Low hanging fruit: Your Firm's WIP and Accounts Receivable

Don't we all love low hanging fruit? It's the easy stuff, the projects that can be easily harvested or achieved that solve immediate problems. If you are looking to improve your firm's performance, one way to improve it is by **prioritizing your outstanding accounts receivables (A/R) balances.** Law firm A/R is not as cut and dried as most other commercial business's receivable management. Two factors typically go into A/R, invoices that attorneys have passed to the collections department to be collected, and invoices that the attorney's keep for themselves.

The A/R that is sent to the collections staff is easy to understand, most businesses have a process for this. The collection staff calls, emails and texts the Client manually, or through automation after a certain period of time, to remind the Client to pay their invoices. Invoices are collected, written off or sent to a 3rd party collection agency at a discount for them to pursue.

Why does an attorney keep some invoices and pass some to the collections department? There are a number of reasons, for the ones that they keep. The Client may be unsatisfied with the services provided and the attorney may be working to repair the Client relationship. Once the Client relationship is repaired, the related unpaid invoices often become collectable.

Other invoices may have been sent prematurely or may contain errors. Most Clients will not make a payment until they know how the matter has been resolved and the invoices are correct.

Firm management needs to know the status of the outstanding A/R and who is working to get that A/R collected.

The A/R is a valuable asset to the firm, especially when it can be collected. Firms employ collections professionals to manage and report on the A/R. This is can be a function of the billing system and is definitely part of a dedicated collection system.

star*collect is an excellent choice for dedicated law firm collection automation software.

This only tells part of the story; firms also need to know the status of the A/R that remains under the attorney's focus, and their plan to collect those invoices. Years ago, it was commonplace to have senior management and/or collection staff travel from office to office to meet with each billing partner, and spend hours reviewing the status of each Partner's Accounts Receivable.

Once management obtained the data and collection notes from the billing partners, they manually compiled it into a spreadsheet (database) so reports could be produced, and an action plan to collect the A/R was put into place. This old process was slow, labor intensive, and was generally considered a less than ideal use of time – for everyone involved.

Rest assured, technology can automate the work of this manual process. Your firm's collection goals become achievable, and your team can progress toward your firm goals while reporting on their progress. Using technology can automate and improve firm performance. It can also highlight financial metrics and Client relationships that can be improved. The result is saving the work in process from a potential write-off and creating future opportunities for your attorneys.

Automated systems **like star*collect and star*targetCash** can be used to store prospective data on WIP and Collection efforts. These systems can forecast future revenue and provide a roadmap for the firm's total anticipated revenue (collections). This technology is available today, and it provides your Attorneys and their professionals the capability to inform firm management of their collection and cash forecasting plans and goals with minimal effort.

Many leading law firms choose **star*collect and star*targetCash** for their cash collection and forecasting needs, it is the low hanging fruit. Click here to contact your Select*Associates sales team, or please visit our web site and review our blog located at https://www.selectsa.com.