

How to Boost Law Firm Utilization and Realization Rates



Research shows attorneys spend two-thirds of their day on non-billable work. If attorneys are struggling to meet their quotas, law firms may notice they're missing revenue goals. However, there could be other factors that can play a role in lost revenue. Here's why law firm utilization and realization rates matter and steps to boost them.

How minimum billing increments impact revenue

Daly & Sorenson represented Gabrielle Manigault, their client, in 97 legal matters over the course of 16 years. They had a long-standing relationship.

However, Manigault owed more than \$84,500 in unpaid legal fees. She disagreed, so her firm declined to litigate her case and sued to recover their fees. Manigault stated in her appeal that her fee should be reduced because her firm [billed in 15-minute minimum increments](#). She believed her firm would "routinely charge her for work that took far less time to accomplish, and speculated that the firm was

billing for unproductive casual conversations between attorneys and paralegals.”

This scenario stems from the absence of a written fee agreement and miscommunication with the client regarding the law firm's minimum billing increment policy. Minimum billing increments are a great way to boost law firm utilization and realization rates but it's important to outline your billing process to clients during the onboarding process.

Using minimum billing increments to boost law firm utilization and realization rates

There are several strategies attorneys can use to boost their utilization rates. Here's the great news about these strategies; what's beneficial for your clients is also helpful for your law firm.

1. Make minimum billing increments a part of your intake process

According to Lexis-Nexis' Age of the Client, your client's [number one and number three concerns](#) in the attorney/client relationship is oriented around your fee.

“Provides clear indication of likely costs/works to fixed fee” and “explains charging system clearly at outset” are two of the most important factors listed here, revolving entirely around money. This should be part of your client intake process.

Show your clients the fee arrangements and minimum billing increments you use (if any). Treat this conversation as an opportunity to discuss any objections or concerns they may have ahead of time. Reassure your clients that it's okay to say “no” so you can be confident in their “yes.”

2. Avoid ambiguous billing practices

Extensive overbilling, block billing, billing for meaningless or unproductive conversations — are all important areas to avoid.

They can come look unprofessional and leave clients with more questions about your billing such as:

- When did this bill come in, and why are all of these tasks lumped together as a single line item?
- Why did it take so long to do this?
- Are you overbilling so you can ring the meter and justify more fees?

These poor billing habits could lead you to a billing dispute and a potential loss of revenue.

3. Enforce timekeeping for billable and non-billable work

If you want to increase your firm's utilization and realization rates consistently over time, there's one ingredient you'll need above all else. You'll need to review your timekeeping policies and how employee's are tracking their time.

With utilization optimization, you can:

- **See how your employees are spending their time:** Is there an administrative process that's eating away at billable time? Are specific employees struggling with specific matters? Accurate timekeeping gives you the intel you need to assess time management and identify the root cause.
- **Find billable leakage sources:** Are attorneys spending an unreasonable amount of time searching for the documents and tools needed to do their jobs? Are attorneys under quota and unable to produce the volume of billable work needed to sustain the firm (due to an excess of non-billable work)? With proper timekeeping finding the answer is simple.
- **Set billable targets and financial goals:** Look at your current situation; do you have the tools and resources you need to hit your billable targets or financial goals? With time tracking software, you'll be able to give a clear and accurate answer.

Boosting law firm realization rates

By developing good habits, you'll be able to get more value from each of your employees. You'll be able to identify revenue leaks before they spiral out of control. You'll finally be able to achieve consistent, year-over-year growth. Morale will improve, making it harder for competitors to poach key employees.

Your clients will be eager and willing to pay the fees that you ask. If you've taken the time to keep them in the loop, it'll be easier to earn and maintain their trust. By taking the time to explain your fee structure clearly, you ease their fears about being abused.

Your realization rates will begin to climb.

Start with clear communication and clean billing practices to boost revenue

Billable leakage can come from a variety of factors within your law firm. Taking a look into your billing practice and having a conversation about minimum billing increments with your team is a simple way to resolve the problem.

Implementing a practice management software is another way to remedy many of your law firms pain points from billing to time tracking. Begin with timekeeping, continue with minimum billing increments, and your poor utilization rates may become a thing of the past.