



Outsourcing Your Law Firm's Accounting Department

Unlock Resources, Lower Overhead,
Increase Efficiency



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Understanding Outsourcing

An often overlooked aspect of law firm management is the accounting department, which plays a vital role in ensuring the firm's financial health. This eBook will delve into the advantages of outsourcing your law firm's accounting department and demonstrate how strategic partnerships can pave the way to greater success.

Defining outsourcing

Outsourcing entails delegating specific tasks, functions, or services typically managed in-house to a third-party provider. This approach enables companies to access specialized expertise, enhance their core competencies, and streamline operations.

Common types of outsourcing in the legal industry

The legal industry has increasingly adopted delegating specific tasks across various areas, including:

- Legal process outsourcing (LPO) for tasks such as document review, contract management, and legal research
- IT support and software development
- Human resources and talent acquisition
- Marketing and business development
- Accounting and financial management



Outsourcing vs. insourcing: a comparative analysis

Insourcing involves hiring employees or creating an internal department to handle specific tasks, while outsourcing delegates these tasks to an external partner. Both methods have their advantages and disadvantages, depending on factors such as cost, expertise, and scalability.



The Benefits of Deploying Your Law Firm's Accounting Department with a Contracted Vendor

Cost savings and budget control

Reducing overhead costs: Finding a qualified third party to replace the accounting department allows law firms to cut overhead costs such as salaries, benefits, office space, and equipment. This reduction in costs frees up resources for investment in other critical areas, like client services and business development.

Law Firm slashed 50% of overhead
by outsourcing outdated legacy accounting

[See Case Study](#)

Access to affordable, specialized expertise:

Third party providers often possess specialized expertise in legal accounting, enabling law firms to benefit from their knowledge without incurring the expense of hiring a full-time expert.

Now that modern law firm accounting is cloud-based, you don't have to rely on local professionals, you have access to anywhere in the world your best provider is located.



Increased efficiency and productivity

Streamlining processes: Outsourcing the accounting department can help standardize and streamline financial processes, leading to increased efficiency and productivity.

Leveraging advanced technology and tools: Third party providers often have access to the latest accounting technology and tools, improving the accuracy and timeliness of financial reporting.

Enhanced focus on core competencies

Time and resource allocation: By finding outside experts to take over the accounting department, law firms can concentrate on their core competencies, such as providing top-notch legal services to clients.

Improved client service: With a greater focus on core competencies, law firms can dedicate more time and resources to nurturing client relationships and driving business growth.



Scalability and flexibility

Adapting to changing needs: With a third party accounting department, law firms can scale their financial management capabilities up or down as needed, providing flexibility to accommodate growth or contraction.

Supporting growth and expansion: As law firms grow, outsourcing can help manage the increasing financial complexities that come with expansion.

Law firm saves \$150K+ each year by outsourcing accounting and dumping Clio and then Cosmolex

[See Case Study](#)

Risk management and compliance

Keeping up with regulatory changes:

Outside providers specializing in legal accounting are often well-versed in regulatory changes and can help ensure law firms remain compliant.

Ensuring data security and confidentiality:

Reputable, expert providers have robust data security measures in place to safeguard sensitive financial information.

Identifying the Right Partner

Assessing your law firm's needs and goals

Before selecting a provider, it's crucial to assess your law firm's specific needs and goals. This involves considering factors such as the size of your firm, its growth trajectory, and the complexity of its financial management requirements.

Evaluating potential partners

Expertise in legal accounting: Seek a provider with a proven track record in legal accounting and a deep understanding of industry-specific regulations and requirements.

Track record and reputation: Investigate the potential partner's reputation in the industry, including their success stories, client testimonials, and any awards or recognitions they've received.

Technology and infrastructure: Ensure the provider has the necessary technology and infrastructure to support your law firm's financial management needs, including your preferred accounting software, data security measures, and reporting capabilities.

Communication and collaboration: Evaluate the potential partner's communication and collaboration skills, as these are vital for a successful partnership.



Establishing a successful partnership

Setting clear expectations and objectives:

Clearly outline your law firm's expectations and objectives regarding the outsourced accounting services, including timelines, deliverables, and performance benchmarks.

Defining key performance indicators (KPIs):

Establish KPIs to measure the performance of the provider, such as accuracy, timeliness, and responsiveness.

Maintaining open lines of communication:

Encourage regular communication between your law firm and the provider to ensure alignment and address any issues that may arise.



Overcoming Challenges and Mitigating Risks

Common concerns and misconceptions

Loss of control:

Some law firms may worry about losing control over their financial management when outsourcing their accounting department. However, by setting clear expectations and maintaining open communication, firms can retain oversight while benefiting from the expertise of the provider.

Confidentiality and security:

Data security and confidentiality are critical concerns for law firms considering outsourcing. To mitigate these risks, select a provider with robust data security measures in place and ensure they are compliant with relevant regulations.

Quality and reliability:

Concerns about the quality and reliability of contracted accounting services can be addressed by choosing a reputable provider with a proven track record in the legal industry.



Strategies for addressing concerns

Establishing service level agreements (SLAs): SLAs outline the expectations, deliverables, and performance benchmarks for the partnership, helping to ensure accountability and address any concerns about quality and reliability.

Implementing a robust data security framework: Work with the provider to implement a strong data security framework, including encryption, access controls, and regular audits, to protect your law firm's sensitive financial information.

Conducting regular performance reviews: Schedule periodic performance reviews with the provider to evaluate their performance against the established KPIs and identify areas for improvement.



LeanLaw Recommends Outsourcing Your Back Office Law Firm Accounting

LeanLaw Accounting Pros (LAPs) for LeanLaw Clients:

LAPs are experts in QuickBooks Online, LeanLaw, and law firm accounting. They are thought leaders in law firm accounting. We can recommend one that is right for your law firm or you can find one on our website.

Embracing the benefits of outsourcing accounting

By hiring a fractional account, an accounting agency, or some sort of contracted expert, law firms can unlock numerous benefits, including cost savings, increased efficiency, and the ability to focus on core competencies -- not to mention peace of mind!

[Demo LeanLaw](#)

[LeanLaw Accounting Pros: An exclusive outsourced accounting program for legal accounting experts.](#)

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Articles to Consider

The Rise in Remote Legal Billing Jobs...and How Your Firm Can Stay Relevant



Law Firm Accounting 101



Tech Stack Solutions for the Midsize Law Firm



QuickBooks Online for Law Firms: The best legal billing software



Hire the best Law Firm Accounting Professional to Migrate to Your New Software

