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LawBiz® TIPS – Week of March 8, 2011

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The last two weeks have gone by very quickly. The first was a physical challenge, spending time each day cycling under the direction of professional cycling coaches. This last week was spent in New York, working with world class consultants, each of us challenging the others. Like every concentrated, focused mental exercise, this, too, was challenging and physically draining. I feel like I now need a vacation! :)

Both weeks were outstanding exercises that further improved my skills. Learning never stops, and when your clients know that you continue to advance your skills in your practice area, when you become a thought leader in your practice area, more clients and prospective clients will seek you out.

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## Is \$1,000 an Hour "Unreasonable?"

The *Wall Street Journal* recently spotlighted the few (less than 2.9% of the total) lawyers in this country who can command \$1,000 or more in hourly rates. The strong implication of the story was that these lawyers were charging an outrageously high fee.

In reality, Rule of Professional Conduct 1.5 states that "a lawyer shall not make an agreement for, charge, or collect an unreasonable fee." Deciding a reasonable fee generally involves ethical questions of professional conduct. Is the amount of the fee proportional to the value of the services performed? Do the lawyer's skill and experience justify the fee? Does the client understand the amount and nature of the fee and consent to it? Does the client understand how the fee was to be calculated?

Given this, there can be perfectly valid reasons for certain lawyers to set four-figure rates:

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Featured Video:



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What Readers Are Saying:

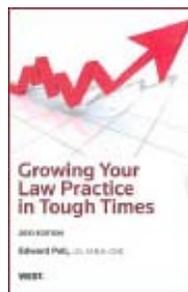
"No matter how you slice it, there is no substitute for wisdom and experience. Ed

- Clients view such lawyers as getting them out of very expensive matters more quickly than others could, thus saving them thousands and millions of dollars in litigation expenses or other business expenses ... or closing deals faster to enable the client to start making a lot of money sooner.
- The attorney might have a unique set of skills needed by the client at that moment.
- Lawyers who command high prices tend to be in limited practice areas such as bankruptcy, taxes and M & A, where the stakes are extremely high ... and the cost of the lawyer is really only a blip on the screen for the client.
- Fees to lawyers are more frequently now based on value to the client. The lawyer's compensation becomes his/her equitable contribution to the benefit delivered to the client, making the "cost" per hour irrelevant.

So, are lawyers who charge \$1,000 "reasonable"? How about \$100 an hour? Ultimately, the rate that most lawyers charge is based on their "gut feel" after evaluating such factors as their years of experience (more years out of law school mean a higher billing rate), their practice area (mergers and acquisitions work, for example, is valued higher than family law), their geography (New York lawyers charge more than those in Des Moines), the number of lawyers in their geographic and practice area near them (the more lawyers there are, the higher the price competition, and type of billing method (hourly rate, flat fee, contingency fee, and so on). Any fee ultimately can be justified if you can define the reasons for it, and if the client accepts the value that the fee represents.

## Growing Your Law Practice in Tough Times

Following the worst economic crisis since the Great Depression, and facing a sea change in clients' demands and expectations, law firms must respond and adapt quickly and effectively. Law firms must choose the kind of law practice they will be; the marketing and business development tactics they will use; the overhead that is critical to their functioning; how to price, bill and collect for services; and how to manage the cash flow cycle.



Success lies in identifying and capturing the right kinds of clients, providing the services those clients need in ways that add value, and ensuring prompt payment and the ability to grow profits. This book, based on the experiences of Ed and his clients over 20 years of coaching and consulting, provides the keys to successfully thriving in the new era.

Now Available

Special New Release Price: \$79

Regular Price: \$120

Poll has demonstrated both in this eye-opening book about the essential elements of running a profitable law practice. He provides practical wisdom along with simple ways to adopt and incorporate best practices for each. After explaining the pros and cons of every decision, he makes recommendations and provides useful guides disguised as key principles. Buy the book so you too can access Ed's wisdom and experience. It's worth much more than the investment."

**STEWART L. LEVINE, ESQ.**

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