

Back to Black

How to Attain Zero A/R

LAWPAY[®]

AN AFFINIPAY SOLUTION





Amy Mann

Director of Creative Services

Agenda

- 1 Introduction
- 2 Ethical Considerations
- 3 Improving Your Processes: Billing and Collections
- 4 Impact of COVID-19
- 5 Collecting on Aged A/R

*Bonus slide! Monthly reminders for attorneys

Ethical Considerations

IOLTA Compliance

Proper separation of earned/ unearned fees



No third-party debiting of IOLTA accounts



Ethical Considerations

PCI Compliance

(AKA: Stop emailing credit card numbers!)

What is PCI Compliance?



Improving Your Processes:

Billing and Collections

#ProTip: Billing and Collections



Rip off the band-aid. No one wants to contact clients about payment, but you don't work for free



Use credit cards/online payments to your advantage, including adding a link to your signature block



Get paid the same day (or hour) an invoice is sent out



Send clients payment links for exact amounts (useful for trial retainers and miscellaneous fees, such as for mediation)



Set clients up on a payment plan with authorization form



Aged A/R – know when to make a deal or when to cut your losses

#ProTip: Authorization Forms and Fee Agreements

- 1 Always, always, always use an authorization form when taking a credit card payment, unless the client is paying online themselves
- 2 Have a fee agreement to provide for **third party payments**, and attach a *“Third-Party Payment Addendum”* to your fee agreements

STATE OF TEXAS §
COUNTY OF HARRIS §

ATTORNEY FEE CONTRACT

I.  P.W. Smart
ATTORNEYS AT LAW

Client Credit Card Authorization Form

In an effort to better serve our clients and simplify your billing experience, our firm offers online payments for your convenience.

ONE/FIRST TIME PAYMENT:
I hereby authorize _____ to charge the balance currently due for the amount of \$ _____.

FUTURE PAYMENTS:
I hereby authorize _____ to charge the balance due each month. Payment will be processed on the _____ each month for prior month fees.

POLICIES:
Payment is considered late after the _____ of the month. Any balance will be charged to the card on file. In addition, a late fee will be assessed in the amount of \$ _____.

Payment made for services delivered by this firm are non-refundable.

In the case of retained services, any unused funds will be refunded to the card on file within _____ days of _____.

Being the authorized cardholder or the Corporate Officer, by signing above I understand and agree to the terms set forth in this agreement, agree to pay, and specifically authorize to charge my credit card for the services provided. I further agree that in the event my credit card becomes invalid, I will provide a new valid credit card upon request, to be charged for the payment of any outstanding balances owed.

II. CHARGE POLICY

case, _____
Attorney authori- _____
address _____
Client _____

days p _____

III. CARDHOLDER INFORMATION

Cardholder Name: _____
Cardholder Billing Address: _____
Address: _____

Type of Card:    

Card Number: _____
* Per PCI Compliance guidelines, the last 4 digits may be recorded for verification purposes

Expiration Date: _____ Security Code: _____

The undersigned guarantees performance of the financial provisions of this agreement.

Cardholder Name: _____
Cardholder Signature: _____ Date: _____

S/CHECK

First Name: _____ Last Name: _____
or
Account Holder Name (if Business): _____
Account Type: Checking Savings Account #: _____ Routing #: _____
Account Holder Signature: _____ Date: _____

CardPay, a Payment product, is a registered ISO/MSP of First Third Bank, N.A., Cincinnati, OH 45233.

Credit card authorization forms should be filed as an exhibit to payment in the office. We do not recommend digitally scanning or sending any documents with credit card information. This form is provided for information only and is not intended to constitute an offer. Please consult the attached Cardholder Agreement for complete terms and conditions. Information is subject to our credit review policies.

#ProTip: Getting Money in the Door



- Create a sense of urgency in your initial client consultation; it should be made very clear that you will not begin working on their case until you have received (1) the signed fee agreement; and (2) the retainer payment
- Discuss billing and invoicing at the initial client consultation to put that on the client's radar and prevent future headaches
- Be practical and organized – clients should not be waiting months to receive an invoice from you
- Bill clients regularly, predictably, and as close to payday as possible
- Follow up with clients regarding their outstanding balances about a week after you send out your invoices – put this on your calendar!
- Offer options – what if a client wants to do everything remotely?

Impact of COVID-19



- Less clients able to pay in full
- More clients asking for payment plans
- More clients simply walking on their bill

Collecting on Aged A/R

The basics

- ① What is AR?
- ② What is aged AR?
- ③ Why is this important?

How this applies to your firm

- End-of-year finances
- Bonuses
- Distributions
- Office morale
- Client satisfaction

Step 1: Assess the Situation

STEPS TO COLLECT

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Make a list

Your first step is to obtain a list of your clients with outstanding receivables, including:

- (1) the client name and information, including matter number;
- (2) the client's outstanding balance;
- (3) how "aged" said balance is (i.e., 30, 60, 90, 120, or 120+ days old);
- (4) the date and amount of the client's last payment.



End of Year AR Worksheet



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Share



100%

View only

fx

CLIENT NAME

	A	B	C	D	E	F	G	H	
1	CLIENT NAME	MATTER NUMBER	OUTSTANDING BALANCE	DAYS OUTSTANDING	DATE OF LAST PAYMENT	AMOUNT OF LAST PAYMENT			
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
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31									



Sheet1



Use your firm's technology to your advantage



Depending on the practice management tool that your firm uses, you might be able to easily export a list with the necessary information straight to your desktop

Step 2: Prioritize Your Receivables

STEPS TO COLLECT

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“Young” receivables

(<120 Days Old)

- Reserve an hour on your calendar to work on these
- Send an email out to each client
- Reach out personally as the attorney working the case—do not task this to a paralegal or legal assistant
- Be clear and concise in your email

Sample email copy

Sample Email



Hi [Client],

I hope you are well. My records show that you have an outstanding balance of \$[xxxx] due. Please remit payment immediately. If you have any questions about your bill, please do not hesitate to contact me.

You can pay your balance online by clicking the link below my signature.

Thank you,

[Attorney's email signature]

[link to pay online]

Aged receivables

(120+ Days Old)

- Again, set time on your calendar to address your aged AR
- Cull your list and separate clients into two groups:
 1. Clients you believe can and will pay their balance
 2. Your “Dream List”
- Determine the discount you’d be willing to offer your Dream List
- Reach out personally as the attorney working the case
- Be clear and concise in your communications

Sample email copy

Sample Email



Hi [Client],

I hope you are well. My records show that you have an outstanding balance of **[\$10,000 - example]** due.

I have spoken with our billing department and I was able to work out a deal for you:

If you remit payment of **[\$5,000.00 - example]** within the next five business days, the firm will forgive the remaining balance. However, if payment is not received within that timeframe, you will still owe the full amount (**[\$10,000.00]**). Please be advised that this opportunity will not be offered again.

If you have any questions about your bill, please do not hesitate to contact me.

You can pay the **[\$5,000.00]** online by clicking the link below my signature.

Thank you,

[Attorney's email signature]

[link to pay online]

Incentivize your associates

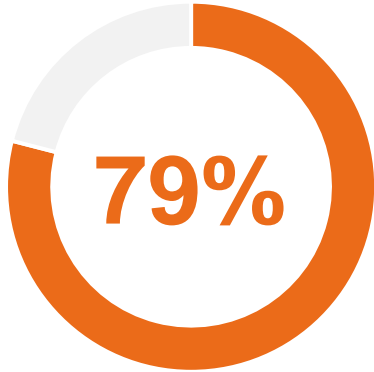
- If you were only the supervising attorney on the case (i.e., not the one working it day-to-day), consider providing an incentive to your associate and have them be the point of contact for your collections campaign
- For instance, have associate handle the aged AR for their assigned cases and offer them 25% or so of everything they collect on that aged AR list

Step 3: Embrace Technology

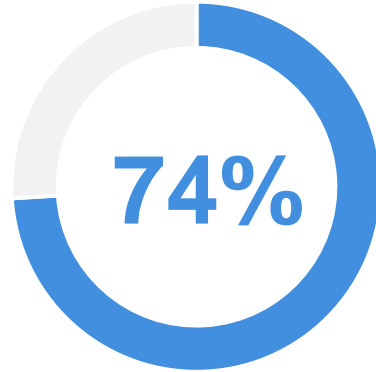
STEPS TO COLLECT

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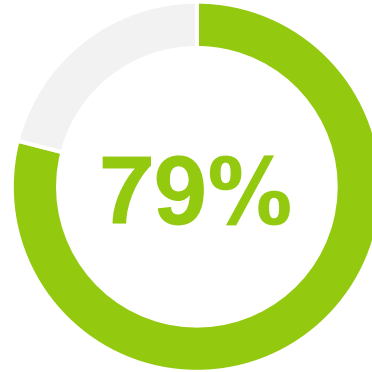
Today, your clients want online payment options



of people now prefer to pay with a **credit or debit card**



of online households report **paying bills online**



of consumers have switched to **paperless billing**



say having multiple ways to pay a bill **increases their satisfaction**

Electronic payments are an asset to your firm



62%

of bills sent online get paid
within 24 hours



Suggested Monthly Reminders to Relay to Attorneys

- 1 Follow up on Outstanding Invoices
- 2 Networking
- 3 Thank-You Notes
- 4 PNC Retainment & Conclusions
- 5 Writing One Legal Article/Blog Post

Thank You!

Amy Mann

amann@lawpay.com | 512-546-7995

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