

LAWYERS TOOL BOX
TEAM LEADER FACILITATION NOTES

**Team Topic FOUR: Why Do Subordinates Undervalue Their Hourly Rate?**

Gather the junior team around and invite one senior fee earner to sit in as well.

Hand each team member the worksheet on page 2 to take notes whilst you are discussing the questions below and ask them to come back with a response within 48 hours and place them on your desk *(preferably in hard copy)*

Review their answers and provide guidance where required.

**Questions to Get the Conversation Going**

1. What is the difference if you invoice 60% of your paid hours versus 85% of your paid hours?
(*Get the fee earners in the room to calculate their hourly rate at say $250 per hour x 5 hours x $250 = $1,250 /day x 5 days = $6,250 /week x 44 weeks = $275,000. At 6.5 hours /day (85% of paid hours) = $1,625 / day x 5 days = $8,125 /week x 44 weeks = $375,500 per year. A difference of $100,500 over 12 months.*)
2. When should bonuses be paid?
(*Some firms pay a bonus when fee invoiced at greater than 3 times their fee earners full salary costs i.e. base plus allowances. Then a firm may go with paying the F/E 33% of the revenue above this e.g. base plus allowances or benefits may be $100,000 x 3 = $300k revenue target. If the F/E invoices $400k then the bonus would be $100k x 33% to the employee or $33,000 for the year. This does not include allowances or bonuses for project work that is done over and above their salary and outside of normal office hours.*)
3. Graphical weekly report
(*Traffic manager or senior partner to introduce a graphical dashboard that shows each fee earners billed hours for the week which also measures YTD. Attached is a simple example of the types of graphs that can be shown to F/E’s. This report is printed as a hard copy and handed to the employee or placed in a private staff area for all to see. The does tend to create a bit of friendly competition.*)
4. Does a culture of ‘write-offs’ exist?
(*By using the graphs that measure billed hours versus paid hours you can change this simply by introducing a 90% target for billable hours.*)
5. Performance appraisals can change the culture of the firm.
(*Undertaking performance appraisals every 4 months (not a pay review) you will identify who on your team is behind your goals and who is there just for a job. To build muscle you need to put the muscle under stress to build an employee you need to put them under stress (challenge) so appraisals are where you look to provide an employee with positive challenges that will stimulate them as well as deliver additional results to the firm.*)

**Strategy and Goals**

As the facilitator of the discussion you want to get the team members to firstly engage in their understanding of the topic and secondly to perhaps go away and research the matter and present their results back to you.

Optional outcome, you could summarise the collective responses for say 10 minutes prior to the next Tool Box meeting of the team and this will help cross-pollenate the good ideas, and give you a second chance to throw in a few ideas of your own.

Regards,

Jeff Miles
The Business Doctor



TOOL BOX WORKSHEET

Please draft your responses below to the issue of **Team Topic # 4 Why Do Subordinates Undervalue Their Hourly Rate?**

|  |
| --- |
| **1. What is the difference if you invoice 60% of your paid hours versus 85% of your paid hours?**  |
| **2. When should bonuses be paid?**  |
| **3. Graphical weekly report** |
| **4. Does a culture of ‘write-offs’ exist?** |
| **5. Performance appraisals can change the culture of the firm.** |

Feel free to add additional pages and once completed please pass back to the session organizer.

Remember to insert your name and completion date below.

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**Respondents Name**  **Date Completed**