



Nobody Cares What You Think Your Time Is Worth

By: David V. Lorenzo

PO Box 800509
Aventura, FL 33280

(888) 692-5531

www.RainmakerLawyer.com

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Written by
David V. Lorenzo

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That is the honest truth.

“Nobody cares what you think your time is worth.”

That phrase rings as true today as it did when I first heard it five years ago.

At the time, I was with a well-respected consulting firm. I had just quoted my hourly rate to the CEO of a large retail company. I thought to myself, “Certainly he will understand that an Ivy League-educated consultant with two master’s degrees and more than twenty years of experience is worth this modest hourly rate. Most consultants charge by the hour, anyway.”

His response helped me change my thinking on fees for professional services. That thinking has become a formidable competitive advantage not only for me, but also for the attorneys who are my clients.

Back in the old days, I billed my clients the way most law firms still bill—by the hour. We justified our hourly rate by figuring out how much everybody else charged per hour. We then multiplied that by the number of consecutive hours we could work without having a nervous breakdown. It was an arbitrary formula, but it was one we thought we could live with...until a bucket of cold water was thrown in my face by that potential client.

Though not elegant, his point was direct.

I was living in a world where my fees centered on me and not around the value I provided to the client. The reason that nobody cared how much my time was worth was because I was not explaining to them the value of the results of our work together—and then reinforcing that value with my fee structure.

As a result, I learned that the client must view the firm’s services as necessary—or better yet, critical. They must believe they are getting their money’s worth when they work with us. We must make understanding the value we provide easy for them. Hourly billing does not make that happen.

When I advise my attorney clients on this topic, I explain that they must be one of the few people who structure their fees in this fashion. The small firms and solos who are pulling in seven figures—yes, there are some small firms that do very well—focus on value and not on time spent.

If you want to take your law firm to the next level, you need to shift your mindset from that of an hourly employee to that of a business owner. You own a law *business*, not a law *practice*. You are not spending hours trying to get it right. You are providing value for a fair fee. People who get paid by the hour have a job. Value-based fees serve as the foundation upon which you build a successful business.

Here are three reasons to move away from hourly fees and toward a value-focused mentality immediately:

1. Value-based fees focus on the relationship you are building with your client and not on the time you spend processing transactional tasks. A strong business relationship with each client is the key to a profitable future.

A fee structure based on the needs of the client gives you the freedom to really get to know and understand your client's business. With this understanding comes a more favorable perception of you as a trusted advisor. Your client can focus more on the advice you are providing and less on the motivation behind your advice. This is where relationships grow.

2. Setting fees based upon the value you provide allows you to apply leverage to your law business. Leverage is the nourishment that helps your firm grow.

If you provide your client with a fee structure that is not based upon hours charged to his matter, you can assign a good portion of the work to other (less expensive) attorneys. This allows you to focus on many matters at one time.

If you're a solo attorney, you can subcontract some of the time-consuming work. If you have a small firm, you can assign the repetitive, process-oriented tasks to a more junior person. Your job is to manage the relationship and demonstrate value to the client's satisfaction. Delegate everything else if you want a highly profitable law business.

3. Value-based pricing improves the perception of you as a peer among your prospective client base.

Clients are always complaining about attorneys and their fees. Removing the hourly billing component from your practice puts you on par with the folks you want as your clients. Medical doctors do not charge by the hour. Neither do dentists. The owner of a small business does not receive a paycheck based upon the hours he puts in at work. Nor does the CEO of a large company.

In the end, your fee structure is indicative of your business philosophy. If you put the client first, your business results will be reflective of that focus. You will have more clients than you can currently imagine—and you'll find creative and profitable ways to help them all.

This is a long-term proposition. Hourly billing may maximize your short-term success, but you will continually need to chase down new clients. Your retention rates will be low, as clients will flee to an attorney who charges a slightly lower hourly rate. You'll be spending more and more time justifying your hourly rate to your clients. Your firm will experience more and more client attrition as a result. And you'll have to charge even more on an hourly basis to make up for the business you lose. It's a vicious cycle, and it all goes back to that simple saying that is as true now as it ever was:

Nobody cares what you think your time is worth.

Dave Lorenzo teaches attorneys how to make **MORE MONEY** with **LESS EFFORT**.
To learn how to convert your law firm from an hourly based job into a seven-figure law business, visit <http://www.RainmakerLawyer.com>, or call Dave Lorenzo toll-free at 1-888-692-5531.