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Financial Management for the Law Office

III. LAW OFFICE PRACTICE

Theme:

- Your law practice is a business and needs sound management of the financial matters it generates. This can be broken down into three parts: Accounting, Timekeeping, and Billing.

Conversation Starters:

- Accounting
 - What are the main components of your accounting system?
 - How many bank accounts does your law firm have and what do you use them for? What are the benefits of having an operating account (or business account) and a lawyer trust account (IOLTA) at different financial institutions?
 - How do you manage your business operating accounts?
 - What are your procedures to manage your Lawyer Trust Account (IOLTA)?
 - Do you personally manage your business accounts or do you use a bookkeeper?
 - What are the benefits of outsourcing bookkeeping? How do you supervise an outside bookkeeper?
 - What software do you use to manage your accounts?
- Timekeeping
 - How do you track your time for matters with flat fee or contingent billing models?
 - How did you determine your fee structure?
 - What best practices or systems do you use to capture your time spent on cases?
 - What software programs or applications do you use?

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Conversation Starters (continued):

- Billing
 - What is your approach to the various types of billable models? (Hourly, contingency, flat fee?) Can you describe situations in which it is best to use flat fee vs. hourly billing?
 - How do you determine when to ask for an advance fee deposit, and how do you ask for enough? When do you ask a client to replenish funds when a big case event approaches (e.g., trial)?
 - What best practices have you adopted for billing clients?
 - How often do you bill clients?
 - What information do you include in the client invoice?
 - Do you have any specific policies, procedures or controls around billing clients?
 - How do you handle disputes when billing or collecting on unpaid balances? Who handles fee disputes in your office and why?

Activities:

- Read and discuss the [Managing Client Trust Accounts booklet](#) created by the WSBA Auditors for more information.
- Attend a Continuing Legal Education seminar on Time and Billing. You can browse the WSBA CLE store for products created by WSBA.

Resources:

- Discuss what additional resources the mentor/mentee has found useful in their own practice.
- Washington State Bar Association
 - [Practice Management Assistance](#)
 - [NWSide Bar Blog: Forming Your Own Firm](#)
 - [Law Firm Guides and Templates](#)