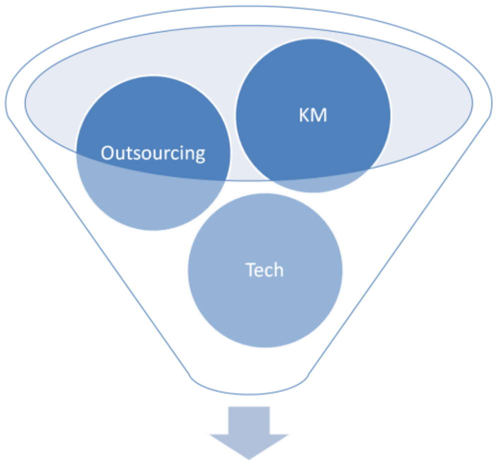
From the CounseltoCounsel Blog August 23, 2010

AFA’s Are Good For Law Firm Marketing–But What About Profits?



In the past year, there has been a lot written about alternative fee agreements (including my own article in Lawyers Weekly). More predictability is clearly what corporate counsel want and AFA’s are one path to reach this objective.

But once the clock stops running, how do law firms ensure that their bottom line is not negatively impacted?

The answer, of course, is that law firms must learn to do what virtually every other business does every day: law firms must find ways to control expenses.

There are a variety of ways that private law firms can accomplish this. At this week’s ILTA conference in Las Vegas, for example, KM guru David Hobbie is speaking about the role that knowledge management can play in bringing down legal costs.

But there is also a role for technology more generally (KM actually relies a lot on technology so there is some overlap here). And Legal Process Outsourcing is another ingredient that can make AFA’s profitable. More generally, in order for AFA’s to work, lawyers must learn to better manage and appropriately staff their matters.

Most private practice attorneys that I speak to are at least thinking about AFA’s and many are experimenting with them on certain matters. While the billable hour still reigns, there are clear indications that the use of AFA’s is growing. Change comes slowly to lawyers. But those who figure out how to adapt to this new way of doing business will have happy clients, happier associates and less pressure to bill more hours each year.

- Categories: alternative billing, law firm marketing