



LEGAL Q&A

Q With the current financial stresses of the marketplace, what alternatives do business clients have to the "hourly rate" billing model for legal fees?

A Businesses are continually challenged to manage their legal fees. Law firms have become more agreeable to customizing fee arrangements from the "hourly rate" model. Examples of alternative models include: (1) flat fee/ task billing; (2) contingency or blended rates; or (3) modified hourly billing.

In flat fee arrangement(s) counsel performs specific legal work for a sum certain. Contingency agreement(s) provide counsel is paid an agreed percentage upon completion of the transaction or success of litigation. Blended fee(s) reduce hourly rates in consideration for also receiving a smaller percentage of the client's recovery from the litigation or transaction. Modified rate agreement(s) afford value where the legal work concerns a large litigation or transaction, and reduced rates are offered for receiving the volume of work.

In these rough economic seas, attorneys realize business clients need effective legal representation at reasonable cost(s) to stay afloat. Therefore, companies should consider alternative fee arrangements to manage the inherent variable nature of legal fees.



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