

CLIENT CONNECTION

Accounts Receivable Management Solutions for Law Firms

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The well-known management consultant, Peter Drucker, once said: "The most important thing in communication is hearing what isn't said."



In One Ear and Out the Other: When Managing Receivables, Sometimes You Hear Only What You Want to Hear

Many law firms are missing the message as it relates to managing and collecting their receivables timely. Such firms still rely – very much to their detriment – on a culture of collegiality and camaraderie among the attorneys to set the tone for meeting collection goals. Firms struggle with how they communicate to their attorneys what is required of them. At the same time, attorneys have a knack for hearing only what they want to hear on how they should pursue clients for payment. On top of this, there are other issues that hamper firms' efforts to get paid. Different practices may experience different difficulties. For example, family law clients may be prone to cash flow problems, corporate start-ups may not have cash reserves and e-billing clients are selective about what they pay.

So here are three things to keep in mind to help improve communication on collections:

- **Firms that talk the talk but don't walk the walk will have weaker collection results.** Because many firms believe that open dialogue between management and the attorneys will ultimately result in effective collection efforts, they do not enforce guidelines to help achieve results. Individual attorney autonomy

will win in the end – and collections will lose – if all the firm does is talk about, rather than act on, the message.

- **Firms need to understand that it will take time to successfully implement policies and procedures before they actually spend time creating and revising collection rules.** Save yourself some time by putting the cart before the horse. Too often policies are not effective because leadership of the firm gives attorneys too much professional courtesy, allowing them to make exceptions to the rules. It's one thing to commit procedures to paper, but it's another to ensure attorneys are following the new rules.
- **Don't think that an increase in revenue or meeting budget is an indication that collection efforts are working.** Take a hard look at receivables you are not collecting and how you are dealing with issues that are preventing timely payment, particularly for those receivables of more than 90 days. Such receivables are more of a challenge to collect and take more time and are often left to the side.

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