

Should attorneys avoid free legal consultations?



Free legal consultations are a great way to vet clients to determine if they'll be a good fit and assess whether you can handle their case. There are hidden downsides to offering free consultations though. This blog will help you weigh your options to determine if your law firm should offer them.

The hidden cost of free legal consultations

Let's do a little math to reinforce that point. Let's say two attorneys in your boutique firm provide 325, one-hour free consultations to prospective clients each year. To keep things simple, both attorneys bill at a rate of \$325 per hour.

If you were paid for your time, *325 free consultations annually* at a rate of \$325 per hour would be **\$105,625**.

325 consultations x \$325 per hr = **\$105,625**.

Let's also assume that you're able to convert 10 percent (or 33) of these prospects as clients with an average retainer of \$5,000.

33 clients x \$5,000 retainer = **\$165,000 in revenue**

Free consultations don't require a significant amount of resources. However, bringing a client on means you'll now need to deduct your expenses from the \$165,000 listed above. If you deduct 40 percent for expenses (e.g., salaries, supplies, rent, utilities, taxes, etc.), you're left with \$99,000.

\$165,000 in revenue - 40% expenses = **\$99,000 in net income**

You've just taken a large pay cut to service this client. This is before your client requests discounts, or you have to make write-downs or write-offs.

The challenges with free consultations

Hidden problem #1: Ideal clients who want to pay are lost

Quality clients want to know what they're getting for their money. But they also want to be able to capture your undivided attention. Ideal clients are aware that a simple one or two-hour consultation isn't enough to provide them with genuine and actionable advice they can use to address their matter.

They also realize that a free consultation means you're not 100 percent focused on your clients, and you're not 100 percent focused on them. So after vetting your firm, these clients immediately move to retain your services, so they have your undivided attention. This is the power of ***paid consultations***.

The issue here is that free legal consultations make it difficult to find these clients right away. There's a qualitative difference between ideal clients who pay for your services and prospects who demand a free consultation. Laura Ruvolo Lipp, Esq. of the Ruvolo Law firm, shares her experience on the clients that come with [free consultations](#).

"A tiny percentage (less than 10%) of those consultations retained and became clients. Those who did were the people who were serious about retaining an attorney and understood what attorneys charge before they scheduled the consultation. Many were personally referred to me and were already determined to work with me before they arrived. The mass that did not retain was largely comprised of individuals who: (1) had no intention of retaining an attorney but wanted to gather as much free legal advice as they could; (2) had absolutely no ability to fund legal representation; (3) were hoping to

talk me into helping them for free or a reduced cost; and/or (4) were meeting with as many family law firms as they could so those attorneys would be conflicted-out of representing their spouse. That last one happened a lot after it was discussed in an episode of The Sopranos. I kid you not.”

With paid consultations, there are no illusions about whether your clients value your services or not. They’ve paid for your time, and they’re working with you to resolve their matter.

Hidden problem #2: You lose future clients

Attorney Tripp Watson describes yet another problem with free consultations.

“Your “quick question,” is actually considered to be legal representation . If I provide any advice to you whatsoever, no matter how benign, you just constructively became my client under the law. So, when the person that is trying to sue you comes into my office wanting to pay me to sue you for the issue that you called me about, my 30-second response to you will prevent me from being retained by a paying client. Your “quick question” may just cost me actual money.”

This is especially difficult if a client disqualifies you from future work due to a free consultation you received from a client. If you’re handling this situation properly, this is a headache.

You have even more nonbillable work to do.

You’ll need to keep track of the free consultations you provide —who, what, where, when, etc. You’ll then need to be on the lookout to ensure you aren’t creating a potential conflict when you take on new clients.

Here’s where this gets expensive.

Imagine that you’re running ads or paying for leads in your local area. A free consultation has prevented you from retaining a paying client due to a potential conflict, one you’ve just spend good money to acquire.

Free consultations generally take more than they give

The more devastating consequences are hidden. These hidden problems make it difficult for your firm to maintain profitability. They ravage your [utilization](#) and productivity rates. They decrease billable time and hammer your [realization](#) rates.

Are they worth it? That's for you to decide. While it makes financial sense for some firms, there are far more consequences at play. A large majority of small to medium law firms rely on free consultations; it seems like they're doing fine. Dig a little deeper, and you may be surprised at what you find.

Revenue leakage is a bad thing. It's also optional; with the right approach and an emphasis on paid consultations, you'll generate a steady supply of clients.