

Turning Rate Increase Discussions Into Opportunities

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Clients appreciate when their lawyers take a businesslike approach to rate increase discussions.

When responding to pushback on their fees, lawyers often fail to make their case compelling. As a result, they fold too quickly.

Not every client is going to embrace a rate increase enthusiastically, of course, but pricing conversations—and they should be conversations—will go much better if you use the opportunity to explain the value of the work you do and the reasons for the increase.

Here are some tips for managing the discussion.

Understand the Client's Budgeting Process

To increase your odds of success, you need to understand the client's situation. For example:

- Do you know who approves increases, and when that happens? Do you know the client's fiscal year? If you don't time your request to fall before the new budgeting cycle, it will make it difficult to get approval.
- Do you know what's happening with the client's business? If the client is struggling, it will be difficult to get a rate increase.
- What would work best with the client's budgeting process? For example, an incremental increase each year may be better received than a large increase every few years.

Communicating About the Rate Increase

It is best to discuss rate increases one-on-one as opposed to sending a pro forma letter or email (or worse yet, an invoice with an increase that hasn't been discussed). This will help clients feel they are part of the process. For example:

- Have the conversation about raising rates before the rates are to go into effect; [don't let the client be caught off guard when a bill arrives](#).
- [Check in with your clients regularly](#); if you haven't contacted your client in months, your first conversation shouldn't be about raising rates.
- If you are feeling nervous about the discussion, put some thoughts in writing and rehearse what you'll say.

Make the Case for Increasing Your Fees

This is your chance to remind clients about the work you've done in the past and the value you have provided. For example:

- Be prepared to discuss successful results, goals you helped the client reach or savings you achieved through negotiations.
- Explain your rationale for a rate increase. Is it a standard increase due to the cost of doing business? When was the last rate increase discussed? [Is it fair in relation to the market?](#)

Clients appreciate when their lawyers take a businesslike approach to the discussion of fees. Clients want and expect conversations about costs so they can budget and manage the expectations of their internal stakeholders. Your preparation and approach will have a direct impact on whether you're successful in raising your fees.

Sally Schmidt, President of Schmidt Marketing, Inc., helps lawyers and law firms grow their practices. She was a founder and the first President of the Legal Marketing Association, is a Fellow of the College of Law Practice Management and was one of the first inductees to LMA's Hall of Fame. Known for her practical advice, she is the author of two books, "[Marketing the Law Firm: Business Development Techniques](#)" and "[Business Development for Lawyers: Strategies for Getting and Keeping Clients](#)." Follow her @SallySchmidt.