

***Making More
Money in Less
Time—Practical
Practice
Management
Advice to
Maximize
Income***

Brought to you by:
Sole and Small Firm Practitioners Section

Hosted by:
Barb Fisher

MCLE FORM 1: Recordkeeping Form (Do Not Return This Form to the Bar)

Instructions:

Pursuant to MCLE Rule 7.2, every active member shall maintain records of participation in **accredited** CLE activities. You may wish to use this form to record your CLE activities, attaching it to a copy of the program brochure or other information regarding the CLE activity.

Do not return this form to the Oregon State Bar. This is to be retained in your own MCLE file.

Name:		Bar Number:	
Sponsor of CLE Activity:			
Title of CLE Activity:			
Date:		Location:	
<input type="checkbox"/> <i>Activity has been accredited by the Oregon State Bar for the following credit:</i>	<input type="checkbox"/> Full Credit. <i>I attended the entire program and the total of authorized credits are:</i>	<input type="checkbox"/> Partial Credit. <i>I attended _____ hours of the program and am entitled to the following credits*:</i>	
____ General or Pract. Skills	____ General	____ General	
____ Prof Resp-Ethics	____ Prof Resp-Ethics	____ Prof Resp-Ethics	
____ Access to Justice	____ Access to Justice	____ Access to Justice	
____ Child Abuse Rep.	____ Child Abuse Rep.	____ Child Abuse Rep.	
____ Practical Skills	____ Practical Skills	____ Practical Skills	
____ Pers. Management Assistance	____ Pers. Management Assistance	____ Pers. Management Assistance	

*Credit Calculation:

One (1) MCLE credit may be claimed for each sixty (60) minutes of actual participation. Do not include registration, introductions, business meetings and programs less than 30 minutes. MCLE credits may not be claimed for any activity that has not been accredited by the MCLE Administrator. If the program has not been accredited by the MCLE Administrator, you must submit a Group CLE Activity Accreditation application (See MCLE Form 2.)

Caveat:

If the actual program length is less than the credit hours approved, Bar members are responsible for making the appropriate adjustments in their compliance reports. Adjustments must also be made for late arrival, early departure or other periods of absence or non-participation.

Making More Money in Less Time—Practical Practice Management Advice to Maximize Income

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Who Is Fisher Business Management

Consulting Firm based in Portland

Not a CPA (so we can help with Trust Accounting!)

Work at Client Locations and Remotely

Driver, "What would the business be like if the back office just WORKED?"

5 Employees

Winner of Fast Growth Award in 2012

We love bookkeeping! (messy or clean: we see it all)

Fisher at Small Practice Attorneys

- ▶ Our niches
 - ▶ Small practice attorneys
 - ▶ POS-based businesses
 - ▶ Construction
 - ▶ Investor compliance
- ▶ Attorneys
 - ▶ Annual with a few consultations
 - ▶ Monthly with packages mailed
 - ▶ Monthly with CFO view
 - ▶ Weekly

Language Ground Rules

- ▶ Interruptions and Questions are allowed
 - ▶ The class gets better when we relax and solve real problems
 - ▶ If I see the room losing interest, I may stop the class to regroup
- ▶ A law firm needs to run like a business
- ▶ Businesses need to follow GAAP Accounting
- ▶ IOLTA / Trust Accounting works like Unearned Income, but with stricter regulations

Small Practice Group Examples

Janet



- ▶ Operates as a Sole Proprietor
- ▶ Uses QuickBooks
- ▶ Does most bill paying and invoicing on her own
- ▶ Has a bookkeeper about 1 day per quarter to reconcile and answer questions
- ▶ Tracks clients and time in a Journal
- ▶ Keeps client files close at desk

Eric



- ▶ Manager of a 4 attorney, 3 staff person firm
- ▶ Full time office manager does most trust accounting and billing
- ▶ Bills are all edited on paper before approval by lead (or billing) attorney
- ▶ Firm uses Excel for Trust Accounting and QuickBooks for financial accounting

Follow the Money

- ▶ We all know that you take money, do work, earn the money.
- ▶ What follows is a comparison of
 - ▶ Slow Books (ledger accounting)
 - ▶ Manual Trust Accounting + Quickbooks
 - ▶ A complete Practice Management Consideration using current IT tools to build your business

Slow Books

Ledger Accounting

AKA: Using online banking to manage your business

Slow Books

- ▶ Keep a timecard (Excel? Ledger?)
 - ▶ Revisit / Recreate time
 - ▶ Go through email and notes
 - ▶ Create Trust Accounting
 - ▶ Build Invoice
 - ▶ Transfer funds from IOLTA to Operating

Keep a Statement for Each Client (Paper? List by your desk?)

Keep file for each client (Legal pad, notes scribbled)

Banking is IOLTA + Operating

Reconcile ANNUALLY

Slow Books In Their Practice

Janet



- ▶ Finds trust accounting and client billing frustrating
- ▶ Has to recreate time for time based billing
- ▶ Uses online banking to track cash flow
- ▶ Keeps tons of notes on clients, but misses emails and calls here and there
- ▶ Does transactional or fixed fee work as often as possible
- ▶ Wishes it could be easier!

Slow Books In Their Practice

Eric



- ▶ Knows he's losing money in strange places, but too busy working to chase down every dollar
- ▶ Staff has either been around "forever" or changes over really fast
- ▶ Admin has to chase down information after each envelope is mailed, or gets a feel from phone messages about which cases need to get pulled or billed

Slow Books Evaluation

Pros

- ▶ Cheap!
- ▶ Easy to (not) do the work
- ▶ Very careful, since we look at each statement and bill
- ▶ Doesn't rely on technology
- ▶ Nothing to learn

Cons

- ▶ Significant missed billable time
- ▶ Hard to evaluate what is working and not working
- ▶ Strong reliance on attorney to do every step, so hard to delegate
- ▶ Large margin for error
- ▶ Staff training is necessary
- ▶ Messy
- ▶ Hard to back track

Slow Books: Commonly Missed Steps

- ▶ Time, billable time
- ▶ Bills
- ▶ Have to write off more than you should
- ▶ Catch up annually
- ▶ Don't know about profit or loss until really late
- ▶ Tax payments / Quarterlies

Manual Trust + QuickBooks

Our most common client

Manual Trust Accounting

- ▶ IOLTA Account is Manual
 - ▶ Timecards manual, trust accounting in Excel or a spiral book
 - ▶ Chasing retainers and payments and cash flow
 - ▶ Write off thousands per year in unbilled work, or you know it won't get collected, so you don't bother

Bridge: Manual to QuickBooks

- ▶ Packet of printed papers (invoices) that you did
- ▶ You make notes on paid by IOLTA or need to bill client
- ▶ You don't want to discuss how much work you did for free
 - ▶ *Maybe all businesses do this, right?*

Using your Operating Account and QuickBooks

- ▶ Bookkeeper helps with Financial Accounting
 - ▶ Packet done monthly (or annually)
 - ▶ Not helping you build or grow the business
 - ▶ Office bills paid, usually pay yourself
 - ▶ some months are better than others
 - ▶ No CFO view of office, you generally "hate" the accounting stuff
 - ▶ Few financial "goals", but things are ok
- ▶ Not a good management tool: Chores
 - ▶ Use online banking to manage cash

Manual Trust Accounting + QuickBooks In Their Practice

Janet

- ▶ Feels like they double do everything, but her CPA is happy
- ▶ Has to recreate time for time based billing
- ▶ Uses online banking to track today's cash flow
- ▶ Keeps notes on clients, but misses emails and calls here and there
- ▶ Most office bills are either on credit card or auto pay
- ▶ Wishes it could be easier!



Manual Trust Accounting + QuickBooks In Their Practice

Eric

- ▶ Paralegals help attorneys keep track of time
- ▶ Both Attorneys and Paralegals end up doing a fair amount of work unbilled
- ▶ Collections are significant, but mostly when we send bills later
- ▶ Draft bills go back and forth until they are good enough to go in the mail
- ▶ Clients question time, and a fair amount gets written off
- ▶ Office manager has financial accounting (rent, phones, etc.) down well, but the accounting for trust expenses is hobbled to get the income



Manual Trust + QuickBooks

Pros

- ▶ QuickBooks help is findable
- ▶ Inexpensive
 - ▶ QuickBooks is 1-time purchase
- ▶ Taxes are done
- ▶ I know where the errors are

Cons

- ▶ Hard to ask for help with IOLTA
- ▶ Recreate time to bill clients
- ▶ Forget to apply retainer within QuickBooks (so Messy!)

Commonly Missed Steps in Manual + QB

- ▶ Reconcile retainer accounts
- ▶ Classifying income by type of fees charged to client
- ▶ Applying payments to wrong invoice

Can This Get Easier?

Yes, Yes, Yes, Yes, Yes!!!

First Consider Workflow





CLIO: Software that specializes in IOLTA

- ▶ Presets for the firm
 - ▶ Branding
 - ▶ Attorney Presets
 - ▶ Document Templates (bills, common letters, forms, etc.)
 - ▶ Rates (for the firm / matter / by name)
- ▶ Collaboration built in
 - ▶ Between attorneys in the firm
 - ▶ Matter sharing with outside counsel





- ▶ SSL Protected Attorney Billing Software
- ▶ Holds IOLTA and Operating Account Information
 - ▶ Protects IOLTA from taking any income
 - ▶ Pays income in Operating
- ▶ Works well on phone, tablet, computer
 - ▶ Have your timecard software open ALL DAY, EVERY DAY
 - ▶ This change will make you thousands of dollars per year.
- ▶ Customize rates by person, matter, firm
- ▶ Track productivity by each billable person
- ▶ Run Client Trust Liability expenses here and account for them
- ▶ Earn income to Operating Account, then start using QuickBooks

- ▶ Market dominating small business accounting software
- ▶ Holds all income information for operating
- ▶ Holds all IOLTA information as "client trust liability". You do not enter it
- ▶ Finding vendors and staff to use this is easy, and training is available
- ▶ Allows you to see solid reports on income, overall labor productivity
- ▶ Locally housed on an office computer, or QB Online.
- ▶ Not good on a phone or tablet
- ▶ One time purchase, then update every few years

- ▶ Cloud based small business accounting software
- ▶ Fee is per business, unlimited users within the business
- ▶ Functions like QB: holds income information for operating.
- ▶ Receives Client Trust Liability information
- ▶ Intuitive software that makes reconciling the bank accounts simple
- ▶ Has solid "monthly closing" protections built in, vs annual closing
- ▶ Has reports similar to QuickBooks, but not as many
- ▶ Housed in Cloud, so always backed up
- ▶ Mobile & tablet is extremely friendly
- ▶ Automatically downloads the bank data each night

Dollars: Using QuickBooks or Xero

- ▶ Can (and should!) receive Client Data on import from Clio
 - ▶ Customer
 - ▶ Job (Matter in Clio)
 - ▶ Items (each line of the billable invoice will come over)
- ▶ Earned Income is from IOLTA to Operating
- ▶ Categorized income by Business Type
- ▶ Can segment out expenses by department
- ▶ Allows for solid financial management
 - ▶ Easy communication with your CPA
 - ▶ Monthly closing of your books
 - ▶ No surprises at tax time
 - ▶ Set goals and measure progress toward goals

The Simple Way to Catch All Billable Time


<p>Clio</p> <ul style="list-style-type: none"> ▶ Enter Firm Data <ul style="list-style-type: none"> ▶ We have a checklist of infrastructure that we work with you ▶ Enter Clients, Matters, ▶ Enter IOLTA Receipts ▶ Enter Time & Notes & Trust Expenses ▶ Bill Clients ▶ Export Data to Financial Accounting 	<p>QuickBooks</p> <ul style="list-style-type: none"> ▶ Set Up Mapping for iif File ▶ Receive Download from QuickBooks ▶ Clean up Download ▶ Do financial Accounting <ul style="list-style-type: none"> ▶ pay bills for your business here ▶ Close Books Monthly ▶ Pay Taxes Annually
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Why?

- ▶ You will bill more if you track your time better
 - ▶ Attorneys bill more with Clio (and we have seen it to be true!)
 - ▶ Install the app on every device you use
 - ▶ Open it every day and use the app
- ▶ Your staff can help you more efficiently if your timecard is already done
- ▶ You can better manage trust funding, so your income is assured

Clio + Xero in Their Practice


Janet



- ▶ All Trust Accounting and Financial Accounting is on her Phone
- ▶ Bookkeeper comes in monthly to move Clio to Xero and reconcile
- ▶ She manages cash flow by looking at Xero
- ▶ She can resend documents to clients within seconds of the request
- ▶ She bills clients as cash runs too low, or she knows big jobs are complete
- ▶ She seems to be billing tons more without more work!

Clio + Xero In Their Practice


Eric



- ▶ Attorney Conference has agenda items about document sharing and templates, so best practices are disseminated
- ▶ The Office Manager trains new staff and attorneys on software tools for about 1 hour total, since they are so intuitive
- ▶ All billable personnel install Clio on all devices, and must log all time in a "client visible" manner
- ▶ Office Manager can track that each billable person enters their time daily
- ▶ Collaborating attorneys outside the firm add notes to our system
- ▶ New forms help firm set up new clients for the proper rates, business type.
- ▶ We mail documents to relevant clients sometimes, and the mailing takes the staff a few hours. We just verify a list of recipients.


Buying Software as a Service


Always Backed Up
But
Always Paying the Bill



- ▶ Approved and Endorsed by the Oregon State Bar (10% off!)
- ▶ 30 days FREE!
- ▶ \$65/ month after, less if paid annually
- ▶ Phone / Tablet / Computer Ready
- ▶ Cloud based backed up and secure (SSL)
- ▶ Bill more time by following the "system".
- ▶ If you do your time card daily, you WILL bill more.

Comparing Accounting Software






- ▶ Approximately \$400 fee per user
 - ▶ Repurchase every few years
 - ▶ Purchase 3 seats to include self and administrator, cost is \$1,200
- ▶ Market leader
- ▶ Every bookkeeper and CPA knows software
- ▶ \$30/ month per company
 - ▶ Unlimited users
 - ▶ Well funded, with QB Talent
 - ▶ Intuitive
 - ▶ Built for the cloud & mobile
 - ▶ Good monthly closing features

Clio + Xero in Their Practice


Janet's Software Fees



- ▶ \$30/ month for Xero (\$360/ year)
- ▶ \$702/ year for Clio
- ▶ Her staff person does not use Clio at all
- ▶ She bills about 1 hour more per day, so 260 hours more per year.
- ▶ Collections are much, much lower
- ▶ Realized income is significantly higher

Clio + Xero In Their Practice

Eric



- ▶ Xero fees are \$30/ month (\$360/ year)
- ▶ Clio fees (for 4 attorneys & 3 staff) \$5,460
- ▶ Billable hours go up 1040 hours for the attorneys
 - ▶ At \$200/ hour, that's \$208,000 per year.
- ▶ Billable hours go up 780 for the staff
 - ▶ At \$80/ hour, that's \$62,400
- ▶ Collections go down significantly, and questions are easy to answer
- ▶ We have started billing clients electronically, and many pay electronically

Clio + QuickBooks (or Xero)

<h3>Pros</h3> <ul style="list-style-type: none"> ▶ You will bill more of your time ▶ You will make more income ▶ Your staff can help you earn more and collect more ▶ Your books will tell you how you are doing ▶ The feedback loop is much easier 	<h3>Cons</h3> <ul style="list-style-type: none"> ▶ Reliance on technology ▶ Change: new workflow ▶ Monthly (or annual) software fees ▶ You see the errors (and want to hunt them down!)
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Commonly Missed Steps Clio+ QB / Xero

AKA: Why You Need An Outsourced Bookkeeper

- ▶ Every vendor needs a w9 in the file, and all >\$600 needs a 1099 each year
 - ▶ Chiropractor, process server, bookkeeper, associate, etc.
- ▶ It's helpful to have fresh eyes asking questions about your books
- ▶ We can give you ideas about examples we see at other firms
- ▶ We can help with premium audits, IT metrics, budgeting, setting goals, getting cleaner books
- ▶ We speak CPA + Business Owner + QuickBooks + Trust Accounting

Questions?

- ▶ Where does this break down within your business?