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# GC California

An incisivemedia publication

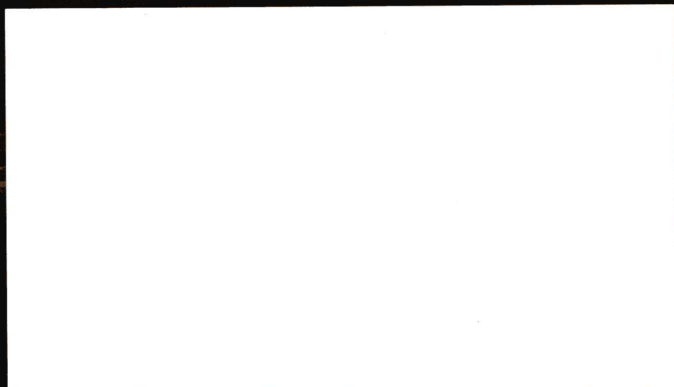
## Oh, Those Billing Rates!

YOU DIDN'T REALLY  
EXPECT HOURLY FEES TO  
GO DOWN, DID YOU?

SEC's investigation reports

The problem with mega-firms

Q&A: ACC's Susan Hackett



# So Much for Gravity

Despite a worsening economy, law firms are still raising rates

## By Leigh Jones

Despite the rancid economy of 2008, attorney billing rates continued their escalation trend, with more than 70 percent of law firms reporting an increase in the amount that they charged clients compared with 2007. This figure represents law firms that increased their average and median billing rates firmwide.

Also in 2008, partner billing rates broke record highs,

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*Leigh Jones is an associate editor at The National Law Journal, an Incisive Media publication affiliated with GC California.*

with one firm — New York's White & Case — exceeding the \$1,200 mark and another — Dorsey & Whitney — rising above \$1,100 per hour.

Information about hourly rates was provided by 127 law firms that responded to billing questions submitted as part of *The National Law Journal's* annual survey of the nation's 250 largest law firms. Of those 127 law firms, 109 provided billing information in both 2007 and 2008, from which year-over-year comparisons were derived. The most recent survey period ran from Oct. 1, 2007, to Sept. 30, 2008.

Overall billing rates rose by 4.3 percent in 2008, compared with an overall 7.7 percent increase during the previous year.

The continued uptick in legal expenses means that law firms

should expect clients, especially in a worsening economy, to hire more attorneys in-house and to rely more heavily on “flexible staffing,” says Pamela Woldow, general counsel and principal of Altman Weil Inc., a law firm consultancy. In addition, clients, such as pharmaceutical companies, that in the past did not demand alternative or varied fees will be negotiating harder for better deals on legal services, predicts Woldow.

While White & Case reported a high-end partner billing rate of \$1,260 per hour, the firm’s average billing rate among its partners amounted to \$747 per hour. In a written statement, the firm said the high end of its billing rates was “representative of only two potential billing scenarios for clients” and “[did] not take into account a number of key factors, including blended rates and rates negotiated with specific clients.”

As for overall partner billing rates, 86 percent of the firms charged more in 2008 than they did the year before. The average hourly partner rate among all firms was \$451. More than 80 percent of the firms also raised the high end of their associate rates in 2008, bringing the overall average associate hourly rate to \$282.

Several law firms, meanwhile, approached the \$1,000 mark on the high end of their partner billing rates. These firms included Washington-based Patton Boggs, at \$990; Cooley Godward Kronish of Palo Alto, Calif., at \$980; Locke Lord Bissell & Liddell, at \$975; Chicago-based Winston & Strawn, at \$975; Venable of Washington, at \$950; Loeb &

## Despite the downward spiraling economy, more than 70 percent of law firms raised their hourly billing rates in 2008

Loeb, at \$925; Washington-based Hogan & Hartson, at \$900; and Reed Smith, at \$900.

Alternative and variant billing systems were popular among many law firms. Of the 127 firms that responded to billing questions, 66 reported that they received at least a portion of their revenue from alternatives and variations. “Variations” to the billable hour mean discounted fees or blended hourly rates, while “alternatives” include fixed or flat fees. ♦