



KMS ProfitPower™ Tips

for November '96...

for dramatically increased profit results!

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Reading time: 3 minutes | Distribution :

Initial free interviews and consultations, a perspective...

Recently we were asked to visit a small suburban firm to chat about a series of issues, including the extreme frustration the partners were feeling at the rampant advertising of their competitors that highlighted the fact that first interviews were free...

The partners were dismayed that their fellow lawyers were apparently so readily giving away their expertise and knowledge... and sending messages to the community that there was so little value in what lawyers did for you that they had to give away "free samples"!

Indeed, there has been an explosion in recent years of free helplines, "first consultation free", "first half hour free", and, "twenty dollars for twenty minutes" types of offers...and it is easy to become confused about what the firms are trying to achieve.

In some cases we have discovered that the firms involved don't really know, while in others the partners are very clear what they want to make happen.

The whole situation is a reflection of lawyers' general lack of experience with marketing, and fear of change.

In trying to reconcile the permission most now have to market their practices, with the perception that clients are looking to begin a relationship characterised by trust and

confidence, many firms have thrown the baby out with the bath water.

Too many lawyers assume that to get people to come in and meet with a lawyer, and to establish a degree of professional reassurance, you have to give free or exceptionally cheap first interviews!

This is usually true in Personal Injury matters...but it is patently not the case in many other areas... even in Family Law.

Our experience is that if you can **demonstrate** to a caller, whether a new enquirer or existing client, that you have a system of initial consultations to suit every pocket, so no-one needs to be unsure where they stand...that is the beginning of your credibility and professional reassurance in itself.

You will have little difficulty going on to provide most such callers with an initial consultation at effective rates of between \$120 and \$250 per hour... a far cry from having perceived you needed to do it for free!

It is easy to see what getting this right can do for the bottom line.

If just one lawyer in the practice is doing only two unnecessary free interviews a week, say 90 per year, at an average loss of revenue of a very conservative \$100 per hour...there is \$9,000.00 in profit gone.

There are wider ramifications though in lawyer confidence. No-one enjoys

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spending valuable time doing things for free, especially when there doesn't seem to be much appreciation for their efforts, and a shortage of time anyway!

Lawyers operating a more sophisticated Initial Consultations program are delighted with the discovery that people will pay properly, even many of those who are patently looking for a second opinion!

The whole practice benefits from having a gradual improvement in the style of client newly attracted to the firm, and the cashflow improvements help to take some of the typical pressure off too.

A salutary example about the benefits to you of added value...

In the last few days we worked with a firm that had recently started offering initial Family law interviews at \$150 for an hour and a half...an effective rate of \$100 per hour. (They had previously been doing them free)! They were trying to build up the Family Law practice.

Profit was about \$30.00/ hour, for these Initial consultations.

With a little bit of thought the firm was able to implement the KMS Family Law First Step package, creating a perception of added value that had the same type of people paying \$175.00 for an hour...and taking away with them a pre-prepared, highly informative, package of information, including access to a Helpline for answering any follow up questions the prospect had.

Revenue for this type of initial interview had sensibly been boosted to \$175/hr, and profit from \$30/hr to \$105/hr....apart from some photo- copying, overheads hadn't altered!

A little ingenuity pushed profits on the exercises up 350%, and the worthwhile clients are delighted with the added value they perceive in the new service.

Given that the firm is doing seven or eight of these a fortnight, per Family lawyer, it is expected that revenue will increase about \$4000 per lawyer, and each lawyer has a special revenue account for this type of consultation so results can be tracked easily.

In addition each lawyer saves about \$10,000.00 worth of time per year with the shorter consultations...time that can be channelled into such marketing or other fee-paying work as the firm chooses.

It is quite saddening to still observe daily the attitudes of solicitors to how to win clients' confidence rooted so deeply in the past.

Even the younger lawyers (sometimes I feel more particularly the young lawyers!) have old-fashioned ideas, have little experience of alternatives, and are very averse to try a change.

Confronted with other firms successfully doing what they feel shouldn't be possible, they look immediately for reasons why the circumstances of the other firms must be special, why it won't work for them!

At times like this we wonder whether courses in confidence, self-esteem and marketing should be compulsory for the final year of any legal training program!

Certainly a read of the down to earth philosophy of a consummate marketer like Claude Hopkins might free up a few sets of blinkers. The operating rules are changing fast... there's a lot to learn!

To chat about practical issues surrounding this month's tips call...

**KMS Management Support
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Rob Knowsley practiced as a solicitor for many years until 1988, in small firms and large, city and country, until going into consulting to the legal profession in practice profit improvement. He edits the KMS Newsletters as our Senior Consultant, drawing on his extensive practical experience in firms in every State and Territory of Australia. His insights, gained over the last eight and a half years on consulting assignments in all areas of practice management and profitability, allow firms of all sizes to reap major benefits in profit improvement and enjoyment of practice.
