

# There's more to attorney billing than the billable hour

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For the new attorney or the attorney transitioning from big firm life to a solo practice to determine how to bill for your time and services can prove challenging. You may find yourself trying to reconcile adequate compensation for your services with the need to remain competitive within a crowded legal market. This post will explore some of the methods lawyers use to bill for their work, from the more traditional approaches to some of today's trending billing alternatives. So, whether you are just beginning your journey into small practice, or your current billing method just doesn't seem to be working for your firm, this is the post for you.

## Hourly billing

Traditionally, hourly billing has been a staple of legal practice. The industry even coined a term for it – the billable hour. This type of billing involves tracking your time spent on each individual matter and charging an hourly rate after the work is completed. Hourly billing first requires a proper hourly rate. When making this determination you should consider several factors, including the market in your geographical location. You need to know what other attorneys in your area charge for their services. Also, note that hourly rates can vary by location, years of experience, and areas of practice. Do a little research to help you establish a rate that you feel is comparable and properly provides you with the compensation you need.

Don't make the mistake of under-compensating yourself with an extremely low hourly rate just to be more competitive. This is a tactic that can backfire on you. If you undercut the other prices in your area by too much, potential clients may think that your services are of less quality than other attorneys. You may also run into a situation where your low hourly rate leaves you

feeling inadequately compensated for the work you provide to your clients. This can lead to dissatisfaction with your career and can also place unnecessary financial challenges on your law practice. Be very thoughtful when deciding what to charge for your hourly rate and don't be afraid to charge what you believe your legal services are reasonably worth.

The other important aspect of hourly billing is accurate time tracking. When you are tracking billable hours, you must be meticulous about tracking your work and accurately reporting how much time is being spent on each matter. Overestimating your time is unethical and can also create conflict between you and your clients. Understating your time essentially means that you worked for free, without compensation for all the services you provided. Under-compensation wastes your resources and lowers the profit margin of your firm.

If you are going to use hourly billing, it is imperative that you have an effective and efficient legal time tracking system in place. Don't make the mistake of choosing one of the well-known legacy systems just because it has been around for generations. Technology has changed significantly since these billing systems were introduced and many of them have failed to keep up with a constantly changing legal landscape. A cloud-based time tracking system, like TimeSolv, allows you to quickly and easily track time spent on a matter from virtually anywhere in the world. With nothing more than a smartphone, you can input the time worked on a matter, whether you are sitting in your car or on a bench in the courthouse. TimeSolv also helps you achieve timely billing, allowing you to easily transform your tracked time into customizable bills for your clients. If an hourly billing model is your billing system of choice, then you need to [check out](#) TimeSolv.

## **Fixed Fee billing**

More and more often, attorneys are turning to fixed fee billing arrangements for compensation of their services. Unlike the hourly billing, fixed fee billing establishes a set amount for your legal services prior to the commencement of representation. The client is then presented with that fixed fee, so they know exactly how much your legal services will cost them. Advocates of fixed fee arrangements argue that they are more palatable for

the client. One of the most common complaints about lawyers involves unexpected fees and larger-than-expected bills. The flat fee arrangement takes the uncertainty of legal costs out of the equation. Your client knows exactly what their costs will be right up front and can either agree to pay them or not... before any work is completed.

While it may sound like an easier option, creating a flat fee arrangement requires some initial work on your part. You want to ensure that you are charging an amount that properly represents the services you will provide, while also adequately compensating you for them. If you are a new attorney who is just starting to work on certain practice areas, you may want to call around to some colleagues or a mentor in your area to discuss the average cost of these matters. It can be a bit of a guessing game to start, but once you determine the magic numbers, flat fees become much easier and efficient to implement than hourly billing. If you are someone with an established practice, go back and look at past client matters to see how much you ultimately billed for similar matters. TimeSolv helps you easily access that information using one of their numerous reporting options, providing you with a well-documented basis for setting proper flat fee rates.

## **One size may not fit all**

Remember, you don't have to commit to one type of billing for your entire legal practice. Some lawyers find it more effective to use hourly billing for some practice areas and flat fee billing arrangements for others. You may even choose to utilize hybrid billing models for more complex client matters. One of the newest trends in legal practice includes the use of project management tools for the efficient handling of client matters. You can find more information on legal project management [here](#).

Determining how to bill for your legal services is an extremely important decision, but whichever option you choose, TimeSolv is the legal billing system that helps you time track and bill efficiently and accurately. Click [here](#) for a free, no-obligation trial.

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Additionally, If you are a paralegal and want to [learn common attorney billing language used in law firms](#). We have put together a good read about [attorney billing cheat sheet](#) that will help you staying on top of all your legal communications.