

How To Reduce Legal Fees

They're a Necessary Business Expense, But Prudence Can Reduce the Amount You Spend

You might like to avoid them—but legal fees are a necessary business expense.

Trouble is, many wall and ceiling contractors sometimes pay more than they have to. Here are some 18 ways to cut your legal costs that will appear in lawyer Fred S. Steingold's new book, *Practical Legal Guide for a Small Business*, to be published by Prentice-Hall, Inc.

1. **TALK ABOUT FEES.** Make certain the subject of fees is brought up either by your lawyer or by you—and don't be shy about it. Discuss fees—negotiate fees, that is—right at the offset of a new legal matter.

2. **REACH AN UNDERSTANDING WITH YOUR LAWYER ON HOW YOU ARE TO BE BILLED AND CHARGED.** The three basic ways are 1) by the hour; 2) flat fee, or 3) contingent fee. Hourly fees usually run \$50-\$150 an hour. On a flat fee you pay for the job the lawyer promises to do regardless of the amount of time he spends—and watch him for bringing in extras that are chargeable. The contingent fee is a percentage of the amount the lawyer is able to obtain from you through a trial. If he recover nothing, there's no charge.

Watch out for telephone calls . . . lawyers charge you for consulting time at their regular rate. They also expect to be reimbursed for out-of-pocket expenses such as filing fees, long distance phone calls, and transcripts of testimony.

3. **NEGOTIATE FOR THE MOST FAVORABLE FEE ARRANGEMENT FOR EACH INDIVIDUAL CASE.** Make your own decision as to what the legal obligation will be—and then settle on a payment mode. If the settlement of \$30,000 may take only a few hours, go for the hourly fee even though a lawyer tells you he settles such matters on a contingency basis.

Also, try and get an upper limit on

the number of hours that a lawyer will put in a case when on an hourly fee; it's your money and you can control the upper limits—so stick to your own needs first.

4. **TRY TO SETTLE CASES RATHER THAN LITIGATE.** Try to get past that “for the principle” syndrome; it costs money and more often than not frustrates. Usually it's better to compromise a conflict than to fight it all the way through the courts.

5. **HAVE YOUR LAWYER DESIGN FORMS THAT YOU CAN USE IN ROUTINE TRANSACTIONS.** This way, you simply fill in blanks on language for most common situations you'll encounter. You can consult with your lawyer in special cases.

6. **GUARANTEE A MINIMUM NUMBER OF HOURS OF WORK DURING THE YEAR.** A \$90-an-hour lawyer may be willing to go for \$18 an hour if you can guar-

antee so much work during the year; he needs to plan his time and income, too.

7. **USE A LESS EXPENSIVE LAWYER FOR SMALL PROBLEMS.** A young lawyer fresh out of law school will be happy to work on small unpaid bills and you can use the more expensive lawyer for the bigger stuff.

8. **GIVE YOUR LAWYER COPIES OF ALL PERTINENT RECORDS IN A NEW CASE.** Bring all the records to your first meeting so there won't be a lot of unnecessary confusion over missing items. Prepare yourself a chronological summary of the records so your lawyer can have ready access to the most important papers. (And buy a camera and take pictures of EVERYTHING for such tough ones as delay claims, change orders, etc. Photographs really are worth more than 1,000 words.

9. **FIND SOMEONE TO SHARE**

COSTS WITH YOU. Make certain there's no conflict between you and anyone to share a legal task with—then have your lawyer handle you both on a share arrangement.

10. INSIST ON ITEMIZED STATEMENTS EACH MONTH. You are entitled to know precisely what expenses are being incurred in your behalf. If you see something wrong, get an answer immediately.

11. SUGGEST COST-SAVINGS METHODS TO YOUR LAWYER. If your lawyer wants, say, a three-way meeting in another city, check out a telephone conference call instead. As a businessman, you're usually better at cost savings than a lawyer.

12. KEEP UP WITH LEGAL DEVELOPMENTS IN YOUR FIELD. If you see a court case in a trade journal or something that pertains to your case, shoot it to your lawyer; this can

save on costly legal research.

13. ASK FOR PROGRESS REPORTS ON PROLONGED CASES. Let your lawyer know you're keeping in close contact—and expenses should be estimated on remaining work. Also, you'll know whether to intensify or let up on pressure.

14. SEE YOUR LAWYER DURING NORMAL BUSINESS HOURS. See your lawyer during the day or telephone; they often charge more for non-normal hours consulting.

15. CONSIDER ADDING A "HOUSE COUNSEL" TO YOUR STAFF. This can save you money if legal fees are running \$30,000 or more a year.

16. CONSULT ON SEVERAL MATTERS AT ONE TIME. Make a list of items you want to go over. If you're better organized you go over a

number of items in a one-hour conference.

17. HANDLE SOME MATTERS YOURSELF. Handle some small claims yourself—and frankly ask your lawyer what you can do to help. You may be able to pick up transcripts or documents more cheaply than someone on your lawyer's staff.

18. SHOP AROUND, BUT DON'T LAWYER SHOP. Once you find a lawyer, stick with him. A \$75/hour lawyer who knows you and your business is often more economical than a \$30/hour who takes longer to do them same job—and maybe not as well.

Look around when you're first hiring a lawyer: talk to colleagues and business professionals. Get a line on the good one—and then hire. And remember: the anguish of a low fee is forgotten long before the pain of poor representation arrives.