What If Your Accountant Wants You Use QuickBooks or Peachtree (now Sage 50c)?

While both Peachtree and QuickBooks have been around a long time and are solid, they are most definitely not designed for a law firm. As a demographic within each program's target market, the legal industry represents a tiny percentage. The following is a list of areas where a legal-specific time/billing/accounting program ("LSTBA") is superior to a generic accounting program such as QuickBooks ("QB"):

1.   QB doesn't allow you to tag information to a matter and organize it around a matter. It does optionally allow for customers and jobs, but these are easy to circumvent. LSTBA, on the other hand, organizes everything around a matter because it's designed only for law firms and its developers understand the concept.

2.   While QB can be set up to track trust fund balances, it is up to you to manually ensure you don't overdraw the trust account for any individual client. Given the high penalty of this action, you probably don't want to depend on manual checks. By contrast, LSTBA products have three-way trust reconciliation and will not allow you to have a negative trust balance on a matter.

3.   QB billing statements/invoices are difficult to customize; and it is difficult to show hours spent on each billing line item. LSTBA products can do all of this easily.

4.   QB does not keep track of write-ups or write-downs and therefore cannot produce reports on the variance. LSTBA products do this.

5.   QB does not allow you to assign specific bill templates (e.g. flat fee v. hourly v. task based billing) to specific clients while LSTBA products do. In fact, if you need task based billing and LEDES formats for ebilling, QB will not handle that at all.

6.   Do you need or want subtotaling on your invoices – time vs. expenses (including breakdowns by hard and soft costs), subtotals by timekeeper, or totals by activity? You can

manually insert subtotals on the invoice but it cannot be done automatically (which is extremely time-consuming). LSTBA products do this automatically.

7.   Per the [IRS Attorney Audit Technique Guide Chapter #3](link), attorneys are to distinguish client costs advanced (aka hard costs) from overhead expenses (aka soft costs) and those are to be reported on the firm's balance sheet as an asset. There is no easy way to do this in QB. LSTBA products handle this properly and allow firms to file on modified cash basis, meaning fees and soft costs are reported on cash basis, but client costs advanced are accrued.

8.   There is no ability to create a timekeeper summary table at the bottom of invoices, a popular feature with many law firms. LSTBA products handle timekeeper recaps easily.

9.   You cannot show trust account balances and transactions at the bottom of a QB invoice, but any decent LSTBA product will.

10.   While QB has a batch billing capability, you can only use this if you are going to bill the clients exactly what is on the bills automatically, there's no ability to edit as you go. QB also does not have a pre-bill capability. If you generate bills and include time and costs and then choose to remove those entries from the bill or undo the bill, the entries do not return to billable status.

11.   QB users cannot choose to allocate payments to expenses, fees or specific timekeepers. If the client pays part of the invoice balance the payment will be allocated proportionately across the items on the invoice.

12.   QB does not allow one to set up multiple rates for each employee and have them automatically picked up depending on the client.

13.   QB does not easily allow one to show past balances, transactions and a new total at the bottom of invoices.

14.   QB does not have split billing or consolidated billing capability.

15.   Productivity Reporting – LSTBA products have stellar productivity reporting; QB has virtually none.

16.   LSTBA products often offer practice management functionality while QB does not.

For the foregoing reasons, we recommend that you try an accounting program that is designed specifically for a law firm.