

Legal Project Management Ends the Debate over Fixed Fees

The debate between fixed fees and the billable hour has dominated law practice conversation for years. At one end of the spectrum sits the fixed fee, a predetermined set price for services rendered on a matter. At the other end of the spectrum sits the billable hour, a long standing staple of legal practice. There are pros and cons to each option, but contrary to common belief, there is also a solution in the middle that provides the best of both worlds. For a complex legal matter that requires numerous steps, the solution to this debate lies in Legal Project Management (LPM) and comprehensive legal billing software.

The Fixed Fee

Clients love a fixed fee arrangement, especially in the legal setting where hourly fees can quickly accumulate to unaffordable levels. They appreciate knowing the cost of their legal matter up front, with no surprises on the back end. However, clients aren't the only ones who recognize the value of fixed fee arrangements. Many attorneys would gladly convert to a fixed fee arrangement, under the right circumstances. It lessens the perceived burden of hourly billing and also decreases the chance of client billing disputes.

What attorneys don't like about fixed fee billing is the uncertainty that comes along with it. A fixed fee arrangement locks the attorney into a set price, even if the amount of work ultimately outweighs the level of compensation. This can lead to a situation where a law firm is losing revenue, by expending more hours and receiving less pay.

Learn how to use TimeSolv for Legal Project Management



The Billable Hour

The billable hour is a long time standard of legal practice. Using a set hourly rate, clients receive billing statements upon completion of work on their case. For the attorney, billable hours provide some level of assurance that work completed will be adequately compensated.

For most clients, billable hours are viewed negatively. A billable hour arrangement provides them with little assuredness about the total cost of their matter, which is especially frustrating for matters that appear routine. These types of arrangements often foster distrust in the client, weakening the attorney's credibility and frustrating the attorney-client relationship.

The Best of Both Worlds

With LPM, attorneys can combine the best of both worlds, by offering fixed fee services while also ensuring the profitability of the matter. Attorneys often quote a fixed fee without a clear understanding of what the matter requires. This is where the problem begins. LPM allows you to take a detailed and comprehensive view of the matter and all that is needed to complete it efficiently. Then, you can provide a quote that is well thought-out and conclusive of all necessary time.

When implemented with the right legal billing software, LPM provides you with the tools to proactively build and protect your firm revenues, while meeting the client's needs. TimeSolv has designed legal billing software that compliments project planning by allowing you to proactively ensure the efficiency and profitability of a matter. Instead of waiting to review completed work, use TimeSolv and LPM to calculate the profitability of a

matter during the initial planning phase and even while the matter is underway. If a project task is taking longer than anticipated, you have the ability to make adjustments and prevent the work from exceeding the allotted budget.

TimeSolv recently explored how Legal Project Management can increase law practice revenues. Click [here](#) to learn more ways that LPM and TimeSolv can increase your firm's profitability.

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About Erika Winston:

Erika Winston is a freelance writer with a passion for law. Through her business, The Legal Writing Studio, she helps legal professionals deliver effective written messages. Erika is a regular contributor to [TimeSolv](#) and a variety of other publications.