

Good Billing Habits:

What they don't teach you in law school



Claude Ducloux

Board Certified,
Civil Trial and Civil Appellate Law
Texas Board of Legal Specialization
Director of Education, LawPay,
Austin, Texas

Getting Paid Begins...at the Beginning

1. How to interview clients
2. What should be included in a good fee agreement
3. Setting your billing rate for success
4. Develop good habits in keeping, reporting and billing your time
5. The psychology of getting paid

Initial Interview Questions you SHOULD ask the client.

- ✓ Form a Bond.... Listen, Listen, Listen... Give full attention
- ✓ Ask: "What do you think I can accomplish for you?"
Good Answer- You're the attorney; you tell me.
Bad Answer- Unreasonable expectations based upon something other than the facts.
- ✓ Ask: "What is the other side telling the opposing lawyer about you?"
- ✓ CAVEAT: If they say, "I AM SUING FOR THE PRINCIPLE OF IT!" (You will never be able to satisfy this client)

What should be in a good fee agreement?

For the Client make sure you discuss:

- ✓ Scope of work
- ✓ Basis of Fee (Flat fee? Hourly? Contingent?)
- ✓ Who will be working on it (You? Legal Asst? Assoc.?)
- ✓ Communication Methods(Primarily email? Phone?)
- ✓ Office Hours
- ✓ NEW: Most States will soon require a "Privacy Policy"
- ✓ Amount of Retainer and disclosure it will not earn interest.

Additional Contract Provisions

- ✓ Client's Rights – what the client has a right to expect from You!
- ✓ Rejection of Settlement Offers (procedure for second opinions)....and you should be willing to allow second opinions.
- ✓ Venue for any disputes (your home county!)
- ✓ Termination rights/Withdrawal by Attorney
- ✓ Employment of other counsel for related matters;
- ✓ How client can contact the Bar if a complaint arises.

Practical Considerations for YOU!

- ✓ First of all, always have a written fee agreement
- ✓ Make sure you discuss reasonable expectations with client
- ✓ Don't underestimate fees: they'll remember the lowest fee you quote!
- ✓ Make sure you discuss with the client how they plan to pay you
- ✓ Ask yourself: Does this client have the money?

USING YOUR TRUST ACCOUNT:

What belongs in a Lawyer's Trust account?

- ✓ Client funds which have not been earned by you
- ✓ Client funds being held in escrow for an event, or contract or Costs

What doesn't belong in there?

- ✓ Your Money! When you earn it, take it out and transfer to your operating account
- ✓ Non-refundable retainers, absent agreement to contrary (non-refundable are similar to Flat Fee)

Okay, So How Do I Set My Hourly Rate?

Big Concept: You cannot charge more than:

1. what is reasonable and necessary in your community;
2. what a client is likely to pay you in your community with your level of skill and reputation

BUT...

You cannot charge less than you need to support yourself (and often your family) given all resources available to you.

Step Two: How do I figure out my personal budget?

Macrocosm of Success: How much you need to make in a year?

Microcosm of Success: How much do I need to make each day?

THE **"FOUR HOURS PER DAY"** MICROCOSM OF FINANCIAL SUCCESS:

- ✓ The successful financial model for private or solo practitioners is this: If you have correctly priced services and have appropriately adjusted overhead, you should be able to have a successful practice billing AND COLLECTING four hours per day/20 days per month.
- ✓ If your personal budget + overhead requires you bill 6 or more hours per day, your financial model may fail.

How Do I Calculate the Four-Hour per Day method?

- ✓ Add up all your bills – mortgage, groceries, car payment, insurance and practice overhead
(AND ALWAYS INCLUDE ESTIMATED INCOME TAX WITHHOLDINGS as part of overall budget)
- ✓ Example: My personal budget is \$8,000 per month;
- ✓ Plus, my law office costs me \$4,500 per month.
- ✓ Total needed to make ends meet:
- ✓ \$12,500 per month:
- ✓ Divide by 80 hours (20 billing days x 4 hour per day) =
Hourly rate of \$156.

Calculating the Four Hour per day method *(continued)*

- ✓ As long as your resulting hourly rate is within the accepted range in your community, you're golden.
- ✓ As we see from previous slide, the rate of \$156 per hour may be low, thus if the lawyer can charge and collect \$175 or \$200 per hour, his/her office will succeed.
- ✓ Check each day to see if you have confidence that your clients will pay you for four hours of billing.

BILLING AND COLLECTING IT: The Lifeblood of your Practice!

BIG PICTURE: YOU NEED TO GET BILLS OUT THE DOOR, AND
CREATE THE EASIEST PATH FOR MONEY IN THE DOOR!

This requires:

- ✓ Good Billing System
- ✓ Good Billing Habits and Discipline
- ✓ Having a way clients can easily pay you when the bills arrive.
- ✓ Incentivize them to use that system.
- ✓ Constant follow-up when Bills are not paid.

**Always record your time daily...
you'll forget the very next day what you did.**

- ✓ **TIP:** at the end of each day, look at your outgoing Email, which will refresh your memory as to what you worked on.
- ✓ **TIP:** don't use shorthand, use words your client will understand, and use his/her name: "spoke to Bob about upcoming hearing."
- ✓ **TIP:** But remember, never reveal confidences in Billing. If you seek fees, bills are subject to full review (Tex law).

Throw in entries of activity at no charge

BAD (and Stupid) BILLING HABITS:

1. making the stapler a profit center (charging for binding, office supplies);
2. charging a surcharge for use of credit cards;
3. charging excessively for “legal research” or using bland descriptions like “file review” or “file update”
4. charging too much for copies/faxes.

The path to success

1. Timely billing: It is a “Mortal sin” not to get bills out on a set day each month.
2. Remember the Client Satisfaction Curve! (0-30-60-90 Days)
The client is happiest at “day 0”.
3. Always give clients option of emailing them their bills-
(most younger clients rarely use checks... they prefer debit or credit cards)
4. Use a payment link in your email, on invoices and attach to your website. Make it easy to put it on a debit or credit card, and let clients keep rewards/points/miles.

RE: January Invoice

From: Claude E. Ducloux To: Your Client

January-Invoice.doc

Dear Great Client,

Attached you will find your regular monthly invoice for services performed by our office last month.

For your convenience, I have created a portal through LawPay, which is a safe and secure credit card portal designed for lawyers, approved by the State Bar of Texas, and made available to my clients so you can pay with a credit card from the comfort of your own home, office or other location. Simply click on the following hyperlink:

[Make A Payment](#)

Thank you,

Claude E. Ducloux
Hill, Ducloux, Carnes & de la Garza
An Association of Individual Practices
400 West 15th Street, Suite 808
Austin, Texas 78701
(512) 474-7054
(512) 474-5605 (fax)

BOARD CERTIFIED
Texas Board of Legal Specialization
Civil Trial Law & Civil Appellate Law

https://secure.lawpay.com/pages/ducloux

Law Offices of
Claude E. Ducloux

Thank you for your prompt payment!

Claude Ducloux
400 W. 15th st.
STE 808
Austin, TX 78701
Phone: (512) 474-7054
Email: ducloux@hdcclaw.com
Email: www.claudeducloux.com

Invoice Payment

Payment Detail

Amount to Pay

Invoice Number

Cardholder Information

Name

Law Offices of Claude E. Ducloux

[About](#) [Services](#) [Resume](#) [Bar Activities](#) [Entre Nous](#) [Community](#) [Links](#) **Make Payment**

Attorney at Law

Claude Ducloux is a Board certified, Austin-based attorney serving a wide variety of legal needs, including general counsel service, civil litigation, appeals, family law, contract, administrative work before State agencies, and services the legal community with a widely used mediation and arbitration practice.



Board Certified »

Mr. Ducloux is Board certified by the Texas Board of Legal Specialization in two areas: in Civil Trial Law (since 1984) and in Civil Appellate Law (since 1987, the year the certification was... [more](#)



Service & Volunteerism »

Please take a moment to review Claude's resume featuring unparalleled service to the profession itself, including terms of service as the President of the Austin Bar and the Chair of... [more](#)



Legal Ethics »

A significant bar of Mr. Ducloux's practice involves writing, teaching, lecturing and representation of clients, including lawyers in the area of Legal Ethics and Professionalism. Claude... [more](#)



Bar & Grill Singers »

Mr. Ducloux has participated in the all lawyer singing group the "Bar & Grill Singers" since 1992 performing throughout the country and benefiting pro bono... [more](#)

[Contact Us](#)

Suing Clients, or “Hand me the hemlock”

- ✓ **Don't Sue Clients Unless your economic survival depends on it**
- ✓ Why? Because good clients will always try to pay you, and bad clients will “remember things” the way they want to
- ✓ Counter-claims are compulsory in a suit to collect attorney's fees, which means they have to sue you for malpractice.
- ✓ You're going to get sued
- ✓ You'll make more money with new business

Final Thoughts

- ✓ Make sure you interview in a way which results in reasonable expectations
- ✓ Have a written agreement
- ✓ Communicate Often!!!
- ✓ Have excellent billing habits
- ✓ Promptly send out bills
- ✓ Make it EASY to get Paid!!
- ✓ Don't sue if you get burned. It's all part of doing business.
- ✓ Use ADR when available

QUESTIONS: cducloux@lawpay.com

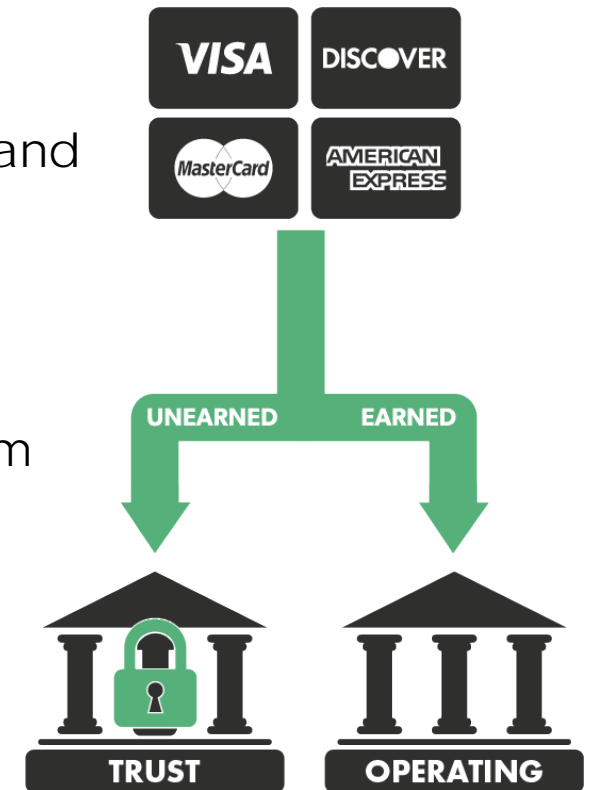
The payment solution for legal professionals.

- ✓ Based in Austin, Texas
- ✓ Founded in 2005
- ✓ Over 10 years experience
- ✓ Process payments for 30,000 total professional organizations
- ✓ Proprietary technology developed for professional payments
- ✓ Level 1 PCI Compliant



The preferred payment partner for over 25,000 attorneys.

- ✓ Ability for law firms to correctly separate earned and unearned fees
- ✓ Recommended by 42 state and 50 metro bar associations
- ✓ Recognized through the ABA Advantage Program





One Time Authorization

SAMPLE:
Client Credit Card Authorization

[Insert Law Firm Logo Here]

[Your Name]
[Business Name]
[Business Address]

[Business Phone]
[Business Fax]
[Business Email]

Client Credit Card Pre-Authorization

In an effort to better serve our clients and simplify your billing procedures, our firm offers

CHARGE POLICY

____ (initial) Being the authorized cardholder or the Corporate Officer, by signing above I understand and agree to the terms set forth in this agreement, agree to pay, and specifically authorize to charge my credit card for the services provided. I further agree that in the event my credit card becomes invalid, I will provide a new valid credit card upon request, to be charged for the payment of any outstanding balances owed. I furthermore confirm that I have received all services and goods to satisfactory conditions.

____ (initial) Charges made for actual services performed by our office are **non-refundable**. In the event of pre-payment any unused funds will be refunded within 30 days.

P Card Holder Name: _____
Signature of Card Holder: _____ Date: _____

CHARGE POLICY ____ (initial) Being the authorized cardholder or the Corporate Officer, by signing above I understand and agree to the terms set forth in this agreement, agree to pay, and specifically authorize to charge my credit card for the services provided. I further agree that in the event my credit card becomes invalid, I will provide a new valid credit card upon request, to be charged for the payment of any outstanding balances owed. I furthermore confirm that I have received all services and goods to satisfactory conditions.

____ (initial) Charges made for actual services performed by our office are non-refundable. In the event of pre-payment any unused funds will be refunded within 30 days.

Payments from family and friends

SAMPLE

Third Party Payment Authorization Form

[Insert Law Firm Logo Here]

[Your Name] [Business Phone]
[Business Name] [Business Fax]
[Business Address] [Business Email]

Client Credit Card Pre-Authorization

In an effort to better serve our clients and simplify your billing experience, our firm offers credit card acceptance. Charge card information is filed with your confidential client information and kept secure.

LET I, _____, authorize (Your Law Firm Here) to charge my credit card for _____ the amount due of \$ _____

3rd Party
Payment

By signing above I, _____, understand I am paying for legal fees on behalf of, _____, a client with this firm. I understand I will receive no direct benefit from this transaction or the legal services provided. I also understand I am waiving my right to dispute this charge with my bank for claims of services not received by cardholder or other similar claim of non-service.

_____(initial)

3rd Party
Payment

Signature of Card Holder: _____ Date: _____

By signing above I, _____, understand I am paying for legal fees on behalf of, _____, a client with this firm. I understand I will receive no direct benefit from this transaction or the legal services provided. I also understand I am waiving my right to dispute this charge with my bank for claims of services not received by cardholder or other similar claim of non-service.

_____(initial)

Benefits of LawPay:

- ✓ Live Support
- ✓ Proper handling of trust account deposits and associated fees
- ✓ Protection for your trust account
- ✓ Modern Payment Tools
- ✓ Direct integration with practice management, billing, and accounting software



What Clients Want

The Six Concepts:

- Competence
- Communication
- Accessibility
- Accountability
- Collaboration
- Respect & courtesy

“Survey Says--”

- 1 Collaboration
- 2 Accessibility
- 3 Communicator
- 4 Accountability
- 5 Respect & courtesy
- 6 Competence

Question? Comments?

Contact Me!

Claude E. Ducloux

Claude@LawPay.com

THANK YOU

LAWPAY[®]
CREDIT CARD PROCESSING

