What is contemporaneous time entry worth to your law firm?

By Keith Cameron

This article will be relevant for law firms that track time and bill hourly.

As you finalized your 2020 budget and were searching for ways to increase your firm’s fee revenue, there is one small, yet effective idea you may not have considered. This article begins by considering your attorneys’ time entry habits. The benefits of a small change are important for each attorney who is keeping time and wants to be paid for her/his hard work, but it’s also important for law firm management trying to meet a fee revenue goal.

Time Entry – Best Practices

For decades, law firms have struggled to improve their attorneys’ time entry habits, dealing with challenges such as: getting timekeepers to regularly complete their time entries by a reasonable deadline, the amount of time which is entered, capturing all the time that is worked, the accuracy of the time entry, who is best to enter the time (timekeeper versus staff person), etc. This article focuses on one of those challenges, contemporaneous time entry, and why you should encourage more of your attorneys to follow that method.

Let’s start at the beginning: What is “contemporaneous time entry.” It is the method of recording your time entry soon after you do the work. “Soon” means immediately, at the end of the same day, or the next day. Contemporaneous time entry is not all or nothing. You are maximizing it if you record the time immediately after you do the work, but you still get some of the gains if your practice is to record the next morning. The closer you are in time to the action you are recording, the greater percentage of your time you will record accurately.

Recording the time entry soon after you do the task improves the accuracy of the amount of time, the date, the correct client/matter and the description of the task. Your attorneys will create the time entry at some point, so why wait until a later time when they will likely waste time reconstructing the elements of their time entries with less accuracy? That being said, a compelling reason to enter time promptly is the financial benefit.

The Financial Incentive

Most law firms who bill hourly have attorneys who keep their time in a variety of ways, including some at the extremes: those who methodically record and input all time at the end of every day versus those who enter time only once or twice a month (or less frequently) and reconstruct their time by reviewing from that time period their emails, calendar entries, phone logs and handwritten notes. Whichever method, the attorneys are usually comfortable with their own method they have developed over the years.

So, what if you record and bill a little less time than you worked? How much does accurately capturing your time worked matter? Conservative estimates of time “lost” when it is written down only once a week, or once a month, is 2-5%. You can simply check what this would mean for your own firm, but here is a very low estimate.

Let’s assume a firm has 30 attorneys who average 1,500 billable hours worked per year at an average hourly billing rate of $250.

If contemporaneous time entry enabled you to capture the minimum average of 2% more of the time worked, that would be worth $225,000 per year. Not just one year, but year after year after year.

Are you doubtful that your attorneys’ time entry habits lose $225,000 per year? It’s easier than you would think. Let’s consider the average time “lost” in this example at 2%; it would be 7½ minutes per attorney per day, or 2.5 hours per attorney per month. Ask yourself: If I wrote down my time, or finalized it, once a week, or every two weeks, is it possible for me to regularly forget or understate 7½ minutes of time in a day?

How many clients do you have on which your work totals $225,000 a year, every year? Would you like to have one more client like that without competing for a new client and without doing any additional legal work than you’re already doing? That is the financial value of contemporaneous time entry.

The Catalyst for Change

Individual attorneys can decide to change their own time entry habits, which is great. If you want to change time entry habits of many attorneys, however, I believe someone of
authority, like a managing partner, must believe in and champion the idea.

You know best what your firm’s practices are and the most effective methods to convert more attorneys to record their time contemporaneously. Remember that, while it would be best if all your attorneys recorded time this way, each one who records time more promptly is a win for the firm. For many of you, the following advice will not be new, but here are a few suggestions to complement your ideas:

• Your less experienced associates could be the best starting point and the biggest winners. While they are still forming their time-entering habits, help them understand the benefits of recording their time as soon as the work is completed. Start them on the right foot, so that not only do they benefit from their time entry habits, but so does the firm.

• It’s much easier to record time promptly if the working attorney can input the time entry directly into your time & billing system. Enable your attorneys and paralegals to enter their own time. Law firms in larger cities have been operating this way for more than 20 years. Although Pittsburgh firms were slower to adopt this practice, many have now done so.

• If your attorneys enter their own time, you could further support them in recording time promptly with the use of mobile time entry software, which works with most time and billing software and mobile phones. This method also includes the timesaver of using the Siri voice function to enter the description.

These final suggestions won’t work for every attorney, but for each one who is helped to record time promptly, it’s a win-win for the attorney and the firm!