

**Small & Solo
EXPO** 2017

**Akron and
Cleveland Metropolitan
Bar Associations**

Show Me the Money:

- ~ How to Get Paid
- ~ Creative Billing
- ~ Knowing Your Value
- ~ Setting Fees

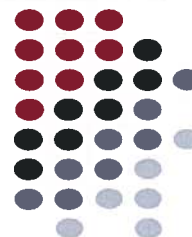




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Regina Olbinsky, MBA RCC, PHR, SHRM-CP



- Owner and Chief Coaching Officer, Pivot Growth Partner
- Certified Law Firm Practice Advisor | Atticus, Inc.
- Certified Emotional Intelligence / Executive Coach | Weatherhead
- Goldman Sachs 10,000 Small Business Alumni
- SHRM Certified Professional
- Accredited Five Behaviors of a Cohesive Team™ Facilitator
- Accredited DiSC Facilitator



Jennifer Koiles Pratt, JD



- Domestic Relations Attorney based in Salem, MA
- Small Law Firm Owner / Entrepreneur
- AAML Fellow
- Super Lawyer, Rising Star, Up and Coming Lawyer
- Atticus / RO Client



Koiles Pratt Law History



- When?
- How?
- Clients?
- Financial Health?
- Firm Makeup – then and now?



Setting Fees



- How do you set fees?
- How frequently do you raise them?
 - How do you do it?
 - Fears?
 - Clients' reactions?



Knowing Your Value



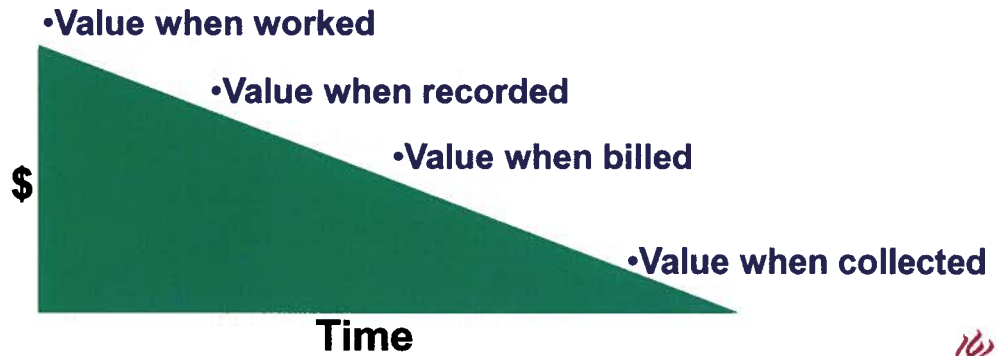
- Value = Fees set?
- Values = Intangibles?



Value Corrosion



The perceived value of legal work diminishes over time for both the client -- and the attorney!



Ensuring Firm Profitability



- Setting annual production / business goals (budgeting)
- Target billable goals (weekly, monthly, annual)
- Monthly dashboards; quarterly goal reset
- Immediate course correction

- Proactive measures



Creative Billing



- Nuts and bolts of billing
- Value Billing
- Creative strategies



The R.U.L.E.S (Hourly)



- **Rates:** The hourly fee you charge the client
- **Realization:** Collected fee / billed fee (percent)
- **Utilization:** Billed hours / hours worked (percent)
- **Leverage:** The number of time keepers per partner
- **Expenses:** Facilities, support staff, equipment, insurance, taxes, etc.
- **Speed:** Elapsed billing & collection time



Partner - with Hourly Rate Increases



Worked Hours / Week	Billed Hours / Week	Utilization Rate	Hourly Rate	Annual Billings	Collected	Realization Rate	
50	20	40%	\$ 300	\$ 276,000	\$ 234,600	85%	
50	20	40%	\$ 325	\$ 299,000	\$ 254,150	85%	8%
50	20	40%	\$ 350	\$ 322,000	\$ 273,700	85%	17%
50	20	40%	\$ 375	\$ 345,000	\$ 293,250	85%	25%



Partner - with Utilization Increases



Worked Hours / Week	Billed Hours / Week	Utilization Rate	Hourly Rate	Annual Billings	Collected	Realization Rate	
50	20	40%	\$ 300	\$ 276,000	\$ 234,600	85%	
50	22	44%	\$ 300	\$ 303,600	\$ 258,060	85%	10%
50	25	50%	\$ 300	\$ 345,000	\$ 293,250	85%	25%
50	30	60%	\$ 300	\$ 414,000	\$ 351,900	85%	50%



Improving Utilization



- Contemporaneous time tracking
- Proper Time & Billing Software
- A daily production standard
- Use of a “Time Cop”



Partner - with Realization Increases



Worked Hours / Week	Billed Hours / Week	Utilization Rate	Hourly Rate	Annual Billings	Collected	Realization Rate	
50	20	40%	\$ 300	\$ 276,000	\$ 234,600	85%	
50	20	40%	\$ 300	\$ 276,000	\$ 248,400	90%	6%
50	20	40%	\$ 300	\$ 276,000	\$ 262,200	95%	12%
50	20	40%	\$ 300	\$ 276,000	\$ 270,480	98%	15%



Partner - Increasing All Levers



Worked Hours / Week	Billed Hours / Week	Utilization Rate	Hourly Rate	Annual Billings	Collected	Realization Rate	
50	20	40%	\$ 300	\$ 276,000	\$ 234,600	85%	
50	22	44%	\$ 325	\$ 328,900	\$ 296,010	90%	26%
50	25	50%	\$ 350	\$ 402,500	\$ 382,375	95%	63%
50	30	60%	\$ 375	\$ 517,500	\$ 507,150	98%	116%



Profitability Lever: Leverage



Leverage: # timekeepers / partner

Benefit: shifting a large portion of the work to associates, paralegals, and legal assistants, allows the lawyer to handle more files

*A lawyer who dedicates **40 hours** to each file can handle **37 / year***

*A lawyer who dedicates **16 hours** to each file can handle **94 / year***



The Rule of 3



- Revenues generated by a legal assistant must equal 3 times the assistant's salary.

1st portion = Salary
2nd portion = Overhead & benefits
3rd portion = Profit

- Tip:** Work should be pushed down to the lowest level of staff, as long as the firm is compensated at a profit for the staff person's work.



Paralegal - with Hourly Rate Increases



	Worked Hours / Week	Billed Hours / Week	Utilization Rate	Hourly Rate	Annual Billings	Collected	Realization Rate	
Salary:	40	15	38%	\$ 75	\$ 51,750	\$ 43,988	85%	
\$40,000	40	15	38%	\$ 95	\$ 65,550	\$ 55,718	85%	27%
Rule of 3:	40	15	38%	\$ 105	\$ 72,450	\$ 61,583	85%	40%
\$120,000	40	15	38%	\$ 125	\$ 86,250	\$ 73,313	85%	67%



Paralegal - with Utilization Increases



	Worked Hours / Week	Billed Hours / Week	Utilization Rate	Hourly Rate	Annual Billings	Collected	Realization Rate	
Salary:	40	20	50%	\$ 75	\$ 69,000	\$ 58,650	85%	
\$40,000	40	22	55%	\$ 75	\$ 75,900	\$ 64,515	85%	47%
Rule of 3:	40	25	63%	\$ 75	\$ 86,250	\$ 73,313	85%	67%
\$120,000	40	30	75%	\$ 75	\$ 103,500	\$ 87,975	85%	100%



Paralegal - with Realization Increases



	Worked Hours / Week	Billed Hours / Week	Utilization Rate	Hourly Rate	Annual Billings	Collected	Realization Rate	
Salary:	40	15	38%	\$ 75	\$ 51,750	\$ 43,988	85%	
\$40,000	40	15	38%	\$ 75	\$ 51,750	\$ 46,575	90%	6%
Rule of 3:	40	15	38%	\$ 75	\$ 51,750	\$ 49,163	95%	12%
\$120,000	40	15	38%	\$ 75	\$ 51,750	\$ 50,715	98%	15%



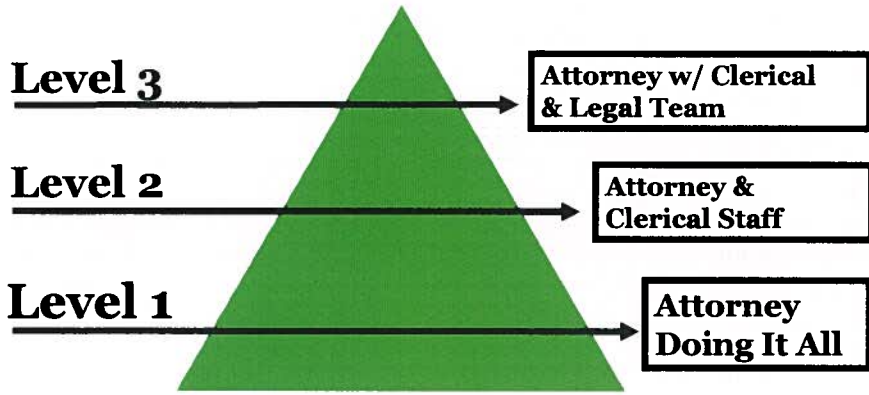
Paralegal - Increasing All Levers



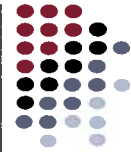
	Worked Hours / Week	Billed Hours / Week	Utilization Rate	Hourly Rate	Annual Billings	Collected	Realization Rate	
Salary:	40	20	50%	\$ 75	\$ 69,000	\$ 58,650	85%	
\$40,000	40	22	55%	\$ 95	\$ 96,140	\$ 86,526	90%	97%
Rule of 3:	40	25	63%	\$ 105	\$ 120,750	\$ 114,713	95%	161%
\$120,000	40	30	75%	\$ 125	\$ 172,500	\$ 169,050	98%	284%



Profitability Fulcrum



Expenses - Rule of Thumb for Budgeting



- People Expenses: 38-42%
 - Staff Salary **Shareholder Salary**
 - Benefits Contract employees
- Facility Expenses: 6-8%
 - Rent & Insurance Office Supplies Utilities
- Equipment Expenses: 3-5%
- Marketing Expenses 4-7%
- Miscellaneous Expenses 3-5%
 - Library Consulting Services Travel

**Target Profit
Margin:
35%**



Lessons Learned



- Jen?
- You?
 - What are your main takeaways?
 - What are the first 3 things you're going to do when you get back to the office?
 - Identify 5 things that could improve your client experience
- Last Thoughts
 - Pay attention to your financials (use QB, dashboards, budgets)
 - Set goals and hold yourself accountable (or get someone who will)!



Questions



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