

Alternative Billing Trends - "AFA Lite"

Another trend to watch is law firms of various sizes getting on the legal project management bandwagon as an adjunct, alternative or transition to true AFA's (Alternative Fee Agreements).

Many clients are asking for 20% lower overall legal costs, so forward-thinking firms are proactively trying to apply LPM ([Legal Project Management](#)) techniques to reduce the hours required on a file by 20% by eliminating waste and unnecessary legal steps, while still allowing them to retain the realization (profitability) on these hours.

An estimate of the legal fees is provided to the client up front, but a true AFA is not put in place. There is, however, an agreement that any adjustments to estimated legal fees will be made with good reasons explained to the client as the file proceeds. Clear, well-timed communication is key here.

If successful, the upshot of the above approach is that the client gets what they want by reducing overall legal costs by 20%, and the law firm gets to maintain its profitability. Combine this with the client agreeing to provide a greater share of its work to the law firm, and you seal the deal. The approach is simple, yet effective. Neither side loses in this scenario, which I believe is a key for success. I call this approach "AFA Lite".

Law firms can also use the above approach as a transition to a true AFA arrangement with the client in the future. This will happen when both parties are fully up to speed on the issues involved, and can then feel comfortable entering a trust-based, long-term AFA arrangement (strategic partnership).

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