# Effective Practice Management For A Prosperous Law Firm

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State Bar of Michigan

Practice Management Resource Center

Practice Management Resource Center
helping members build and strengthen their law practices

online seminars | helpline | library | resources | ed center | customized training & consulting program
NEW!

PMRC Tip of the Week   **Tip Archive**

ABA TECHSHOW 2011 PowerPoint Presentations—5/31/11

"60 Tips in 60 Minutes" and "60 Sites in 60 Minutes" are popular sessions at TECHSHOW, the ABA's annual three-day technology and CLE conference and exposition. The PowerPoint presentations from these two sessions are now available online in PDF format along with materials from other presentations, including "Going Beyond Microsoft Word on the Mac," "Getting the Most Out of PDF Software," "2011 SmartPhone Shootout," and "Getting the Most from Speech Recognition Software."

ABA TECHSHOW 2011 Bringing Lawyers & Technology Together
CONFERENCE AND EXPO · APRIL 11-13, 2011

To reach a practice management advisor, call the PMRC Helpline at (800) 341-9715 or e-mail your questions to pmrcHelpline@mail.michbar.org.

The PMRC Tip of the Week is a service of the Practice Management Resource Center. It is not intended as legal advice, nor is it an ethics opinion.

Helpline (800) 341-9715

Do you have a question about the retention of old files, the development of a conflict of interest checking system, or the purchase of digital equipment? Call the PMRC Helpline to receive informal advice and information regarding practice management resources and emerging technology. To reach a practice management advisor, call the PMRC Helpline at (800) 341-9715 or e-mail your questions to pmrcHelpline@mail.michbar.org. More

Lending Library

The Lending Library contains a variety of law practice management publications for loan to SBM members at a nominal fe
Sample topics include: How to Start and Build a Law Practice, Winning Alternatives to the Billable Hour, Management Tools
Lawyers, a Survival Guide for the Solo and Small Firm Lawyer, Advice for Litigators, Marketing on the Internet, Virtual Lav
Practice, and much more. View Book Titles

Looking for a videographer, website designer, or other service provider? View all Professional Services and Products advertisers

Resources

Use our Resources page to find a wealth of information to assist with the day-to-day management of your law practice, including forms, checklists, "how to" kits, articles, and links to other essential resources. Find Resources

Topic areas include:

- Calendaring and docket control
- Career transitioning
- Client relations and communications
- Disaster preparedness and recovery
- Financial management
- Insurance
- Management and employee relations
- Marketing
- Record retention

Educational Center

The Educational Center, located in the State Bar building, is equipped with 12 computer stations, to allow members and the to attend seminars and training sessions facilitated by our experienced practice management advisors. Members may als this onsite facility to "test drive" software applications on an informal basis. Reservations may be made by calling the PM Helpline at (800) 341-9715. Use the Ed Center

Customized Training & Consulting Program

The PMRC launched its Customized Training and Consulting Program in June 2009, which is designed to offer the following services:

- Practice management consultations, which include an onsite review of management practices, an onsite progress evaluation (upon request), and the preparation of a Practice Management Consultation Report

- Customized training in software applications such as Time Matters and Adobe Acrobat, with sessions, which may b at your law firm, at the State Bar building, or delivered through desktop sharing via the Web.

For pricing and scheduling information, contact our practice management advisors:

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Sign up for a weekly Email from the PMRC offering newsworthy updates on the latest in practice management for law firms.

From the SBM homepage (http://www.michbar.org)

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Recordkeeping For Successful Trust Accounting

Straightening Out the Confusion

Best Practices
You must take the lead!

Best Practices

- Provide written retainer agreements.

- Keep client funds in your trust account until earned.

- Only use trust account funds for attorney's fees and client expenses.

Best Practices

- Keep detailed "paper trail" of deposits and withdrawals.

- Wait for checks to be paid by the "payor bank" before writing a check against those funds.

- Beware of fraudulent bank scams.

Best Practices

- Plan ahead in the event of your death, impairment or disability.

- Maintain your trust account records for five years (MRPC 1.15 (b)(2)).

Records to Maintain

Monthly bank statements

Receipts/disbursements journal

Client ledger

Records to Maintain

Reconciliation records

Retainer agreements/
Engagement letters

Client/ 3rd party disbursements

Records to Maintain

Deposit slips or cancelled checks

Electronic transfers from trust accounts

TRUST ACCOUNT
RECEIPTS AND DISBURSEMENTS JOURNAL

DATE	MATTER/CLIENT REFERENCE	RECEIPTS	DISBURSEMENTS	BALANCE

CLIENT LEDGER CARD

NAME:_____MATTER:_____FILE NO. _____

ADDRESS:_____PHONE:_____ATTORNEY:_____

DATE	NAME	MEMO	CK. NO.	FEES			COSTS ADVANCED			TRUST		
				Charged	Received	AR Bal.	Advanced	Received	Balance	Disbursed	Received	Balance

Lawyer Trust Account Reconciliation Sheet

For the Month Ended _____

	Amount

Lawyer Individual Trust Account Ledger Balances

[Use a separate line for each person's account as shown on a separate ledger card]

Client _____ $ _____

Client _____   _____

Client _____   _____

Client _____   _____

Client _____   _____

Client _____   _____

Client _____   _____

Client _____   _____

Client _____   _____

Client _____   _____

Attorney Funds for Bank Charges, If Any   _____

1.   Total Lawyer Individual Trust Account Ledger Balances $ _____ *

2.   Lawyer Trust Account Journal (or Check Register) Balance $ _____ *

Bank Statement Balance $ _____

    Less Outstanding Checks   - _____

    Plus In-Transit Deposits   + _____

3.   Reconciled Bank Statement Balance $ _____ *

*These amounts (1, 2, and 3) must be identical to each other for the trust account to balance.

Source: Provided as a courtesy by the Oregon State Bar Professional Liability Fund

TRUST ACCOUNT RECONCILIATION

Lawyer Trust Account Reconciliation Sheet

For the Month Ended _____ December 2010 _____

Amounts

Lawyer Individual Trust Account Ledger Balances[†]

			Amounts
Client	Anna Brown	$	10,000.00
Client	George Carlin		8,000.00
Client	Sandy Smith		5,000.00
Client	Phil Townsend		7,500.00
Client	Wendy Wilson		2,150.00
Client			_____
Client			_____
Client			_____
Client			_____
Client			_____
		$	32,650.00*

1. +Total above Lawyer Individual Trust Account Ledger Balances

(1)+ Attorney Funds for Bank Charges, *if any* (e.g., attorney's money for bank minimum balance requirement) — 50.00

2. = Lawyer Trust Account Journal (or Check Register) Balance $ 32,700.00 *

(3)Bank Statement Balance $ 30,850.00

- Less Outstanding Checks, *if any*   - 300.00

+ Plus In-Transit Deposits, *if any*   + 2,150.00

3.=Reconciled Bank Statement Balance $ 32,700.00*

These amounts (1, 2, and 3) must be identical to each other for the trust account to balance.

Source: Provided as a courtesy by the Oregon State Bar Professional Liability Fund

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[†] Note: Need separate line for each person's account as shown on a separate ledger card/page.

Electronic Recordkeeping

Basic – Spreadsheet

- Efficiency
  - Create templates
  - Insert formulas
  - Protect formulas
  - Reuse
- Redundancy
  - Files are backed up as part of your total redundant computer back up system

Spreadsheet Essentials

Learn how to create formulas

Why Computer Based Trust Accounting? Efficiency and Redundancy

- Account journal(s)
- Client trust account ledgers
- All records of deposits (deposit tickets/slips & receipts)
- All records of withdrawals (checks, counter withdrawals, bank transfers)
- All trust account disbursement statements
- All retainer and compensation agreements
- All accountings to clients and third parties
- All bills for fees and expenses
- Checkbook registers or check stubs
- All cancelled checks (or their equivalent)
- All bank statements
- Monthly reconciliations
- Any other financial documents from client files

Practice Management Software

- Contacts
- Tasks
- Calendar
- Time Entries
- Communication
- Document Assembly
- Conflict Checking

- Remote Access
- Research
- Customization
- Linked Events
- Docketing
- Links to Billing
- Email Management

SaaS Practice Management Options

- There are several SaaS based applications that provide trust accounting functionality including:

  - Clio   www.goclio.com

  - Rocket Matter   www.rocketmatter.com

Saas Pros, Cons and Considerations

- Available where internet connection
- No new hardware to purchase
- Painless upgrades
- No maintenance

Saas Pros, Cons and Considerations

- Internet down – no connectivity!

- Can you rely on security of confidential information?

- What about back ups and data security?

- What about subscription rate increases?

- Will you still love me tomorrow?

Office Policy for Handling Funds
No exceptions!

Pull all the pieces together with a written office policy.

Office Policy Components

- **Accountability**

  A person should be assigned for each task listed in the policy.

- **Responsibility**

  A person should be assigned for overall responsibility for policy oversight.

- **Compliance**

  There must be a mechanism to measure compliance.

Office Policy Components

Flow Chart
- **Incoming funds**
- Attorney fees (Earned/Retainer)
- Expenses /third party/settlement

Flow Chart
- **Outgoing funds/disbursements**
- Earned attorney fees
- Expenses/third party/settlement

Flow Chart
- **Documentation**
- Firm wide, e.g. tracking and billing
- Self audit

Tips, Tricks, Sites, and Gadgets!

USE LAW OFFICE TIME BILLING AND ACCOUNTING SOFTWARE

❖ Time/Billing/Accounting all in one, or Time/Billing is a part of practice management and links to a trusted accounting package seamlessly;

❖ Stop Repeating Yourself!

❖ Firms of 1-50 people consider: PCLaw; Tabs3;

❖ Firms of 50 + consider: Orion, ProLaw, Rippe & Kingston;

❖ Also ... new breed products such as Amicus + Billing.

CAPTURE YOUR DAY WHETHER BILLABLE OR NOT

❖ Historical case information is important;

❖ Peace of mind;

❖ Staff productivity review;

Amicus Attorney

Do you want to create a Time Entry for this item?

Yes No
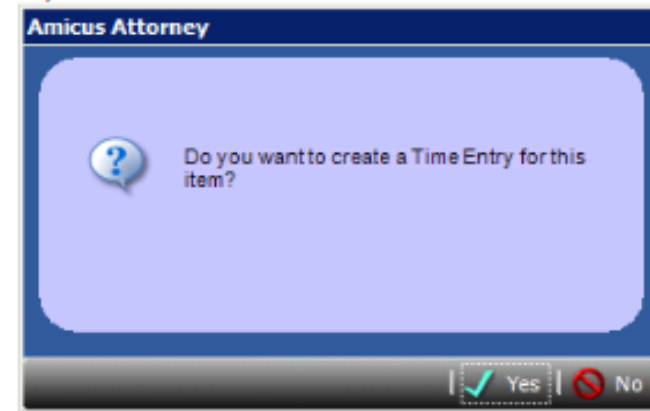
❖ *Practice Management Software* can really help
  ❖ Reminds you to bill your time;
  ❖ Triggers you to capture events, phone calls, emails;

7 CAPTURE YOUR TIME CONTEMPORANEOUSLY WITH YOUR WORKDAY

❖ The BUCK stops with you, the attorney;

❖ Culture Change, but worth every ounce of effort;

❖ Enter YOUR OWN TIME – stop asking someone else to stop his/her work to enter your time;

❖ Use Practice Management Software – triggers you to bill your time;

E-MAIL YOUR BILLS AND STATEMENTS

❖ 21st Century – Your clients will be FINE with it;

❖ Many will prefer it;

❖ Environmentally friendly;

❖ **$aves** a LOT of money – Average cost per month to produce 100 3 page bills + postage + toner + envelopes is approximately $100.00. That's $1,200.00 per year…ON AVERAGE!

❖ Cost of emailing bills:

ZERO

Technology Tools

Square

Sign In

Start accepting credit cards.
The simplest way to make money.

Full name or company name

Email address

Create a password   Verify password

Sign Up

Sign up and we will mail you a free credit card reader.

Free card reader.

- Free app for iPhone, iPad & Android.
- Get paid. VISA DISCOVER
- Daily deposit to your bank account.
- Simple pricing: 2.75% per swipe.

Accept credit card payments
on your cell phone

$15.33

Square

Square puts people in business.

Free Credit Card Reader
Pocket-sized credit card reader that plugs into your phone's audio jack.

Gorgeous App
Simple, elegant app for your Android, iPhone, iPad, or iPod touch.

Transparent Pricing
2.75% per swipe for all credit cards. No monthly fees or contracts. Learn more.

Bill Frequently

- Split your client list in half
- Bill on the 15th and 30th of each month
- Improves cash flow
- Eases pressure of billing cycle
- Electronic billing software helps you save time and money

GNU**Cash**
Free Accounting Software

Checkbook-Style Register

Reports, Graphs

Fax2Mail **eFax** Easy faxing anywhere.™ **easylink** services

- E-Faxing
  - Send and receive emails as faxes
  - Receive faxes to your email
  - Saves on paper and toner since there's no document being printed out
  - Avoids busy signals and the need for extra phone lines
  - Affordable rates

- Electronic Banking
  - Conduct financial transactions with your bank over a secure website
  - Saves a trip to the bank

Online Banking
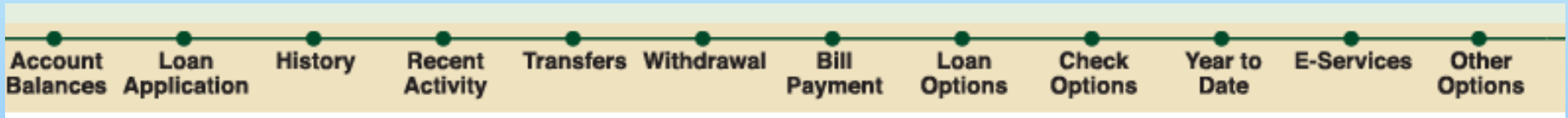
ID Description

Select the source ID: -Please make your selection-

Enter destination ID: -Please make your selection-

Amount to Transfer:

We've listened to your feedback and are happy to announce a new feature in ComputerLine: the option to electronically deposit checks or apply them to your loans via eDeposit. Scan paper checks, and automatically apply them to your account. To use eDeposit, select the "E-Services" menu in ComputerLine, and then choose the "eDeposit" option.

Your transfer of $2,000.00 has been completed.

	Account	ID	New Balance	Available Bal
FROM	00007		7,683.50	7,683.50
TO	00007		1,635.41	6,364.59

Be sure to document online banking transactions.

SaaS

- Can SaaS work for you?
- What applications are available?
- How will it integrate with your core functions?
  - MS Outlook (E-mail, Calendar, Address Book)
- Run the cost comparisons for 3 years or more
  - What is the break even point for you?
- The "…ities"
  - Security, reliability, confidentiality, stability, functionality
  - Does the SaaS address these issues for you?

Free Web Page Capture

- Saves entire web page, including live links

- Mozilla Firefox
  - "File / Save Page As / Web Page, complete"
- Google Chrome
  - "Save Page As / Web Page Complete"
- Internet Explorer
  - "Save Page As / Web Page, complete"

Technology Tools

Virtual Transcription

Technology Tools

Voice Recognition Software

- Technology has vastly improved
- Control your computer by voice
- Automate common tasks with voice "macros"
- Voice to text automation

TURN TALK INTO TEXT

CREATING DOCUMENTS WITH DRAGON IS THREE TIMES FASTER THAN TYPING

DRAGON NATURALLYSPEAKING

Technology Tools

Virtual Receptionist

Technology Tools

Virtual Assistant

Technology Tools

Use Online Fax Services

FaxCompare

http://www.faxcompare.com

ELIMINATED

Technology Tools
Remote Back-Up

mozy

✔ Simple
✔ Secure
✔ Affordable

http://mozy.com/pro
Server farm backup

C0reVault™
Secure Cloud Solutions for your Business

http://www.corevault.com
Server farm backup

CRASHPLAN™

http://www.crashplan.com
Also provides back up to
other computers

Thank You

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