

Small firm finds favour in ditching the tyranny of time

Fiona Smith

A Perth law firm has completed its first year of business after ditching the time sheet — and it is still standing.

More than that, Bowen Buchbinder Vilensky has actually become more profitable since abandoning the archaic regime, which charges lawyers out by the minute, says the firm's managing director, David Vilensky.

Despite fears that fixed fees would be too hard to accurately price some work, such as litigation, Vilensky says the move has been a resounding success.

"We are attracting clients, not because of our expertise — all lawyers have expertise — but for our service and pricing", says Vilensky, who runs a firm of 24 people, including 13 lawyers.

Clients appreciate it because they don't get any nasty surprises or embarrassment when the bill arrives, he says.

There are also some unforeseen benefits, such as increased productivity from lawyers, who are now rewarded for their efficiency, rather than the time it takes to do work.

"We are not selling our time, we are selling our intellectual property."

Vilensky says 90 per cent of firms use the hourly billing system, which generally requires lawyers to charge six to 6.5 hours day to clients.

To achieve that honestly, they would have to work 11-hour days.

"People cheat. There is no doubt about it. They say they have spent two hours on something that only took them an hour," says Vilensky.

Vilensky admits mistakes have been made in the introduction of the new billing process, which involves lawyers presenting their work to a value pricing committee, which meets twice a week.

The committee comprises lawyers, a practice manager and a credit manager (a former bank manager). They decide the fee, depending on the scope of the work and historical costs.



The place feels a lot more relaxed, says David Vilensky.

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"We've been caught out for sure. If you get it wrong, you lose money. We have made some mistakes as we have learned how to scope."

If there are cost overruns, the firm treats it like a variation in a building contract, going back to the client with an extra bill.

With hard-to-charge work, the committee will scope the work for the foreseeable future, charging in stages.

Vilensky says the process of consultation with the committee has encouraged the firm to be more collaborative.

"They are drawing on the collaborative wisdom of other people. Every matter is discussed, in a way that was not done before, and that is an unintended benefit."

For clients, the beauty of fixed pricing is that they have some certainty about costs.

"Legal fees, over the past few years have blown out of proportion, only rich people can afford lawyers," he says.

Large corporations may readily pay a legal bill of \$200,000 because there is a feeling that it is "nobody's money", he says.

"But among smaller companies,

all money is important and a lot of attention goes on what lawyers charge."

With the fixed fee system, no longer do they pay a \$10,000 hourly rate bill, only to be presented with a multitude of other annoying charges for phone calls, emails, photocopying and reading documents.

"That absolutely pisses people off," he says.

Getting rid of the time sheets has also taken some of the pressure off, says Vilensky.

"The lawyers are saying it is fantastic and the place feels a hell of a lot more relaxed".

He says they see their friends at other firms working until 11 o'clock at night. "I don't care if they leave at five. In fact, I want them to leave at five."

The new system also lends itself to more flexibility in working arrangements, giving lawyers the option of working from home.

Hourly billing has been under attack from inside and outside the profession in recent years.

However, at this stage, most firms will only offer it to the clients who specifically request it, he says.