



## CAPTURING MORE TIME AND BILLING IT TOO

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I recently returned from ABA TechSHOW, where I provided a record three presentations. One was entitled “Capturing More Time and Billing It Too!” The session had a significant turnout, which was an indication of the importance of the topic area, as there were so many other excellent competing sessions. It’s easy to tell when a seminar is going well based on observation of the audience; participants nod in agreement, take copious notes, ask questions, and often come up to the podium afterwards to discuss particular points in further detail. This presentation showed all the signs of success, and the evaluations confirmed it. So why was this presentation so compelling?

Of all the elements everyone has to work with, none is more precious than time. Regardless of the basis upon which you bill your clients, meticulous timekeeping achieves multiple crucial goals. For the lawyer who bills by the hour, your ability to accurately capture the **quantity** of your billable time directly affects the total amount of time you must spend working in order to meet your billable time goals; the greater your “capture” rate, the more time you can spend with your loved ones, on rest and relaxation, and pursuing your outside interests. Your ability to accurately describe the **quality** of your billable time will allow you (or your firm) to craft timely, persuasive bills that stand the best chance of achieving every lawyer’s ultimate goal in every billable matter: a satisfied client who pays the bill promptly and in full. For the lawyer who bills on a flat fee or contingent basis, your ability to accurately capture time will provide invaluable data regarding profitability of individual client matters, of practice areas, and even about efficiencies in the handling of matters.

Here are some of the ideas which were presented to help you accurately capture both the quantity and quality of your billable time and get it billed with the highest likelihood of getting paid; adopt and adapt those that you think will work for you:

1. Track ***all*** of your time, whether billable or not. Once time tracking is discretionary, time will be missed. If you have to think

about whether you should track the time you are about to spend, or if you have to decide whether to record the time that you just spent, that makes it too hard. Tracking everything takes that all away. You just simply track the time you spend each day – and you track all of it. At the end of the day you can compare the hours at the office with your total recorded hours. If you're tracking all time, billable or non-billable, you will know if you have accounted for all your time.

All that non-billable time adds up! Track the time you spend on administration, marketing, bar activities, CLE, community activities, etc. It is important to know how much of your time you spend on these types of things, whether you are getting results consistent with efforts, and it may help determine when it is time to bring in an assistant.

If you track your time spent on CLE just like you track time on a billable matter, you can always look to see how many hours you have/need. Tracking all your time will help you to set realistic billable hour goals. Experience shows that for every billable hour logged, there can be as much as 20-30 minutes of non billable time spent. So, is it realistic to have a goal of 10 billable hours a day? Not unless you are willing to work between 13 and 15 hours a day.

In the absence of good data, you cannot make good business decisions. How will you know whether your contingent or flat fee matters are profitable unless you measure the investment of time against the amount earned? And probably the *most* convincing reason...a little translates into a lot. Using conservative estimates, if you bill at \$150 an hour, and you neglect to track a quarter hour a day (just 15 minutes), you lose \$37.50 a day, \$187.50 a week, \$787.50 a month, and \$9,450.00 a year – per timekeeper! If you lose more time per day, or you bill more per hour, those numbers all go up. I don't know about you, but I would *love* an additional \$10,000 a year in my bank account without working any harder.

2. **Develop good timekeeping habits.** A difference in timekeeping habits makes a big difference in the bottom line. So let's acknowledge it's not a natural skill. But neither was learning to drive a car. At first you had to think about every single action – turning on the signal, turning the wheel, braking, shifting, observing traffic and



traffic signals. Now you get from Point A to Point B and you don't even remember starting the car. Think about your most recent car drive. Do you even remember stopping at lights? Turning on your signal? No. That's because the skill has become so ingrained that you don't even have to think about it. You're on autopilot. It took some effort for a while, but now it just "happens," doesn't it? You need to develop your timekeeping skills to the same level. Trust me, eventually it's so ingrained you don't even think about it. And that's when you reap the economic and lifestyle rewards.

From new grads to lateral hires, every attorney at the firm should be educated regarding the firm's time recording policies. It is a proven fact that time which is recorded several days after the work takes place will invariably "shrink". As much as 30 - 40% can be lost in a matter of days. Worse still, some clients will be charged for time spent on other client's work, in an effort to account for all the time spent. In order to be accurate, time should be recorded each day without fail, and the time sheet should be handed in each day for the day before, or immediately recorded in the computer on systems where attorneys can input their own time.

If a new attorney exhibits poor timekeeping habits, the firm should take immediate corrective action, because the habits will only get *worse* over time, not better. Take a close look at any attorneys whose billable hours are unusually low compared to the hours put in at the office. Are they self-editing? Poor recorders? Perhaps they need time management training, or a quieter workspace. For some, *more* hours at the office, or an adjustment to compensation may be the right solution.

3. **Provide good tools for time tracking.** Take a look at the tools you've provided for timekeeping. Do you have a variety of manual timesheets available to accommodate the different recording styles of your attorneys, or is it a "one-size-fits-all" environment? And speaking of one-size-fits-all, do you allow attorneys who want to the ability to record their own time directly into your billing program? Have you provided software like case management or time & billing, which have pop-up timers and text macros to facilitate easy and



accurate time recording? Even Outlook's Journal function can be a real benefit to someone who otherwise has no tools to assist in accurate timekeeping.

Remember, it's not the slow days that are problematic for time recording. It's the really hectic days, where lots of dollars are at stake, that tend to produce the least time recorded in the absence of appropriate tools. Don't forget to provide tools to track time when on the road. There are several time tracking software packages available, plus optional modules on other packages, to help you to track your time on a PDA. Some of them can even track your expenses and import them directly into your billing system either as you enter them or when you return to the office.

4. **When it comes to getting paid, timing is everything.** There is something called the "curve of appreciation" in a matter. Simply put, there is often one or more points during the course of representation when the client will be particularly impressed or appreciative of your efforts. If you can manage to present your bill for payment at one of those points, you will be paid quickly, and with appreciation. For that reason, the optimum time to bill is always when you are at the top of the bell curve of appreciation.

Most clients have a pay cycle of some sort. If you know your client's pay cycle and get your bill in before the cut-off, it will be paid much quicker than if it arrives right after the cut-off. Let's assume for a moment that you cannot manage to bill at the top of the bell curve of appreciation, or maybe the type of matter doesn't clearly have one. Let's assume also that you just can't manage to send out bills individually during the month based on client payment cycle. If that's the case, then you need to make sure that your bills go out each month in order to arrive at their destination by no later than the 10<sup>th</sup> of the month. Why? Psychological impact. By sending your bills early each month you demonstrate that it is a priority at your firm, and thereby also communicate that getting paid is important to you. In addition, if you examine your own receipt of bills at the office and home, you will notice that most of the "important" bills arrive at the very beginning of each month.



5. **Billing methods vary; discuss alternatives with clients.**  
Explore the ability to bill on a flat fee basis, or to demonstrate you are willing to assume some of the risk with your client by taking a lower stated fee and working in a “kicker” or bonus for exceptional outcome or performance. One thing clients are clear about is that they want predictability regarding their legal expenses whenever possible. Although hourly work is comforting to both client and the firm in terms of both relating fees to work performed and in predicting firm revenues based on workable hours in a given year, it does nothing toward ensuring that the value of the services matches the size of the bill in the client’s eyes.
6. **Your bill is a communication vehicle.** The bill serves two purposes. First is to be sure you get paid. And second is to leave the client with a favorable impression of the services rendered. The bill is another tool for client communication. Make sure it reflects the same level of professionalism as your services. And record all entries with the objective of conveying the value of the service, not just the time involved. For example, listing “review file” over and over will only frustrate the client and make them feel they are being overcharged. On the other hand, “evaluate file documents based on relevance to theory X” may provide a better indication to the client of the value of the time spent.

If you want to make sure you get your bills done each month in a timely fashion, you should develop a routine which involves teamwork between you and your support staff.

7. **Bill frequently and in smaller increments to make it easier for the client to pay.** Use a consistent cut off date for printing pre-bills, and impose a deadline for returning the pre-bills with edits. Appoint a “billing czar” who oversees and appropriately challenges billing discounts in excess of a designated percentage of the total fees or costs. A smart goal is to avoid “unseen” discounts.

Let the client know which credit cards you accept. If questions are raised, research and resolve problems immediately. That’s just good, basic customer service.



There is no doubt that a world of difference can be made to the bottom line of any law firm when consistent and solid practices are employed from input through conclusion of a matter. They start with a clear understanding of expectations on both sides, and memorializing them in an engagement letter, a copy of which is signed by the client and retained by the attorney. Accurate and contemporaneous recording of all time worked is the next essential step. Self editing must be scrupulously avoided. A variety of tools, including automated time tracking and entry, should be employed by the firm. Prompt billing and consistent “no exception” follow-up until payment in full is received completes the picture.

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