



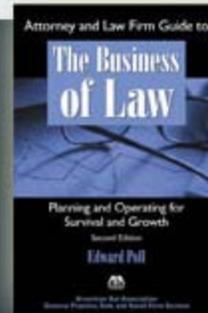
Week of **January 26, 2010**

Alternative Billing as a Marketing Tool

The debate continues over whether the billable hour is dead, but there is little disagreement that both clients and law firms are increasingly interested in billable hour alternatives. However, that still leaves open the issue of deciding how to replace hourly rates with a better billing method. In any alternative billing method, the skills of a lawyer and the way in which services are marketed and delivered to the client must coincide with what the client wants and needs to have. The most effective marketing effort possible is a law firm billing approach that provides more while reducing inefficiencies, duplications, or unnecessary effort. That is the starting point to identify alternatives to the billable hour.

A law firm's commitment to the use of alternative billing as a marketing differentiator requires commitment to three basic premises for success:

- *Communication is essential.* Surveys uniformly show that clients are unhappier with surprises and unexplained costs in their bills than they are with high bills themselves. No firm should fall into the trap of simply cutting fees, because it sends a message that they were overcharging in the first place. An up-front general statement about fees and alternatives, estimates and budgets, flow charts to explain who in the firm does what - all are crucial communication tools. It is important to tailor this communication, and the fees themselves, to individual client preferences - which after all define the perception of value.
- *Clients, including corporate counsel, are still not particularly knowledgeable about billing.* Their understanding of what equitable arrangements may exist is typically not substantial. Law firms must seize the initiative by working with clients to develop specific pricing alternatives based on each client's preferences. Being proactive avoids having the client fixate on fee alternatives that may be unworkable, or



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This expanded edition adds 27 new chapters on marketing, personnel issues, technology, time management, clients' trust accounting, opening a new office, and changing from one practice to another. As I say in my Preface to the Second Edition, "When we lawyers act in a more business-like manner, we tend to be more effective in the delivery of our services." The many ready-to-use forms and charts are available on a disk in Word Perfect, Excel, and Quattro Pro formats.

impose such alternatives through an unrealistic RFP process.

- *There is no universal best billing alternative.* Client preferences and each firm's operations differ, and the factors of each project or case can accommodate various billing options.

Opinions vary on which alternative provides the best measure of value to the client. Ultimately alternative billing is a matter of trust and agreement between lawyer and client, such that they act as a team and create expectations for how services will be billed. Assessing whether flat fees, or any other alternative, constitute good marketing and billing strategies comes down to the lawyer/client relationship. Service is the one factor that clients want from lawyers more than anything else, including more than lower fees. Despite what clients say, they will not put a priority on cost cutting if they fear it will hurt service. No matter what alternatives are used, firms should work with clients to measure the value desired and provide legal services accordingly. That way, "value" becomes the marketing message, not "lower price."

Personal Commentary

I am very excited to host a live webcast this **Wednesday, January 27 at 2pm EST/ 11am PST** to discuss how the nation's law schools teach - or fail to teach - the fundamental principles of business. The webinar, called **Law School: Are Recent Graduates Prepared for the New Era?** will feature four recent law school graduates who will describe how law school did or did not prepare them for The Business of Law®. Over the course of the session, the recent graduates will describe their current environment, relate their experiences in the legal world, and engage in a lively discussion about what the nation's law schools should be teaching its students to thrive in today's economy. The session is presented in association with West LegalEdcenter®.

Please [visit this link](#) for more information and to register. The event is worth 1 CLE credit in many states - review

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the link to learn more!

Best wishes,

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