

[Home \(/\)](#) / [SME Law \(/sme-law\)](#) / Boutiques must implement 'buy now, pay later' options during pandemic

Boutiques must implement 'buy now, pay later' options during pandemic

By Jerome Doraisamy | 23 March 2020



At a time of economic uncertainty and flow-on consequences for professional services, boutique law firms need to live up to their agile and adaptable tags by offering new payment options.

In times of turbulence, such as the current coronavirus pandemic, “cash is king”.

That is the perspective of Separate Together founder and director Siobhan Mullins, who has started offering a “buy now, pay later” solution for separating couples.

According to Ms Mullins, whose firm is based in Canberra: “Quickly finding thousands of dollars to pay a lawyer for help, on top of having to support two new households and everyday living costs, is stressful and prohibitive for many separating couples.”

“We’ve identified a way to solve this problem, while balancing our cash flow and keeping our legal services accessible to as many couples as possible,” she said

Separate Together has integrated Splitit as a payment solution that “uses the available credit on a client’s credit card to secure the full value of the transaction, but with payment being made in monthly instalments”.

The flow-on benefits for clients in utilising such a payment option, Ms Mullins outlined, will include: immediate access to legal services, ability to budget and plan for upcoming expenditure and saving money by avoiding interest rates on credit cards.

“With automatic deductions, the firm can secure payment of its fees, streamline its payment administration and offer client focused payment friendly terms, all the while enabling the firm to continue be in a position to help even more couple,” she noted.

In conversation with Lawyers Weekly, Ms Mullins explained that it is crucial that boutique firms utilise such “buy now, pay later” billing options during the pandemic, for the reason that “cash is king”.

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“In the current economic climate (which COVID-19 only further compounds) demand for professional services is likely to drop as people choose to prioritise satisfying their immediate basic needs of food, shelter and health. This can be crippling for boutique firms who don’t have liquidity to see them through during this period to meet their firm’s running costs,” she posited.

“But, the good thing about boutique firms is that they’re typically small, agile, and adaptable, with the ability to integrate change quickly to accommodate environmental demands, economic factors and the needs of the business and its clients.”

This is the time, Ms Mullins argued, where boutique firms need to deliver and provide more value to their clients through their products and services to make the spend feel and be worth it from their clients’ perspectives.

“Offering a buy now, pay later method of pay is likely to address the cost objection for many people who are in need of legal services but can’t or won’t choose to afford the upfront expense,” she surmised.

“The reality is that many small businesses rely on steady cash flow in order to meet their expenses. If boutique firms don’t consider alternate cash flow solutions and billing practices now, then they may not survive the end of this crisis.”

When asked about broader innovative billing practices that boutiques can be employing during the pandemic to help set their firms apart, Ms Mullins alluded to a comment a friend once made to her: “using a divorce lawyer is like using an arms dealer in peace negotiations. There is an inherent conflict and self-interest for lawyers”.

Given that litigation is “the biggest revenue stream for mid-top tier law firms”, she said, it is incumbent upon boutiques to use the COVID-19 crisis as an opportunity to depart from the lawyer stereotype.

This can be done, she said, by way of “buy now, pay later” solutions, fixed pricing with fast payment incentives, and “ethical billing”, which she defined as “having regard to the business’ running costs and a fee that’s reasonable and proportionate to my client demographics’ financial circumstances”.

“This is distinct from mid-top tier law firm fixed pricing (which is really the hourly rate + a buffer to account for risk of the work taking longer) or ‘valued-based’ billing (which is placing a dollar figure on the outcome lawyers help [clients achieve] – which goes back to the lawyer self-interest),” she added.

Boutique law firms must “want to be on the front foot in creating dialogue with a client about money”, Ms Mullins concluded.

This is necessary, she said, “so that if their financial situation deteriorates, particularly with what’s currently going on, they can talk to you about a payment arrangement. If you don’t make the conversation about fees a comfortable one, you risk your clients going to ground and cash flow suffering”.

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