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LAW

Time's up for recording hours

Timesheets are for dinosaurs – the new breed of lawyers will predict fees and workloads accurately to start with, saving everyone grief

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We launched our own law firm earlier this year after a combined 40 years' experience of City of London practice, and the first thing we did was call time on timesheets.

It might not be immediately obvious for those outside law just how revolutionary this is, but in a profession where time literally equals money, it is about as radical as it gets.

At traditional firms, lawyers are recognised and given a value internally first by how much of their time they record and then by how much they have billed clients; the more senior the lawyer, the higher the hourly rate. Each year, the hourly rates are increased and the firms budget accordingly. If a firm wants to bill £500,000 per lawyer, they set an hourly rate and the number of hours per day needed from each lawyer to achieve that.

At the same time, clients are increasingly pushing down on prices and demanding fixed fees. Where firms agree fixed fees with clients to win work – often just derived from estimating a

number of hours at a certain hourly rate - there can be a disconnect between fees and internal process.

Once the time allocated has been incurred, the lawyers are seen internally as working for free. If they record this time, the fact that it is not billable will be an issue. If they do not record that time, the decreased recorded time will be an issue. If the client needs last-minute expert advice from a different department, how will the expert be persuaded to do the work for free? Often this will prompt a renegotiation with the client, which is at best unpalatable for both parties and at worst damaging to their relationship.

Instead, firms should be identifying the best lawyers for the particular piece of work and giving the advice that is best for the client, regardless of who needs the hours or who will incur a higher rate for the firm. Fees should be based on the value to the client, not on how many hours it has taken the lawyer to achieve. Senior professionals have the experience and expertise to determine what the work will entail and should be able to present the client with a realistic number at the beginning, thus providing certainty about fees.

Outside of law, the world of business is ever evolving, yet the business model of the traditional law firm has not changed. Time recording is still the norm, albeit with more advanced technology. Meanwhile, some of us are finding more efficient ways to work to benefit our clients. It is amazing how much time one finds when one does not have to record it.

Tania Tandon and Richard Hildebrand are the co-founders of the London law firm Tandon Hildebrand