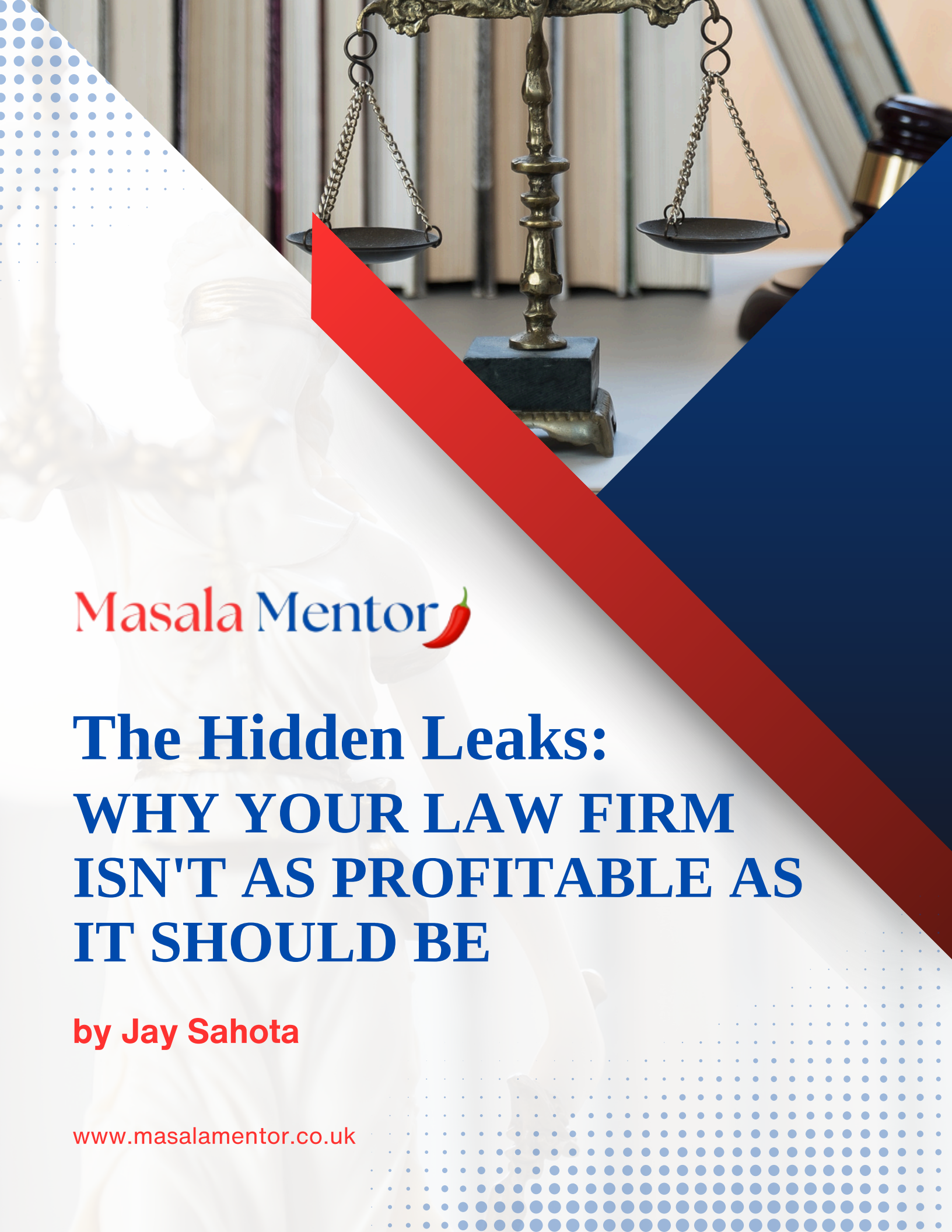




Masala Mentor 

The Hidden Leaks: WHY YOUR LAW FIRM ISN'T AS PROFITABLE AS IT SHOULD BE

by Jay Sahota

www.masalamentor.co.uk

The Case Against ‘Busy But Broke’

Let me tell you something I’ve seen time and again in my 20+ years as a solicitor and law firm owner: being busy is not the same as being profitable.

I’ve run litigation teams, launched my own firm, grown others, and mentored partners across the country. And there’s one line I hear more than any other: *“We’re flat out, Jay – but we’re just not making enough money.”*

Sound familiar?

If you’re reading this, chances are you know what I mean. It’s that feeling of constant motion - juggling clients, files, deadlines - but still watching your margins shrink and wondering where the cash has gone.

Here’s the truth: cashflow and profit are not the same thing. You can have money coming in and still be leaking value at every turn - through under-recorded time, fixed fees that don’t flex, or billing practices that feel more reactive than strategic.

You’re not alone. And you’re not doing anything wrong. But the system you’re running may be quietly eroding the financial health of your firm, even while everyone’s working flat out.

That’s why I wrote this.

I’m going to walk you through where firms typically leak cash, why it happens (hint: it’s not just process - it’s psychology), and how to fix it.

This isn’t theory. It’s what I teach in my workshops, the scripts I give to fee earners, and the systems I’ve used to turn around real firms, real fast.



Where Law Firms Are Losing Cash

Let's map it out - the silent places where money slips through the cracks.

Most law firms are losing cash in predictable places: poor time recording, vague estimating, delayed billing, write-offs, unpaid debt, over-servicing, and work that never should've been taken on in the first place.

If you're using fixed fees but not clearly scoping what's in and what's out, you're likely losing money. If you're not revising your estimate when a case spirals, the overage is coming out of your profit. If you're not billing twice a month or writing off old WIP regularly, you're sitting on money that should already be in your bank account.

And then there's time recording. So many lawyers treat it like a nuisance. But it's the foundation of every financial decision your firm makes. Without it, you're blind.

All of this isn't just bad for business - it creates stress, confusion, and burnout. The good news is that it's fixable. But first, we need to look at what's really driving these habits.

The Real Reasons Lawyers Undervalue Themselves

Let's be honest, most of us didn't go into law because we love talking about money.

We went into law to solve problems. To help people. To be of service. That's a great thing. But somewhere along the way, many lawyers started feeling guilty about charging properly for the value they provide.

We under-estimate to "be fair." We don't revise the estimate when the case changes because we don't want to rock the boat. We round down time, write off overages, and hope that the goodwill we're creating will somehow convert into referrals or trust.



But what really happens is this: you devalue your time, your expertise, and the firm you've built. And worse, your client gets used to that level of over-delivery and starts expecting it for free.

This isn't about greed. It's about balance. You are solving life-changing problems for people. You've trained for years to do what you do. You're allowed to charge properly for it. And once you learn how to talk about money with confidence - not apology - everything starts to shift.

Fixing the Foundations – Cash, Fees, Estimates, Scope

This is where it all starts to click into place.

I tell every firm I work with to get religious about four things: billing, cash, debt, and expenses. I call it the **Profit Flywheel** - and when you build this into your daily routine, everything else becomes easier.

Start billing more frequently. I recommend twice a month. Ask for money upfront - either as a fixed fee or monies on account. Define your scope clearly, with positive and negative assumptions. Add a cushion to your estimates. And revise those estimates as soon as the case changes. Not later. Not at the end. Now.

Your estimate should never be a single line. It should reflect the complexity, the urgency, the value to the client, and the potential for extra phases.

Also, look at how long your debt is sitting around. Invoices should be payable on demand. If you're waiting 60 or 90 days to get paid, something in your system needs to change.

You don't need a finance degree to do this. You just need a bit of structure and a commitment to treating profitability as a daily practice, not a year-end panic.



Better Billing, Without the Guilt

Here's the uncomfortable truth: most underbilling is emotional, not logical.

We're afraid of looking greedy. We worry the client won't come back. We think, "Oh, it didn't take me that long," or "They're a good client, I'll just knock it down a bit."

But you can't build a sustainable firm by giving away your time. You've already done the work. You've delivered the value. Now you need to be paid for it - properly.

Here's what I recommend:

Before you bill, remind the client of what's been achieved. Show them the benefit. Then - and only then - share the amount. If you've gone over, say something like, *"I'm in your hands, but would you mind if I billed you X to reflect the extra time involved?"*

That phrasing alone has recovered thousands for the firms I work with.

And this you must do:

Charge more for urgency. For complexity. For risk. This is normal. You are not a robot billing in fixed blocks. You're a professional with judgement, experience and skill.

And don't discount unless there's a reason. A strategic discount for paying upfront? Fine. But slashing your fees to keep the peace? That's not generosity, it's self-sabotage.

Systems That Strengthen Profit (and People)

Now let's make it sustainable.

You don't need to reinvent your firm. You just need systems that support the behaviour you want. Daily check-ins on billing, cash, debt and expenses. Monthly WIP reviews. Clear write-off protocols. Templates for scoping and pricing. Team huddles. Scripts for money conversations. And time recording that happens in real time, not two days later.

Set expectations for every fee earner: time must be recorded contemporaneously. Reductions must be approved. Work should be scoped properly from day one.

Use umbrella estimates for longer projects. Break fixed fees into phases. Automate reminders. Colour-code your task lists. Block out time for focused, chargeable work.

It's the boring stuff that builds brilliance. With a bit of structure and a culture of confidence, your team won't just survive, they'll start to thrive. And so will your margins.



What Great Firms Do Differently

The firms I see performing best all have one thing in common: they don't try to be everything to everyone. They have clear pricing. Clear scope. Clear boundaries. They don't chase low-margin work or say yes to every client. They protect their time, their team and their reputation.

They focus on fewer, better clients, the kind that pay on time, trust their advice, and understand the value of the service.

They also review their fees regularly, train their teams relentlessly, and use data to inform every decision. None of this happens by accident.

It's a decision: **To run your firm like a business, not a fire drill.** You can do it too.

You Don't Need More Clients. You Need to Charge Properly.

I'll leave you with this.

You don't need to work harder. You don't need to slash your rates. You don't need to chase every client who comes through the door.

You need to value your time. You need to scope your work. You need to charge properly. And you need to train your team to do the same.

This isn't about being aggressive. It's about being fair, to yourself, your team, and the future of your firm.

If any of this has struck a chord, and you'd like help turning these ideas into action, let's talk.



Book a strategy call with me here:
<https://masalamentor.co.uk/contact>

I'll bring the Masala. You bring the questions.

- Jay

