

Popular Threads on Solosez

Billing

I am trying to determine a fee schedule for my firm that I am starting this year, I have been reading articles about value pricing and am leaning towards flat rate billing. Any thoughts?

I use flat rates whenever possible. For example, I have a set fee for basic traffic defense cases. I have a set fee for a basic estate planning package. I used to list them on my website, but I removed the actual rates. Sometimes I adjust the usual rate up or down, depending upon the client's needs, location, etc.

I love flat rates instead of hourly billing. I hate tracking time. I'll bet if lawyers added up all the time we spend tracking our time, it would amount to at least 20 minutes per day, probably more. That adds up. (Yes, I know that I still have to track time for court appointed matters, or if there is an applicable fee shifting provision.)

With that said, isn't "value billing" different from "flat rate billing"? Flat rate just means "The total cost for X is \$Y." But I thought value billing means sitting down and figuring out what value you're giving to the client. Then calculating what that value is worth to the specific client. It could be a contingent fee, a success-based fee, a flat fee, or some hybrid. Maybe it's just semantics.

Andrew Flusche, Virginia

The administration of an estate or a bankruptcy petition from the date filed to discharges is time spent as well. Those things can drag on...I was thinking of charging a monthly flat "maintenance fee" or something in addition to the original rate for the bankruptcy petition or estate planning "package" ...don't know what I would really call it. Does anyone else do this? The "package" fee would be different based on the size of the estate and what type of bankruptcy filing (chapter 7 or 13 and whether it is a no asset case ...)

Therese H. Lee

What you're talking about isn't value billing because your covering your nut while waiting for a case to settle isn't for the client's benefit, unless you are actually providing some service.

I'll leave it to the members of the bankruptcy bar to opine; however, fees for probate are a construction of state law. I would not be allowed under Massachusetts law to do what you do because our law requires that fees are subject to review by the probate court and can be adjusted if I took payment without actually doing work.

Sasha Golden, Massachusetts

You're right - the probate rules for billing slipped my mind.

Therese H. Lee

Has anyone tried flat fee billing for dissolution cases? If so, how has it worked?

Patricia Dennis

I don't do dissolution cases, but there's a great article about value pricing with examples from a family law practice here:

<http://www.lawforprofit.com/resources/>

Brian Blum, Arizona

I advise all other attorneys to bill using my personal formula:

- 1) Base rate Begin with a base rate of \$100 per hour.
- 2) Location. Calculate your distance from Martha's Vineyard, specifically from zip code 02568. If you are less than 1,000 miles from that zip code, then increase your billable rate appropriately using the formula (New Rate) = (Base Rate) + ((1000-(distance in miles from 02568)) * \$0.50).
- 3) Island. If you actually offer legal services on the island of Martha's Vineyard, increase the rate by an additional \$150 / hour.
- 4) Practice Areas. If you practice outside the fields of family, criminal, or tax law, increase your rate by an additional \$25/hour for every field in which you practice.

The resulting rate will do me good.

Erik Hammarlund, Massachusetts

That is scary. I did the math and it came out to almost exactly what I charge!

Michael Lichterman, Michigan

I have only done it on uncontested divorces. It has worked fairly well. I have a clause in my contract that says if any issue becomes contested at any point, I can convert it at my discretion, to an hourly rate and that the payment they made will be treated as a deposit if I do so and I will charge against it.

I have not been able to feel confident in my allocation of time/expense research to be able to charge flat fee for contested. I think divorce is too emotional of an issue to be able to monitor that amount adequately. Emotions are hard to plan for and a lot of issues are purely emotional ones. I rather charge by the hour. It keeps emotions in check for all parties.

Micah G. Guilfoil, Kentucky

In some cases it works. Those cases tend to be where the divorce is a formality. Like when the client hasn't even seen the other spouse in like 20 years. The problem with many family law cases is what drives the cost is how much a jerk the opposing party and or his attorney is. Though some times your client can be the jerk.

John A. Davidson, Pennsylvania

I charge a monthly "keep a file open" charge in major felony defense. Having such cases on the docket

greatly increases the lawyer's stress level (for those of you who have been responsible for clients looking at 10+ years to life in prison if you lose, you know what I'm talking about), and it is impossible to maintain an adequate defense with more than 6 or 7 such cases on your docket at any given time. Therefore, even if your flat fee has been fully paid, the longer the case goes the more you are entitled to as the matter is increasing your stress level beyond a normal case and is also precluding you from picking up new cases (and, presumably, new large flat fee payments for those major criminal defenses that you have to refer out). All is disclosed and agreed upon by client - it is a flat fee of \$X payable in Y installments, and after that is done, it is \$Z per month until the case closes.

I obviously do not do it in minor criminal matters, but in major matters I think a significant monthly charge for having the file on your docket is appropriate. I do not see why a major civil case would be different.

I think it is very difficult to start a practice based on contingency out of the gate. One bad case you can't get out of and you are either getting a bar complaint or running out of cash.

John Butler, Louisiana