Lawyer Paul P. Nicolai hopes business owners call TeleCounsel, his trademarked name for a flat-fee service allowing unlimited legal advice over the telephone.

"The concept of it is, it's more profitable for a business to consult an attorney before they do something than when there is a problem," Nicolai said recently. "Big companies have a law department" for managers to consult before taking action.

Smaller companies usually can't afford an in-house lawyer, and executives are often reluctant to call their legal advisor because of the high cost for each call, he said.

"They hate the idea that they called the lawyer, they spent $100 or $200 or $500 and (the issue) was no big deal," said Nicolai, former general counsel for Friendly Ice Cream, headquartered in Wilbraham.

Given his experience at Friendly, where managers called in all the time for advice on how to deal with various situations, Nicolai came up with the idea for the pre-paid legal plan.

"Preventive law has always been my pet project," he said. "It's effectively an inside law department."

He has been tinkering with his TeleCounsel idea for a couple of years, offering it to existing clients. Eight have taken him up on it, and he's ready to roll it out to new clients, he said.

Companies signing up for the year-long arrangement would pay $2,000 for up to 100 employees. For every 50 employees above that, the fee increases by $250. Nicolai said the fee also increases by $250 for each additional manager authorized to call the lawyer.

Once a client has signed on and paid the fee upfront, unlimited calls or e-mails are allowed. Most inquiries are answered the same day.

Nicolai agreed that TeleCounsel can be a loss leader, depending on usage by clients.

"Practically none of our clients use this resource in such a way that they go over the $2,000 value in time," he said. Nicolai Law Group charges $235 an hour.

The service is limited to situations where legal advice can be offered verbally. It doesn't include research or written documents.

If a situation calls for more work - writing or reviewing a contract, for instance -
Nicolai's firm will do the work at its regular hourly rates, or the client can ask another firm to do the work, he said.

He estimated that about 30 percent of the situations involve more legal work.

A far more common form of pre-paid legal services has been around since the early 1970s, and is geared largely to employees as a workplace benefit.

Tori Jo Wible, staff counsel with the American Pre-Paid Legal Services Institute in Chicago, said: "It's sort of like an HMO (health maintenance organization) that works. You have a list of lawyers that are part of the plan and you can call them with whatever questions (you have.)"

Eric J. Gouvin, a law professor concentrating on corporate law and business planning at Western New England College School of Law in Springfield, said he's never heard of a plan like Nicolai's that is geared to corporate customers.

The concept of nipping problems in the bud appeals to Gouvin.

"All business lawyers have experienced the frustration of the client who didn't make the call before the problem arose," Gouvin said. "If you put yourself in the client's shoes, they know the meter's running as soon as the call goes through."

The downside, Gouvin suggested, is that a lawyer offering a pre-paid plan "might get nickel-and-dimed to death by clients who call for anything."

But that didn't happen when Gouvin arranged for WNEC law students to provide free legal services to students with businesses in the incubator center at Springfield Technical Community College.

"For the most part, business people are focused on their businesses, and the legal issues are a sideshow or a distraction," he said.

Nicolai's plan is not like a retainer, where a lawyer is bound to a client and cannot work for that client's competitors, Gouvin said.

The lawyer keeps the retainer, even if he or she does no work for the client. Any work that comes in is billed in addition to the retainer, he said.

"In Paul's case, he's selling a service," Gouvin said. "He's saying, 'For the next year, I'll be at the other end of the phone whenever you need me.'"

Kenneth L. Allen, vice president and general counsel for Bickford's Family Restaurants, is the sole lawyer on staff at the Boston-based chain.

Nicolai had been the lawyer for the Abdow family restaurant chain for years before Bickford's bought Abdow's in 1995, Allen recalled, so Nicolai was "inherited" in a way.

Allen said he appreciates being able to bounce ideas off another lawyer. When he first heard about the TeleCounsel plan, "we thought it was too good to be true, but we tried it. I've been very pleased with it," he said.

Nicolai said TeleCounsel runs counter to the usual modus operandi at law firms.

"From a traditional kind of thinking of how you practice law and make money at it, this is counter-intuitive," he said. You're preventing problems and minimizing bills."

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CUTLINE: (Page E10) Springfield lawyer Paul P. Nicolai has developed TeleCounsel, a service that offers unlimited legal advice over the phone for a flat fee.