

Retainer Arrangements for Business / Corporate Work

Can any of you share how you charge a business client who wants to use your services on a regular basis for a lower rate?

For example, would you discount your rate by 25% if the client spends 5 hours a month with you? Or 10 hours a month with you? And what if by the end of the month, the client spends only 75% of the projected total hours, then do you charge the client at your regular rate instead of the reduced rate?

Thanks for any insight you may have.

There are a number of ways to do this.

You can have them pay a monthly retainer that guarantees them (and you) a certain number of hours per month, with hours above and beyond that at a reduced rate. If you go without the retainer, you could bill at your standard rate for the first X hours, then x-20% for hours above that.

I wouldn't offer a discount unless the number of hours per month was fairly substantial (or you don't have enough clients paying full freight so you'll take whatever hours you can get). 25 hours sounds like a good figure but I certainly wouldn't give a discount for less than 10.

Kevin W. Grierson, Virginia

Yeah, don't do it! I recently fell into this trap with two clients. In both instances, it has become a nightmare. In my opinion, it's ok to comp certain items for your all stars. However, I would not recommend discounting the bill by x%. For the two clients I do it for, they want even further reductions in the invoices each month. If you choose to reduce, it should be a courtesy and out of the blue (not expected). Just my two cents. I would definitely like to hear from others on this.

Ryan C. Young, Virginia

The short answer is no.

The long answer is if I'm worth X dollars an hour why for you am I worth less than X. The practice of law is not making widgets. You want cheap then you give up either fast or good.

John Davidson, Pennsylvania

I would never offer a discount to a client who makes a habit of bitching about the bill, and I would never discount the initial block of hours unless they paid a retainer that was due regardless of whether they used those hours each month.

On the other hand, I don't see a problem with an arrangement that you'll bill you first 20 (for example) hours at your regular rate, then discount hours above that by a percentage. If they want to complain about the fee, you can just note that you're already giving them an agreed-upon discount.

Kevin W. Grierson

For whatever its worth, big firms do this all the time with big corporations.

Kevin Trabaris, Illinois

It's going to depend, new client, existing client or very long standing client? How promptly they pay the bills? Do they moan about the billing?

I'm willing to do stuff for some clients I'm not willing to do for others; because I know those clients will promptly, like 24-48 hour turnaround, pay their bills; and they don't bitch about it. They call me up, I do the work, invoice them, they pay me. They got a history of paying promptly. I'll discount to them a bit. But I almost always do the discounting post facto as it were; either cut them a break on the hourly rate or cut them a break on the time a bit.

It's not how much you bill; it's how much you collect. I'd rather cut my bill a bit and have them come back to me again and again, and have them promptly pay with no grief, than bill someone at a high theoretical rate and have them drag their feet. And, frankly, this is for clients of long standing; don't get caught into the trap of "new client" comes to you, asks

you to "low ball" a new matter, and they "promise" you that if you do the job at this price and they like it they'll 'send more business your way'. Two reasons for that; first, there's NO guarantee you'll EVER see other business from them; second, once you've discounted the initial work, that's the ceiling they expect; not the floor; when they send you other work, if they do, and you quote them a price or send them a bill they'll be moaning about well, I deserve a discount for additional work. Nuh Uh. Sorry. You hire me, pay full freight, if you are good payer and are willing to rehire me, I'll be happy to discount future bills depending on the volume, but newbies pay up front and in full.

I don't know what using services on a regular basis means; is this ongoing stuff, i.e., extended litigation or transactional stuff, or are these new matters? Example of the first one might be, they want you to review contracts as they're done and you'll be looking primarily at the addendums and changes; sales contracts or such, and they got a dozen contracts a month that need to be reviewed, example of the second one might be, landlord with evictions; they may have none, a couple, or a dozen evictions a month; each is discrete and totally new matter? If it's bunch of 'new' stuff then I might set fee of X for first one, .95X for second and .90 for third and subsequent ones filed per month; if they send you one, fine, they get charged full price. two or more, they get discount on the second and later ones.

Overall, if you're going to give them a definite discount, I'd do it like the 2nd; up to 5 hours per month, \$X per hour, Sixth thru Tenth hours .95\$X, tenth and subsequent hours .90\$X per hour. Clock resets back to X on the first of each month.

Ronald Jones, Florida
