

Standardized Work and Cost Cutting Alter GC Relationship with Outside Counsel

News In Brief:

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Proof of the standardization and commoditization of legal services is in the behavior of corporate counsel toward their outside law firms: They are taking bids, asking for discounts, shopping around for lower-cost options and doing more work themselves — much the same way their operational counterparts make purchases from other vendors. And that trend — boosted by rising rates and falling stock prices — ultimately will affect how law firms are run.

Companies Pay In-House Lawyers More

As more money stays in-house, money spent on outside firms dropped by a median of 9.1%. This, of course, is welcomed news for in-house counsel giving some comfort in relation to today's economic instability. Outside law firms' rising legal fees could be the culprit, as hourly rates rose 6.5% last year.

Economic Downturns Launches Billable Hour Downturn

Few lawyers will be boasting \$1,000-an-hour billing rates in the future, as many corporations are asking for alternative billing methods in order to cut budget costs. In-house counsel and legal think tanks are discussing to exchange the billable hour for more creative fee arrangements, such as contingency fees, success fees, flat fees, fee caps, blended rates, and old-fashioned retainers.

