

Year-End Closing Strategy:

A best practice guide by Intelliteach
for a successful closing



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Introduction

Despite the unique challenges 2020 continues to provide, it is important to remain focused on a successful 2020 closing strategy. Having a solid strategy for closing the year will enable your firm to be in the best position to have a strong first quarter in 2021. In addition to the usual recommendations, Intelliteach has produced the following white paper addressing other items to consider when closing your books. These recommendations include best practices used within Intelliteach and for our clients, as well as solutions our clients have found on their own. We wish you the best of luck. Please contact Intelliteach with any questions or comments you may have.

- **To address the US Postal Service mail delay issues that are currently happening, and will likely worsen, firms should avoid mailing invoices and statements if possible.** Emailing of those documents is preferred. Additionally, it will be beneficial to create an online payment service so that you can convert clients that normally pay by check to electronic forms of payment. If online is not an option, encourage clients to pay by other electronic means. We recommend the firm create a document that outlines the request to use new payment options and include it with all new correspondence.
- **Competition encourages performance.** Coordinate a year-end push with the Firm Management and Billing Attorneys that includes internal practice group competitions. Offer bonus potential to top performers or those that achieve collection targets.
- **Client contact is essential to maximize year-end collections.** Firm management should communicate an expectation of attorney participation and responsiveness. When there is no response from an attorney regarding client outreach, the Collections Team is instructed to follow up on accounts automatically.
- **Publish clear goals on the firm's financial objectives for year-end.** Include budget vs. current status, broken down to the attorney level. Provide updates to all attorneys and Collections Teams daily through 4th quarter so that everyone is aware of progress.
- **Consider proactive attorney communication** regarding settlements of larger client balances over 180 days beyond terms where a dispute exists.
- **Closely monitor e-billing rejections** to ensure invoices are successfully submitted to ensure payment by year-end.
- **Consider accelerating initial collection contact to 30 or 45 days.**
- At year-end, the Collections Teams often receive added requests for administrative tasks. Many of those tasks don't facilitate collections. **Delay any administrative duties performed by the Collections Team that can wait until Q1 2021.** This allows focus on collections without interruptions.
- **Approve overtime for Collections Teams** for collection activity where workload volume necessitates

- **Provide clients with FedEx or UPS account number** to send payments overnight during the final push at year-end. Offer to arrange messenger pick-ups of larger checks when client is local.
- **Preapprove settlement authority for Collections Teams on aged balances:** 10% immediate payment discount on all 180+ day invoices, 20% on AR over 360 days aged.
- **Review all clients with approved extended payment terms**, and be sure they are billed in time for year-end payment. If “early” billing is not possible, ask the Billing Attorney to reach out to the client for an “exception” payment for year-end.
- **Both Collections Teams and attorneys should review any clients that have approved special payment arrangements** to see if payment amounts can be increased temporarily through year-end.
- **Firm Management should be ready to help ‘salvage’ large, strategic accounts that are in a delinquent state.** It is important to have a defined escalation path for difficult clients.
- Make sure the standard Engagement letter/invoice properly and clearly outlines the approved payment terms.
- **During November, have all pre-bills reviewed by trusted associates, no 2nd reviews.** Consider sending December invoices without review.
- **Review all unapplied cash and Trust dollars** to get these funds applied before year-end.
- **Review January 2020 receipts to identify expected payments that missed the 2019 year-end deadline.** Determine if any of those same clients have WIP or outstanding AR at this time that should be monitored.