E-BOOK

THE TOP 3 THINGS LAW FIRMS NEED TO KNOW ABOUT RUNNING THEIR BACK OFFICE

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As an attorney launching or growing a practice, you know that every minute of your time counts — whether you're serving existing clients or networking to find new ones. But in handling those responsibilities, you can't afford to neglect your back office. After all, your law firm can suffer if your back-office management isn't buttoned up.

Now for the good news: Lawyers today can leverage time-saving resources to help them stay on top of the day-to-day business management that's essential for a healthy firm. These resources can even keep you competitive with larger firms that have many more staff at their disposal.

Whatever your goals for your firm, there are certain pitfalls to avoid when it comes to running your back office. Read on to learn the top three things to keep in mind.

1. Compliance is more complicated than you think.

Your legal background already tells you it's essential to stay educated on the regulations that impact your practice, from taxes to trust accounts. But unless you have a lot of experience running the business end of a law practice, you're probably in the dark about how to remain in compliance as an employer and business owner.

Client trust accounts present particular challenges for small law firms and solo practitioners. Flat fees or retainers can be drawn from such accounts, but rules governing their use vary from state to state.

Every firm must be sure they have the expertise to handle bookkeeping for trust accounts properly, whether it's an in-house resource or outsourced solution. This isn't a skill you learn on the fly; mistakes can seriously impact your firm's operations and even jeopardize your bar licensure.

The good news: You can turn this challenge to your advantage. Having the necessary compliance expertise not only protects your firm's reputation, but also helps you steer clear of ethics entanglements.

"**Managing payroll for a law practice is more complex than for the typical business.**"

2. Your invoicing system is essential to healthy cash flow.

One of the most frequent complaints we hear from attorneys managing young practices relates to getting paid. Issues such as invoicing delays and failure to collect fees can impact cash flow, drain resources and leave fledgling law firms at serious risk.

Too often, lawyers rely on antiquated and labor-intensive manual processes to prepare, review and send invoices. Compounding the problem is the fact that your clients might see you as an easy mark for aging — that is, ignoring — your initial invoices.

There are many technology solutions available for time capture and invoicing. Time tracking is important even on flat-fee projects, as this information can help law firms make sure their projects are both efficient and profitable. A smart time-tracking system will bill automatically against retainers, notify you before you spend down those retainers, alert you to late payments and issue follow-up invoices.

A law firm can quickly improve its productivity by setting up a seamless, tech-savvy strategy for capturing time and invoicing for hours worked, backed up by a well-established collections protocol.

3. How you balance your core business processes can make or break your business.

Every practice needs the right people, processes and technology tools in place to be successful. Whatever stage of growth your practice has reached, you should consider the range of resources and models available to you and ensure you're making the most of those you employ.

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For instance, managing payroll for a law practice is more complex than for the typical business. Many firms use industry-specific software, but don't have the time or in-house expertise to realize its full potential. Outsourced bookkeeping services use integrated systems to manage complexities of billing and payroll to make sure employees' time is billed to the right clients at the right rates.

Your technology infrastructure can help you run your back office efficiently. If you're keeping processes in-house, you'll want to investigate the online tools for practice management that can streamline systems and improve collections and compliance. For example, Clio is a cloud-based platform developed specifically for law practices. With time tracking, invoicing and an IOLTA/trust accounting feature, Clio integrates well with QuickBooks Online and also works as a standalone system.

Successful practices rely on different models for balancing internal and external resources. Some use an in-house resource to manage time and billing with

the support of an outsourced firm to accomplish the complexities of close and reporting. Others find that outsourcing all bookkeeping and payroll functions is the most efficient approach, enabling greater focus on serving clients and growing the practice.

Whichever model you choose for your practice, finding industry-specific expertise is key. Just as you wouldn't want your clients preparing their own legal briefs, don't entrust your business to anyone who lacks an understanding of the intricacies of managing a law firm's back office.

You've heard our top tips. Don't wait to take action.

We've watched legal eagles with impressive résumés and an unflinching work ethic struggle under the weight of back-office management challenges. By reading this e-book about the administrative risks of managing a young law practice, you've already taken a step toward avoiding that issue.

Prioritizing these three areas of oversight will help set up your practice for success — and give you a solid foundation to build on as your business grows.

About Supporting Strategies

Supporting Strategies has provided efficient and effective outsourced bookkeeping services and operational support to growing businesses since 2004. Our clients get the support they need, when they need it, at a price they can afford, allowing them to focus on their core business. Supporting Strategies' skilled, experienced professionals use secure, best-of-breed technology and a proven process to deliver a full suite of services, including accounts payable, accounts receivable, bookkeeping, financial reporting and payroll administration. Supporting Strategies has offices across the country and offers opportunities for franchisees to capitalize on the rising demand for outsourced bookkeeping and controller level services among growing businesses. For more information, please visit www.supportingstrategies.com.

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