About the Author
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Clean Bills, Happy Clients

For legal departments focused on cost containment and metrics-driven budget management, few things are more frustrating than law firms' inefficient billing processes. Over the last few years, the number of clients requiring their law firms to use e-billing has exploded. This has left law firms grappling with different client requirements, clunky software and inefficient processes.

However, these challenges have also brought opportunities for firms to deliver superior client service and differentiate themselves by eliminating billing errors, sending invoices in a more timely fashion and giving clients more cost predictability. Firms can also set themselves apart being proactive about using paperless invoices and becoming more transparent with billing, rather than taking a purely reactive approach.

In order to achieve these goals and foster improved client satisfaction, firms should focus on implementing technology and operational process improvements around e-billing. They might also need to rethink the way they approach billing. With the right software, processes and attitude, law firms can make e-billing a mutually beneficial endeavor.

ADVANTAGES FOR CLIENTS

For clients, e-billing makes perfect sense. Paper-based bills from law firms can run dozens of pages. Not only do law firms spend a great deal of time producing, circulating, reviewing, modifying and delivering these paper bills, clients often undertake their own arduous review before paying them. Through e-billing, corporate clients eliminate the burden of paper bills, and they can control law department budgets. E-billing data also enable in-house law departments to compare efficiency among law firms. Many clients now require electronic bill delivery in order to transfer and preserve bills easily in their own case management applications. Many environmentally conscious corporations require email delivery in order to satisfy corporate policy.

CHALLENGES FOR FIRMS

While this presents significant advantages for clients, the situation is more complicated for law firms. Software solutions can be extraordinarily expensive, and data security is always a concern. Without an industry-wide standard for e-billing codes, timekeepers and administrative professionals must adapt to continuously changing client requirements. Busy attorneys and staff might not leap into training for new technology and processes. Systems often are managed on spreadsheets or, even worse, entirely in the head of a single longtime staff member. Due to the dramatic impact e-billing has had on firm collections and profitability, law firm leaders can no longer ignore training in this area. Those who make education and training a priority, and who implement sound timekeeping practices supported by technology solutions, will see greater client satisfaction and retention.

Law firms are not finished once they have trained timekeepers and staff to submit e-bills successfully. They must still track those bills to determine which ones have been rejected and which have been approved. Billing staff must also know what they can and cannot change on their own to avoid ethics violations. For instance, billing staff might add or modify lawyer time entries at the point of submission in order to submit the related invoice successfully. This is a risky approach, and many lawyers are not aware of this practice within their firms.

Despite the challenges, e-billing can provide huge benefits for law firms. By implementing practices and technology

that involve a degree of automation and standardization, firms will minimize the chance of human error and the risk of delayed delivery and cash receipts. Quality e-billing data can also provide firms with a wealth of business intelligence that can be used to develop client- and lawyer-centric metrics.

Firms should also look for proactive approaches to avoid violating client guidelines before bills are generated. By thoughtfully selecting and implementing mechanisms, processes and procedures that enable billing operators to identify guideline violations before they submit e-bills, firms can compress the cycle time for revenue collection.

PROVIDE THE RIGHT TRAINING

Identifying the right e-billing technology is just one aspect of a successful program. A great deal of satisfactory client service also relates to education and training. Law firms should look for applications that can centralize and manage training points to better leverage e-billing best practices. Firms also need to find ways to break down the barriers between financial managers and those submitting the bills, so no one is working in a vacuum.

Firms must tailor training and workflows to different groups: staff handling e-billing, timekeepers who record time entries and managing partners and executive committee members.

- **Staff:** Billing operators who submit the bills need to be trained fully on technology solutions, so they can leverage all the features the firm has paid for. They also must be trained to increase their effectiveness, such as improving the cycle time from when the bill is submitted to when it is paid. Law firms should also establish benchmarks in order to measure the workloads and performance of their billing staff.

- **Timekeepers:** For timekeepers, training should educate every employee on delivering the most efficient and effective service to clients. This often can be boiled down to asking two simple questions: Does the time entry provide adequate detail related to the services delivered; and does it require

specific legal training to provide the service? If the answer to both questions is affirmative, lawyers and paralegals have already done a great deal to ensure that the e-bill will comply with client guidelines.

- **Managing Partners and Executive Committee Members:** Those who lead law firms should be attuned to e-billing needs and challenges. They should know where the problems with e-billing lie and which clients reject the most bills. They should also know how much of their total revenue is collected through e-billing and how e-billing processes can impact revenue collections. Consider a typical law firm. If 70 percent of the firm's revenues are subject to client e-billing guidelines, it is possible that clients are rejecting or reducing payment immediately on up to 40 or 50 percent of those bills.

Those numbers can add up quickly and have a significant negative impact. With the right e-billing programs, optimized configuration and smart use of metrics, a firm easily can access critical information that will allow it to improve billing rate realization and see an increase in revenue.

A CLEAN BILL OF HEALTH

As new technologies are created and client expectations rise, law firms need to keep pace if they want to have a satisfied client base. For many firms, overhauling their technology platforms is a daunting prospect. Yet when firms fail to do so, client relationships can be compromised, and they often turn to lawyers who are more tech savvy. Education is the critical area of effective timekeeping practices. Proactive sharing of related performance metrics will enable firms to set themselves apart from their competition. P2P

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