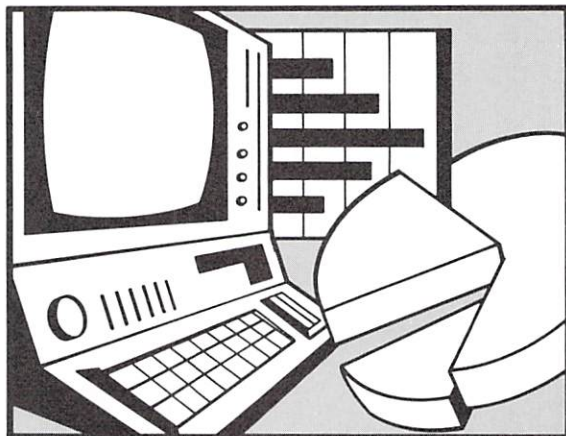


# Computer Law Office Accounting Systems

By Paul Sullivan



*Are you keeping  
business records the  
old-fashioned way?  
Computerized  
accounting systems  
can increase your  
efficiency at an  
affordable price.*

**T**echnological advances have given the sole practitioner access to accounting systems that just a few years ago were only affordable by the larger law firms. These systems, which run on the kind of personal computers now present in most law offices, give lawyers an efficient, accurate, and timely method of operating the business side of the law practice.

If you have word processing on a PC and haven't added an automated time and billing system, you're missing an opportunity to increase the productivity of your staff and your office. Better yet, with the addition of other programs you can connect time and billing with the accounting functions of cash disbursements, cash receipts, accounts receivable, and general ledger, with the advantages described below. Add it all up and you have a sophisticated interactive data processing system — on a PC. The best part is that these systems can be implemented easily by even noncomputer types.

## **Time and billing — the word processing approach**

From a business standpoint, virtually every law office functions the same way. Lawyers must record billable time for each client, including the date, amount of time spent, the rate per hour, a narrative of the activity and an extension of the rate multiplied by the time. You must also track expenses advanced for each client with a date, description, and amount.

At some point in the accounting cycle, you must review these charges and forward them to the client in the form of a bill, then keep a record to see that the bills are paid. In addition, you must pay and record regular

expenses of the business in keeping with proper accounting procedures. Although the task may be bigger in large firms, the procedure is pretty much the same.

Using a word processing package like WordPerfect for billing can be an intermediate step to automating the time and billing process. Each client matter is stored as a separate document, and entries are added throughout the month. Bills are printed by simply printing out the document.

## **The more powerful, flexible system approach**

While the word processing approach is more efficient than a noncomputerized system, it falls short of a true law office accounting system. The biggest advantage of a true interactive law

office accounting system is that data need only be entered in one place to be used for a variety of purposes.

Consider, for example, what happens under an interactive system when you advance an expense on a matter. When you enter information on the computer to create the check, the expense is automatically charged to the matter with the necessary information stored in the client/matter file. At the same time, it is automatically debited to an appropriate expense account in the general ledger, credited to the bank account in the general ledger, printed on a check, and accumulated in a check register for later bank reconciliation. This kind of interconnectedness is missing in a simple word processing system.

Another advantage of interactive systems is the power it gives you to manipulate data. Take reports, for example — when you need a report, the computer simply searches the daily transactions in its memory, assembles the appropriate information, and produces a printout.

The interactive system, unlike the word processing system, creates an accounts receivable record as well. This information can be used later to identify clients who have not paid their bills and to determine how long the bills have been outstanding. This report is commonly known as an accounts receivable age analysis. Other by-products of the timekeeping and billing process provide additional information available simply by searching the computer's memory.

Some of the more popular reports with firms who use these systems are

unbilled time reports, unbilled expenses, production by individual attorneys, profitability by client, and profitability by matter. Since the programs are interactive with general accounting, financial reports are also a byproduct of the daily activity.

## Don't reinvent the wheel

Trying to create your own interac-

tive time and billing system with Lotus, dBase, or other off-the-shelf programs is really not cost effective. There are dozens of software vendors who specialize in law office accounting systems. Most of the legal specific programs are flexible enough to accommodate special requirements.


There are two basic ways to buy

these programs. One is from the developer of the product who sells directly to law firms. They usually provide initial setup assistance and are available for follow-up support via an 800 number.

The other is from the local computer dealership or consultant who specializes in law firms and resells these products for the original program developer. These dealerships are rare in some parts of the state, but if you are fortunate enough to have one nearby, its expertise is a real asset.

Following is a list of the major suppliers for PC law office financial systems that integrate with time and billing. Please note that this list is furnished for information only. It does not represent my endorsement of any product, nor do I put it forth as a complete list of all suppliers. Costs for these program products vary by vendor and can range from less than \$1,000 to over \$8,000.

(1) Advantage Computer Systems Corp., Walnut Creek CA, (510) 932-3800; (2) CIP Classics, Los Angeles CA, (310) 445-2767; (3) Compulaw Ltd., Los Angeles CA, (800) 444-0215; (4) Computer Software for Professionals, Oakland, CA, (510) 444-5316; (5) Juris Inc., Brentwood, TN, (615) 377-3740; (6) Legaledge Software, King of Prussia, PA, (215) 337-5835; (7) Micro Craft Inc., Huntsville, AL, (205) 880-9699; (8) PC Strategies Inc., Longwood, FL; (9) Software Technology Inc., Lincoln, NE, (402) 423-1440; (10) Tussman Programs Inc, Berkeley, CA.

If you are uncomfortable with selecting a system on your own, consult with another attorney or law firm who is knowledgeable about these systems. Another great source of computer knowledge is the administrator of a law firm in your area. Either can relate any experiences they have had with vendors, and perhaps even make a recommendation to you. 

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