

CLIENT CONNECTION

Accounts Receivable Management Solutions for Law Firms

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Actions Speak Louder Than Words:

Confronting Common Mistakes in Managing A/R



Walt Disney once said: "the way to get started is to quit talking and begin doing." I'm not sure if he was thinking about lawyers not facing up to unpaid bills and trying to get them paid, but his advice is certainly relevant to addressing ageing accounts receivable. Yes, there are various issues and stories behind A/R numbers that can delay payment, and there may not be anything that can be done about them. But let's not make these exceptions the norm.

Frequently, firms are not doing a good job at collecting their A/R, but they cannot admit it, or they are unsure of how to move forward or where the problems lie, or they believe – in error – that they are doing a good job and the money will just begin rolling in. Take time to recognize some common misconceptions and the reality behind them:

- Most attorneys collect their bills timely and efficiently – Actually, attorneys are concerned about servicing their clients and are not giving a lot of thought to when they are going to get paid. On top of this, they are not held accountable for not collecting receivables and they are given too much autonomy.
- Clients understand payment obligations – Clients are smart. Because they realize that lawyers and law firms are poor A/R managers, it is they, rather than the lawyers, who dictate when – and, sometimes, if – they will pay.

- Collection problems begin when receivable problems age past 90 days – Yes, many clients have their own policy dictating when they pay their bills. But if you have not been paid within 30 days, you've gotten the first sign that you may have a collections problem.
- Clients will call if they have a problem with your bills – Some clients will, in fact, be quick to call if they perceive a problem. Most, however, will not because they are uncomfortable talking about money, they are confused about the bill and services, they are unprepared for the amount they owe or find themselves unable to pay.

Managing A/R need be neither painful nor unpleasant. Understanding and addressing some basic misconceptions won't solve all your aging A/R problems, but it will help you and your firm move forward.