

# Popular Threads on Solosez

## Pricing

I believe that my fees are reasonable. For most of my services, I learned how much local attorneys charged as I went along, e.g. real estate closings. Sometimes I estimate how long it will take me and charge based on that.

But yesterday I had a client, whom I've done previous work for, complain that my fees were too high for a service he wants me to perform. He claimed that two other attorneys did it for XXX Dollars for him in the past and was willing to send me their bills. I believe him, but I know those attorneys and I know their clients get what they pay for.

After that, I thought I should check the local market and see what fees are for the various services I offer - I don't want to overprice or (God forbid) underprice them. Now, this is my question: how do I go about finding out how much attorneys charge - short of calling them up and pretending to be a client (as my friend does). Are attorneys generally willing to share that information with others?

When I started my practice, I called the CBA to ask if there was some sort of survey of price ranges in the Chicago area for services - but I guess because of price fixing concerns, no such thing exists. Anyway, any suggestions would be helpful. Thanks.

Anonymous

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As a young lawyer on my own, I too have struggled with this. The best approach that I've found is find a few experienced competent, mentor-like attorneys who don't mind helping out a newbie. I never asked them, "hey what do you charge for a will package (except for Bernie)?" it's more like, "What's the going rate for X?" At least among my attorney friends, they will respond with a range of what other people are charging.

Shane Jimison

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I have had prospective clients tell me this and I generally tell them to go to that attorney. I consider my rates to be very reasonable and I have been told by other attorneys that I charge too little (\$150/hour in office and \$200/hour out of office). If you are getting clients and making a living, don't worry about what others are charging.

Having watched a number of discussions on this list about what to charge, I can say that most of us are probably charging too little. Most of the folks who have tried raising their rates have actually ended up with more clients, not less. Go figure.



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Frank J. Kautz, II, Woburn, MA

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Do not meet the lowest advertised price. If he wanted to use those other attorneys at that price he'd have called them. Instead, he called you, he has his reasons for doing that, believe me. You told him your price. It's up to him to decide whether to use you at your price or them at their price. My response to these kinds of ad-matchers is this -- "this is my fee structure. If you want to use a different attorney who has a different and lower fee structure, feel free to contact those attorneys. I'm sure they'd appreciate your business." They either pay you (up front!) or they take their business elsewhere. If they go elsewhere, use the time you'd have used on their matter to network and target additional client bases.

Donna Thompson-Schneider, Milwaukee, Wisconsin

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I agree. I do some residential real estate closings (although it's not my primary business). It's one of the areas of practice where you get a lot of price shoppers.

I used to cut my asking price when I felt that someone was balking at the price I was quoting him. But I since found that there are basically two types of new clients:

A) People willing to pay my normal rate; and B) People who will shop for a lower rate no matter how low I go.

The first group wants an attorney they're comfortable with. They like my service and they want me to assist them. The second group simply wants a commodity. And there's always someone who can do it for less. It's just not worth my time to match the lowest price; I won't make any money.

David Marc Nieporent, Clifton, New Jersey

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In my experience (at least w/ residential real estate) the clients that ask for a fee discount are usually the most problematic clients during the transaction. James M. Miner, Westfield, New Jersey

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It is a matter of your target market. If you are trying to compete at the low end, you should set your practice up with that in mind. In the immigration field, the attorneys who offer the lowest prices either operate out of their home or have a staff of paralegals that does all of the paperwork and a large amount of the client interaction.

I don't know if I read it on Solosez or not but someone said that there are three components to service, Price, Quality and Speed. It is possible to be competitive in two of the three and since nobody really wants a low quality attorney, they either need to pay a higher price or they need to live

with almost never being able to speak to the attorney and having the work take a long time.

I have lost probably \$100K in business over the past year because I would not come down in price (Up until I joined this firm, I was solo and very inexpensive anyway). In my opinion, good riddance.

Jim Mills, Sarasota, Florida

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I agree with both of you, and I toss in a quibble. I agree with all the responses to Anonymous's question. I do respond with, "If money is your main concern, then call that lawyer" whom the caller says charges less than I do. The main reason is that the person will be a problem client. Could be s/he wants a lower rate because the case is not really all that good and s/he knows it's not worth paying full freight. Could be s/he usually stiffes her creditors anyway or is very difficult to keep on a payment track, and I'm just another on the list. Could be that this person is going to wring every mil out of the hourly fee with lots of little phone calls that take up my time but don't add anything to the case.

In response to Jim Mills, I'm with you -- let them go elsewhere. However, they aren't "lost business" because not hiring on with those people means I can take other cases with better clients. "Losing \$100K in business" with clients who won't pay their bills isn't lost business, it's time and money I voluntarily flushed.

What I'm learning is that I spend too much time trying to teach a bad client how to be a good client. Even a first-timer with a legal problem should already know basic principals of good manners and paying bills. What I think I need is a form letter that actually looks like a form letter to indicate my unwillingness to spend time coaxing.

Carolyn J. Stevens, Lolo, Montana

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1. Ask your clients to bring in old invoices, ads that they have seen, etc. I would go so far as to offer a dinner for two for any direct competitor's ad or invoice that you have not (recently) seen. Especially direct mail (newsletters, postcards, etc), which can be very hard to get a hold of. The marketing intelligence (even without pricing) is fabulous, and this is NOT unethical in any jurisdiction.

- 1a. Ask new clients (or prospects who don't buy) if they saw other attorneys before hiring you. Ask them what attracted them to you, vs. them. Don't mention price to new clients unless they bring it up first. Ask prospects who don't buy what other kind of pricing they heard, and what ultimately swung the decision.

2. Check with your state bar--attorney advertising may be a matter of public record. Here in Texas it is, but it's useless, because it's filed in such a way as to make it impossible for a non-bar-employee to usefully access for competitive information.

Keep in mind that if you \*can\* use this in your own jurisdiction, most attorneys are hopeless at advertising and marketing (except PI, which have it to a science, and BK, which is getting much better). So, just because an attorney USES a particular ad or other marketing piece, doesn't mean that it was effective. There are 123 pages of attorney advertising in my local phone book, and I would venture to guess that probably 115 of those pages are uselessly ineffective. Possibly more.

3. Anonymously price shop for a particular service. It is AMAZING what other attorneys will tell you over the phone if they don't know you are an attorney--word to the wise. They'll tell you "why" their prices are "so high." They'll tell you what you get for that price (keeping in mind that unless they are experienced attorneys with \*CLEARLY DEFINED SERVICE DEFINITIONS\*, they'll be wrong). They'll tell you (probably unethically) why you shouldn't use Joe Blow if you mention them in the conversation (try mentioning yourself and see what happens :-)). They'll tell you how busy they are (or aren't). They'll tell you when they are going out of town and the office will be empty (good thing I'm not a burglar, but I've NEVER understood why criminal attorneys would do this). They'll send you their newsletter. They'll send you some written information (if they have any, they are already savvy marketers in our field).

3a. If you are unwilling to price shop yourself, or if you live in a small town, pay a service. You can get one on the Internet that will actually record all the calls and email them to you. They can suggest questions, or you can tell them what you want.

4. Watch the newspapers, the radio, and the TV for competitor ads (or pay a service, which is far more cost effective--this takes a LOT of time). Keep in mind that ads that run for a very long time are either a) effective or b) run by lousy marketers. If it is PI, and it's run for more than two years, it is generally an effective ad (which doesn't mean it couldn't be more effective). If it's non-PI, they \*usually\* continue to run it because they just don't know how else to spend their marketing dollar (i.e., lousy marketing).

5. Ask non-competing attorneys from other, similar markets offering similar services their pricing. Keeping in mind that most attorneys are LOUSY at pricing their services. Ask them what their margin is. If they have no idea, they are almost certainly pricing too low, unless they say something like, "Gee, I know that's awfully high for my area, but I just have more business than I can handle," in which case their fee is probably reasonable (but still too low, or they wouldn't have "more business than they can handle").

Becki Fahle, San Antonio, Texas

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Same here. The ones that have been very price sensitive have been more trouble than they were worth in my practice area (mostly helping investors).

J. William Norton, Woodbury, Minnesota

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My view : Where is it enshrined that our fees may only be negotiated downwards?

Client : "So how much is your hourly rate?"

You : "\$300 an hour."

Client : "Wow. That's a lot. You know, Bubba LeRoy, Esq. just told me he'd handle my case for \$200 an hour."

You : silence

Client : "So how about it?"

You : "How about what?"

Client : "How about negotiating your hourly rate?"

You : "OK. Having listened to you and thought about it, it'll be \$325 an hour."

Charlie Abut, New Jersey

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If you want to take the prospect on as a client, however, you've got to change the conversation from one of pricing to one of value. It's clear that the prospective client fails to understand how/why you're services are different/better than Bubba's and that the overall fee is what is important, not the per hour rate.

Ed Poll, Venice, California

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When you have to bend on the price, be sure you first list the things you do for the client for that price. Then, when you lower the price, take some of those things off the table. Thus, you are not really "lowering the price." You're adjusting the price to the appropriate level based on the service to be delivered.

What, you might ask, are the components of an hourly fee? Well, how about returned phone calls within 2 hours. That's now part of your regular hourly rate. Thus, if you lower your hourly rate in response to your client's request, take that response time off the table ... tell the client that your response time will be 24, or even 48, hours. He'll get the point that he's not really lowered the price, but changed the value composition of what he's buying.

The analogy is buying a car at the base price vs the same car with options at a higher price. You've merely unbundled (the current fad term) your services.

Ed Poll, Venice, California

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Ed is right on point. In other words, if you want to retain the client, and believe you will have to bend on price to make that possible, make sure the client "buys their discount." Don't surrender price for free.

David J. Galalis, Boston, Massachusetts

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The vibes idea is really critical. When you are talking to a prospect, at least one that was not referred by a trusted colleague, you have to be sure you have developed your Quack radar, and that it is on and in good working order. [snip] Use that radar, get sizable retainers in advance, and hone your skills in estimating total fees so you tend to overestimate costs. Then you can come in under "budget" and client expectations are given a pleasant surprise.

Fred Mischler, Dayton, Ohio

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