

LawBiz® TIPS

YOUR PRACTICAL GUIDE TO PROFIT™



Week of **July 21, 2009**

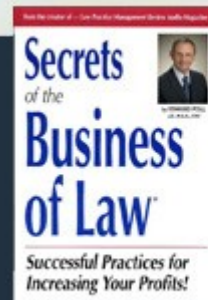
"I'm Thinking It Over!"

Those of us in the vicinity of a "certain age" will remember one of the most famous comedy skits of all time, whether we heard it on the radio or saw it on a grainy black-and-white TV. Comedian Jack Benny, who created for himself the persona of a notorious tightwad, is suddenly confronted by a robber who demands, "Your money or your life!" Benny is immobile and silent. "Did you hear me," the robber repeats, "I said, 'Your money or your life.'" At last Jack responds: "I'm thinking it over!"

Plenty of law firms face the same dilemma today when a client demands, "Give me a 10%, across-the-board rate cut, or I will take my business elsewhere." Some firms may feel they have no choice, but others, like Jack Benny, are paralyzed as they "think it over." I believe it is fundamental to "The Business of Law"® that lawyers should resist discounting their fees - particularly if the client has earlier agreed to pay the full amount in the engagement letter. Once you start on this slippery slope, it's hard to get off, as you begin competing against yourself. Even so, in today's legal services market a client is bound to find a law firm who will agree to a discount if your firm won't. So the question becomes, what is a viable response?

One answer is to pursue the lesson of the Industrial Revolution: the more efficient you are at doing something, the less labor is required and the lower the price that can be charged. With a lower price, satisfied clients will increase their business, which theoretically should mean higher revenues and profits. The key to higher volume is partnering with clients. You bridge the gap between understanding what they need and listening to what they want by providing value.

The costs of legal services can be reasonably reduced when the client and lawyer team up to create a budget for future



To learn the secrets of running a law firm as a successful business, order *Secrets of the Business of Law*.

Secrets of The Business of Law®: Successful Practices for Increasing Your Profits! Provides attorneys and law firms specific and practical suggestions for being more effective and making more money in the process. This book is organized in five parts (Planning for success, Client Relations, Financial Management, Law Office Technology, and Office & Management Issues) to help lawyers learn how to:

- Improve client relations
- Keep clients
- Raise revenue and lower overhead
- Prepare for success by using a business plan
- and much, much more!

[Click here to purchase for only \\$49.95](#)

Check Out Ed on **You Tube**

services. The parties generally agree that each one will assume certain risks and that the costs will go down. A general counsel once told me that budgeting caused everyone to focus on the goal line and how to get there more efficiently. In one specific instance, budgeting saved over \$500,000 for this client, all without reducing the billing rates. Of course, that reduction also means that the law firm's overall revenue was impacted, but lawyers' rates were not. The client got the desired result at a lower cost, and happy clients tend to bring the firm more work.

A word of warning - resist the temptation to push back against a price cutting request by asserting the uniqueness of your firm's practice and services. Remember that to most clients most lawyers are all alike. Be flexible and don't believe too much of your own rhetoric. All lawyers can't be the best at their practices!

Personal Commentary

Every now and then, it helps to just stop, smell the roses and listen to our environment. This last week, I flew to Phoenix to participate in the National Speakers Association's annual conference. I landed, called home to check in and learned that my wife had gone to the hospital with chest pains. Without leaving security, I went to the Southwest counter and booked the next flight back home. My wife is fine; all the tests proved negative. The medical folks prescription: R & R. So, we're now ensconced in our just delivered Airstream trailer in Malibu. Or, as my wife lovingly calls it, her "cocoon." And this a.m., as I write this note, we have two of our eleven grandchildren sleeping in with us. Life is good. Keep your health and all else seems to fall in place.

Best wishes,

Ed Poll

lawbiz.com

lawbizblog.com

www.LawBizForum.com

(800) 837-5880 Order Phone

(310) 827-5415 Office Phone

Ed's Tweeting! 

Join **LawBiz® Forum**

Our goal is to offer the value we provide to as many people and organizations as we can. Our business is 100% referral based, which means we rely on people like you to tell others about the types of results they can get from working with us.

If you have a colleague who could benefit from having a coach on their side or know of a law firm that could benefit from elevating their profits and effectiveness in these challenging times, [please let us know.](#)

What Readers Are Saying...

Secrets of The Business of Law® is the most insightful book I've read on this topic. It is written in an engaging, easy-to-digest style, and there was never a dull moment. I recommend it to anyone who runs a law firm and needs to turn a profit.

-CM, Massachusetts

Please use the URL below to link to this issue:
www.lawbiz.com/nlimages/tip-7-21-09.html

© 2009 LawBiz® Management. All rights reserved.

Note: If you would like to unsubscribe or if your e-mail address will be changing, please use the links that are displayed below.