



TIQ

The Definitive Guide to Better Legal Billing in 2021

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Introduction

Better billing is something all law firms should strive for in 2021. Billing hygiene drives profits, leads to more satisfied customers, and improves lawyer satisfaction and productivity. All the while, your law firm gleans valuable business insights that aid better decision making.

This Definitive Guide to Better Billing outlines the practical steps your law firm can take today to improve billing outcomes. We explore the cultural changes required to promote good billing habits. From there, we use our industry knowledge to outline why technological intervention is the way forward for forward-thinking law firms.

Copywriting by **Stephanie Ford**

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Legal Billing in 2021

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Legal Billing in 2021: Where are we headed?

The global pandemic of 2020 took the world by surprise. The seismic changes that flooded the legal industry in its wake may just result in permanent change. Many of those changes will directly and indirectly impact legal billing practices in 2021.

Legal Billing and Work From Home Arrangements

While the impact of the pandemic on firm revenue varies (depending on the industries served, practice areas, and firm size), the impact of the pandemic on billing hygiene seems to be fairly universal.

93.5% of associates surveyed across Asia, the US, and the UK said that their billable hour targets remained unchanged during the pandemic.

Essentially, the effect of any billing hygiene issues that were present prior to the pandemic have been amplified. Research by McKinsey indicates that client, matter, and one-time discounts all tended to increase during past downturns. So, law firms that do not prioritise a strong culture of billing hygiene can expect to see more write offs and discounts granted to clients into the future.

Increased importance of data insights on workflows

“Anecdotally, there’s definitely been a major spike [during the pandemic] in everything from anxiety, overwhelm, fear, overall unwellness,” consultant Jarrett Green said. “This is the most mentally and emotionally challenged the legal industry has been that we’ve seen” reports Lizzy McLellan for Law.Com

We hope to see an increase in the importance placed on data gleaned from billing practices in managing lawyer workloads in 2021. By harnessing data insights into the actual time taken (on average and by individual lawyers), firms can learn to better manage workflows and can better assess the productivity and performance of their lawyers.

Legal Customer Buyer Power Set to Strengthen in 2021

Competition in the legal services space will continue to rise in 2021. Meanwhile, the number of boutique law firms and alternative legal service providers is steadily rising.

The power that legal customers have found themselves holding over the past years will remain with them. Clients remain in a position to dictate key billing terms, mandate seniority on certain work, and (importantly) to demand value from their lawyers.

You can read more about the importance of perceived value in legal services in our eBook “How Savvy Law Firms are Driving Profits Through Customer Satisfaction”.

The impact of buyer power on billing

In certain circumstances, this buyer power places downwards pressure on legal fees.

But, not always. The real impact we’re likely to see is that clients will demand transparent billing and greater consistency in fees. Law firms will need to cater to this to attract and retain their client base.

Lawyer Diversity Driving Changes to Billing Structure

While the debate rages on as to whether the billable hour will ever die, law firms continue to face mounting pressure to adopt alternative billing arrangements. Lawyer diversity will act as one of those drivers.

The number of female graduates of law schools has been steadily rising around the globe. Female law graduates outnumbered male law graduates in every EU member state in 2017, according to the European Parliament.

Yet, women remain underrepresented among practicing lawyers in the EU and significantly underrepresented at partnership level.

Using billable hours as the driving force for internal promotion isn't a great fit for lawyers who have family or other personal commitments outside of work. It doesn't reward creativity, efficiency, or even positive outcomes.

Continuing increases in diversity in the legal industry and in firms (particularly at partnership level) will result in a shift in thinking about the key characteristics of a good lawyer, with partnership prospects. Which is why both lawyers and clients are increasingly demanding alternative billing structures.

Increased Intervention by Legal Technologies

76% of lawyers surveyed in a recent report say that legal technologies will be the top trend that impacts their law firm over the next three years.

Emerging legal technology trends include automation, virtual law practice development, artificial intelligence, and increased access to justice. This trend will impact legal billing in two ways:

- Increasing automation places (additional) pressure on law firms to embed alternative billing structures.

Automated processes shift the value derived from legal services away from the input of time and towards outcome. This provides law firms with an incentive to provide value-based billing via alternative billing structures over the traditional billable hour model.

- Legal technologies will improve the quality of legal billing.

Automated legal billing guarantees consistency and accuracy, while also generating useful business insights. In fact, time tracking applications provide better billing across every category valued by law firms: quality, quantity, and efficiency.

What Do You Need To Do In 2021?

Much like the legal industry itself, legal billing is changing. Now is the time to start making changes to your firm's billing culture and processes to be sure you're ready for the 2021 client.



Billing Hygiene

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Creating a Strong Culture of Billing Hygiene at Your Law Firm

Every law firm understands the benefits of sound billing practices, but relatively few offer their team convenient solutions to the 'billing problem'. A strong culture of billing hygiene, supported by tools and rules that empower your team, puts an end to all common billing issues.

Define Billing Hygiene For Your Law Firm

Exactly what billing hygiene means for your firm will vary depending on your billing arrangements with your clients. At a minimum, it means creating clear documents that outline:

- Billing intervals.
- Billing requirements set by outside counsel.
- Firm billing requirements, including time write offs, time that must be included, and the treatment of expenses.
- Requirements for the construction of meaningful time entries.
- Preferred language for time entries (to promote consistency).
- The relationship between your bills and the value of your services.

You should also create a public billing policy for the benefit of your clients. Your firm's billing standards should be transparent, readily available, and understood by all billing staff. After all, if you can't define it, how can you expect your team to?

Make Creating Good Bills Simple

Law firm profits are derived from the hours lawyers spend billing clients, not working on client bills. Making good billing practices simple and convenient makes sense. While good billing starts with the internal processes and policies outlined above, it's streamlined by technologies. Technology allows law firms to get better bills to clients faster. Here's how:

Capture Time Across All Devices

Whatever method your firm uses to capture time, it needs to be mobile-friendly. Today's lawyers are expected to be more responsive than ever. Time leakage can easily occur during calls answered or emails sent during lunch breaks or while commuting.

Automate Time Tracking

Advanced automated time tracking technologies are available and increasingly finding favour with lawyers. These technologies integrate with the systems used by lawyers to track time as it happens, accurately capturing the lawyer's activities. The automated time tracking technologies are sophisticated enough to allocate time to specific clients and matters. Lawyers then only need to go through and approve, amend, or reject time at the end of the day. This can take as little as 5 minutes.

Integrate Time Tracking With Your Billing System

The system your firm uses to capture time should integrate seamlessly with your firm's billing infrastructure. Time spent migrating billable hours is time wasted.

Routinely Assess Your Billing Standards

Finally, the expectation gap between lawyers and their clients is often larger than lawyers might like to think. While you may assume your billing system is satisfactory, you might be routinely missing the mark. Create a system for assessing how happy your clients are with your billing practices, and be sure to routinely consider the results. Adjust your internal policies and billing technologies as required to improve customer satisfaction.



Billing Practices

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Leveraging Strong Billing Practices To Drive Law Firm Profits

The relationship between law firm billing practices and law firm profits is, on its face, relatively simple. It looks like this: the money you bill in excess of your expenses is your profit. In reality, the relationship is more complex. Administrative costs and billing rejections eat into what's actually billed. Meanwhile, time leakage makes it more expensive for your firm to run matters. Strong billing practices are the antidote to these issues.

Tackling Administrative Costs

Reducing the amount of unbillable work and either increasing the billable hours achieved or reducing the number of billing team members tackling that workload is key to profitability. You need to have the right people managing the right workloads. Accurate data is the key to achieving this. You need to know where your lawyers are spending all their time, not just the time they bill. From there, you can work out how much administration is costing your law firm and how to tackle those costs. (Pro tip: it's usually technology!). Once that's understood, you'll know what your fees need to look like so you can turn the profit you're looking for.

Eliminate Time Leakage

Similarly, billable hours that aren't captured can't be billed. It shaves revenue from the firm, while also causing lawyers to underestimate costs for future matters. This compounds profitability issues. Fortunately, time leakage is easily solved. Automated time tracking technologies significantly reduce the work associated with billing time. They're equipped to automatically capture time, irrespective of whether that time is billable or not. All that's required of your lawyers is for them to approve (or amend) time entries, with the understanding that capturing non-billable time provides the information you need to improve your operations.

"Where did the day go? TIQ Time helps our lawyers to answer that question. Lawyers need to record their activities accurately not only for clients' sake but also to enable us to improve the alternative fee arrangements we offer. TIQ Time makes time recording almost a pleasure." Iikka Sainio, Counsel and Innovation Manager at Lexia

Address Common Reasons for Rejection of Bills

Clients are going to query and even reject billing entries from time to time. By addressing the common root causes, your processes will minimise the frequency and dollar value of these rejections.

Send bills in a timely manner

Good billing hygiene makes it easier to send bills out in a timely manner, but it doesn't guarantee it. Any bottlenecks to your firm getting accurate bills out while the work is still fresh in the minds of the lawyers and clients should be quickly dealt with.

Make paying your invoices easy

Inconvenient payment methods are more likely to result in your clients neglecting payment than rejecting payment, but the outcome is the same either way. You don't get paid. Remove any and all barriers that stand in the way of your clients making their payments. Use the methods of payment your clients prefer, automate billing reminders, and make payment accessible 24/7.

Establish reasonable expectations

You need to establish reasonable expectations from the outset. Realistically outline your range of costs, outlining that it will vary depending on the outcome of the case. Again, knowing the true cost of your matter management pays dividends here. Once those expectations are set, be fair but firm with your clients when they request changes to their bills. If your firm gets into the habit of making concessions to clients, they will expect them again in the future.



Billing Habits with TIQ

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Unlock Good Legal Billing Habits With TIQ Time

The fastest path to good billing hygiene at your law firm is for you to make it incredibly easy for your lawyers. Our advanced software, TIQ Time, makes tracking time faster and easier than ever. We help you create detailed time narratives in a fraction of the time of traditional time tracking methods. Meanwhile, we remove the element of ‘human error’ in time tracking, ensuring those quick calls taken over lunch and email responses fired back aren’t forgotten.

How TIQ Time Works

TIQ Time helps lawyers build complete and consistent time entries with an add-on to your DMS and PMS / ERP – system. The modern and fast time tracking solution, available via web and mobile, ensures that filling out a timesheet is as easy as possible for every fee-earner. The software automatically captures the time spent on activities such as drafting documents, emails, meetings and phone calls.

Additional Benefits of Good Billing Hygiene for Law Firms

The business benefits of automated time tracking with TIQ go far beyond reducing the burden of billing hours.

Generate customer satisfaction with billing narratives

TIQ Time helps your customers get what they crave from their bills: coherent billing narratives that demonstrate real value.

Your firm’s time entries will be consistent regardless of which lawyer enters the time.

Our clients report less confusion, fewer duplications, and a significant reduction in billing queries and rejections after our software has been rolled out.

Automated time tracking improves lawyer satisfaction

Today’s lawyers see technology-enabled law firms as they way forward. The technologies you choose to use help you retain the lawyers you have and attract the lawyers you want.

Lawyers didn’t become lawyers to track time. They became lawyers to solve problems, make changes, and seek challenges. Reducing the burden of time tracking improves lawyer satisfaction, productivity, and engagement. It does this by reducing the amount of time and energy your lawyers devote to tracking and inputting the time they spend on their work. Instead, turning time tracking into a fast exercise completed via an engaging, user-friendly app.

Moreover, TIQ takes any guesswork out of the process as your lawyers reproduce their movements for the day. With accurate data, your team feels more confident in managing workloads and distributing tasks. This paves the way for better work-life balance – and significantly happier lawyers.

Increased profits for law firms using automated time tracking

TIQ Time helps your law firm capture more billable hours, reduce billing rejections, and more accurately assess case costs (which benefits both the firm and your clients). For legal providers offering alternative fee arrangements, as well as those operating using a traditional billing structure, the accurate assessment of case costs is the key to improved business performance.

In practical terms, TIQ Time places you in a position to send out larger, more accurate bills, write off fewer bad debts or poor time entries, and increase the number of client referrals. All of these directly impact your law firm’s revenue and profit margin.



A new way of tracking time

TIQ Time helps lawyers build complete and consistent time entries with an add-on to your DMS and PMS / ERP – system. TIQ Time is a modern and fast time tracking solution available via web and mobile. To ensure that filling out a timesheet is as easy as possible for every fee-earner, TIQ automatically captures the time spent on activities such as drafting documents, emails, meetings and phone calls.

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