

"The Legal Industry is Changing and How You Can Benefit"

I have had people ask me how this economic down turn has affected the legal profession and lawyers. While some lawyers are doing fine, many lawyers have been losing their jobs. Here are a few of the recent headlines: [800 Law Firm Jobs Lost in One Day](#). Almost 800 associates and legal staff nationwide returned home jobless Thursday after eight firms conducted mass layoffs.; [LLP is laying off 60 lawyers, or about 5% of its total staff.](#); [Long established law firm is shutting its doors](#); [If present trends continue in the big law firm market, we are heading toward a paradigm-shifting, blood-in-the-suites crisis](#). While some large law firms will not admit they are letting lawyers go, it is well known that they are de-equitizing partners; lowering pay; and attorneys are leaving the large law firms.

More disturbing to me are the following headlines that are occurring at the same time: [Law firm fees continue to increase](#); [Firm seeks fee of \\$18.50 a minute for bankruptcy work](#); [71% of law firms report rate increases](#). Having worked for a large law firm until recently, I am not surprised as my personal billing rate was increased 46% over a 5 year period or an average of over 9% per year! This trend has not stopped and there are large law firms that raised rates again in 2009 despite the economy!! The business models of these firms do not allow for any other way to meet financial budgets as less work and high fixed costs leave higher billing rates as the only way some of these law firms will survive.

The good news in all this is that there are alternatives to the large law firm business models and lower priced alternatives for the consumers of legal services. Here are headlines that I am also now seeing more often: [Big Firm Partners Go Small to Keep and Attract Frugal Clients](#); [Partners from large law firms are among those who have made moves during the past four months to smaller firms that allowed them not only to protect their client bases but also to win new business on lower rates](#). Personally, I lowered my standard hourly rate by over 45% when I established Paulsen Law Firm PLLC in 2008!

As a consumer of legal services, you must carefully choose the law firms you use and you must make your legal expenditures wisely. There are lawyers that have recognized that the current economic climate has changed the way they can practice law and how they bill their clients. There are many others that have not that continue to push the same broken business model that rewards high billing rates and high billable hours and not the providing of superior value and results to the client.

What are your choices and how can you benefit from the changes occurring in the Legal industry?

Here are a few of my suggestions:

1. [Understand the market rate for certain legal services](#)- Ask your lawyer what their hourly rate is and has been for the last 5 years. If there have been significant increases, ask why. Call a few other lawyers with similar backgrounds and experiences to see how the rates compare.
2. [Ask your lawyer the "value" they provide to their clients](#)- Many clients get focused on the dollar amount of the hourly rate. While the rate must be reasonable based upon the local market, hiring the lawyer with the lowest rate is not always your best alternative. With experience comes efficiency and with efficiency comes greater value. Ask for a likely range of results, and the likely costs to achieve these results.
3. [Ask what your lawyer or law firm has done to recognize your cost concerns](#)-Your purchase of legal services should be no different than any other purchase you make. You need to consider the quality, efficiency, costs, and likely results of the services you are purchasing. What is your law firm doing to recognize your economic situation?