

# Mastering the Tools of Your Craft

## The Five Don'ts of Billing and Accounting Software

By Paul Purdue

**H**ave you ever observed a master craftsman at work? Whether watching a mechanic diagnose the problem with your car, listening to a musician produce hair-raising melodies, or witnessing a carpenter turn a pile of boards into a work of art, there is something special about watching a person create something amazing in his or her chosen field. Master craftsmen have incredible talents and skills, but they also take the time to care for and learn the tools of their trade. Oftentimes these individuals do not have the fanciest or most expensive tools; they have the appropriate tools for their craft and have learned to use them at a master level. Each tool is carefully selected, studied, and integrated so it becomes an immediate extension of the craftsman.

It never ceases to amaze me that young lawyers or fledgling firms fail to establish their billing and accounting infrastructure. They fail to capture all their time, forget to bill for costs advanced, and can't produce bills in a timely manner.

It is in this spirit I present the five don'ts of choosing billing and accounting software.

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### 1. Don't use word-processing programs for billing.

Don't use Microsoft Word or other word-processing programs to create invoices. A word-processing program does not facilitate time collection. It does not remember who owes you money and for what. It does not send reminder statements. It does not print checks and automatically bill the client if it's an advance. In short, it does nothing except print the bill.

Also, resist the urge to use Word "just this once" to get that one bill out the door. The moment you do, apathy starts to take hold—"just this once" becomes two, three, four times, and so on. Before you know it, months or years have gone by and you've created a mess that's hard to fix.

### 2. Don't get software that is too complicated or too simple.

Solo attorneys first starting out tend to get software that is too simplistic—software that won't handle their future or even immediate billing needs. Don't overbuy, but make sure your billing software can do what you need it to do—now and in the foreseeable future.

Choosing the right software boils down to three words: do your homework. Don't become mesmerized by the shiny objects dangled in front of you by the salesperson.

Focus instead on what you need the software to do. If your practice charges predominantly flat fees, ask how the software handles that. If you need to compensate partners or associates based on time billed and paid, make sure the software can track these allocations and generate meaningful reports.

Firms that are splitting off from larger firms tend to live on the other end of the spectrum. A 12-attorney firm doesn't need to spend \$45,000 for billing and accounting software because the 125-attorney firm they are leaving uses that software. Sure, it worked for the larger firm and, yes, it will probably work for the breakaway firm, but it's probably more than the smaller firm needs. Not only will the initial investment be higher than it should be, so will costs for ongoing maintenance. When the reality of these expenses sinks in, firms tend to stop maintaining the software, diminishing the value of the steep initial investment.

### 3. Don't fail to see the benefits of tightly integrated accounting.

Yes, you can use Quickbooks to print your checks and, yes, you can even bill in Quickbooks, technically speaking. However, billing in Quickbooks rarely works out in the long run. You can use the program to cut checks and keep track of accounting, but by

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doing so, you miss out on the benefits of truly integrated accounting. Integrated accounting allows you to simultaneously cut a check and put it on the client's bill, and you can post a payment against a client statement and deposit it to your bank account at the same time.

Properly integrated accounting saves time and eliminates the potential for errors associated with double entries of client advances and payments while streamlining operations and making it easier for people who aren't accountants to perform routine tasks.

Additionally, if you have an IOLTA account, the problems are magnified; it is difficult to set up a trust account in Quickbooks separate from the firm's general accounting system, as required by the State Bar. Even if you manage to set up the IOLTA account properly, it is impossible to reach the level of integration the Bar encourages—providing trust-account activity information on statements. The double-entry problem then becomes a triple-entry problem; money comes out of the trust account, payments are entered against the client's bill, and money goes into the bank account. That's three entries with three times the effort and three times the potential for error. An integrated accounting system requires just one entry.

#### 4. Don't forget to establish the right routines to capture every minute of billable time.

No matter how good you are at your craft, it is important to effortlessly capture every minute of billable time. There are some useful tools to assist attorneys in capturing billable time, from remote-entry apps like iTimekeep to plug-ins for Outlook that allow you to bill for receiving and responding to e-mail. Additionally, most practice-management systems track what you do

throughout your day—tasks completed, e-mails answered, notes taken, documents generated, and appointments attended—and offer the opportunity to turn them into billable time.

Take advantage of the opportunity to embrace new methods of capturing every billable minute of your day.

#### 5. Don't just fumble along—learn how to use your software to bill clients.

To be a master of your craft, you must learn how to use your tools. Invest both time and money to learn how to effectively use your new software. You haven't made it this far in your career without learning new things, so apply those skills to learning your software. Knowing how to operate your tools is every bit as important as knowing how to practice law.

Remember, a tool is only as good as the craftsman using it. When you master your tools, you'll practice law more effectively. When you choose the correct tools and take the time to master them, you reach the level where those around you will take pleasure in watching you practice your craft. There is something special about watching a master at work. ■



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