

Happy Lawyers, Loyal Clients

Would you say that the lawyers you know are happy with their work situation and work/life balance? How about their families? Based on the reports commissioned by The Law Society of Upper Canada^{1, 2} it seems there are a lot of unhappy lawyers out there.

Interestingly enough, hourly billing is cited by lawyers^{1,2} and clients³ alike as a source of dissatisfaction. For lawyers, it's being incentivized on hours billed and not for working smart or for taking on complex cases which showcase their individual talent.

For clients, it's not knowing how much the service will cost at the outset, and struggling to find the value in an invoice based on hours.

A New Billing Strategy

In a value-based billing environment, an engagement letter includes the specifications of the case as it is mutually understood. All out of scope services are billed separately.

Information in the firm's financial system is leveraged to develop a baseline for the value-based billing strategy. This information is then used to determine the fee listed in the engagement letter.

A lawyer's performance evaluation is no longer based on billable hours, but on indicators that are more meaningful to the firm and the lawyer. This gives the lawyer the incentive to work in the way they choose and on the cases that suit their talents.

Client satisfaction will also improve as the client has an indication of the cost at the outset, and their service may be provided in a more timely fashion. Happy clients are loyal clients, which translates into a profitable long-term relationship.



References

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3. Wolf, A. (2008, April 2). Home. Retrieved September 22, 2009, from The Lawyer Coach Blog: www.thelawyercoach.com/category/client-relationships/