



ARE YOU GETTING PAID FOR WHAT YOU DO?

Attorneys often ask me how they can increase their income without working more hours or raising their hourly rates. In response, I ask them the following questions:

- How many hours do you work per week or month?
- Of the hours you work, how many hours do you write down and keep track of?
- Of the hours you write down and track, how many hours do you actually bill?
- Of the hours you bill, how many hours are you paid for?

The answers to these questions shed light on what improvements can be made – improvements that do not involve working more hours or raising rates. On average, attorneys are paid for only half of the hours they work. Look at the accompanying chart, for example. If your hourly rate is \$100, working 60 hours per week would generate only \$3,000 in income – the equivalent of only 30 hours of work. Tracking all your hours worked, billing all those hours, and getting paid for all those hours would increase your income substantially.

KEEPING TRACK OF YOUR TIME

If you don't keep a daily time sheet, you are probably underestimating the time you spend on client matters. Keeping a daily time sheet at your desk (or on your computer) and using it as you perform

tasks greatly improves your ability to keep track of your work. If you form the habit of writing down your time as you do the work, you will lose less billable time. Good time management techniques enable you to spend more productive time doing billable work and less administrative time trying to reconstruct your day, week, or – for the chronically unorganized – month.

Blocking off time for a project (i.e., no interruptions, no phone calls) allows you to bill the entire time for that matter. Constant interruptions make it extremely difficult to accurately record time spent on a particular task or case. Blocking off time also enables you to concentrate solely on the project at hand.

BILLING YOUR HOURS

Admittedly, it is not possible to bill 100 percent of the time you spend at the office, but think twice before writing off your time. Your time is valuable, and you should be paid for your work. If you must write off time, show the time on the bill and reduce the charges. Recording all your hours on the bill shows the client how many hours were actually spent on the matter, and the fee discount generates goodwill.

Many attorneys are turning to flat fee billing whenever possible. Clients want to know in advance how much they will have to pay for a given matter, and providing a "bottom line" number at the outset can improve client relations. However, you still need to track your time on flat-fee matters; otherwise, how will you know whether you covered your costs and hourly rate? You may discover that you need to raise your flat fee for future matters of the same type.

DISCLAIMER

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GETTING PAID FOR YOUR WORK

The most important rule of getting paid is selecting clients who are willing and able to pay for your time. Otherwise, you may find yourself providing pro bono services on cases that you accepted because you expected them to generate fees. Carefully screen new clients to minimize the number who don't pay for your services because they cannot afford your fees. Discuss fees with your clients at the outset. If you find they are unable to pay for your services, you can then make an informed decision about whether you want to assist them pro bono.

If you bill by the hour, be sure the client understands what you will be billing for. For example, in an intraoffice conference between you and another member of your firm (i.e., a lawyer or paralegal) about the client's case, do you bill for both individuals' time? What costs do you pass on to clients (e.g., long-distance phone calls, faxes, copies)? Explain to the client your minimum charge. If you charge by the tenth of an hour (.10), let the client know that means your minimum charge will be for six minutes – even if the task takes only two minutes.

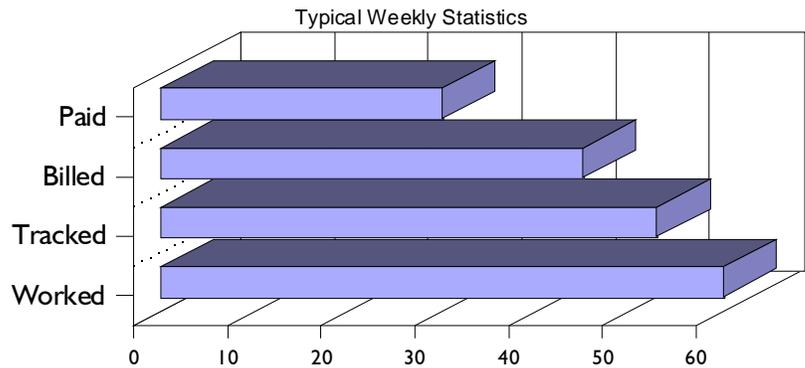
Avoid clients with unrealistic expectations. The client who complains about everything, who demands constant or immediate attention, or who expects extensive hand-holding is usually the client who is never satisfied, especially with your bill.

Before beginning work on a case, have the client sign a fee agreement stating the services you will perform, the fee for those services, and the terms of payment. Clients who will not discuss or agree on fees or who will not sign a fee agreement or pay a retainer should set off loud alarm bells in your head. This type of client is virtually broadcasting a subsequent fee dispute or malpractice claim. Rejecting this client at the outset will minimize the aggravation of fee collection difficulties, as well as claims.

COLLECTING YOUR FEES

Develop a collection process for past-due accounts. Create form letters for overdue bills, and set time limits to trigger mailings. Include a due date on your bill, for example, "All sums are due and payable by the 15th of the month." Set up a schedule to phone clients to discuss payment, and don't forget

How Do Your Hours Stack Up?



to follow up with these calls. If a client is not paying your bill, do not take any new matters for that client. Always remember that the easiest way to avoid collection problems is to get a retainer up front. The money will then be there for you to pay yourself when the work is completed.

EARNING THEIR TRUST

The more your clients trust and respect you, the more likely they will value the relationship and the work you do for them. Many things combine to create trust and respect in the attorney-client relationship. It is not enough to be a skilled lawyer, because clients expect a high level of legal skill. You must meet, and ideally exceed, your clients' service expectations if you want to build a trusting, respectful relationship in which your clients will want to pay for the services you provide.

Often the issue is not price, but value. Clients tend to focus not strictly on what you charge, but what they feel you gave them in return for the fees you charged. If you build the client relationship by delivering exceptional customer service as well as legal service, you will increase your value to your clients, and the clients' trust and respect will help ensure that you are paid timely.

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