

Introducing: The Essential Modern Back Office for Small and Solo Firms



# Supercharge and Simplify Your Back Office

Discover How Small and Solo Law Firms are Creating  
Efficient Practices With Freedom, Flexibility and Purpose

Kahuna  
ACCOUNTING

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# INTRODUCTION

“The person walked into my office, eyes filled with tears because all control was lost.”

As an attorney and a legal consultant, [Caitlin Moon, MAJD](#) is familiar with this feeling.

One of her consulting clients had walked into her office at a breaking point. The pressure, the business, the administration, the need to be ON...it had all boiled over and emotions began to surface.

How does this happen?

How did it get out of control?

This story is too common when it comes to small firms and solo attorneys. There are many reasons why attorneys decide to go on their own and start a firm.

Some reasons include:

- Freedom and Flexibility
- Autonomy over a career
- Working with who they want to work with
- More time with family

The solo and small firm is entrepreneurship. It is combining talent and hard work and putting yourself out there for the opportunity to work when you want, where you want and with whom you want.

At the heart of this decision is the autonomy. Entrepreneurs are tired of working for someone for a specified amount of time in a specified place.

But unfortunately, with the jump into entrepreneurship comes a lot more than knowing how to be a great lawyer.

You quickly learn you have to figure out:

- Operations and Logistics of the business

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- Accounting and Finance
- Marketing and Sales
- Hiring and Payroll
- Organizing Time
- Cash Flow
- And more...

Law school trains you for exactly none of these things, and on top of that you still have to be a great lawyer!

It's exhausting and stressful.

No wonder that breaking point is always lurking.

Perhaps this is why Carolyn Elefant, in her tremendous blog, My Shingle says while it's common for entrepreneurs and solo attorneys to talk about *passion* being important for their firm, that it's probably more accurate to describe the need for *obsession*.

“(Obsession is) the secret to successful solo and start-up lawyers. Solos obsessed with a practice area eat, sleep and breathe it 24-7. Obsessed solos immerse themselves in the minutia of a practice area, single-mindedly tracking every new development (and often reporting on it in a blog or newsletter), consuming every possible complaint or contract clause in search of new tricks and attending as many bootcamps and CLEs and seminars as they can afford to in relentless pursuit of mastery.”

### **Stepping back and asking “Why?”**

If you're a solo attorney and this message sounds familiar, you know you are here for a reason. Things may not be the way you expected or planned, but hopefully it's worth it. And it can be better.

The biggest challenge you'll have as an entrepreneur is getting caught up in the day-to-day grind, without the ability to step back and see the big picture.

I want to encourage you now to think about the big picture in your firm and your own life.

Ask these questions:

Why did you decide to start your own firm?

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What were you hoping for?

What did you imagine it would look like?

Understanding the big picture of what you're hoping for and remembering *why* you wanted to do this in the first place can be a major step in finding clarity and redirecting focus.

### **Remembering Your Why**

Many times it's natural to look at new tools, strategies and platforms thinking if only we used this, or that or changed something small, we'd start to regain control and spend our time on the most important things.

But the truth is, you have to start by looking at the whole. You have to first ask, "What do I want?"

"What would an ideal world look like?"

That's what Wendy Whitt, an attorney in Texas did.

"I have a remote office and I love new technology. I love the work I do, and want to be able to keep up with it all from wherever I am."

You'll hear more about Wendy's story later, but the important part to see is that her search for the right systems and tools at her firm started with a purpose.

She wants a remote office. She wants to be on the move. And she doesn't want that to slow down her business.

That's what we're going to try to uncover in this short special report. As a solo attorney, you've taken a big, bold step. It's hard and challenging. But it's worth it.

Whether you chose this path for your family, freedom, flexibility, autonomy, or the thrill of the challenge or to pursue your passion...or obsession – you had a purpose in mind.

### **It's Time to Simplify**

At Kahuna, we're here to help you find that purpose.

And we want to do it by simplifying. That's the goal of this report. To help you see the big picture, break down the business operations side of the law firm, and break down

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into actionable chunks that can save time and money while relieving headaches and allowing for greater focus.

### **Why Listen to Us?**

I guess I should have introduced myself.

My name is Micky Deming and I'm a former journalist and the Director of Marketing at Kahuna Accounting.

Kahuna Accounting is an outsourced accounting and bookkeeping solution designed for entrepreneurs, by entrepreneurs. It's our mission to take away the headache and complexity of bookkeeping so business owners can focus where they are most valuable.

Our mission statement is: *We achieve our victories through the victories of those we serve.*

In providing this outsourced accounting, we stumbled into the world of small and solo law firms as we had several keep coming to us with similar challenges they wanted our accounting team to fix.

Seeing a pattern, we at Kahuna we performed a mini-research project discovering the tools, and back office systems used by solo and small law firms.

- We conducted a survey of over 100 small firms
- We conducted extensive interviews with more than a dozen attorneys
- We read everything we could get our hands on related to small and solo firms
- We reached out to our network of attorneys to learn anything we could
- We worked directly with solo and small firms, providing them with accounting and bookkeeping services and learned from them along the way

In summary, we did what I was taught to do as a journalist: We asked a lot of questions, and just listened to the responses.

In gathering our research we found five actions solo and small firms can take right now to make their life simpler.

We call it the 5 elements of a modern back office:

#### **1. Eliminate Data Entry**

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**2. Embrace Mobile**

**3. Get Professional Help**

**4. Seal the Cracks (Get paid what you deserve)**

**5. Simplify – Tie everything together in a way that makes sense**

Full disclosure: Kahuna Accounting can and is helping attorneys to implement all of these changes.

However, this report is not meant to be a Kahuna promotion. It's research-based and will be filled with quotes and true stories.

Our goal is to take the challenge of the solo/small attorney back office and make it simpler. This report will provide ways you can do just that right now, without our help. Overall we want to see purposeful, confident and energized entrepreneurs.

We know all solo and small firms have taken this path with a purpose.

The goal of this report is to help you re-define that purpose, and to provide some helpful tools to get back to running your firm like you wanted to in the beginning.

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# STEP 1: NO DATA ENTRY

## What Does Time Mean to You?

As we started this report looking at the big picture – the why? – now we will zoom way down to the very boring minutiae. Let's talk about data entry.

Is this just a necessary evil? Or is it something that can be eliminated?

Either way, one thing that needs to be pointed out is that data entry IS evil. That's simply because it takes time. And with the goals discussed in the introduction, I think we can agree that nothing is more important or more precious for a solo or small firm than time.

So the time you do have to spend working on or in your firm needs to be maximized to its fullest capabilities.

Specifically, you need to be doing three things as much as possible.

1. Working on Cases/Professional Law Work
2. Building Key Relationships with Clients and Business Professionals
3. Revenue-Generating Activities (Marketing)

Anything else should be outsourced as much as possible or replaced by capable technology. Any time taken away from the Big Three mentioned above is either taking away money or credibility from your firm.

So if you're going to take time away from the Big Three, it better be for a really good reason!

## Time-Keeping

At Kahuna, most of the attorneys who have approached us were already using technology to do their time-keeping which could also be used to generate an invoice.

But we did a survey of over 100 solo and small firms and were very surprised to find out that **40% of those we surveyed were doing their time-keeping manually!**

If this is you, it's time to stop. Now.

This report is not the place to advocate a specific solution, but there are many that can help you right away if you're looking to save a lot of time.

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Some of our favorites include:

- Clio
- Freshbooks
- MyCase
- Rocket Matter
- Harvest

These tools range from full practice management to simple time-keeping and invoicing.

Implementing a system like this is a great start to simplifying life as an attorney. At once you'll be able to track your time from anywhere, and more importantly you will quickly eliminate a ton of paper. Keeping track of paper just makes it easier to make mistakes, lose items in the cracks and creates a lot of unnecessary clutter.

### **Time-Tracking Integration**

Perhaps you're already using one of the tools mentioned above for time keeping and billing. That's great. But there's a next level in the data entry component that was another part of our survey.

Of over 100 solo and small firms surveyed, we found 80% said their time-keeping and billing system does not integrate with their accounting/bookkeeping.

Do you know what that means? Data Entry.

And do you know what that means? Time.

Like I said above, nothing is more important than time, so before I go deeper into some of the options for eliminating this data entry, I want to ask a personal question.

### **What does time mean to you?**

I never want to get bogged down in the details in this report. Above all, I want to be clear that this is not about certain tools or strategies. This is about YOU and your firm.

If you start with a tool, there is no purpose. But if you start with the purpose like we did in the beginning, we can work backward and find solutions that help us get what we want.

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It's not about saving time. It's not about eliminating data entry.

It's about what you can do with that time. Again I'll point to the Big Three:

1. Working on Cases/Professional Law Work
2. Building Key Relationships with Clients and Business Professionals
3. Revenue-Generating Activities (Marketing)

In addition to spending more time on the Big Three – saving time means more freedom and autonomy – which is the whole reason most solo and small firms got started in the first place.

Clio, one of the tools mentioned above did a great video about what time means for some of their clients. Take a quick minute and a half and ask yourself the question, “What does time mean to you?”

<https://vimeo.com/85395625>

### **Integrating Time-Keeping/Invoicing with Accounting Software**

Just like above, I'll say that this report is not meant for recommendations. With accounting we can only share what we have experienced and know, so I'll be primarily talking about Xero with accounting software.

Other tools may be able to do what Xero does, but from our perspective, Xero has been the best in terms of integrating your entire solution.

There's no room to get down to the fine details, but imagine keeping time on your phone, invoicing from your phone, and having that invoice automatically show up as a transaction in your accounting system.

How much time would that save versus doing it manually and entering the data into your accounting system or keeping track with spreadsheets?

Of the tools mentioned above: Clio, Freshbooks and Harvest will integrate directly into Xero so your contacts and invoices are all carried over. In a different system, it's still possible to take just an extra step and export then import and Xero will recognize your data.

The point is, the modern lawyer doesn't need to be wasting time entering data. Even if you have an assistant to help with the books and entering data, it's a waste of time if technology can do it easily.

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Wouldn't you rather have your office assistant focusing on providing value to your clients and network?

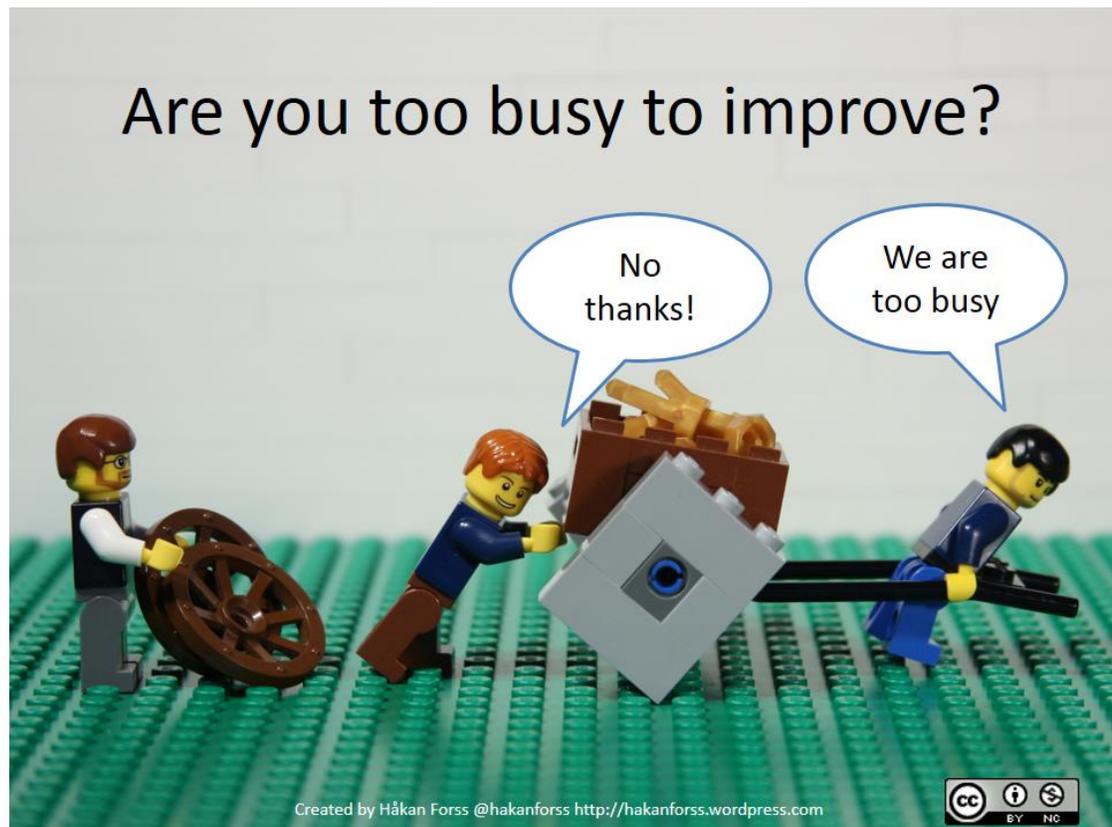
### The Fear of Change

I asked Caitlin Moon, "Why don't more solo and small firms make the change to something faster and easier?"

She said, "They don't have time. **They're too busy practicing law.** They are worried it will take too much time to change something new and learn something new."

So they don't have enough time to save time?

I think this image sort of sums it up.



That's pretty much the problem, and knowing all we discussed previously, it makes sense. The lawyer running a firm is spinning too many plates. Any change or disruption is scary.

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**That's why we're stepping back and looking at the big picture.**

Remember, our goal is to simplify. And the goal is for the long term. The goal is to remember the purpose of why you wanted to start a firm.

To make a change that takes a little more time now and saves a lot of time and headache and pain in the future is an easy decision when you weigh the pros and cons.

The key is taking a deep breath and looking at the big picture. Best of all there are people available to help you get the most out of the tools, so you're not stuck on your own trying to figure it out.

Making the change is not as bad as you would expect, and once you take step 1 of the modern law back office and eliminate data entry you'll be one step closer to the freedom, organization and confidence you're looking for.

**The question is, what does time mean to you?**

## STEP 2: UNDERSTANDING MOBILE

### Staying Connected, Current and Collaborative in a Mobile World

The last thing we're trying to accomplish in this report is to keep up with the latest trends, buzzwords and cool tools. Everywhere you turn today, you see the word mobile.

Sometimes we're convinced to buy something or upgrade just because it's the new thing, when in reality what we already have works just fine.

(My wife still doesn't have a smart phone, and she's able to make calls and send text messages just fine. And we don't pay for data!)

We want to be all about simplicity, practicality and functionality. If the suggestions we make don't allow you to save time and be more efficient with work, you should ignore everything we say.

With that said, it is true we want to help you be more mobile. Not in a way of doing everything on your phone, but in a way that helps your firm improve communication and, ultimately, allows you to have more of the lifestyle you desire.

So let's start by defining what we mean by mobile.

Quite simply, I want you to think of the 5 C's of mobile.

Connected, Current, Collaborative, Convenient and Consistent.

I'll break down each one.

#### 1. Connected

In the survey I mentioned previously, we had a very simple set of questions, but we encouraged those we spoke with to elaborate on what their frustrations were. And because of that we learned some things we weren't really searching for.

The most common complaint we heard was when talking to office assistants of attorneys who said, "I can't afford to leave or take a vacation, because everything will fall apart."

Basically, we found many small firms who relied on office assistants to be the glue

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who holds everything together. They are responsible for data entry, bookkeeping, email follow up and an extremely long list of other tasks that keep the business running smoothly.

So when these office assistants try to take a vacation, the attorney gets frustrated because they aren't able to keep up with everything.

Being mobile means being connected. When you have a tool that allows you to work from anywhere, you don't have to scramble back to the office and compile pieces of paper and make sure it all gets entered properly.

The right tools will allow you to manage your practice from wherever you are and ensure the key information is being collected.

The office assistant is still needed for oversight and coordination, but they are not required to be at their desk every single day, because mobile technology allows for them to keep up with it remotely and allows the attorney to have a greater pulse on the business.

## **2. Current**

The need for mobility goes hand in hand with our first step in the modern office – eliminating data entry. A typical set up for attorneys, and truly for most entrepreneurs is like this.

The business gets started, so Quickbooks is purchased for the back office bookkeeping. Receipts, Invoices and spreadsheets are all kept up with to track the activity in the business.

Then at the end of the week, or month (or year!) the bookkeeper hunches over the giant stack of papers and enters all the data, reconciles all the transactions and updates the accounting system.

This is time consuming, potentially inaccurate, and most of all never gives a *current* picture of the business. You're always looking backwards.

Worst of all, Quickbooks is only located on one computer. So whoever is responsible for this information has to come to the office set aside time and enter all of it.

With the right mobile tools, this process should be completely eliminated. You should be able to create invoices, enter receipts and reconcile transactions from anywhere. Any computer, smart phone or tablet can keep up with your entire back office.

Most importantly, you'll be able to know where the business stands, up to the minute.

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In the traditional model, you are always looking backwards, asking, “How did we do last month?”

Mobile means being current. You should be able to know how the business is doing right now, and be able to adjust accordingly.

### **3. Collaborative**

Wendy Whitt approached Kahuna several months ago, because she needed help making her tools work.

“I have a mobile office, and I love using technology,” Whitt said, but she also knew she needed bookkeeping help.

That presented a challenge, because bookkeeping typically is not mobile. It’s a person at a desk. And the bookkeeping can only happen at that desk.

But not anymore. The best part of all with mobility is the ability for collaboration. When you are out on the road keeping up with your office, you can also have your team looking at the same pieces of information from wherever they are.

Rather than handing off a flash drive, or emailing documents, you can update from wherever you are and have outside assistance immediately.

We’ll talk more later in the report about the need for collaboration in a business, but the point here is that mobile technology makes that collaboration much easier and more available than ever before.

Thinking back to the office assistants who are unable to leave, this challenge is solved with mobile tools. Rather than putting everything on hold, you can have backup support to rely on if someone is on vacation.

### **4. Convenient**

If you’re thinking of going mobile, consider it for no other reason than for convenience. It’s one of those changes that you don’t quite appreciate how much extra you are doing until you switch.

To be able to do time keeping by pushing a button on a smart phone, then to push another button to automatically generate an invoice, and then get paid...it’s pretty awesome.

### **5. Consistent**

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Probably the most important piece of using mobile tools is that everyone on your team will be on the same page. This creates a consistency where you all know where to look to find what you need.

When papers pile up and you're using a bunch of systems and spreadsheets that don't work together it becomes confusing fast. And nobody is able to quickly find the answers they need.

This is very inconsistent, because you have to create different workflows nearly every day just to keep up.

### **Making this change can be easy**

Going back to the beginning of this section, I'll remind you that our goal is not to show off snazzy new tools or be constantly checking our phones.

The goal is to be simple and practical. The fear most attorneys and all business owners have with new technology is that it will take too much time to learn and be too complicated to figure out.

But the honest truth is, the tools today like the ones mentioned in Step 1 are so easy to use and integrate you can make a change without missing a beat.

Best of all, there are consultants and professionals who can help you make the systems work for you.

We'll get into that more in the next step, but once again I'll challenge you in the same way I did when discussing eliminating data entry.

*How much is time worth to you?*

Are the processes in your firm connected, current, collaborative, convenient and consistent?

If you or your office manager are out of the office for a week, does everything break down?

If the one computer that has all the data crashes, what happens?

The right tools make things easier, which is great, but they also provide peace of mind, better communication and overall a better business.

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## STEP 3: SEAL THE CRACKS

Whoops!

Anytime you hear someone from the other room say, “Whoops” you are just left to imagine in horror of what actually went wrong.

Sometimes having the occasional “woops” isn’t really a big deal. But in a business, any woops can be a frightening, and several small ones can add up into a real problem.

As we were researching the environment of small and solo law firms, we did several interviews. Some were face to face in the law offices, many were over the phone and some were through email exchanges.

In one of our face to face interviews we sat in the firm with an attorney and his long-time assistant. This attorney knew his time-keeping, billing and bookkeeping solution wasn’t the best, but was sort of proud of the way he had patched it together over the years. (His assistant was all ears at the idea of something new!)

The attorney pulled out several manila folders. The folders were packed with invoices, receipts and a host of other pieces of paperwork that seemed to have no organization.

As he flipped through the folders explaining how his firm managed everything, something caught the eye of this experienced attorney.

“Hm...”

He looked at his assistant. Then back to the paper.

“Looks like we never got paid for this,” he said calmly.

“How much was it for?” the assistant asked.

“600 dollars.”

“And how old is it.”

“Well this is from November...so...6 months?”

Whoops.

**Cash is King**

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One of our mentors here at Kahuna Accounting is financial guru Philip Campbell, the author of *Never Run Out of Cash*. Campbell has been advising and performing CFO functions for small and large businesses for decades and his biggest tip for any entrepreneur is to know exactly what is happening with the cash.

“It’s absolutely critical that you know what your current cash balance is. You should be able to put your hands on this number whenever you need it,” Campbell says.

The reason why he’s so adamant about knowing about cash is pretty simple. Without cash, there is no business.

Cash is what keeps everything alive. And there is a major difference between having someone agree to pay you and actually seeing the cash come into your bank.

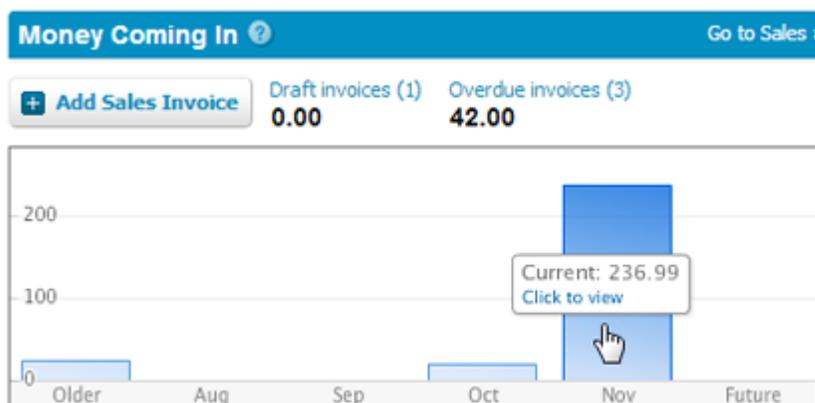
People aren’t purposely trying not to pay you (hopefully), but many times will forget and need a reminder. What do you have in place to make sure you know who still owes you? How can you contact them to make sure you are paid what you are owed?

Maybe you’ve thrown together your own system for tracking receivables, but how do you know if anything is slipping through the cracks like the example above?

### The Dashboard Check

With the right accounting system, in this example Xero, you can see at a glance on your dashboard the “Money coming in” which is the money you are owed.

It looks like this:



When you see “Overdue Invoices” You can click and find out who owes you and what it’s for. If you are integrating Xero with Clio, Freshbooks or your billing system, your invoices will come right into this module of the dashboard.

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When you click to see what invoices still need to be paid you are taken to this screen:

Number	Ref	To	Date	Due Date	Expected Date	Paid	Due	Sent
INV-0035	P/O CRM08-12	Ridgeway University	Apr 23, 2014	May 3, 2014		0.00	6,187.50	✓
INV-0028	Book	City Limousines	Mar 30, 2014	Apr 9, 2014		0.00	19.95	✓
INV-0027	Yr Ref W08-143	DIISR - Small Business Services	Mar 26, 2014	Apr 9, 2014		579.37	270.63	✓
INV-0023	P/O 9711	City Limousines	Mar 9, 2014	Mar 19, 2014		0.00	250.00	✓
INV-0017	P/O 9711	City Limousines	Feb 6, 2014	Feb 16, 2014		0.00	250.00	✓

Now you can see who owes you money, and how long ago you had sent them an invoice. You can then decide if it's been too long, now you can send them a reminder. You can even do that out of Xero by clicking on the company and having an automatically generated email ready to send.

### Sealing the Cracks

This step is the most simple and straight forward of all. You need to get paid. And with all the different hats you are wearing, it's very easy to miss out on payments because you aren't able to keep up with all the administration and organization.

The first three steps were about the right tools and help to implement those tools and create an organized system for your back office.

But more practically, a better system will help you seal up the cracks and fix problems that are slowly hurting you – some of which you are aware of – and some of which you've probably never realized are happening.

When technology integrates and professionals are around to see if anything looks funny, you have a much greater chance of being sure nothing is being missed. It may seem like a small fix, but \$600 that should have been paid 6 months ago can make a big difference.

And who knows how many other “woopses” are out there?

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## STEP 4: PROFESSIONAL GUIDANCE

As a professional attorney, you understand how foolish it would be for someone like me to do my own law work.

- Bad use of time
- Bad use of skills
- And I'll probably do it wrong

It's the same thing when you try to do your own bookkeeping.

Accounting is a serious business, especially in the legal world where you have to manage trust accounts and ensure your financial reports are accurate and up-to-date.

It is work that requires a professional who can provide peace of mind, and frees you up to focus on the things you want to be focusing on.

### **Tools Don't Help**

Remember, our goal in providing this report is to help you have a more confident, more efficient law firm so you can focus on the things you care about most.

With that in mind, we've talked mostly about tools. We've talked about how to implement different technologies and tools that, when used properly, can save a ton of time and create much greater efficiency in a firm.

But there are two more important pieces to cover at the broad level.

First, tools don't help on their own. The last thing you need are new tools and technologies. **You need a better system and a better process.** We'll cover this more in the last section.

Second, what's the point of all these tools and all this data and all these numbers? What's the point of time-keeping, billing, accounting software and efficiently tracking transactions?

The point is better bookkeeping, and more specifically better financials. This is the real

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key to freedom.

When you can see how much money is coming in, where it's coming from and have the transparency to dive deep into your numbers, you have now transitioned from attorney to business owner.

### **Why is bookkeeping important?**

#### **1. Trust Accounting**

[This article](#) by Attorney at Work shares the reality of an IOLTA audit and how to be prepared. The article asks these 5 questions:

1. Do you maintain a separate client ledger for each client's money held in trust?
2. Does your invoice include an accounting summary of your client's trust funds?
3. Do you accept credit card payments for retainers deposited into your IOLTA account? And if so, how do you account for the credit card fees?
4. Do you know what a three-way account reconciliation is and how to do one?
5. Where do you deposit flat-fee payments?

The article summarizes like this:

*Every lawyer knows mismanaging a trust account (IOLTA) can have terrible consequences. However, most lawyers receive little or no training in how to manage a trust account before opening one of their own.*

See the full article at: <http://www.attorneyatwork.com/pass-trust-account-audit/>  
Hopefully this is not too scary. That's not the goal. The point is bookkeeping is not some necessary evil that can simply be thrown together haphazardly. It must be done diligently and professionally.

It's possible as an attorney you can figure out how to do these things on your own, but is that the best use of your time and skill? Is that how you're going to find the autonomy and freedom you set out for in your small or solo firm?

No, it's not. That's just a way for you to build yourself a job – not a business. There are plenty of ways to find bookkeeping help, and that needs to be a top priority for a small firm.

#### **2. Better Bookkeeping Provides Better Decision-Making**

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When you get a professional to do the books for you, the biggest shift will have nothing to do with trust accounting. The major breakthrough you'll find is being able to truly see your business like never before.

Imagine at a glance, being able to see your firm, how it's doing financially, what's happening with the cash and what areas are lagging behind.

The power of proper bookkeeping is transforming you into a well-equipped business owner, who can make informed decisions based on real numbers.

Randall Ryder recently posted a long article on the Lawyerist called, [Law Firm Finances: Everything You Need to Know](#)

The article is worth the read and breaks down many of the same points in this special report. Most importantly, he states the importance of having the proper reports to make proactive decisions in your firm. He says:

*“Spend quality time with your income statement.*

*Your income statement should also give you helpful feedback on how your firm is making money, if you separate your revenue sources. Knowing whether divorces or criminal defense are your bread and butter can help you tweak your advertising, your intake, and maybe even your rates.”*

### **3. Income Statement and Other Reports**

With a bookkeeper you should be able to see an income statement every month, along with other detailed management reports to help you have a handle on what's happening with the firm.

The American Bar Association provides a list of other financial tasks attorneys need to be aware of:

- *managing trust accounts*
- *keeping track of payables*
- *reconciling accounts*
- *posting to a general ledger*
- *preparing financial statements*

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## **Outsourced Bookkeeping**

If you already have a bookkeeper in the office, great! You're ahead of the game. For others who are doing the work themselves, listen up. It's time to think outside the box. Wendy Whitt started her own small firm 4 years ago, The Whitt Law Firm, P.C.

About two years into running her firm, she got stuck with her bookkeeping. "I felt stuck," she said. "My business has grown a lot in the last two years, and I needed more power in my accounting system than what I currently had."

This is a common problem for small firms, and Whitt wasn't sure what the solution was. She tried out Quickbooks, but found it "horribly confusing."

Then she reached out to some of her peers who suggested hiring a bookkeeper. But Wendy wasn't ready to make that commitment, and wasn't sure she could afford it.

"So my options were do more work myself that I didn't like and didn't understand. Or find a bookkeeper that I couldn't afford," she said.

## **There is a Better Way**

Fortunately for Wendy there are more options out there. When you use the cloud-based tools we outlined in the first two steps, the possibilities for collaborative bookkeeping are endless.

Wendy ended up finding an outsourced accounting firm who can do her books, and collaborate daily, weekly or monthly to make sure everything is on the same page.

The right technology allows for professional collaboration at a much more affordable cost, and provides the opportunity for businesses to grow with their bookkeeping team.

"What I really wanted is a partnership where we could grow together. I wanted to work with someone who could help me make a smooth transition into the new accounting system, who eventually could develop into that full-time bookkeeper role," Wendy said.

## **Taking Back Your Firm**

Best of all, the right outsourced bookkeeping team will turn bookkeeping into something simple and painless. You'll have confidence the numbers are where they need to be. You'll never fear a trust audit. You'll get to see the income statement and other key reports.

The right team will coach you and assist you with the tools you are using to make sure

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you are setup properly and using them to their full extent.

And then you'll be able to focus where you are best. You can do the work you were meant to do and have the freedom you were looking for when you started.

Kahuna is just one example of a group that provides outsourced bookkeeping for solo and small firms. Check out this video for another picture of what outsourced bookkeeping can look like: <https://vimeo.com/92103794>

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## STEP 5: TYING IT ALL TOGETHER

To recap, so far in this report, we've covered four broad categories of the small and solo law firm's back office.

### 1. Eliminating Data Entry

With the right tools integrating together the modern law firm can eliminate data entry from their to-do list and no longer keep a giant stack of paper in the office.

### 2 Making Sense of Mobile

The modern firm should also be able to continue their work from anywhere and collaborate with their team from anywhere. You don't need to be tied to one office and one desk with all the information.

### 3. Sealing the Cracks

Disorganized, disconnected systems create cracks, and when there are cracks money will inevitably fall through them. We want to seal the cracks, and get paid promptly and know exactly what's happening with the cash in our firms.

### 4. Professional Bookkeeping

Bookkeeping is something to be taken seriously, and when done correctly can take any business – a law firm specifically – to the next level. You need to find a bookkeeper who is reliable and trustworthy to take this task off your plate.

### **Where Do I Start?**

When you read these four points and the changes required to make them, I'm guessing you're thinking something like this:

“Yeah that all sounds great, but how can I make those changes? I don't have time to implement new tools, and I've done things like this before and never gotten use out of the tools I've purchased.”

The objection of where to start, and the fear of implementing something new is a stumbling block for any business, and is exactly what causes stagnation, mediocrity and a business with no purpose.

So I want to help you get over this fear of change, and simplify the process to show how easy it can be.

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### **Start at the End**

Even though it's scary to think about the next steps and how challenging that can be, I want to encourage you to step back and think about the big picture for a moment.

Rather than thinking about the immediate challenges, think about the future.

Imagine if all of those things did work. Imagine them working perfectly, in harmony, providing you with a handle on cash flow and an insight into your business financials.

Imagine freedom from data entry and the mobility to be able to move around and be flexible with time and space.

### **What Would That Look Like?**

On top of the freedom and simplicity those changes could bring, imagine the financial benefits.

- How much time would you save by eliminating data entry? 2-3 hours per week?
- How much time would you save by keeping up with your business from a mobile device? How many trips to the office could you cut out? Let's say that's another hour a week.
- How much money could you bring in that otherwise would have fallen through the cracks? Another \$500 per month?
- And finally how much time and how much headache could you save by working with a bookkeeper to take care of everything?

When you think of the end result, you can have a perspective that's a bit different. If you are serious about the freedom and autonomy of having your own firm, you need to consider how to actually make that possible.

Instead of thinking like an attorney, you need to think like an entrepreneur. The job of an entrepreneur is to provide a positive value exchange to clients and customers. Anything diverting attention from that value and bringing profitability to the business is not worth your time.

In addition, think about what would happen if you didn't change? If there is a gap between the firm you want and the firm you have now, what will it take to get over that gap?

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## **Simplify**

When you look at the big picture and see the benefits outweigh the cost of making this type of transition, the next step is to make it happen.

Fortunately, it doesn't have to be that hard. The key is to tie everything together. If you are taking this in 4 different pieces, one at a time, then yes it will be overwhelming and likely counter-productive.

That's why this special report is about the modern back office. It's about a comprehensive solution, not a combination of several solutions.

To tie it all together simply, I just want you to think of the ABC's:

### **A. The Right Tools**

### **B. The Right Partner**

### **C. The Right Collaboration**

That's it! You'll need the tools, like Freshbooks and Xero that allow you to do everything described in this report. You'll need a partner, preferably a bookkeeper who understands these tools. They can help you get set up, and show you exactly what's happening.

And you'll need collaboration. If that partner is only there to help you set up, and then says, "Good luck," you're probably in trouble.

You need to be looking for a partner who will grow with your firm. You need someone you trust who can coach you through the tools, make sure you understand how to use them and has your back if anything doesn't work.

The truth of entrepreneurship is this: You can't do it on your own. The sooner you figure that out, the better you'll be.

A, B, C. Tools, Partnership, Collaboration.

When you have the partner and the collaboration, the tools become easy. The best tools out there today are not hard to use. Just by starting with time-keeping and billing, you can pick that up in practically no time and immediately save yourself a ton of time and headache.

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### **What Would it Mean to Have the Perfect Back Office Solution?**

As we wrap this up, I'll come back to the question we just asked.

*What would it mean to have this full back office solution, taking away data entry, providing mobility and freedom, catching outstanding invoices and working with a partner on the books?*

It would mean:

- Less headache
- Less time wasted
- Greater cash flow
- Better financial transparency
- Detailed Financial reports
- The freedom to get away
- More confidence – no fear of trust audit
- More focus on marketing/sales
- Better relationships with clients

Even more, it could mean:

- Freedom
- Autonomy
- Flexibility
- Better relationships
- Building the firm you dreamed of
- More time with family
- More being the person you want to be...

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Only you can decide what true freedom and a truly efficient modern law firm would look like for you.

But I'm just here to tell you, whatever that looks like, it is possible.

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## About Kahuna Accounting

Kahuna has been in business since 1995. After growing Kahuna ATM Solutions into a multi-million dollar company, Kahuna expanded and developed a full service accounting/bookkeeping staff.

In the mid 2000's, Kahuna pivoted into becoming a Business Development Accelerator, providing incubation, capital, managed services and investing to startup over 20 new companies.

In 2013, Kahuna launched Kahuna Business Solutions and Kahuna Accounting to take the Business Development Accelerator model to entrepreneurs anywhere in the country.

Since then, Kahuna Accounting has rocketed to becoming one of Xero's top U.S. partners, [earning Gold distinction in March of 2014.](#)

The full accounting team combines for several decades of experience providing outsourced bookkeeping for companies ranging from brand new startups to 8 figures in annual revenue.

Kahuna is committed to making bookkeeping and accounting simple and affordable for law firms.

See more here:

<http://kahunaaccounting.com/bookkeeping-for-solo-and-small-law-firms/>

### Additional Reading:

Here are some articles we found helpful in doing research for this report.

<http://www.goclio.com/2014/04/02/legalaccounting-made-easier/>

<http://www.attorneyatwork.com/pass-trust-account-audit/>

<http://lawyerist.com/72561/solo-law-practice-technology-setup/>

<http://www.marketwired.com/press-release/xero-and-clio-partner-to-seamlessly-bring-complete-legal-practices-into-the-cloud-1825707.htm>

<http://lawyerist.com/73271/law-firm-finances/>

<http://kahunaaccounting.com/bookkeeping-for-solo-and-small-law-firms/>