BEST PRACTICES FOR ACCOUNT MANAGEMENT

The following is a collection of tips and best practices for managing your client accounts. Some of the recommendations are based on issues that have led some members into discipline issues or malpractice complaints; some are just general best practices for providing a good customer experience to your clients.

## Put It in Writing

* Never perform legal services without a signed, written engagement agreement that outlines the fees, costs, and the scope of work that you are performing. Never accept any funds from a client without a signed, written engagement agreement.
* Do not venture outside of the scope of work without updating the fee agreement or executing an addendum.

## Do Not Lose Track of Agreements

* You should receive a signed engagement agreement within a short period of proposing it to the client (e.g. two weeks). If you do not receive a signature from the client within that period, you need to follow up with a letter confirming that you do not represent the client.

## Use Technology for Client Convenience

* Make it easy for clients to retain your services and pay your fees. Use eSignature software applications to send and receive signatures. Use credit card processing software to receive payments.

## Monitor Your Time

* Record all of your time, regardless of the fee structure. You should understand what your labor costs are, what projects are consuming your work capacity, and what your productivity is.

# Special Considerations: Billable Hour Model

## Free has Value

* If you bill by the hour, invoice for everything––even work that you discount or that do not charge for. A client does not know that they are receiving free services if it is not reflected in their bill. An example is something like this:

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Time Entry | Rate | Description |
| 05/23/2019 | 0.1 | $0.00 | Telephone call from client regarding status update of case. NO CHARGE. |

## Give Updates

* If you have a lot of work-in-progress for a client (time incurred but not yet billed), give the client an update so they can budget accordingly for when you send an invoice.

## Invoice Regularly

* **Send a bill every month**.  On cases for which you are billing an hourly rate, you should have a set routine regarding when bills go out and when invoices are owed, so that you and the client are on the same page.  There is nothing worse than letting long gaps of time go between invoices. At minimum, you should be sending out invoices and reconciling your bank accounts every month.
* **But you don’t have to wait until the end of the month to bill**.  If a case concludes on the 2nd of the month, send a bill that week for the time, rather than waiting until the end of the month. It is easier for clients to receive a bill near the conclusion of the matter, when they are ready to wrap up case.
* **And you don’t have to send just one bill.**  Sometimes with very involved cases, it can help to bill for work as major projects are complete (for example, after a mediation).  If a major project is concluded in the middle of the month, send a bill for that time and let the client know that the rest of the month will be billed on your normal schedule.  Again, the lesser the distance between the time that you performed services and the time a client is billed for those services, the better off you will be.  This is especially the case when something time-intensive (read: expensive) happens.

# Special Considerations: Advance Fee Deposits

* Remember that from a business perspective, the goal of an advance fee deposit is to ensure that you are going to be paid for the work that you do. You should have a deposit well before you begin work on a matter.
* Reconcile your trust account every month, and track trust account balances per client.
* Provide a summary of the client’s trust-account balance history––showing all transactions––with each invoice. Also provide an update each time there is a withdrawal.
* Obtain written consent from your clients for each withdrawal from their trust account, even if they generally agreed to your billing/invoicing process.
* The amount that you request for a deposit should be reasonably calculated to carry you through a phase of the case. If a client cannot afford an advance fee deposit, they probably cannot afford to pay the bill later.
* Once a trust account balance is depleted, or when you can predict that it will be, have the client provide another deposit. You may want to build in deposit schedules, where a client is required to provide a deposit at certain phases of the case (e.g. 30 days before mediation).