

Play to Win

Legal Pricing: Good Lawyers Talk Money With Their Clients

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If you were to believe everything being written about legal services today, you might think lawyer-client relationships have boiled down to one thing: legal pricing. Yet in my conversations with clients, fees rarely are the first thing mentioned or the most important factor used to evaluate relationships with outside counsel.

Don't get me wrong. All clients are cost-conscious, particularly these days. In interviews, clients consistently say things like:

- “We are always keeping an eye on costs.”
- “I tell them, ‘You’ve got to be cost-conscious.’”
- “Do I wish the cost was lower? Yeah, that would be great.”

But even those sentiments don't mean you have to engage in cost-cutting or discounting. What clients usually want are better communication about, sensitivity to and management of costs.

Opening the Lines of Communication About Legal Pricing and Fees

Here are some actions relating to legal pricing and fees that will improve your relationships with clients (and your ability to get paid).

- 1. Have good conversations upfront about the expected costs of services.** Clients appreciate lawyers who take a businesslike approach to the discussion of fees. For every new client or new project, put the issue on the table by saying, “You’re probably wondering what this will cost.” Then give a detailed explanation of the potential fees and expenses.
- 2. Be clear about what is or is not included in your estimate, and what factors will contribute to higher costs.** If you provide a range of \$25,000 to \$35,000, for example, what will lead to the higher end of the range? If there are things outside your control or not included in the fee, provide a detailed list and, if possible, estimate those items as well.
- 3. Hold the line on expenses.** If you are engaging outside services — from specialized counsel to expert witnesses — do your best to manage their costs, just as you would do with your own. Rightly or wrongly, if those expenses spiral out of control, you will be tainted by association.
- 4. Be a good steward of the client’s money.** For instance, if you need to travel on the client’s behalf, ask for hotel recommendations or whether there are special travel discounts of which you can take advantage. If a company’s executives stay at Hampton Inns, they won’t appreciate a bill for a Ritz-Carlton.
- 5. Look for ways to cut costs.** Can the client do some of the work in-house? Or is there a [lower-priced alternative](#) for a portion of the assignment?
- 6. Keep the client posted.** Probably most important, you must have regular communication with the client about where the fees stand against the original estimate. Whether this is done by holding a periodic budget meeting, generating a monthly chart showing actual versus estimated costs, or providing the client with access to

bills through an extranet, nothing will show that you are serious about cost management like monitoring where things stand. And if you do have a glitch, that is the time to pick up the phone and have a conversation.

Showing Clients Your Value

If you are able to manage expectations about the cost of your services, you are much less likely to have to discount or write off your fees — and managing expectations necessitates good communications. Remember, you don't need clients to feel you are inexpensive; you need clients to feel they received value. Ultimately, the happiest clients say things like this:

- “He’s not the cheapest, but he’s worth it.”
- “They provide us with good value for our legal dollars.”
- “The firm is a good value for the work.”