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LawBiz® TIPS – Week of August 9, 2011

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Today, we left Cedar Lake in Oscoda, MI, where we spent a couple of days with one of our kids and her 5 kids. Much cooler ... what a relief it is! But the mosquitoes are out in force, and I have welts all over. We drove to Lake Mackinaw (English spelling). And it is cooler yet, almost cold. Outstanding. There was a plaque for Mr. Solomon, the first known Jew in the state of Michigan. He arrived in the 1700's, was a fur trader, and was active in the local community. But as Paula says, how do they know he was the first Jew? Did they have a test one had to pass?

Tomorrow we'll go to the island and walk around. A very beautiful place. We'll spend a few days before going back into the heat of the Midwest, Detroit and then Chicago for a presentation to the Chicago Bar on 8/18 ... Already over 300 registered! Come join us.

Follow our travels at lawbiz.com/roadshow and facebook.com/lawbiztour. Our next presentations:

Thurs, August 18 - Chicago, IL

8:30-11am: [Collecting Your Fee- How to Be More Successful](#) (Chicago Bar Association)

Tues, August 23 - Madison, WI

8:30-10:30am: [Collecting Your Fee and Getting Paid](#) (Madison State Bar Center)

In the meantime, be well and enjoy your success. Thank you for this opportunity to connect with you.

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Can You Be Too Successful at Collecting Fees?

Achieving Balance in Work

At a recent presentation on our Road to Revenue National Tour, a young lawyer was concerned. She said that she has a new practice and has been successful in keeping her accounts receivable to a minimum. In other words, she has been able to work, bill and get paid quickly, the essential elements of the 3Dimensional Lawyer®. Her concern, though, was that her pipeline for new business seems to be empty. She worried that pursuing prompt payment from clients has an impact on additional work to be lined up for her to do.

Marketing, Production, and Finance

Such a worry is misplaced. For any lawyer, the order of practice priority is to get the work (marketing), do the work (production) and get paid (finance). This lawyer was obviously successful at collections, but she also had to be effective at the first two priorities, marketing and production, or there would have been nothing to collect! Her focus, then, needs to be on balancing the three functions so that her business pipeline remains consistently full.

Billable Hours Outstanding

For too many lawyers, a lack of balance more often overweighs the marketing and production sides rather than collections. They equate financial success with billable hours. A lawyer's inventory is not billable hours – it is the amount of cash that is realized from the billable hours outstanding. Realization is simply the percentage of what is billed that is actually collected. Moreover, the greater your billings, the greater the need will be for getting cash into the firm. That's because the time between when you send out a bill and when you receive payment averages more than four months nationally. The more client invoices you have outstanding, the more cash you'll need while waiting for payment.

Balance Collections With Other Work

The road to disaster is continuing to do marketing and production with the same clients, extending credit rather than collecting fees in the hope that the client will give you more work. Strive to get paid quickly for the work that has already been done. If the client hasn't paid the fee for the last matter while you begin work on the next, you have in essence extended a no-cost loan to the client. Just as most banks will not carry you in the hope that you will pay on an outstanding loan, it makes no sense to do the same thing with your clients in the vague hope of being paid as expenses pile up. The simple fact is that no lawyer can be too successful at collections. But always remember that balancing collections with marketing and production is the real key.

Exit Strategy: Selling & Other Strategies to Leave the Practice of Law

Reveals insider information that is sure to go a long way to help achieve optimal results while transitioning out of the practice of law. 3 DVD set. [Learn more.](#)

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What Clients Are Saying:

"On a personal level, I'm not scared any more. The recession reduced my wife and me from a comfortable two-income family to a one person income and a capital drain. When I first called Ed, I truly was counting the months until we would have to put the house on the market... The things we have put in place and will continue working on guaranteed my business picking up."

FW
Northern California

"Ed was coaching me during our firm reorganization when disaster hit! Key personnel departed and I was panic-stricken. Not only did he honor his commitment to 24/7, but his advice enabled me to refocus my priorities. Now, I'm eating, I'm sleeping, and I'm smiling thanks to his guidance."

KH
England

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