

Lawyers embrace fixed-price fees

■ Carolyn Herbert

ONE year on from implementing a 100 per cent fixed-fee billing structure, Perth law firm Bowen Buchbinder Vilensky says the move from traditional time-sheet billing to the new model has transformed the firm's relationships with its clients.

"Clients love the certainty of fixed-fee pricing and knowing that they are not effectively writing a blank cheque," BBV managing director David Vilensky said.

BBV said there were no hidden charges associated with fixed-fee pricing, which also included all incidental expenses such as telephone calls, postage charges and printing.

"Our experience has taught us that clients of law firms dislike the hourly rates regime, which most lawyers still use," Mr Vilensky said.

"Instead, they prefer the certainty of fixed fees, which is fairer and promotes efficiency and effectiveness."

The practice of time billing and hourly targets, in particular, was criticised by WA Supreme Court Chief Justice Wayne Martin late last year.

"It discourages the active and detailed supervision of junior staff, it discourages collegiality and mutual cooperation between colleagues and it reduces quality of life," Mr Martin said.

Mallesons Stephen Jaques solicitor Michael Robbins told a Law Week seminar last month billing targets caused lawyers to view their worth in six-minute increments.

"In order to be profitable, the young lawyer must make enough money, not only to cover their own

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Law firm Bowen Buchbinder Vilensky has used fixed-fee billing structure for past year.

Other Perth firms are partially embracing similar charging options.

salary and their own overheads, but also make money for the firm," Mr Robbins said.

Other WA firms, such as Lavan Legal, are adopting the fixed-price billing approach for some practice areas, to achieve greater profitability and relieve lawyers of time-billing pressures.

Lavan Legal managing partner Greg Gaunt told *WA Business News* timesheets could promote inefficiency among lawyers.

"You often find that people will spend an inordinate amount of time on a particular job because the perception is that they need to fill up their timesheet," Mr Gaunt said.

Mr Vilensky agreed that there was too much of a focus by law firms on the time spent on a particular matter. "There is little incentive for lawyers to be efficient when they are financially rewarded for the length of time taken to complete a task ... charging by the hour promotes inefficiency and not outcomes," he said.

BBV assigns a fixed fee to each case after it has been discussed by a value-pricing committee, comprising at least four lawyers from the firm. Jackson McDonald and Lavan Legal have appointed pricing committees, with others using cost consultants to help them tackle the issue.

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