Why Write-Downs Are Costing Law Firms More Than Lost Billable Hours

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When it comes to law firm revenue leaks, some are obvious, like non-billable work that takes over your afternoon. Others are less visible.

Take write-downs. These bill reductions often go unnoticed and are treated as a normal part of invoicing. For firms that bill by the hour, this means that even when lawyers spend a full day on meaningful work, not all of that time will earn revenue for the firm. Much of that effort can disappear due to write-downs, silent write-downs, or tasks that simply aren't billed in the first place.

Legal research is a common culprit: When a lawyer spends hours on essential research, a portion of that work often gets reduced or omitted from invoices. Yet even modest write-downs can have a significant financial impact. Every hour of billable effort that doesn't appear on a client invoice represents hidden inefficiencies, distorted productivity metrics, and lost revenue.

Over time, these gaps quietly erode revenue and create pressure on teams and leadership to hit targets that may not reflect reality.

Understanding where these gaps occur, particularly in legal research, and how to address them is essential for improving firm profitability, team well-being, and the accuracy of productivity metrics. In this post, we explore write-downs, their impact on total billables, and how modern tools can help close the gap.

What legal write-downs are and why they happen

A write-down is a decision to cut the amount of billable time that appears on a client invoice before it is sent. In other words, write-downs occur after legal work is performed, when some of the recorded time is intentionally removed or reduced during billing.

Write-downs are often confused with *write-offs*, but they happen at different stages:

- **A write-off** occurs after an invoice has been sent to the client, when billed time is later reduced or not collected, often by partners or firm leadership. This may happen due to client pushback or a decision to not pursue payment.

- **A write-down**, by contrast, happens earlier, when a lawyer or their assistant reduces billable time before the client ever sees the bill.

A related but less visible category is the **silent write-down**. These occur when lawyers under-report their time from the start, choosing not to log hours they believe took too long or may be difficult to justify to the client.

In all of these "write-" cases, the result is the same. There is a gap between the work actually performed and the work the firm feels comfortable charging for.

Industry research from the Thomson Reuters Institute shows that legal write-downs commonly occur during legal research. While legal research can be billable when it is reasonable and properly disclosed in a client agreement, consistent with American Bar Association (ABA) Rule 1.5 for fees, even experienced lawyers can struggle to predict how long it will take to research a matter, particularly when an issue is unfamiliar or the law is unsettled.

Common reasons research time is written down include over-research, duplicated effort while getting up to speed in a new area of law, circular research paths, and the impulse to check additional sources "just in case." And, when research takes longer than expected, it is often the first category of time to be reduced on the bill.

Billable hours versus hours worked: where productivity breaks down

For law firms billing by the hour, productivity is measured by time, but billable hours aren't always the same as hours worked.

How many billable hours do lawyers work each day, and how many actually make it onto an invoice? While it varies by firm and role, the latest *Legal Trends Report* illustrates how quickly productive work disappears from reporting.

For example, the report found the average lawyer has a utilization rate of 38%, which means that roughly five hours of a lawyer's day go unbilled. And after accounting for losses in bill collections, firms are effectively capturing closer to 2.4 hours of billable work per lawyer per day.

Unfortunately, productivity shortfalls often drive hidden stress and make it harder for lawyers to hit their billing targets.

This gap doesn't just impact firm revenue. It also affects lawyers' well-being, as pressure to meet billable hour targets can also drive lawyer burnout. Associates often perform significant "shadow work," or time that contributes to client outcomes but doesn't get reported, leaving them overworked yet underrecognized.

One way to better track productivity and avoid losing billable time is to use tools like a billable hours chart. By clearly mapping hours worked to billable increments, firms and lawyers can more accurately see where time is spent, identify mismatches between hours worked versus billed, and manage both targets and workload more effectively.

Better tools, including AI for legal research (which we'll discuss later), can also reduce unnecessary research time and write-downs, helping lawyers bill more of the work they actually do without worrying about excessive hours.

By tracking the difference between billable hours versus hours worked and finding ways to close that gap, firms can uncover hidden productivity opportunities, improve reporting, and support lawyers' work-life balance while maintaining client service standards.

How write-downs quietly erase law firm revenue

The financial impact of write-downs becomes even clearer when you consider how they accumulate. One hour taken off a bill for extra legal research here. Thirty minutes written down there. But these small pockets of unbilled legal fees compound quickly and quietly. Over time and across an entire firm, they grow into significant law firm revenue leaks, often without anyone fully noticing.

Industry data shows that write-downs are common across roles: The majority of partners, senior associates, and junior associates report writing down time at similar levels to their peers. This underscores that write-downs aren't isolated exceptions but pervasive across firms.

Consider a hypothetical small commercial practice with 10 associates, where the average hourly rate is $400 per hour. In that context, even a modest one-hour daily write-down per associate for necessary but unbilled research adds up faster than most firms expect.

For each associate:

1 hour/day x $400 per hour = $400 in lost revenue per day

Across 10 associates:

$400 x 10 = $4,000 per day in written-down billable work

Over the course of a year:

$4,000 per day x 250 working days (assuming five days per week for 50 weeks per year) = $1,000,000 in lost revenue annually

That's the direct impact: billable work performed, but never billed. And if firms experience smaller write-downs more frequently, it can be harder to detect but just as costly over time. Losses like this can materially impact firm performance, particularly when compared to average law firm revenue benchmarks.

But the real cost of write-downs isn't only unbilled fees. It's also an opportunity cost. Every hour written down is an hour that could be redeployed to higher-value work, such as client counseling, drafting, negotiation, or strategic planning. When research overruns consume associate capacity, firms aren't just losing revenue. They're misallocating skilled time that could drive deeper client relationships and stronger margins.

Why legal research drives so many write-downs

Legal research is one of the hardest parts of legal work to estimate, which is why it drives so many write-downs. Even experienced lawyers can't always predict how long it will take to reach a clear answer, especially when an issue is unfamiliar or the law is unsettled.

The uncertainty isn't a sign of inefficiency. It reflects a core obligation of responsible lawyering: ensuring that advice is grounded in a complete and accurate understanding of the law.

Under ABA Rule 1.1, lawyers must provide competent representation, which includes the legal knowledge, skill, thoroughness, and preparation reasonably necessary for the representation. In practice, that often requires legal research, even when the scope is hard to define upfront.

This creates a tension. Lawyers have an ethical obligation to get up to speed, but they worry about spending more time than feels reasonable to bill, especially in unfamiliar practice areas, where research time can expand quickly as lawyers build necessary context. Without clear endpoints, many lawyers continue researching longer than necessary to manage risk.

The result isn't overbilling, as many may assume, but self-correction. Lawyers capture the time, then write it down later out of concern that clients will push back on research charges. ABA Rule 1.5 reinforces this instinct by requiring that fees be reasonable.

At the same time, expectations around legal research have changed. Courts move faster, the volume of precedent to review has grown, and clients scrutinize bills more closely than ever. Research that once felt defensible now faces higher expectations for efficiency, making long research hours harder to justify without better tools.

How AI improves legal research efficiency and productivity

Legal research write-downs persist because lawyers lack ways to orient themselves and know when they have done enough. AI tools offer a clear solution. According to the latest *Legal Trends Report*, 79% of legal professionals now use AI in some capacity in their firms, and 82% expect to be using AI more in the next 12 months.

While, as with any research tool, lawyers are responsible for reviewing sources and exercising their professional judgment, AI can shorten ramp-up on unfamiliar issues and reduce uncertainty early in the research process. It gives lawyers a structured overview and quickly identifies the most relevant doctrines, cases, and questions. This allows lawyers to spend less time getting oriented and more time applying judgment. Put simply, using AI for legal research efficiency means reducing background-building time, not skipping analysis.

Using AI for legal research productivity can also reduce over-research and duplicated effort by:

- Surfacing the most relevant authorities sooner
- Reducing circular research paths
- Lowering the impulse to check “just one more source”

Importantly, AI does not eliminate legal research or replace professional judgment. Lawyers still need to review sources, assess applicability, and apply the law to the facts at hand. What AI changes is the confidence window. By surfacing relevant information earlier and more completely, AI helps lawyers reach well-supported conclusions sooner, with greater certainty. That confidence reduces over-research, makes research time easier to defend, and lowers the likelihood that necessary work is written down later.

Traditional research versus AI-assisted research

Consider the following comparison between a common traditional legal research path and an AI-assisted legal research path:

Before: Traditional research workflow:

1. Identify the legal issue
2. Run multiple keyword searches
3. Review a broad set of cases and secondary sources
4. Expand searches repeatedly, due to uncertainty
5. Double-check or repeat searches to feel confident
6. Decide when enough research has been done, often late in the process
7. Write down billable hours if research time feels excessive

After: AI-assisted research workflow:

1. Identify the legal issue
2. Use AI to quickly surface the most relevant doctrines and cases upfront, saving ramp-up time
3. Review and validate sources using your knowledge and judgment
4. Apply judgment to the facts
5. Stop confidently once key authorities have been assessed, reducing the chance of write-downs

Can legal research AI reduce write-downs without compromising quality?

Yes. AI helps lawyers quickly find the most relevant cases and authorities, reducing over-research and uncertainty. This makes billable time easier to defend and lowers the likelihood of write-downs. As a result, lawyers are increasingly using AI for billable work while also improving their work-life balance, maintaining quality while freeing time for higher-value client work.

Where Clio Work fits

Legal research is essential for responsible representation, but when it comes to billing for legal research, even efficient research can be written down if it is hard to justify at billing time. The real challenge is not the research itself: it's confidence, defensibility, and clear capture of billable work.

Clio Work is designed to meet this challenge.

Rather than treating research as a separate task outside the rest of a matter, Clio Work brings research, analysis, and application into a single, connected workspace. By combining context-aware AI with access to a global law library, it helps lawyers identify relevant precedent and insights with greater context.

Because Clio Work stays informed on matter data from Clio Manage (including documents, deadlines, tasks, and communications), it automatically interprets case context and pairs it with verified legal data to deliver cited research outputs.

When research, notes, documents, and matter context live together, moving from question to conclusion is much easier (and faster). The added clarity makes research time easier to defend and less likely to be written down later.

Integrated tools further address an often hidden contributor to research overruns and unbilled work: context-switching. Switching between disconnected research platforms, notes, and billing systems adds friction and mental fatigue, increasing the likelihood that work goes unrecorded or is silently written down because the lawyer can't recall exactly how those hours were spent, which can contribute to cognitive overload in lawyers. When tools work together, less effort is spent reconstructing the past and more effort goes into applying legal judgment.

Best practices for capturing billable work in software

To reduce write-downs and capture all billable work in software, it's best practice to capture time where the work happens, preserve context alongside the work itself, and make billing decisions easier, not harder.

How to capture all billable work in software

To capture all billable work in software, law firms can use tools that record time where the work actually happens, preserve context automatically, and reduce reliance on manual reconstruction. When workflows and time tracking are connected, less work falls through the cracks and fewer billable hours are lost.

Why law firms that fix write-downs win long-term

It's easy to dismiss write-downs as a minor cost of doing business, but even small reductions in billable time add up. They can gradually reduce revenue, distort metrics, and put undue stress on your team. Firms that take action to reduce write-downs, however, can

reap multiple benefits for both revenue and team performance.

Fewer write-downs mean more billable hours actually make it onto invoices, leading to higher realization rates and more accurate reporting. Reducing write-downs can also ease the stress associated with billable hour targets, which may help lower burnout and improve retention. When work is recorded accurately, productivity metrics better reflect reality, giving firms clearer insights for staffing and strategic decisions.

Cutting down on write-downs also supports a foundation for more flexible fee structures, including alternative fee arrangements and value-based pricing. Firms that understand the true cost and value of legal services can confidently move beyond the limitations of hourly billing.

Ultimately, write-downs aren't inevitable: They signal that a firm's processes for accessing legal knowledge and capturing work haven't been modernized. Firms that address this inefficiency are better positioned to increase law firm profitability, build stronger teams, and compete effectively over the long term.

Why legal AI could force a rethink of the billable hour

At the end of the day, proactively addressing and reducing write-downs gives law firms a competitive advantage by protecting revenue, reducing stress on teams, and creating clearer insights into productivity. Write-downs from legal research are an effective place to start, and fortunately, the right technology simplifies this process.

Legal AI tools like Clio Work make it easier to capture billable work as it happens, streamline workflows, and defend research time, turning valuable work into measurable impact.

Learn more about how Clio Work can improve legal research at your law firm.

Frequently asked questions

How many billable hours do lawyers work?

Billable hours vary by firm, role, and practice area, but industry benchmarks show that lawyers spend only a portion of their workday on billable tasks. On average, lawyers work roughly three hours per day on billable work, with the rest of their time going to non-billable responsibilities, administrative tasks, and work that may later be written down.

How do billable hours work for lawyers?

Lawyers track the time they spend on specific billable client tasks in set increments, typically 1/10th of an hour, or six minutes. That recorded time is multiplied by the lawyer's hourly rate to determine the cost. Before an invoice is sent, the billing attorney or firm leadership reviews the time entries and may apply write-downs to reduce the total billed time based on efficiency, client expectations, or billing judgment.

How much research time is considered reasonable to bill?

There is no fixed limit for "reasonable" research. It depends on the legal issue's complexity, the lawyer's experience, and the value provided to the client. Research is generally billable if it is efficient, necessary, clearly documented, and allowed under the client agreement. Time spent on basic background education or repetitive tasks is often written down so the final bill reflects the task's importance.

About Clio

Clio is the global leader in legal AI, powering legal work across the profession, from law firms of every size to corporate legal teams, government agencies, and courts. Its Intelligent Legal Work Platform unites the business and practice of law, connecting the people, information, and processes behind legal work. Clio's AI brings the context together with legal sources drawn from Clio Library, a growing collection of more than one billion legal documents. Over 400,000 legal professionals in more than 130 countries rely on Clio to run their legal world. Learn more at www.clio.com.