

Why Lawyers Should Never Compete on Price

As an attorney, your rates are your livelihood but you should not compete on price to grow your practice. You are constantly balancing your legal duties and responsibilities to your clients with your need to support yourself, as well as the costs of your practice. Unfortunately, in the race to secure clients and attract business, many attorneys choose to offer billing rates that undermine the worth of the services they provide each day.

Attorneys typically offer lower fees to maintain a client who is unable to pay the regular rate or to attract new business. While these options may seem like legitimate business strategies, they do not adequately translate to the unique circumstances of a law practice. In reality, they could lead you down a road to more problems than clients.

Protect Your Reputation

Clients are also consumers, and like any other product or service, most of them will shop around for the best deal. However, while the “lowest prices in town” may work for a used car salesman, competing on price places a negative sentiment on your reputation as a competent and capable attorney. Since it is difficult to judge the competence of an attorney, many clients use hourly billing rate as a yardstick to assess legal expertise.

Much goes into handling a legal case. You are responsible for everything from preparation and negotiations to ensuring deadlines are met and actually appearing in court. These services are expensive because they are valuable and it takes a special set of skills to successfully complete them.

To compete on price, you are sending a message that your skills and abilities are worth less than those of other attorneys in your area, which is damaging to your reputation. Clients begin to question whether you have the ability to adequately handle their cases. The result is that you lose out

on high end clients, who are more concerned with quality than cost. These tend to be the clients who pay their bills on time, bring repeat business to the firm and refer other high-end clients. Instead, you end up with clients who are less loyal to your business and always willing to leave your practice for an attorney with lower fees.

Choose Other Ways to Give Back

If your motive is to assist clients who may not be able to afford representation, consider taking on some pro-bono cases or volunteering with your local Legal Aid Society. These services are in place for a reason and your participation does not undermine your value as a practicing attorney. It satisfies your admirable desire to give back, but from a business perspective, it can also add to your credibility and good reputation among paying clients.

Don't Underestimate your Work

Often times, when attorneys offer lower fees, they are underestimating the amount of work that the case will entail. They may decide to offer a discounted rate to a client under the belief that the case will not take long or that the work will not be difficult. Before making that assumption, it is useful to review time logs from similar cases that you took on in the past. This will help you gain an accurate view of how much effort the potential new case will require. A comprehensive time keeping software like TimeSolv makes it easy to review the work done on past cases. You may be surprised to learn that similar matters took significantly more time and effort than you remembered, which is even more justification for not lowering your rates. Who knows... an accurate representation of your work in TimeSolv may even inspire you to raise your rates.

Worst Case Scenario

If you do need to reduce your charges, discount at the invoice level without reducing your hourly rate. This option communicates to the client that you have a specific billing rate and you are doing them a favor by reducing the amount on a particular invoice only and that it may not be available if the client is not cooperative and paying on time.

TimeSolv helps your firm by keeping accurate records of time spent on each client matter. It takes the guess work out of fee setting and gives you the confidence to set your billing rates at a level that accurately reflects the value of your services.

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