

gravity  
LEGAL



# Getting to 100%

Managing receivables, avoiding missed payments, and maintaining sufficient revenues in this crazy time

Or ...



# Law in the time of Corona



# Dan Lear

Team Member: Marketing &  
Partnerships  
Gravity Legal



# Let's pause first



**5 ways to managing receivables, avoid missed payments, and maintain sufficient revenues in this crazy time**



# 1. Accept electronic payments





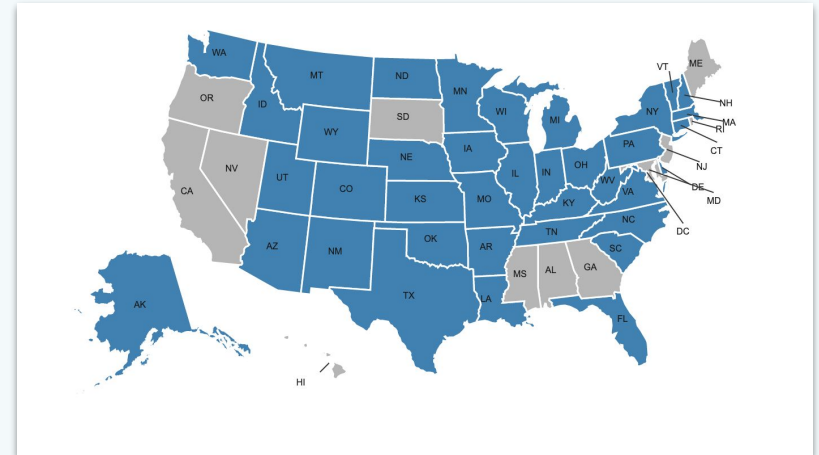


## Coronavirus Could Be Tipping Point For Tech Competence In Law

By ROBERT AMBROGI



# Comment 8 to MR 1.1



**DISBAKED**

## 2. Shift cost of electronic payment to clients



**BUSINESS NEWS** DECEMBER 13, 2013 / 4:07 PM / 6 YEARS AGO

# U.S. judge approves retail credit card fee settlement

Andrew Longstreth

5 MIN READ





# Two ways to “surcharge:” Surcharging & Discounting



## Three things to keep in mind

1. Card Rules

2. State Laws

3. Rules of Professional Conduct



# Discounting



# Discounting: Card Rules & Best Practices

1. The discount must be displayed as an actual discount from the full price of the services.
2. In the eyes of the card brands, a discount is not a service fee or other additional fee charged on all services and then removed for those paying by means other than cards.\*
3. Clearly notify clients of the discount at the time of payment, in a fee agreement and with signage at the firm's offices.
4. Discounting may be applied to both credit and debit cards.

\*Note: Firms can accomplish this by displaying two prices on an invoice: a credit price and a check/bank transfer price



# Discounting: State Laws



## Discounting: State Laws

**Permitted in every state**



# Discounting: Ethics Opinions and Rules

Permitted insofar as we can tell



# Surcharging



# Surcharging: Card Rules & Best Practices

1. Firms intending to surcharge must notify Visa and Mastercard 30 days in advance of beginning to surcharge.
2. Surcharging is limited to credit cards only; the practice is not allowed on all debit cards even if they have a Visa/MC logo.
3. The amount of the surcharge must not exceed the amount it costs to process that card.\*
4. In no case, may the surcharge exceed 4%.
5. Clearly notify clients of the surcharge at the time of payment, in a fee agreement and with signage at the firm's offices.
6. Use a payments system that calculates the total amount of the payment after the surcharge is added; do not simply provide a surcharge percentage and require the client to do their own math.
7. Provide a receipt with the surcharge amount clearly identified.

\*Note: This rule makes it difficult to implement surcharging when firms are paying different amounts to process certain types of credit cards



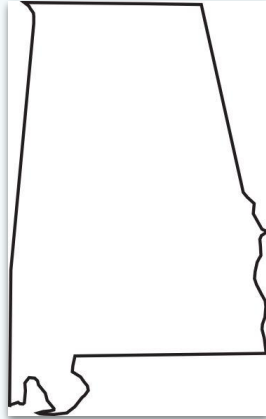
# Surcharging: State Laws





# Surcharging: Ethics opinions and RPCs

**Not permitted: Alabama & Michigan**



**Other states:**

Mostly permitted,  
though YMMV

# Can you surcharge clients?

## State Rules on Charging Clients a Fee for Paying With Credit Cards

Posted by [Emery Wager](#) on March 19, 2020

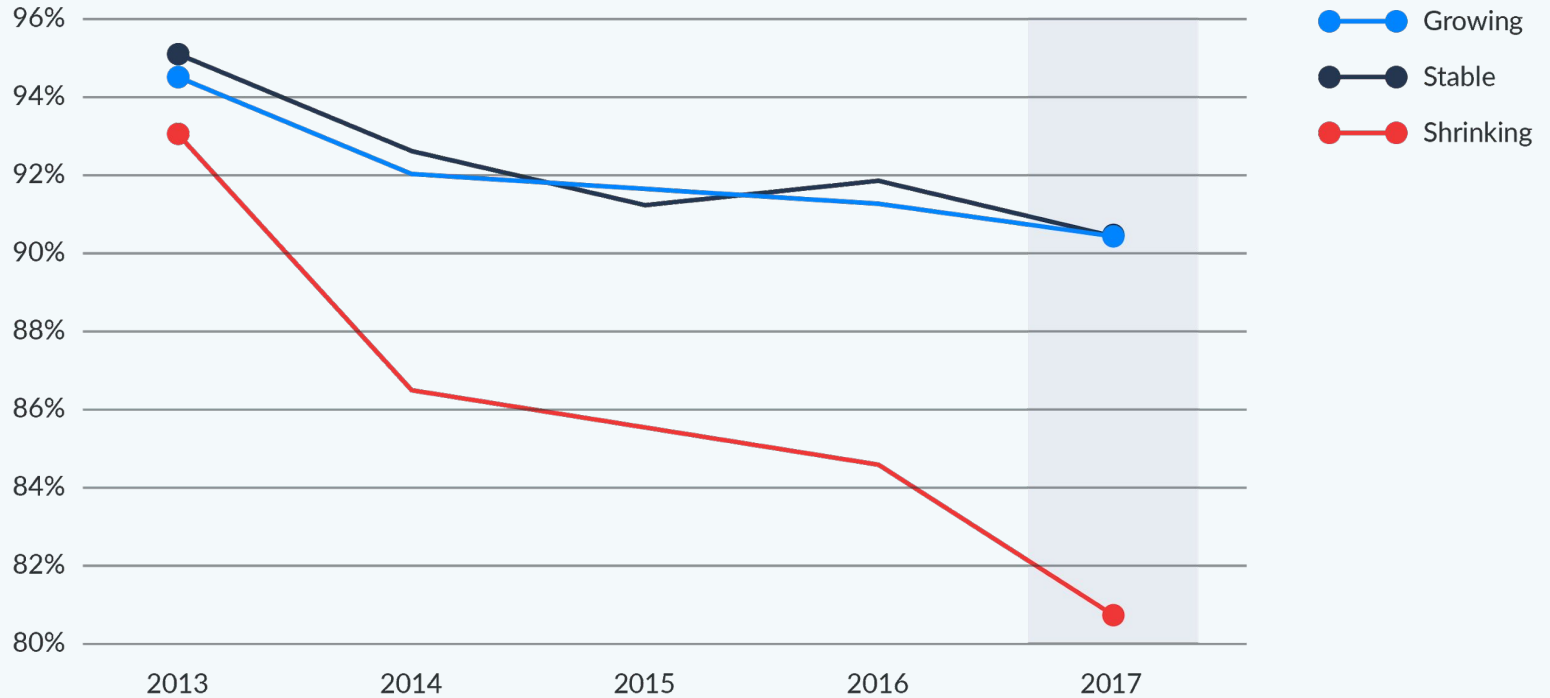
<https://rebrand.ly/GravityLegalSurcharging>



# 3. Use your trust account



# Collection Rate



Source: 2019 Clio Trends report





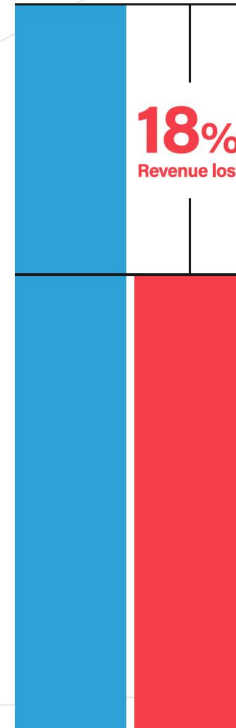
# How do trust accounts affect collection rates?

When looking at factors that affect law firm realization and collection rates, we can count the number of clients with associated trust accounts to create anonymized insights. We can also look at specific practice areas that are likely to use trust accounts as a means for collecting fees.

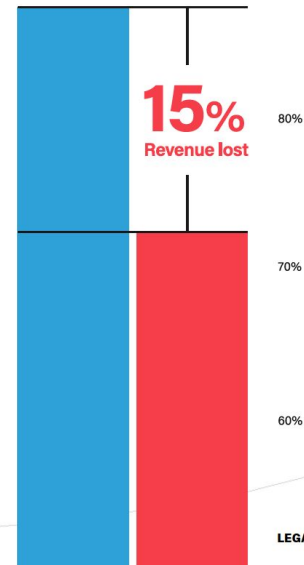
Family Law firms typically have higher realization rates (92%) but lower collection rates (82%) compared to other practice areas. However, for Family Law clients who have associated trust accounts, their matters have a realization rate that is much higher (96%) than those who don't (78%). These matters also have a higher collection rate (85% compared to 70%).

It's worth noting that reducing the number of unpaid bills also has a dramatic effect on the average amount collected per matter. For Family Law firms, when comparing matters with trust accounts to those without, average collections per matter jump from \$1,499 per matter to \$2,823.

### Realization rate



### Collection rate



■ With trust account  
■ Without trust account

# 4. Leverage alternative fee structures



# Alternative Fee Structures (Not Exhaustive)

1. Installment
2. Flat fees
3. Subscription



## Tips on determining flat fees

1. Use hourly rate as a guide
2. May be practice area specific
3. You may (probably will) lose money to begin with

# Subscription Fees

1. Get off hourly model
2. Understand subscription pricing
3. What's included?
4. Setting it up
5. Selling it

# 5. Explore a lifeline





U.S. Small Business  
Administration



# Covid 19 Financial Resources for Firms and Their Clients

Posted by [Emery Wager](#) on March 19, 2020



Whether your firm is in need of financial assistance or you are working to advise clients through these difficult times, we've compiled a list of local, state and national Covid 19 financial relief programs.

<https://rebrand.ly/GravityCOVIDResources>



**But Wait,  
THERE'S  
MORE!**



TM

# Bonus! Find community



## Find community

ALT LEGAL



HOW TO  
MANAGE  
A SMALL  
LAW FIRM



Lawyerist



## Recap

1. Accept Electronic Payments
2. Shift cost of payments to clients
3. Use a trust account
4. Leverage alternative fee structures
5. Explore a lifeline

Bonus: Find community



Dan Lear

[gravity-legal.com](https://gravity-legal.com)

[dlear@gravity-legal.com](mailto:dlear@gravity-legal.com)



# Image Credits

Lock Image: Piervincenzo Madeo - CC BY 2.0

Credit card image: CafeCredit.com - CC BY 2.0

Bar Association Bulletin image: umjanedoan - CC BY 2.0

Trust Image: Vic - CC BY 2.0

