



ATTORNEY SEARCH

by Dan Binstock, Esq.

Don't Let Your Rising Billing Rate Push You Out the Door

I can't tell you how many times highly qualified and well-credentialed senior-level associates have contacted us because, in their words, "All the work I used to do for many years is now being given to younger associates, and there's not much left for me. I have always been praised for my work, but has the quality suddenly gone downhill?"

The first thing I ask is, "Do you think your work quality has gone downhill?" Invariably, the answer is, "No." Then, I ask whether they have started to develop any of their own clients. Again, the answer is, "No." Actually, the answer is more frequently, "Clients?! How can I get clients - I'm so busy trying to make my billable hours and doing the work I'm given by so-and-so partner." At this point, I give them my short speech about law firm economics, the dangers of being "priced out," and how they should start thinking about transforming themselves from worker bee associates to value-added associates with rainmaking potential. I'd like to share my short sermon with you.

Basics of Law Firm Economics

Surprisingly, many associates do not fully understand law firm economics. There is a common misconception that as long as they keep doing a good job on the work they are handed from the partners, things will be smooth sailing forever. This may be true in a few circumstances, but it is certainly the exception and hardly the norm.

Here's the deal: law firm clients want the work to be done for the lowest cost possible, but also want a stellar work product. So let's say Partner X has a client that needs a basic patent application prepared. Partner X could easily prepare the application in 20 hours, but Partner X bills at \$475 an hour (\$9,500). On the other hand, Associate Y, a second-year, could prepare the application in 30 hours, at the rate of \$200 an hour (\$6,000), with minimal supervision from the managing partner. Assuming the final work product is the same, a client would certainly rather have an associate prepare the application for approximately \$6,000 rather than \$9,500. That way, the client is happy with the lower cost, and the partner is happy because: (1) the client gets a good deal, and (2) the partner is likely getting some type of credit for his client's business, even though the associate did most of the actual work.

Now let's assume Associate Y is a fifth year associate and is billing at \$325 an hour. Assuming the associate has learned to be more efficient over the years due to experience, and could now prepare the same application in 25 hours, the cost to the client would be \$8125 for the same application. Although associates do become more efficient with their time over the years, the increased efficiency for many types of projects does not keep pace

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with the rising billing rates. Therefore, in certain types of situations, it is in the client's (as well as the managing partner's) best interest to have a lower-billing attorney work on a project, even if it takes a little more time than a more efficient and skilled senior associate.

This economic model explains why most firms we work with are seeking associates with 2 - 5 years of experience (as opposed to associates with 6+ years of experience), or partners with a book of business.

It is Never Too Early to Begin Thinking About Transforming Yourself from a Worker Bee Associate to a Value-Added Associate with Rainmaking Potential

The most business-savvy mid-level associates are those that understand law firm economics and take active steps to avoid being "priced out" when they become more senior and their billing rates get too high. These associates realize that in order to continue to add value to the firm, they not only have to be capable of handling the more sophisticated work that can command higher billing rates, they must also start thinking about bringing in new clients and generating new work from existing ones. Like a car needs gas, law firms need a constant flow of incoming work to keep chugging along, and new clients and work do not grow on trees (although it often seems that way to younger associates that are accustomed to an endless supply of projects and assignments).

Although the above point seems almost insultingly obvious when read in this context, it is surprising how many mid- to senior-level associates seem to brush this issue aside. This is because it is much easier to stay in the "comfort zone" of doing the work that is given-in the here and now-rather than spending time on non-billable projects that may not lead to any cognizable rewards down the line. Furthermore, many senior associates are often told, "you need to start thinking about bringing in business if you want to make partner," yet they are given little to no mentoring on how to develop this new business. As you can see, associates have many perfectly valid excuses as to why they are unable to develop clients. But this does not change the fact that client development is an extremely important part of the law firm game, and the most business-savvy associates are the ones that force themselves to suck it up and play ball.

There are many different theories and approaches regarding client development and rainmaking, and how associates can add value to firms as they become more senior. Many attorneys are familiar with the phrase "finders, minders, and grinders," which describes three different attorney roles within a firm: the "finders" are the firm ambassadors that focus on bringing in new clients (by writing articles, giving presentations, attending social functions, etc.); "minders" focus on managing and building relationships with existing clients; and the "grinders" focus on grinding out the actual work. Although all three types of attorneys are required for a firm to succeed, because the finders and minders are those that bring in and develop the work, they are the most favored (and indispensable) to a firm from an economic standpoint and seem to carry the most weight. This article is not intended to go into detail about the various rainmaking strategies and which is the best, but is intended to simply help raise your awareness of the importance of client development by pointing out the effects of your rising billing rate.

If you would like to learn more about client development, there are many books and resources on the Internet. One resource that stands out is the website for Sugarcrest Development Group (www.sugarcrest.com). I have attended a workshop with the CEO, Felice Wagner, a former practicing attorney herself, and she has a wealth of very helpful information on client development strategies, as does the website. I'd also recommend subscribing to the free monthly online newsletter called The Sugarcrest Report, which has fantastic information as well. Furthermore, Timothy Leisman, a legal consultant in Toronto with Leishman Performance Strategy Inc., has developed a very useful model that elaborates on the traditional finders/grinders/minders model above (see http://www.imakenews.com/sugarcrestreport/e_article000152542.cfm).

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Lastly, the most often overlooked resource may be right down the hall. If you know a particular partner or senior associate that has excelled in client development, offer to take that person to lunch and ask a few questions about what strategies he or she has used to develop clients. You'll be amazed at what you can learn, and taking this affirmative step will reflect very positively on your willingness to develop from worker bee associate to potential rainmaker.

Conclusion

Transforming yourself from a worker bee associate to a value-added client developer certainly does not happen overnight. It takes time, persistence, relationship building, and often a stroke of luck. But as your billing rate continues to rise, you should start giving this important aspect of your career more and more attention.