

Not all fixed fees provide the same value to clients

By [Patrick Lamb](#) on January 12th, 2012

I saw a post on a [LinkedIn discussion](#) on alternative fees that made me wonder

For transactions, we almost always give the client a choice of a fixed fee or an hourly rate. If they don't immediately see the difference (and most do), we explain to them that our fixed fee is based on experience and that *we have added a premium to our time estimate to reflect our risk*. They quite consistently choose the fixed fee.

This reminded me of a conversation I had with a General Counsel who told me he rejected proposed fixed fees that followed this line of thinking because the risk of going over the average was just as great as the risk of being under the average (after all, it is an average). He thought it unfair that the firm protected itself on its risk at the client's expense with no similar protection to the client.

Perhaps things are different in the transactional world, or perhaps the clients accepting the fee described in the quote are willing to pay a premium for budget certainty, but there seems to little in the way of pressure for lawyers to become more efficient if cost-plus prices are simply locked into place in this manner.

What do you think?

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