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## The Joys of Billing: No Generous Gesture Comes Without a Cost

By Evan L. Loeffler

I am a solo practitioner, but I have an assistant who helps with many paperwork-intensive tasks that I hate, like copying and filing. All tasks related to billing, however (with the sole exception of mailing), are my responsibility. After three years on my own, it is a task I have come to loathe.

I recognize the necessity of sending bills in a timely manner. Few clients volunteer to pay without some prompting. There is also the matter of accounting for my retainer. I estimate that I review, print, and mail 150 or more bills a month, and that I spend an average of 2.4 minutes per bill. Thus, assuming no distractions, it takes about six hours to complete the billing process.

The task of reviewing, editing, printing, sorting, and finally mailing bills is sufficiently disagreeable that I have designated the first Saturday of the month as billing day. This takes priority over social events, and I have declined more than one invitation to spend time with friends in order to make sure my bills are sent in a timely manner.

I have an attitude about being paid. My clients ask me to help them and agree to pay me for doing so. I will work late and on weekends to deal with my clients' problems in a timely manner. I like my clients to accord me the same consideration when paying their bill. Most of them do, but there are a few who need reminders and encouragement. Encouragement comes in the form of a one percent late fee I assess on all amounts more than 30 days past due. There are times when circumstances work out that my bill is fairly small. In such cases it seems that I spend as much time opening the file and generating the bill as I did working the case. In one such case, I spent less than an hour meeting with a client, and drafting a letter to his landlord that solved his problem. At the end of the month I sent him a bill for \$167.50. My client made two payments of \$80.00 over the next two months. Every month for the next 9 months my billing program generated a bill for the remaining \$7.50 plus eight cents in late fees, which I dutifully mailed to the client. I realized the client probably felt he could not be

bothered with a bill for such a nominal amount. I felt, however, that I did the work he asked me to do, I did it well, and I should be paid for it. Eventually, I would be paid.

One day the client called me with a quick legal question. I answered the question in less than 15 minutes and he thanked me for my time.

“Go ahead and send me a bill,” he said. “What do I owe you?”

“Funny that you should mention that,” I said. “I’m looking at your account and you never paid your last bill.”

“Yeah,” he said. “I’ve been wondering why you keep sending me those bills. What do they mean?”

I had always thought a bill was self-explanatory, but I explained it anyway. “The bill was a statement of your account with me,” I said. “The number at the bottom next to the words ‘amount due’ is the amount you are supposed to pay. Right now that amount shows a balance of \$8.22.”

“But I sent you money,” he said.

“Yes you did,” I agreed, “and I applied the money to the account, reducing it to the amount that says ‘amount due.’ The \$8.22 amount now due is the amount you owe after accounting for the money you already paid me.”

“So what do I owe you now?” he asked.

“\$8.22.”

“Does that include the work you did today?” he asked.

This question made me stop and stare at the telephone receiver incredulously. I could have explained to him that since the bill we were discussing was work that I did 10 months ago and I had not yet billed him for the time I had just spent. But, I could not, at that moment, think of a way of explaining this concept without using the words “moron,” “retarded,” or “imbecile.” Using these terms is generally not beneficial to the nurturing of the attorney-client relationship. I considered simply writing off the \$8.22, but backing out charges using my accounting software is a lengthy and complicated process that would take me longer than the time I had already spent on the telephone.

So, I decided to be nice.

“Tell you what,” I said. “Normally I would charge you \$40.00 for the time we spent today, but I won’t charge you for it if you pay the \$8.22 on your account.”

The client considered this for a few moments and agreed to the proposal. The following day, true to his word, he arrived in the office in person and paid his bill.

In pennies.

As I regarded the plastic baggie of loose pennies on my desk, I realized I had a fresh batch of logistical problems. Assuming there were 822 pennies in the baggie, it satisfied the bill. I was not, however, about to spend the time necessary to count and roll the pennies. Moreover, I knew that my bank generally did not accept deposits of pennies. Further, due to my incredibly bad judgment of having once dated one of the bank tellers (a story far beyond the scope of this article), I knew there was little likelihood of my getting any favorable special treatment.

I also considered what was necessary for me to get the \$8.22. I had sent a total of 11 bills at 37 cents each. Thus, I had spent \$4.07 to collect \$0.72 in late fees. This did not include the cost of the other office supplies, such as laser toner, paper, and envelopes. Nor does this include the cost of my time in generating the bills. After adding the fact that I had written off \$40.00 in order to be insulted by my client, I figured my net loss was close to \$60.00. Moreover, I felt it was a fairly sure bet that my client would not be using my services in the future.

Eventually, I simply assumed the payment was really \$8.22, took a draw for that amount, and put the pennies in a jar of loose change I keep on my dresser. Now, each morning when I dress for work, I see the jar and review the lessons I learned from this incident:

1. Clients can usually tell when you are calling them cheap or stupid, even if you do not use those exact words.
2. There are a lot of other lawyers out there, and most of them would have written off the \$8.22 and kept the client. My client is probably having his work done by one of them.
3. Late fees should be more than postage.
4. Do not date your bank teller.

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