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Billable Hours Only 30% Of Attys' Day, Report Says

By **Emma Cueto**

Law360 (October 5, 2018, 9:31 PM EDT) -- Lawyers spend about 30 percent of their day on billable hours, according to a surprising new report from practice management software Clio, with most of the rest of the day eaten up by billing, administrative tasks and looking for new clients.

Although this means attorneys only work about 2.4 billable hours per day, the report said, only about 80 percent of billable hours worked are invoiced and of those, only 85 percent are paid. In other words, attorneys only collect on about 1.6 hours in an eight hour work day.

The report, which uses survey data from legal professionals and the general population, as well as data from 70,000 Clio users, suggested that in order to increase revenue, attorneys and firms need to become more efficient about attracting clients, including by taking a more informed approach to what clients are looking for.

"The fact that lawyers miss out on nearly 5.6 hours of billable work each day should be a wake-up call for why efficiency is so important to law firms — it's a critical leverage point for increasing revenues," the report argued. "If ignored, inefficiency can have a devastating effect on profitability, which is a problem that will only compound day to day, year to year."

The report noted that currently, however, increasing billable hours doesn't seem to be a major goal for firms. Although 84 percent of law firms said that increasing revenue was a priority, only 23 percent said that increasing billable hours was a priority.

In explaining the discrepancy, the report said "it may be because [lawyers] don't have any more hours in a day" — 75 percent of attorneys already work outside normal business hours. Roughly 1 in 3 also say that the extra hours have a negative effect on their lives outside of work.

However, the report said, attorneys could increase billable hours by being more efficient. Some administrative tasks could be outsourced to nonlawyers, and attorneys could work to become more efficient at attracting clients. The report also offers some clues as to what clients might be looking for.

In particular, the report found that about 1 in 2 people have dealt with an issue that they could have handled legally but chose not to. The top three reasons people listed for not wanting to hire an attorney were all financial — people either didn't think the services were worth the cost, thought an attorney would be too expensive either way or weren't sure what the financial costs would even be.

However, attorneys also have a referral problem, the report said. Those who did hire attorneys were more satisfied about the outcome of their issue than those who didn't, the report said, but clients were much less likely to recommend their attorney than consumers tend to be in many other service providers, such as investment firms or auto dealers.

Some things that might improve client satisfaction, the report suggested, are more face time with clients, more clarity on costs and sharing more information.

--Editing by Connor Relyea.

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