

CASE STUDY:

COMPANY COUNSEL

Handling monthly financial reviews, profit-sharing analysis and more for a boutique online law firm

The founders of Company Counsel know the value of outsourced expertise when it works well – that’s precisely the role they play for their clients. But when it came to managing their own books, relying on part-time outside help brought complications.

Client Profile

Company Counsel is a boutique law firm that provides virtual general counsel services to emerging companies, venture funds and angel investor groups. With three attorneys and four paralegals serving an expanding roster of clients, Company Counsel needs operational support they can count on for issues ranging from the routine to the unexpected.

String of Bookkeepers Brings Series of Challenges

To address its bookkeeping needs, Company Counsel had tried working with a small accounting firm and then two different individuals with part-time practices. Each solution presented problems.

Though they were experienced professionals, the bookkeepers all lacked the issue-specific expertise necessary to manage the curveballs that sometimes came along. They also used their own systems and approaches, which meant Company Counsel repeatedly had to adjust to new practices and the firm’s partners spent too much time handling operations matters rather than serving clients.

Company Counsel turned to Supporting Strategies for bookkeeping support that could be scaled to meet the firm’s changing needs. “Their services are much, much broader than what we used to get,” says co-founder and principal Steve Cagnetta. “It’s money well-spent, just based on the amount of time I personally save. I bill by the hour, so I’m making more money doing things I’m good at as opposed to focusing time and energy on bookkeeping.”

Supporting Strategies Gets It Right

While Company Counsel keeps accounts payable and accounts receivable in house, Supporting Strategies provides other valuable services. Here’s a look at what we do – and the benefits we’ve delivered.

Monthly Financial Review

At the end of each month, we complete a thorough financial review, which includes:

- Recording all bank activity
- Reconciling the corporate credit card account
- Verifying expenses have been entered into the right expense accounts and assigned to a partner
- Reconciling the bank escrow account to the balance sheet liability account

We also perform a periodic review of reimbursable expenses, such as filing fees and registration fees. Company Counsel wants to confirm they’re billing clients for these expenses.

All monthly activity is reviewed by a Supporting Strategies financial operations associate and then financial operations manager Denise Rosenstein. After making financial adjustments, we send financials (e.g. P&L statement, P&L details, balance sheet, cash flow statement, summaries of AP and AR aging) to Company Counsel’s management team.

“By doing a monthly financial review, we stay on top of all transactions each month,” Denise says. “The monthly financials include the details behind each transaction, which allows Steve to verify everything

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was coded properly. If we waited until the year's end to do an analysis, it would be really hard for Steve or us to sift through so many transactions and ensure proper accounting."

Year-End Profit-Sharing Analysis & Allocations

Proper distribution of profits – a top-of-mind concern for partners at any law firm – can be quite challenging to achieve. Supporting Strategies is on the case.

At year end, we look at Company Counsel's expenses for the year and ensure they're all attributed to the right partners. Company Counsel, in turn, uses this report to allocate the associated profits back to each partner.

Come tax time, Company Counsel's CPA has all the financials and profit-sharing information required to complete the firm's tax return. The thorough reviews during the year minimize the amount of review and adjustments needed from the CPA. Once the CPA has made all the necessary adjustments (e.g. depreciation on fixed assets), we enter the changes into QuickBooks. As a result, Supporting Strategies' books are always aligned with the CPA's.

As is often the case with our clients, Supporting Strategies has become more efficient over time in working with Company Counsel. The firm's spend with Supporting Strategies decreased by 40% from year one to year two, proof that the systems we put in place are paying off.

Time Tracking & Client Billing

When Supporting Strategies began working with Company Counsel, the firm's paralegals and partners were recording their time and then sending us their

timesheets. Our associate would then manually enter the data into QuickBooks. It was highly inefficient.

In instances like this, clients often don't realize there's a better way. Since we have experience across a range of accounting tools, we can present alternatives that streamline processes and save clients time and money.

Once we had a handle on Company Counsel's processes, we recommended the implementation of SpringAhead online time-tracking and timesheet-approval software. Now, the firm's personnel can log their time into SpringAhead by project and by client. Our associate simply clicks a button to populate QuickBooks with data from SpringAhead.

Company Counsel's partners can easily convert this information into invoices for billing purposes. "It's easier, less time-consuming and less error-prone than their previous way of doing things," Denise offers.

Happy to Spread the Word

Recently, Steve had some concerns when his original associate was moved off the account and into a supervisory role at Supporting Strategies. "What I've seen with transitions in past arrangements is that you have to relearn their practices and they have to relearn yours," he says. "But the changeover has been remarkably smooth. No one missed a beat, and our new associate has been great."

Steve has been so pleased with the relationship that he's encouraged many of his clients to hire Supporting Strategies. "I tell my clients, 'The quickest way to lose the confidence of your board is by having bad financials,'" he explains.

Today, Steve is turning to Supporting Strategies for consulting on a new business that he's just getting off the ground. "Their ability to get expertise from a lot of different people makes me, from a financial standpoint, much stronger," he says. "Having a group with the ability to respond not only to me as a lawyer but also to my clients, who do different types of work, is very valuable to me."