

Flat Fee Billing: Can It Work for Your Law Firm?

Article By:

Stephen Fairley

Law firms are under increasing pressure from clients to reduce costs and justify expenditures, and alternative fee arrangements (AFA's) are rising to the challenge. While AFA's aren't exactly a new concept to the legal industry (estate planning and criminal defense attorneys have been offering them for years), they are now becoming more prevalent in other practice areas, such as family law, corporate law and business litigation work.

The majority of firms I work with are small to mid-sized firms. Many have been early adopters of AFA's because consumers today know what they can afford and will not tolerate an open spigot. Today's legal services market, with all its options, demands transparency in pricing and this is one genie that is not going back in the bottle.

One of the most common AFA's is the fixed or flat fee arrangement, even though it is probably one of the most difficult for firms to get right. To be successful with fixed fee billing, firms need to conduct research into their case files going back at least a year or two in order to arrive at pricing that will protect profitability.

North Carolina divorce attorney Lee Rosen is a strong believer in fixed fees and provides good advice for making the switch at his **Divorce Discourse blog**. He transitioned his firm to fixed fee billing a few years ago, when the idea was truly a radical one (it still is in family law), and his revenues and profitability soared ... after overcoming some major internal obstacles.

Fixed fees can be staged according to specific phases of a case using a limited scope agreement or encompass an entire legal matter. Fixed fees work best when the case has a clearly defined beginning, middle and end.

© The Rainmaker Institute, All Rights Reserved

National Law Review, Volume V, Number 128

Source URL: <https://natlawreview.com/article/flat-fee-billing-can-it-work-your-law-firm>