

Best Software Technologies For Boosting Realization

By James J. Hammond

[Editor's Note: A&FP's July edition included an article describing how one large firm methodically improved collections with due regard for the delicacy of client relationships. To that same end, this new article by Jim Hammond explores software technologies that help focus and streamline a firm's collections efforts.]

The most direct and effective way to enhance profits is to improve realization — getting

James J. Hammond is president of RainMaker Software, Inc., a provider of financial management, practice management and business intelligence solutions for mid-to-large-sized law firms. Previously, he held senior management positions at ASA Legal Systems and Barrister Information Systems. A frequent speaker at industry events, Jim has more than 23 years of legal market experience in software development, technology, implementation and consulting. He can be reached at jhammond@rainmakerlegal.com.

clients to pay their bills and pay them faster. The longer an invoice ages, the less likely the firm will get paid in full if at all. Further, WIP building against a delinquent account puts the firm at additional financial risk. Collecting smartly and swiftly is therefore essential to profitability and overall firm vitality.

Indeed, considering the multi-office and often global nature of today's leading firms, professionalizing collections is itself a critical core function. But for mid-size to large law firms, where A/R reports can be hundreds of pages long, staying on top of collections is often a struggle involving haphazard manual processes.

Fortunately, a variety of technology options are available to help firms automate collections processes. Whether you're shopping for a collections system or looking for ways to improve your current process, consider implementing the following capabilities for optimal results.

WORKFLOW WIZARDS

Automate collections workflow by using "wizards" that correspond to your firm's open, action and close collections practices. Wizards enable the collections user to set criteria and schedule responses by simply checking off boxes and filling in fields. The collections system then translates these user choices into complex queries that run on the server.

- *Open wizards* automatically find and flag A/R that have slipped into collections status per the firm's established business rules, which may include criteria for each branch office, area of law, client, billing attorney, etc.

Once an account is flagged, the wizard can also initiate actions such as sending out a custom formatted e-mail or auto-populating the appropriate billing attorney's calendar for follow-up. For example, one open wizard might specify that, where Partner Smith is the billing attorney and the total A/R is

greater than \$30,000 and 90 days old, assign this client a “High Priority” collections status and insert a follow-up call into the collections person’s calendar.

- *Action wizards* generate appropriate responses (eg, e-mails, letters, and telephone reminders) to clients already identified by the open wizards.
- As a client’s A/R status changes, *close wizards* counteract previously scheduled actions, in order to prevent the firm from wasting collections staff time and to avoid damaging the client relationship. For example, if Client X owed \$50,000 and just paid \$49,000 toward that balance, then the client might no longer be considered a collections problem.

Firms can easily design an unlimited number of highly specific wizards and then define the sequence in which they run on the server. Maintaining the consistency of such wizards with the firm’s business rules requires proper administrative oversight, of course.

REAL-TIME INQUIRY

Access to real-time information on the financial status of a client or matter is critical because it enables the collections person or attorney to respond to issues more effectively. Look for real-time reporting that provides a big-picture view or synopsis as well as drill-down capabilities for further detail. For example, the tone toward a client that has not done business with the firm in six months and has \$10,000 outstanding may be far more

demanding than for a client with \$50,000 of WIP and only a single bill over 60 days old.

Having real-time data also eliminates discrepancies (and potentially embarrassing calls) that commonly result from overnight batch processing of payments.

DRILL-DOWN CAPABILITIES

Ideally, all information needed for collections should be at your fingertips, from A/R and WIP to client contact name, phone number and e-mail. The more integrated your firm’s core systems are — eg, time-and-billing with collections and customer relationship management (CRM) — the better.

DESKTOP ACCESS

Look for systems that provide Outlook integration. That will provide a quick, secure view of the collections activities taking place, enabling collections staff to more quickly communicate issues and get responses.

Moreover, most attorneys live in Outlook, making it far more practical to bring the information to them than to train them all on collections software. Attorneys can receive reminders, go to their calendars for details of collections calls to be made, and then drill down for additional information as needed, all from the desktop.

INVOICE IMAGING

“I can’t find the invoice; we need you to resend it before we pay.” Eliminate this often used stall tactic by sending mail-merged letters or e-mails that not only refer to an invoice

number but also automatically include printouts or PDF files of the outstanding receivables referenced. Imaging of invoices provides numerous benefits such as reduced storage space and efficient access. Today’s collections technology takes imaging a step further by smartly matching client communications with the appropriate backup needed.

EMBEDDED DATA GRIDS

Have you ever tried to pull report fields from a database and format them in a Word document? If so, then you know it’s a technical nightmare and nearly impossible to do manually, especially when using mail-merge for personalization. Mail merging into a Word document does not lend itself to a report-style design.

Fortunately, some astute collections systems can pull detailed billing and payment histories from your database and embed them into mail-merged letters or e-mails with complete layout control. This is achieved through a system-provided “object” that users simply drag-and-drop onto any Word mail-merge template. The object can be formatted to produce an attractive, report-like layout that includes client-specific detail. The document produced will look as though it was developed in Word, even though none of the features to achieve this result actually exist in Word.

You can select the formats and embed the object, which will dynamically change per client. This tool provides firms

with the flexibility to easily create a suite of letters that can be sent out based on client/matter number, number of days overdue, amount outstanding, etc. For example:

- Client A gets Friendly Reminder Letter 1.
- A/R more than 90 days gets Strong Letter 2.

The end result is professional-looking correspondence that clearly provides A/R detail to support the context of the communication. This simplifies the follow-up process and eliminates the need to attach supporting reports.

E-MAIL MERGE

You no longer have to sacrifice professionalism for speed. Look for collections software that provides the ability to generate mail-merged e-mail letters that look just as polished as paper letters. Simply build the mail merge letter in Word (just as you would a paper letter); Word then converts it to HTML format and exports it into an e-mail message, with no additional steps required.

Note: If a recipient has chosen to receive his/her email formatted as text (TXT) rather than HTML, the user will still get the message but without the desired formatting. The local email program (eg, Outlook) will simply convert the HTML text to regular text. If you have inserted your firm logo or another graphic in the letter, it will typically appear as a "placeholder" in the text message.

E-mail merge is especially helpful for large firms that have hundreds of outstanding

receivables flagged daily for follow-up. Automatically generated e-mail letters can eliminate backlog and increase follow-up speed. The more professional-looking the e-mail, the more apt the firm will be to use e-mail as a collections vehicle.

SMTP USAGE

SMTP technology offers a huge improvement over how e-mail is typically handled and is especially important for high volume, mail-merged e-mails. (SMTP stands for Simple Mail Transfer Protocol, the basic protocol used for sending e-mail over the Internet.)

For example, if a collections staff member were to send 1000 e-mails from the desktop, his/her PC would be bogged down. Instead, arrange for all collections e-mail messages and automatic A/R statements to be handled on the collections system server as SMTP e-mail, by setting up that process at the PC operating system level. That way, the e-mails can come from a consistent address (eg, collections@lawfirm.com) and the firm's e-mail system and the local user's e-mail file can be relieved of excess traffic.

To further reduce system load, the SMTP e-mail service can be scheduled to run at off-peak hours. Doing so, however, reduces the previously described benefits of real-time reporting.

Since SMTP is built into Windows Server 2000/2003, no additional hardware or software is required. You will not have to pay your vendor to customize your database or e-mail system integration. Even

if the firm uses a 10-year-old version of Lotus Notes for email, the collections software will still work fine, and your local users' In-Box and Sent folders won't get clogged up with emails.

FOLLOW-UP DOCUMENTATION

Perhaps the most important functionality to look for is the ability to electronically record and track the collections activities taken by the firm and client responses thereto. What can be tracked manually in smaller firms is nearly impossible for large firms that have to follow up with thousands of clients.

RESULT: IMPROVED REALIZATION

Incorporating these technologies can boost the efficacy of your firm's collections efforts by efficiently delivering the information needed to make informed decisions, automating follow-up actions, and enhancing collaboration among all involved parties. The early identification of potential issues, immediate follow-up, and professionalism in communications that these tools enable can have substantial positive impact on your firm's large-scale collections efforts and resulting realization.



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