

Your Clients Are Not Stupid; Stop Rate-Hiking as if You Think They Are

By [LawVision](#) on April 26, 2021

This article was first published April 20, 2021 in PinHawk's [Legal Administrator Daily](#).

A good friend of mine who's founded and served as an executive to several successful companies recently approached me with a complaint about his primary law firm, a top firm on the West Coast.

This law firm just raised hourly rates on him 10-20% across the board, he told me. Now, for instance, he's paying \$400-500 per hour for paralegals whose services and quality of work have not noticeably improved. His team still catches careless mistakes in this firm's work. Yes, he believes the partner at the firm who charges \$1,200/hour is worth it. As for the rest of the partner's supporting team, he believes they are not worth it.

Historically, firms were able to increase their hourly rates each year like clockwork. However, since the 2008 recession, clients really have begun to question these increases and push back by asking for discounts (and by pushing back in other ways).

My friend asked me whether he should communicate his concerns over the rate hikes and quality to his law firm, or instead just pull the portfolio of work he sends them and take it elsewhere. (He is closer to pulling the work and taking it elsewhere.) He's insulted— do they think he's stupid? Why don't they ask him what he actually wants from them and what he values about their services? He wishes this firm could come up with more creative pricing strategies where prices would only increase if the quality of the work and service actually improved, not merely because the firm wants or needs to make more money.

He also asked me whether I could recommend any ALSPs for his company and whether I could speak with this law firm to see if they would be willing to collaborate with an ALSP or two on his work (if they want to keep him as a client, they're going to have to change what they are doing). Yes to the above. I can assist with these things, but please understand that my main focus is to help law firms get into the ALSP game in a proactive way before their clients come calling me for direct connections to ALSPs.

Law firms: the time is now. Not tomorrow. Right now, you still have a chance to become the central manager of service providers. But soon, if you do not take this opportunity, your clients will bypass your firm and work directly with other service providers, including other law firms that already collaborate with ALSPs.

Your clients have a varied and growing market of legal service providers from which to choose. You need to be ever more sensitive to what your clients think about your services. Don't make assumptions (to "assume" makes an "ass" out of "u" and "me"); rather, take measures to ensure your law firm is delivering services your clients actually want and value.

If you include your clients in the service delivery decision-making process, you can gain their trust and buy-in, and they will respect the decisions more. Without these discussions, your clients may be exploring their outside options. These discussions will get you all thinking of some creative ways you can continue to work together through your firm.

Start by asking your clients: *“What do you value most about the work you get from our firm? Is there anything you believe we could improve? Is there anything we do not currently provide you that you would find valuable?”*

Then, if your firm is familiar with the trove of human capital, technology, and information resources available to you (both within your firm and across the broader market of legal support services), after giving some consideration to your clients’ preferences, you can go back to them and say: *“For this type of work, we believe this combination of resources would be right for addressing your needs based on what you value. What do you think?”*

If you are not having discussions with your clients or surveying them about their satisfaction with your law firm’s services, you should be. Your take-it-or-leave-it approach is frustrating your clients. It’s not your clients’ job to fix your firm. If your clients are generous enough to go out of their way to provide you with feedback, they are doing your firm a service, not the other way around. Don’t confuse your clients’ silence with satisfaction or ignorance. They are not stupid. If you don’t ask, they may not tell you what you’re doing wrong...they may just walk away and take their work with them.