

Stick it to the cell phone man

Never fear, there is something one can do about the amount paid each month to the cell phone robber baron.





Mortimer

By Michael Mortimer

In last month's article, I talked about how to save thousands of dollars in time and money by recommending that you "hold the fort" with Windows XP until 2011, a year *after* Windows 7 is projected to debut in 2010. This month I will show how to save even more money, anywhere from a few hundred dollars to maybe thousands.*

This month I will talk about cell phone plans, something few lawyers think about. To be sure, when talking tech, few people think about the hard dollar monthly cost of staying connected. Some lawyers may think there is nothing one can do about the amount paid each month to the cell phone robber baron. Follow my tips and you will save hundreds of dollars.

Sidenote: I had intended to talk about cell phone plans AND the latest cell/smartphones on the market. But there is simply too much information to include in one article, so next month I will talk about which phones are great for lawyers and provide links to where you can get great deals on phones and service.

Some history

Back when cell phones first came out, one had to pay a monthly flat fee *plus* a per-minute charge for each minute one talked on the phone. In other words, you would pay $30 a month for the cell phone service, and on top, you had to pay 15 cents for each minute that you talked on the phone. Back then, there were no "nights and weekends free" plans. The per-minute charges applied all of the time. If you had to leave the area, your per-minute charge jumped to 45 cents a minute because the cell phone was in "roam" mode.

Fast forward 20 years. Even though you can still incur significant charges for exceeding the number of minutes in your plan, monthly plans are getting cheaper and cheaper as carriers compete with each other to get new customers and to hold on to the ones they have. While competition has resulted in some consumers getting great cell phone plans, there is a secret that carriers don't want you to know.

Cell phone realities: Get mad – Get even

Carriers love lawyers who pay their cell phone bills without question. Carriers make billions of dollars in profits because the majority of customers A) Don't have time to think about all this; B) Don't think they have a choice; that there's no way they can change their contracts; or C) Are unaware of the various options related to phones, plans and the extras.

The Utility Consumer Action Network at http://www.ucan.org/ recently published a study on cell phone use and the per-minute charges people were pay-

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ing for cell service. The study concluded (in my words):

• Carriers make a bucket load of cash from people who "underuse" the minutes allotted to their monthly plans. For example, if your monthly plan provides 350 minutes of talk time, you might only use 100. You have lost the unused 250 minutes (most carriers do not have minute rollover plans).

• Because of this underuse, callers end up paying anywhere from 50 cents to $1 *per minute* for calls on their individual plans, with the worst under-users paying almost $3 a minute per call (typically those people who have a cell phone for emergency use only.)

• When asked, carriers will tell customers to get a plan that fits their use. However, carriers are not proactive in informing consumers about this.

For example, if a customer constantly incurs hundreds of dollars in overage charges, a carrier will not initiate contact with the customer to suggest a plan that will prevent excess minute charges. (To me this seems to be the same as what is done in the banking industry. The banks make billions of dollars in profit from overdraft fees and penalties. I doubt the bank's shareholders would appreciate a bank contacting errant customers to suggest better bookkeeping when the end result would be cutting off the overdraft profit center. However, I digress. Forgive me.)

• When dealing with your cell phone carrier, it's pretty much buyer beware. It's up to you to monitor your minutes and determine usage. It's up to you to contact your carrier and order a plan suited to your call habits. It's up to you to be aware of current promotions and to call the carrier and change your plan (see below.)

The fix

Saving hundreds to thousands of dollars on your cell phone bill is not that difficult. Follow these steps (and remember, make sure to PayPal me 10 percent of the money you save!)

Figuring out your cell phone usage

First things first, you need to determine your phone habits and calling patterns. This is important in the event your carrier does not offer unlimited use plans. You need to have some idea of when and how you exceed your plan minutes. For example, if you have a chatty client or opposing counsel, you need to factor into your usage that two to three times a month you might get stuck on the road on an extra long phone call.

Figuring out your habits, patterns and usage is easy. You don't have to dig out old phone bills or look online. Simply call the carrier (usually 611 on your cell phone) and ask them for this information. They know *everything* about your calls, usually from the day you first signed on with them. They can provide a summary of when you make most calls, what your longest calls were and even the numbers you call most often and how long you talk on those calls.

Cell phone plans

Next, you need to know about all of the available plans that your cell phone carrier has, including special promotions.

You can log on to your cell phone carrier's Web site to see what plans are currently being offered. However, it is far better to call a customer service rep to ask about current promotions. This is because sometimes a promotional plan is not published online, so only the carrier's representatives will have access to them.

You are probably aware of the numerous features carriers offer customers. There are various items that have become standard. For example, T-Mobile has the best rates of all carriers (low-priced unlimited use plans.) On the other hand, AT&T has the unused minutes rollover gimmick, where each month's unused minutes carry over into the next month. Other carriers entice potential customers with an earlier hour that the nights and weekends feature kicks in, such as 7:00 p.m. instead of 9:00 p.m.

As you may suspect, no carrier offers all of the above benefits. You simply have to determine which features sound best to you and go with that.

Sidenote: Due to the bad economy, competition between cell phone carriers has heated up. For example, T-Mobile is offering extremely low-priced unlimited use plans. I predict that this is what all the carriers will migrate to – a set price for unlimited use. It's only a matter of time. Consider my recent experience. T-Mobile offered me a "loyal customer" pricing plan. For two lines, unlimited 24/7 usage, nationwide calling (no roaming charges), the price is $90 monthly! That's dirt cheap. I can see someday all carriers going to this pricing method.

Changing plans – A secret tip

Few people know that with most carriers (if not all) you are entitled to change your plan to whatever you want at anytime you want. You can upgrade or downgrade your current plan without penalty. Keep in mind I am talking about upgrades and downgrades with your existing carrier.

Coverage

All carriers have online coverage maps so you can see if their phones will work in your area of interest. You should not sign up for a cell phone and service if you can't make and receive calls.

Frills

Prices for cell phone services and calls are going way down because where carriers make their big money is with the account extras and add-ons. Carrier profit centers include text messaging, picture uploads and downloads, ringtones, wallpapers, music downloads, e-mailing (Blackberry) and Net/data access.

As a result, make sure that you consider beforehand what services and extras you use and what items you can do without. You don't want to sign up with a

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carrier only to find out later you are getting killed on the extras.

Bonus Tip: Extras, such as text messaging, are not considered part of your cell phone contract. So if you decide you don't want the data or text message services, you can cancel them at any time. If money is tight, keep the cell phone service and get rid of the add-ons.

Caution about plan selection

I mention this separately to emphasize the point. Do *not* get a plan calculated to being close to the minutes you think you will use. For example, if you use 900 minutes average use in most months, you should *not* select a 1,000 minute plan. All you need is one or two months where you have gone over the 1,000 minutes and you will end up paying hundreds of dollars for out-of-plan minutes.

Switching carriers – Breach of contract

As most of you know, most carriers impose an early termination fee (ETF) should you break early your cell phone contract. Penalties range from $100 to $300 depending on the carrier. While the legality of those fees have been subject to court challenges, for now, carriers still have them.

Regardless of the legal status of these ETFs, you should calculate the savings you will realize by switching carriers and compare that with the cost of having to pay the ETF. For example, if you stand to save $1,000 by switching to a T-Mobile unlimited use plan, it makes no sense to stick with your current carrier simply to avoid paying a $250 ETF.

Retention

If you threaten to leave a carrier (be nice, not rude when threatening), you will typically be routed to the carrier's "retention department." The retention department's goal is to retain you as a customer. If they see you are willing to pay the ETF to go with a competitor's plan, the rep is authorized to give you a special deal to keep you as a customer.

So if all else fails, you can threaten to cancel the contract and the cigar smoking guy in the backroom makes you an offer you can't refuse (because it's a good deal, not because your brains will be splattered on your cell phone contract).

Low-cost cell phone alternatives

When calculating how to stay within your plan minutes in the upcoming months, consider using low-cost alternatives *in conjunction with* your cell phone. You can then use your cell phone only when on the road or away from your computer.

To make outgoing phone calls from your office or home computer consider using Internet phones services such as Skype at http://www.skype.com/ or magicJack at http://www.magicjack.com/1/index.asp. Call quality is now quite good with these companies. With these services you can make calls anywhere in the nation for free (after paying $3 a month for Skype, or $20 a year for magicJack.) (Editor's note: For a detailed discussion of these services, see the article entitled Telephone Technology that appeared in the May 2008 issue of Plaintiff, which can be found on our Web site at http://www.plaintiffmagazine.com.)

Conclusion

Your goal should now be to immediately make some changes in your business life, for the better. You should especially follow my steps if you have simply paid without question your cell phone bill each month. This should be a red flag that you have been paying too much for too little service.

If you can hold off until next month I will be discussing which cell/smartphone to buy. How cool would that be, to lower your phone bill by hundreds of dollars and to get a high-rated fancy-pants new phone at the same time? Pretty darn cool, I'd say.

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