



MANAGED ACCOUNTING LLC

**UNLOCKING VALUE
WITH 4L ACCOUNTING
DEPARTMENT BPO***

**Business Process Outsourcing*

Law firm Accounting Departments should not merely be relegated to cost center status—an overhead item required simply to process invoices, record receipts, pay bills, and tally the debits and credits. Much more should be expected than this.

Buried in the accounting records are the secrets to your law firm's success. The challenge is to refine the mission of the Accounting Department beyond the basics, focusing on improving workflows and adding value by decoding financial data to reveal the practice areas and clients which are profitable—and fix those that are not.

About 4L

4L – a decidedly different accounting firm -- provides outsourced Accounting Department services to law firms.

Our mission is to partner with law firms to make them more efficient & productive, easier to manage, and more profitable.

During calendar year 2017, 4L's billing team produced more than 110,000 invoices with a face value of \$295,000,000 for 66 law firms with lawyers in 33 states.

LAW FIRMS CANNOT AFFORD AN INEFFICIENT ACCOUNTING DEPARTMENT

Increased competition among lawyers and a decreasing demand for legal services are [shrinking law firm profit margins](#). Cost-cutting is not the answer, particularly since lawyers' expectations for better, faster, error-free back office services remain unabated.

To meet these demands to do more for less, the Accounting Department operational model must change—not only to become more efficient in transaction processing, but to focus on strategic activities as well.

The typical Accounting Department spends nearly all its time engaged in transaction processing, compliance activities, and responding to emails and phone calls. Little, if any, time is available for financial analytics, strategic thinking, or process improvement.

4L's Accounting Department BPO model can help achieve significant cost savings while increasing firm management's insight into the financials of their firm's profitability.

THE ACCOUNTING DEPARTMENT DONE RIGHT BRINGS A FRONT-OFFICE MINDSET TO ACCOUNTING DEPARTMENT OPERATIONS

Every law firm needs two offices working in tandem:

- A Front Office filled with talented lawyers zealously advancing the goals of their clients;
- A high-performance Back Office working diligently to continually improve support services, while at the same time making the firm more efficient and productive, easier to manage, and increasingly more profitable.

Increased competition among lawyers and a decreasing demand for legal services are shrinking law firm profit margins. Cost-cutting is not the answer.

The Accounting Department must commit to continually improving its processes, not just performing existing ones faster; but to look beyond the single process to identify changes in related activities to improve overall performance. In short, the Accounting Department should be run like a business, with the firm's lawyers as its customers and the realization that each interaction and transaction is an opportunity to win client loyalty.

4L's comprehensive, end-to-end workflow analysis is backed by our decades of experience and the scale of our practice.

FINANCIAL ANALYTICS

It's often said that Accounting is the language of business. For too many law firms, that language is spoken only in the past tense, with reports focusing on last month's hours, billing and collections and the income statement and balance sheet numbers "*as of the month ending...*"

4L believes the mission of the Accounting Department is both to report the past and to project the future. Comprehensive revenue budgets should contrast the firm's revenue potential against realistic variables—what if hours increased by x; rates by y; write-offs decline; invoices are collected faster—so the

firm can measure its potential before settling on its budget goals for the year. Key elements of revenue should be reported monthly—and not only as compared to last year, but to current year budget as well.

THIS INCLUDES:

- Hours recorded;
- Time value of hours recorded;
- Fee billing and fee revenue; and
- Fee billing and fee revenue realization.

KEEPING UP WITH THE JONES(DAY)S

Midsized law firms require the same comprehensive, high-quality, on-demand Accounting Department services common within [AmLaw 100](#) firms. But, such services come with a price tag often beyond the means of midsized firm budgets.

4L leverages people, technology and law industry best practices to both lower operating costs and provide high-performance Accounting Department services...

4L leverages people, technology and law industry best practices to both lower operating costs and provide high-performance Accounting Department services rivaling AmLaw 100 standards. [Many of our people](#) are AmLaw 100 firm alumni, where they held positions of responsibility such as COO, CFO, Controller, and Accounting Manager.

In addition to handling basic law firm Accounting Department activities, 4L draws upon our decades of law firm financial [management experience](#) and provides ongoing financial analytics to help law firm managers master the numbers.

The Accounting Department's dual role is to measure the profit pie and to help grow the size of the pie as well.

ADEX

Accounting Department Excellence (ADEx) is at the core of every 4L activity. It combines people, technology, and law industry best practices to transform law firms, making them more efficient and productive, easier to manage, and increasingly profitable.

4L's collaborative approach to client engagement is based on trust, flexibility, and the recognition that one size does not fit all.

Value creation and mutual success means that each law firm gains:

- more (not less) control over their financial data;
- reduced risk;
- improved cash flow; and
- peace of mind that the Accounting Department activities are getting done right.



ABOUT THE AUTHOR

Mike Marget is an erstwhile large law firm manager with tours of duty as COO at Katten Muchin and at Jenner & Block, CFO at Holland & Knight, among others. He's currently president of 4L Managed Accounting and wants to help your firm grow. Learn more by calling 4L at 813.658.8575 or info@4L-Law.com

ABOUT 4L Managed Accounting

4L is a different type of accounting firm, comprised of former law industry professionals with experience advising law firm managing partners and COOs. Before founding 4L, we held titles like CFO & COO with real P&L responsibilities. Those experiences allow us to operate differently and to focus on customization, flexibility and bottom line results when tailoring solutions to firm challenges.

GET STARTED NOW

Contact Us

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