

# Client pushback on bills: how did we get here?

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For law firm veterans, especially those primarily representing business clients, the current climate of clients pushing back on bills “just because they can” is not the way it’s always been. In decades past, absent glaring mistakes or fraudulent behavior, the typical process after a law firm did its work on behalf of a client was that the law firm would send a bill for services rendered, and that bill would eventually get paid.

Nowadays, corporate clients often have detailed billing guidelines that outside law firms must follow. On top of this, clients often incorporate aggressive auditing procedures on bills as a regular course of business and a whole subclass of professionals earn their living by disputing portions of the bill, thus negotiating them down on clients’ behalf to the detriment of the law firms who issue this bills. So how did we get here? A fascinating 2016 Cardozo Law Review article entitled “[The Cost of Rules, the Rule of Costs](#)” gives us some background.

## The Soaring Increase in Attorney Hourly Rates...

Among other things, the article looks at the rapid ascent of hourly rates for lawyers over the decades. Between the late 1960’s and the mid-2000’s, the average starting salary for associates at the largest law firms jumped from about \$10,000 a year to a whopping \$160,000 a year. Between the 1970’s and the 2010’s, the average take-home salary for senior partners rose from \$88,500 to \$716,000, a 700% increase, far oustripping the increase in median income.

Of course, the primary reason for this increase is the changes in hourly rates charged by law firms to their clients. The article found that, nationwide, the average hourly rate for partners jumped from \$122 to \$536

between the years 1985 and 2012, while the average associate rate jumped from \$79 to \$370 during that same time, again far in excess of the rate of inflation during those years.

### ...And the Soaring Increase in Hours

If the huge increase in hourly rates lead you to think that lawyers must be working less hours a year, then you have obviously never worked in a law firm. During the same time that hourly rates have gone up, so have the typical number of hours worked by lawyers, at least measured by the minimum billable hours standards imposed by large firms and ABA surveys. In the 1960's, 1400 to 1600 billable hours per year was the norm. A decade later, the push was on to 1600 to 1800. Nowadays, most major law firms consider 2000 billable hours a year a minimum threshold.

### A Way Ahead for Small to Mid-Size Firms

With law firms increasing both their hourly rates and the number of billable hours they expect their associates to work, it is no surprise that the clients holding the outsized bills and expecting to pay for all this growth are pushing back with tools like billing guidelines, outside and internal auditors, and more competitive hiring practices. As a solo attorney or partner in a small to mid-sized law firm, your mission is to provide excellent client service while providing value and economy of service that the other firms cannot match.

Unfortunately, you may find yourself subject to the same type of challenging bill auditing procedures and guidelines brought on by the rapid changes of the last few decades in the legal industry. But you can prepare yourself for meeting such challenges and working towards getting paid in full by incorporating automated legal billing software that minimizes mistakes and maximizes efficiency.

## Optimize Your Firm with TimeSolv

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