no later than the 25th of each month, so clients can enter your statements in their systems and pay you in the following month's accounts payable check run.

## **4. Make your bills client-friendly.**

Your bill is the most important piece of paper you send to a client. Make sure it is easy to understand and indicates how the fee was calculated. Do a reporting letter explaining what you have done to help clients better understand the value of your work for them.

## **5. Reassess your rates.**

Review your hourly rates once a year and determine whether the rates should change. If you are going to change your rates, don't make small changes. For example, increase them from \$180 to \$225, not from \$180 to \$185. If current clients object to rate increases, tell them you will charge at the old rates if they pay up front. This ensures you get paid and also keeps clients happy.

## **6. Keep debt in check.**

Make limited use of borrowing and carefully preserve your lines of credit. Borrow for long-term projects, for capital growth and for increasing the size of the firm. Do not borrow for payroll or short-term project funds that should be taken from current cash flow. And never borrow for partners' compensation.

## **7. Accept credit cards.**

Make it easy for people to do business with you by accepting credit cards for payments and retainers.

**Top Lawyer Coach, LLC**  
601 Penn Street  
Fort Worth, TX 76102

817/992-6711  
[newman@toplawyercoach.com](mailto:newman@toplawyercoach.com)



## **8. Brush up on your time management skills.**

Manage your time effectively so you can dedicate more hours to billable work. Schedule a meeting with your assistant at or near the start of each day, so you both get up to speed on the tasks at hand and avoid wasting time interrupting each other all day. Identify your most productive time of day and try to block it off in your calendar, so you can protect it from meetings and the like in favor of getting bigger tasks done. Also, at the end of each day, plan for the following day before you go home.

## **9. Don't work for clients who won't pay.**

Bad clients are bad for business. Don't take on new clients without a retainer, especially for litigation, and remember to stop work if the client will not pay you. Allocate the time and resources you would have spent on the non-paying file to work on other matters, or dedicate that time to marketing or other efforts to improve your firm.

## **10. Investigate alternative billing.**

Investigate other billing alternatives by weighing the risks and rewards from the eyes of both the client and your firm. For example, your fee amount could be based on end results—such as closing a deal with favorable terms.

The new year is a great time to re-evaluate what's working - and what isn't - in your practice, particularly when it comes to finances. Making just a few small changes in your billing and accounting methods could yield BIG results in 2011.

*Adapted from article [Financial Tips: 25 Quick Tips for a Healthier Bottom Line](#) by Janis Alexander, Ed Poll, and Mark Robertson.*

**Top Lawyer Coach, LLC**  
601 Penn Street  
Fort Worth, TX 76102

817/992-6711  
[newman@toplawyercoach.com](mailto:newman@toplawyercoach.com)

