

The Legal Soapbox

APRIL 23, 2006 · 1:12 PM

Six minute billing units

(or one of the many reasons why being a solicitor sucks)

The reason why being a solicitor really sucks comes down, in my mind, to the six minute billing unit. I had forgotten how much I hated the six minute billing unit until I went back to practice after a number of years out of the profession. For those of you who are not familiar with this concept (or if you are lucky enough not to have needed to seek legal advice) a solicitor must note down how long he or she spends doing something, and then the time must be billed to a client in six minute increments. So you have a short 3 minute phone conversation with someone about a matter. Bingo! That's 1 unit racked up (of course, we round up).

Six minute units are ludicrous. The cost of work done is measured in time spent, not quality. There is an ever present tension to maximise units, but make sure that it doesn't look like you spent too much time on something. My personal approach was always to record exactly the time I spent on something, not to massage the figures "up" or "down", and leave it up to the partners to decide whether something should be worth more or less.

Six minute units do not promote efficiency. I am a speed reader and a touch typist. It was very easy for me to read a reasonably long e-mail in 30 seconds and quickly type up a reply. However, my performance would be judged on how many units I could bill to a client: the more units the better. So the fact that I was efficient was not good for my career, because someone who took 15 minutes to read and reply to an e-mail could bill more than me. That person's figures would look better at the end of the month, and they would be more likely to get promoted than me.

And who do you bill for the half an hour you spend waiting around for a partner to sign an e-mail, while the client fumes that they haven't gotten a simple reply to their query? But that's a whole different blog topic...

A solicitor spends a large amount of time every day filling out his or her timesheet and trying to remember what they have done during the day. It was particularly difficult for someone like me to get myself into a

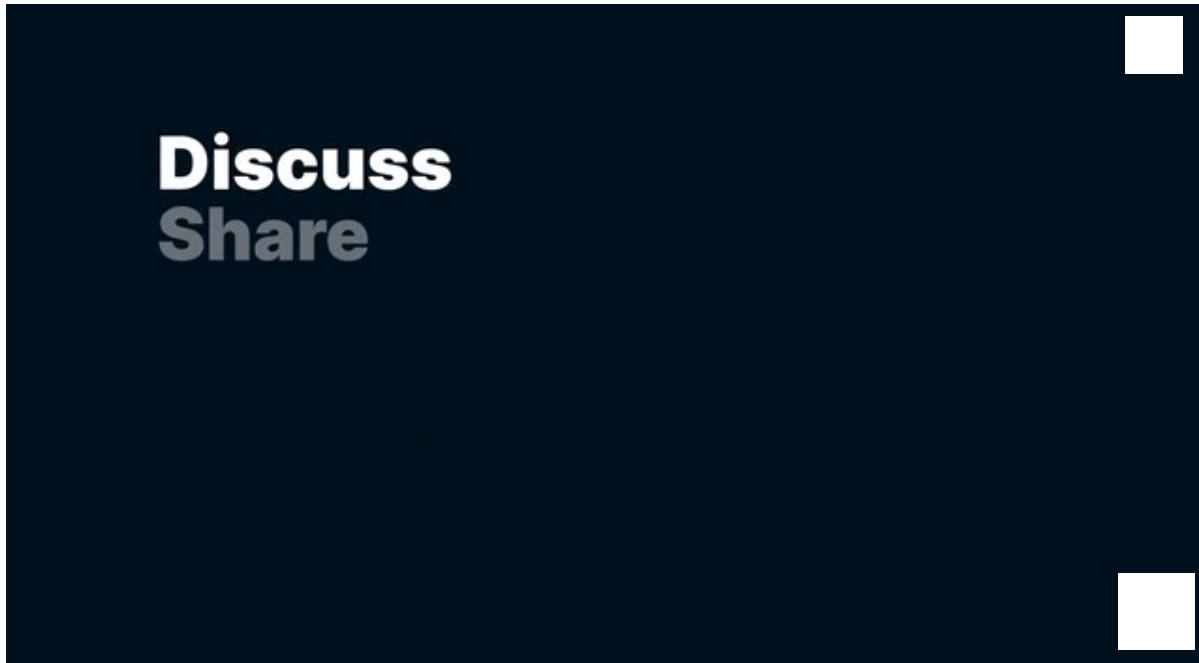
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I am also the kind of person who thinks best when drafting a letter of advice if they leave something for a while, or daydream a bit, and then a great idea pops into my head. However, there's no space for thinking in a timesheet. I refuse to bill a client for 10 minutes while I percolate something in my head. But I think that if you take a little more time using your brain, and a little less time recording the billable shit like talking on the phone, the end product is a lot better. But who cares about that? As I learned, the bottom line is that it's all about the number of units you've recorded at the end of the month.

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Secondly, six minute units encourage young solicitors to stay at work as long as possible to maximise their billings. Essentially, the longer you stay, the better you look at the end of the month. So workaholics are rewarded. Okay, this might be fine for some, but I'd like to be able to spend time with my husband and daughter. Of course, I'd also like to do good job, but unless I work myself until my teeth fall out, no one will think I'm doing a good job. Workaholics are inevitably the kind of people who make it to the higher levels in the firm, so the whole culture is continued. People are not promoted for their management skills, but for their capacity to bill and gain clients (again, that's a *whole* other blog topic). This is why a law firm is such a peculiar place.

If you don't make your "quota" of billable hours, then you are in trouble. It is irrelevant that you are not responsible for relations with the client and that you are too junior to bring in new clients. I have heard of solicitors getting in trouble because they hadn't made their billing targets, but no account was taken of the

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administration hadn't noticed (a) my absence and (b) my massive pregnant belly.

Finally, the client gets extremely irritated when they receive a bill and find out that they have been billed for every little call, e-mail etc. Either you make an exorbitant prediction of how much a matter will cost to cover any eventualities, or you risk disappointing the client. Inevitably, a matter takes longer than you think.

The new Legal Practice regime in Victoria seeks to ensure solicitors go into an immense deal of detail in their bills. And fair enough too – a client should know what they are paying for. However, I suspect that this will just increase the amount of complaints tenfold, and no one will be satisfied. I wonder if the Legal Practice Board might be better off abolishing six-minute billing.

Ultimately, what should determine the cost to the client is not the time spent on the process. Some account should be taken of the level of skill and difficulty involved in doing the action. I am not quite sure what the solution is – perhaps a more general bill like a barrister's bill? So, for example, drafting a simple document, a moderately complex document and a very difficult document could all have different "prices". The prices would take into account that a junior lawyer should be able to do a simple document without much trouble, but a very difficult document would require a good deal more input from a partner.

Any suggestions welcomed!

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KKFY

May 19, 2006 at 4:56 pm



6 minute units are not ideal – but they do help “metricise” bills that would otherwise have funny looking numbers (eg telling a client you’ve billed 5.17 hrs or sth – from experience clients prefer seeing relatively “rounded off” numbers). Perhaps a 3 minute unit would be better in that sense?

In Hong Kong, taxing masters hate bills in 6-minute units. However I’m not sure their “solution” is any better – they tend to reduce them to 5-minute units.

It’s funny that Australia should consider itself a “laid back” country in light of your comment re billing targets. In the place where I’ve been working we have no formal billing targets (save for that which triggers bonus payments) and do not get chased on the hours worked. There is a tacit understanding between all parties that if things are quiet then we should just do more marketing (eg writing articles etc) and not worry about billing.

Funnily enough, an associate who recently joined us from a big firm’s Sydney office said that partners in

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As for the qualitative aspect: in practice I suspect the only way of dealing with it would be to vary your charge-out rates according to the nature of the work. Having said that, I suspect that more “difficult” pieces of work will inevitably take longer in any event.

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LDU

May 22, 2007 at 9:52 pm



Is billing similar to getting commission?

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Legal Eagle

May 22, 2007 at 10:12 pm



LDU,

Yes...kind of. But the only measure of how much “product” you sell is *time*. The more billable units (ie, time) you rack up, the more you can charge the client and the more you progress through the firm. Often firms set billing targets for their employees. Usually, firms don’t set billing targets until practitioners have one or two years practice under their belts – they give young lawyers time to ease in first.

I don’t want to put off young lawyers before they’ve even started – this kind of thing only starts up later

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