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## McClelland backs move away from time-charging

By CHRIS MERRITT

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IT is not every day that a law firm's business plan is endorsed by the federal Attorney-General.

But Robert McClelland has just bestowed his blessing on specialist litigation practice William Roberts.

And the reason? This five-year old Sydney practice has grown quickly using a strategy of abandoning time-charging whenever possible.

That is in line with the direction Mr McClelland would like to see adopted more broadly within the profession -- and at least explored by those who buy legal services for the government.

Mr McClelland's rejection of time-charging coincides with this week's disclosure in The Australian that some law firms are billing clients \$300 an hour for services provided by legal secretaries.

Julia Gillard, a former partner at law firm Slater & Gordon, declined yesterday to become involved in that debate.

"I am not going to engage in running commentary on legal fees. These things are dealt with by law associations and other bodies," Ms Gillard told reporters.

But before the Prime Minister's press conference Mr McClelland told The Australian that law firms should begin moving away from time-charging.

"I think the time has come for firms generally -- not only in the interests of the sanity of their practitioners but for a common sense approach -- to have a much greater focus on event-based costing rather than simple time-costing," Mr McClelland said.

He said his views on time-charging were in line with those of Victoria's Attorney-General Rob Hulls, who is planning changes aimed at giving the community and the state government more certainty about the size of their legal

bills.

"I agree entirely with Rob Hulls on this issue. I think the time has come," Mr McClelland said.

He said a number of firms had built successful businesses by moving away from billable hours -- and he singled out William Roberts.

"They are very impressive young blokes," Mr McClelland said.

As well as offering event-based billing whenever this is feasible, Mr McClelland said they had introduced an intranet service that allowed clients to remotely check the progress of their matter. "They can log on with a password, look at the state of play, the last letter and the last record of a phone call," Mr McClelland said.

"I think innovative legal firms are already moving in this direction and in some ways they are changing the culture because of the success they are having.

When William Roberts was established, it had two principals -- Robert Ishak and Bill Petrovski.

It now has three solicitor-directors, more than 30 staff including 24 lawyers and is about to open an office in King Street, Melbourne. Its client list consists entirely of

institutions.

Mr Petrovski said that when the practice was founded five years ago, it was clear that the profession was being heavily criticised for exorbitant costs. So the practice developed a billing structure aimed at giving clients certainty about costs.

In some matters it uses fixed fees and event-based billing. In others it uses a hybrid model where fees are capped up to a certain point and time-based charging is used until the matter is finalised.

"Whenever it is possible we use event-based billing, or a hybrid, to provide as much cost certainty as possible," he said.

He rejected the view that litigation was one of the practice areas where fixed fees were not an appropriate method of billing. He estimated that about half of the firm's work was covered by fixed fees or hybrid billing arrangements. He said it was easier to use event-based fixed fees in litigation over small disputes because it was easier to predict the outcome.

"But here's the caveat: we only have commercial clients who give us a lot of repeat work. I would not propose this to someone who is going to give us (just) one matter.

"It has to be seen as more of an ongoing arrangement and has to be subject to both parties being reasonable.

"Not everything is predictable, but if it is an ongoing relationship there will be some matters that you don't do that well out of and there will be others that you do," Mr Petrovski said.

He said traditional time-charging rewards poorly performing lawyers and less knowledgeable lawyers. "What event-based billing does is transfer some of the risk to us, the lawyers, so in each litigated matter we share some risk with the client," Mr Petrovski said.