How to Spot Bottlenecks at Your Law Firm (and Unlock Capacity Without Hiring)

Written by Bryce Tarling

Across the legal industry, a paradox is emerging: Lawyers feel maxed out, yet the average legal professional still only records about three billable hours per day. Our latest benchmarks show that, on average, lawyers work and record about 3.0 billable hours in an eight-hour day, which works out to a utilization rate of 38%. That means most of the day is spent on work that never makes it onto an invoice.

It's not that you aren't working hard. It's that too much of your firm's capacity is being swallowed by routine busywork, context switching, and manual processes that do nothing for your bottom line. By the time you account for what actually gets invoiced (2.6 hours) and collected (2.4 hours), an average of 5.6 hours of each lawyer's day is effectively missing from your revenue.

When high effort doesn't lead to high output, the problem usually isn't the people. It's the process. This is what's known as a bottleneck.

A bottleneck isn't just a pile of paper on a desk. It shows up as friction points like clunky intake, manual payment chasing, duplicate data entry, or missing documentation. Anything that forces your team to work harder than necessary.

Our latest *Legal Trends Report* shows that the firms growing the fastest aren't necessarily hiring more people. They are removing these bottlenecks and getting more impact from the teams they already have. Instead of "working more," they are focused on billing more of the work they do, and converting it into collected revenue. For many of these firms, that increasingly includes turning on AI inside their practice management system, so that more of the routine work, like scheduling, drafting, and billing, moves forward automatically instead of relying on manual effort.

You can do the same by pinpointing where your firm is getting stuck and applying practical levers to reclaim time, reduce cognitive load, and grow revenue without adding headcount.

Download our guide, Beyond Headcount: 5 Levers to Maximize Impact, for more detail on how you can increase capacity without adding staff.

What “lockup” tells you about your bottlenecks

Before you dig into specific bottlenecks, it helps to understand the big-picture metric that shows how much your processes are costing you: lockup.

Lockup measures how many days’ worth of your annual revenue are tied up as unbilled work or unpaid invoices. In other words, how long it takes for today’s work to turn into cash in your bank account.

- **Realization lockup** is the value of work you have done but have not yet billed for.
- **Collection lockup** is the value of invoices you have sent but have not yet been paid for.
- **Total lockup** is the combination of both.

Across firms, the median realization lockup is 43 days, the median collection lockup is 32 days, and the median total lockup is 93 days.

That means the typical firm has about three months of revenue “locked up” in its billing process at any given time.

Bottlenecks are what keep that money stuck. They include time entries waiting to get logged, work sitting in draft invoices, long approval chains, and slow or confusing payment processes. The audit below is designed to help you find those pressure points.

Identify where your firm is getting stuck

Bottlenecks often hide in plain sight because “that’s just the way we’ve always done it.” To spot them, you need to evaluate what’s slowing down day-to-day work.

Here are a few questions to review with your team.

Diagnostic questions

1. Where is the emotional friction?

Which parts of the workday feel the most draining? Chasing retainers? The Friday scramble to enter time? Waiting for partners to review invoices before you can send them? If a task consistently causes dread, it could indicate that there’s a bottleneck.

2. What's causing interruptions?

Reviewing long records, gathering sensitive client information, discovery, or drafting complex documents all require deep focus. Are you protecting time for that work? Or is deep work constantly interrupted by "quick" billing questions, status checks, and manual updates in multiple systems?

3. Where does your firm rely on "what people know in their heads"?

If only one person understands a workflow, or critical steps exist only in memory, not documentation, you have a risk and a bottleneck. This kind of informal knowledge also increases lockup risk, because if that person is unavailable, work can sit unbilled or unpaid for days.

4. How often are you switching systems?

Have team members list every tool they use in a typical day. Context switching erodes productivity more than most firms realize. Every hop from email to spreadsheet to billing system to Word document creates re-orientation time and raises the odds that something falls through the cracks and never gets billed.

As you answer these questions, pay special attention to where work tends to "wait" for information, for approval, or for someone to remember to follow up. Those waiting points usually map directly to your lockup.

Technology levers to reclaim time and reduce fatigue

Once you identify a blockage, you can use technology to alleviate it and free your team for higher-value work. The most effective changes are the ones that both reduce effort and shorten the time between work performed, work billed, and work collected.

This is where built-in AI solutions can help. Built-in AI can act on the data and workflows you already have in your firm's systems, so it can move work forward for you instead of creating another place to check. If your practice management system includes AI features (such as Manage AI in Clio Manage), those levers can go further by taking on more of the background work for you instead of just organizing it.

Automate routine tasks

Scheduling, reminders, intake data entry, and document creation can be time-consuming and prone to error. These tasks aren't optional but they *are* automatable.

The fix:
Use online intake forms that auto-populate your case management system. Enable automated reminders for court dates or appointments. These solutions reduce manual data entry and error rates.If your practice management platform offers AI-assisted features, consider using them on the highest-volume tasks first. These are the tasks that often contribute to delays later in the process. Some firms, for instance, use Manage AI in Clio Manage to pull deadlines out of scheduling orders and create calendar events, or to draft first-pass client updates from recent matter activity. These small wins add up and keep matters moving.

Modernize your payments workflow

If billing requires repeated follow-ups or awkward retainer conversations, you're wasting time and creating friction. If invoices also sit in internal review for days before they go out, that is time added directly to your realization lockup.

The fix:
Use automated invoice reminders and online payments. Firms using online payments collect significantly faster, and automated reminders reduce labor of having to manually follow-up with every unpaid bill.

Electronic billing and online payments also attack collection lockup: the period when money is sitting in accounts receivable instead of in your operating account.

Tie this to a clear internal process for approvals. When draft bills can be created quickly from recent time and expense entries, routed to the right approvers, and sent electronically with a payment link, you shorten both halves of lockup: realization and collection. Even modest improvements here can shave days or weeks off your total lockup number. Look for tools that can help with those steps in one place. For example, Manage AI drafts invoices from recent time and expense entries and then nudges the right approver, so you're reducing the number of manual handoffs rather than adding another system to manage.

Consolidate to reduce context switching

Every time someone moves from email → billing tool → spreadsheet → documents, they lose focus and momentum in their work.

The fix:
Centralize work into a single practice management platform where tasks, billing, documents, and communication live in one place. Reducing tool-hopping can reclaim up to 9% of annual work time.

When your core system also tracks unbilled work and outstanding invoices, it becomes much easier to see your lockup in real time: which matters have work in progress with no bill, which clients owe what, and how long those amounts have been sitting there. That visibility is what lets you intervene early instead of discovering a cash crunch after the fact. When AI is built into that same system, rather than used as a separate tool, it can work directly on your matters, tasks, and bills. That means it is not just drafting information in another window, it is helping you decide what needs attention next and preparing more of the work for you.

Building a culture of focus and flow

Technology handles tasks, but culture determines how well your team can work.

1. Democratize knowledge

Document workflows so no process depends on one individual. Include steps for when to record time, when to generate bills, and when to follow up on unpaid invoices so everyone understands their role in keeping lockup low. You can reinforce this by using any "assistant" features in your system (including AI) to surface checklists or suggested next steps inside the tools people already work in, instead of relying on training docs alone.

2. Protect focus time

Schedule protected blocks for deep work. Reduce interruptions during those windows. Shield these blocks from routine administrative questions by giving staff clear SOPs and tools they can use without needing a partner's input every time.

3. Apply a "Touch It Once" rule

Avoid opening tasks or emails until you can complete them. Repeated re-opening is a hidden bottleneck. Applied to billing, this can look like a simple rule: When you open a draft invoice, either finalize and send it, or schedule a clear follow-up time. Do not let it drift back into a vague "to do later" state. And when the system is quietly handling more of the background work (organizing files, preparing drafts, surfacing priorities) it becomes much easier for those cultural habits to stick.

Culture and process work together: When people understand how their habits affect lockup, they are more motivated to capture time promptly, move bills forward, and follow up consistently.

What you can do today to improve tomorrow

You don't need to overhaul your entire firm. Even one intentional change can increase capacity.

Start with one of these:

- **Calculate your lockup:** Use the simple formulas from the *Legal Trends Report* to calculate realization lockup (unbilled work), collection lockup (unpaid invoices), and total lockup for your firm. Knowing whether you have 30, 60, or 90 days of revenue tied up will sharpen the urgency around process changes.
- **Audit current processes:** Ask the team, "What is the one non-billable task you dread most?" Note whether that task tends to delay billing or payment. If it does, it is also a lockup problem.
- **Automate one workflow:** Start with appointment reminders or intake data entry. Choose something high-volume and repetitive so you can feel the impact quickly. If you already have access to AI features in your practice management system, pilot them on that one workflow then compare how much effort it takes before and after.
- **Map one process:** Diagram your most common case type and identify delays. Mark where work sits waiting (for information, approval, or payment). Those waiting points are translating directly into days of lockup.
- **Improve one aspect of your client payments system:** Enable online payments and automated reminders. If you already have them, look at how long it takes bills to go out after work is done and set a specific target to beat that timeline. Once that's in place, consider whether auto-generated draft invoices and automated approval nudges could help you hit that target more consistently.

Removing bottlenecks stops forcing your team to swim upstream. The result is a firm that's more resilient, more profitable, and more human.

Lockup makes this visible: When you shorten the distance between work done, work billed, and work collected, you are not just improving cash flow, you are freeing your team from constant catch-up and giving them more space to do their best legal work. Thoughtful use of AI, including tools like Manage AI, can be one way to support that shift, but the real transformation comes from the processes you design and the habits your team builds around them.

Download Beyond Headcount: 5 Levers to Maximize Impact for additional tools and insights to grow your firm without adding headcount.

About Clio

Clio is the global leader in legal AI, powering legal work across the profession, from law firms of every size to corporate legal teams, government agencies, and courts. Its Intelligent Legal Work Platform unites the business and practice of law, connecting the people, information, and processes behind legal work. Clio's AI brings the context together with legal sources drawn from Clio Library, a growing collection of more than one billion legal documents. Over 400,000 legal professionals in more than 130 countries rely on Clio to run their legal world. Learn more at www.clio.com.