



THE ADVANTAGES OF LEGAL-SPECIFIC SOFTWARE FOR END-OF-YEAR, AND EVERY TIME OF YEAR



Generic financial software is a life saver for small businesses. It's intuitive. It's easy to use. And it's relatively inexpensive.

Unless your small business happens to be a law firm.

If you're using generic small-business software to manage the finances of a law firm, it's exactly the opposite of easy or inexpensive. And never more difficult or expensive than at year-end.

Reconciliation is a great example. If you're using separate programs for billing and accounting, entering numbers into both is not only time-consuming, it can be the worst possible nightmare at year-end. Every double-entry throughout the year doubles your risk of human error bringing year-end to a dead-halt before you even get started.

With legal-specific programs, every step of your firm's financial organization is fully integrated — from billing to accounting to reporting and even analytics — so the numbers flow seamlessly from one step to the next. No double entry. No extra entry point for human error.

Generic small-business accounting programs also create problems for law firms because they're most often configured for businesses using the accrual basis of accounting. Unless the settings are customized (more lost time), all accounts receivable will be reflected in income and accounts payable in expenses.

Producing the correct reports for year-end can also be more difficult with generic software. Law firms aren't like any other business in some of the specific reports that can help you get through end-of-year, and on to a more profitable year next year. Perhaps most problematic for off-the-shelf software, though, is trust accounting.

National and local bar association rules leave little room for error for law firms that handle their clients' money or other valuables in trust. And there are several ways that generic programs — even those with trust plug-ins — don't adequately support your firm:

- Generalized accounting can't account for money or valuables in trust by matter, nor provide detail by matter number the way legal software can.
- Reconciling aspects related to trust are far more difficult with generalized software.
- Generic programs require that firms set up separate companies for trust accounts, complicating the 1099 process. That can mean having to create 1099 forms for trust vendors separately, or worse yet, neglecting to create and send trust 1099s at all.

Legal-specific programs such as PCLaw® and Juris® financial software are not only designed to streamline trust accounting; they're also programmed to automatically prevent your firm from making errors that violate trust rules and can lead to sanctions.

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