

The Innovators: New Legal Service Models
NALP Annual Education Conference
April 19, 2017
San Francisco, California

HANDOUT

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Fixed-Fee Legal Services: Impact on Attorney Recruiting and Satisfaction

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Smithline PC

San Francisco technology transactions boutique representing industry-leading Internet, SaaS/software, device and video game companies.

7 lawyers (3 Principals; 4 Associates).

Recruit 3-5th year attorneys from top firms and then re-train in our practice.

Switched to fee-fixed in 2008.

Launched online legal training platform in 2017 (smithlinetraining.com).

Recognized as “single most innovative” new model firm by Hastings Disruptive Innovations Study (2015).

1 | What's a fixed-fee subscription model?

- Client pays a fixed monthly rate for services within a certain scope. (For us, technology transactions, product legal and open source advising).
- Time is not tracked, reported or used as a basis for the bill.

2 | What's wrong with the hourly model?

- Measures effort, not expertise, solutions, or results.
- Lacks predictability (for client and firm).
- Rewards inefficiency while disincentivizing training and knowledge transfer.
- Creates distrust between client and lawyer.
- *Makes associates miserable.*

3 | So, how do you do it?

- “Exploratory month” with each new client, *then* set the fee.
- Fee is adjustable at any time (prospectively).
- Client is entitled to unlimited services no matter their fee level.
- Client commitment is month-to-month.
- *Service Model:*
 - Each client gets a dedicated team
 - Systemized “practice machine”: Custom knowledge base and a form, checklist and tool for everything we do.

4 | Results for the Client?

- Predictable fees.
 - Clients themselves answer to a budget.
- Strategic advisors who really know the client's technology, business and deal preferences.
- Continuity of support.
- Training, forms and deep think projects actually get done.

5 | Results for the Firm?

- Longer client relationships.
 - Average 4 years+
- Better client relationships.
 - They involve you earlier and more often.
- Forces firm to focus on knowledge base, training, forms.
- *Hopefully, easier recruiting and better retention*

6 | Results for Associates?

- Enables closer client ties.
- Rewards efficiency.
 - The extra time is *theirs*.
- Rewards professional development.
- Evaluated directly on quality of work and client satisfaction.
- *No more 20th of the Month Blues*

Questions?

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