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HEADLINE: Alternative legal billing methods losing favor, survey says

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When the slowing economy forced companies to curb legal spending in recent years, alternative fee arrangements were touted as a solution. The billing trend has been slow to take hold in Nashville, and a new survey of in-house counsel shows that alternative fees are trending downward in the U.S.

The 9th annual Litigation Trends Survey from Houston-based law firm Fulbright and Jaworski found 52 percent of companies are using alternative fee arrangements, down from 62 percent in 2011. The survey also found that 39 percent of U.S. respondents said they plan to use more alternative fee arrangements in the coming year, as compared to 52 percent in 2012.

The survey found that larger companies from the health care, manufacturing and tech industries use the alternative arrangements the most, which holds consistent with what one local office has found.

Mississippi-based **Butler Snow O'Mara Stevens and Cannada**, which has about 40-attorneys in its Nashville office, estimates that about 75 percent of its health care clients are under alternative-fee structures. The firm estimates that about 38 to 40 percent of its total billings this year will come from such structures.

Charles Johnson, health care practice group leader at the firm, said that the arrangements give clients predictability, which they like as budgets continue to tighten. This allows them to know early in the budgeting process exactly what their legal fees are going to be, he said. He explained that if there are changes to a fee during the year, **Butler Snow** tries not to add those in until the following year, for client budgeting purposes.

Butler Snow has been using alternative fee arrangements for years, he said, but has seen an increase in requests since the economic downturn. Although the firm offers the arrangements to new clients, he said it's typically easier to instate with an existing client where there is historical billing information to build an accurate fee model.

The key to this is trust and a partnership mentality, said Johnson. He explained that if the risks are shared between client and the firm, and you have trust, then it is easy to adjust the fee arrangement if it was originally based on flawed assumptions or assumptions that change over the course of work.

E.J. Boyer covers Nashville's health care industry and legal affairs.

Highlights: Butler Snow O'Mara, Stevens and Cannada, Butler Snow