

LawBiz®

Your practical guide to profit™

This is a printer frinedly version of http://www.lawbiz.com/e-mailed_newsletters/tip-3-15-11.html

LawBiz® TIPS – Week of March 15, 2011

www.lawbiz.com



Life can change in a split second. I had a major accident this past week. While I don't want to make a big deal of it, frankly, I'm lucky to be walking. When you experience a major trauma, loss of a loved one or unexpected and serious medical challenge, you begin to put life in perspective. If we remember these challenges, we're the better off for it. We will treat ourselves well and expect others to do the same when interacting with us. If we lapse into mindlessness and take our life for granted, we may require another wake-up call.

Life is short; it's not easy; and we should not have to deal with unpleasant people or situations. Make the best of your life. You deserve no less.

lawbiz.com

Is Pricing the Same as Billing?

What is the difference between pricing and billing for a law firm? The price for legal services is typically an hourly rate, and that is what is used to define the engagement and get the business. Certainly the billable hour has plenty of negatives associated with it. Lawyers who bill by the hour are in no different a position from other hourly laborers. Businesses that do not bill on the basis of time can earn more for their service or product per unit of measurement when they become more efficient. The more efficient lawyers become, in our current hourly billing business model, the harder we have to work to earn the same money as before.

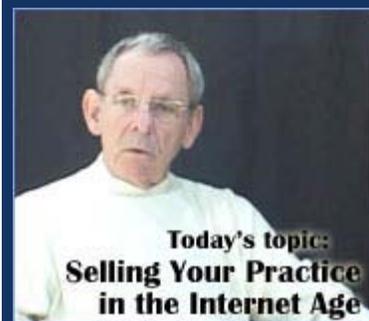
Because most lawyers are paid by the hour, their billings are features' lists: this is what I did, this is the time I worked and this is what you owe me. If clients pay their bills without complaint, lawyers assume that such a laundry-list billing approach works. However, an unpaid bill generally indicates that clients don't understand the results achieved for them, or don't appreciate the value of those results. This does not imply a professional lapse by the lawyer in

In this issue:

[Is Pricing the Same as Billing?](#)

[8 Steps to Greater Profitability](#)

Featured Video:



Join [LawBiz Forum](#)



What Clients Are Saying:

"Through Ed's invaluable coaching and no-nonsense approach, I was able to not

preparing the bill. Billable hours in theory will provide the necessary details, but not with entries like "work on motion for summary judgment, 20 hours." Break any such charge into its basic elements, with the amount of time needed for each. Itemization helps clients understand what you did.

If you use a different method of accounting, such as value billing or fixed fees and do not help the client understand what you did for them, why, and what value you provided to the client, they will continue to fail to understand what you did and how you helped them, and continue to procrastinate on paying the bill. Yes, value billing demonstrates to clients the **worth** as well as the **cost** of the legal services they receive, and bills them accordingly. But even when using the concept of value billing, lawyers may be safer to keep track of time expended. Where your billings may come into question, either by a judge needing to approve the fee, or because of a fee dispute needing to go before an arbitration panel, the tried and true method of demonstrating what you've done usually comes back to hourly metrics. At the very least, it is a management tool that demonstrates the profit and loss of the representation ... and the reasonableness of the fee.

If a client agrees to value billing, why should time matter? The most important reason is the ethical requirement, under the Rules of Professional Conduct and all state bar regulations, that fees charged must be "reasonable," and time is one metric for that. One way to enhance the client's knowledge of value is to prepare a budget of events, time and costs for each matter of significance, and get the client to accept it. You can bill for value based on passage of time (e.g., monthly), passage of benchmarks noted in the budget or other appropriate method. But, the bill is still for value as measured by specific benchmarks.

only stay employed at the firm, but to make partner and have a future with the firm."

JM, Los Angeles, CA

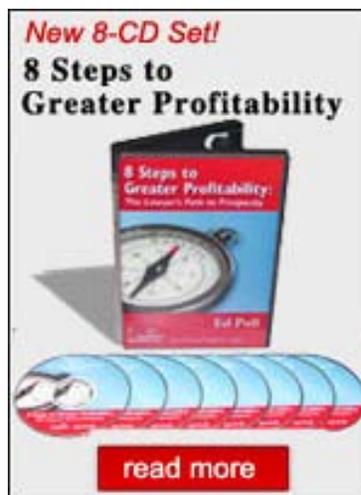
"Ed knew the right questions to make me answer. He has taught me virtually everything I know about formation, planning, and now management of a successful law firm."

RUM, Los Angeles, CA

8 Steps to Greater Profitability

Are you frustrated with how your law firm or practice is running? Are you looking for ways to jump-start your business? Do you want to make the dream of starting your own successful firm a reality?

This 8-CD set provides the most complete audio guide to law practice management available. From crafting a business plan to selling your practice for maximum value, Ed will lead you from start to finish through the eight most crucial steps to law firm success. Earn the living you deserve and find fulfillment throughout your career – embark on the path to success today! [Learn more.](#)



Now Available

Special New Release Price: \$149 (until March 31)

Regular Price: \$199

Call or Order Online at:

1-800-837-5880

lawbiz.com

Ed Poll, LawBiz® Management

lawbiz.com | lawbizblog.com | lawbizforum.com | lawbizstore.com

(800) 837-5880 order phone | (310) 827-5415 office phone

©2011 LawBiz® Management. All rights reserved.

LawBiz® Management

421 Howland Canal

Venice, California 90291-4619

www.lawbiz.com

edpoll@LawBiz.com

Order Phone (800) 837-5880

Office Phone (310) 827-5415

© 03/15/2011 Edward Poll & Associates, Inc. All rights reserved.