

Firm Specialization, Cost and Responsiveness Gets Law Firms Hired

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The top criteria corporations use to hire or fire law firms are:

- Firm specialization (32 percent), cost (20 percent), and responsiveness (18 percent)
- The top three most serious relationship mistakes reported this year as being made by outside counsel were over-billing (18 percent), lack of responsiveness (18 percent), and over-lawyering (16 percent)



Anthony Paonita



Larry Bodine

Amidst this news in the new [Corporate Counsel's 2010 Law Department Metrics Benchmarking Survey](#) is that many in-house law departments continue to face **shrinking staffs and budgets**, while reporting increased workloads.

Almost one-third reported that budgets were cut last year, while 25 percent reported reductions in the size of their law departments. While these percentages have dropped since last year's study, they reflect the ongoing **impact of the recession on in-house corporate law groups** across the country. The study was conducted by ALM Legal Intelligence, a source of business intelligence for the legal profession. You can buy a copy of the survey for \$620.

Interestingly, "AFAs" or "value billing" propositions are becoming increasingly popular with corporations. 73 percent of fees paid in 2009 to outside counsel were based on billing arrangements other than standard hourly rates or the billable hour, up from 66 percent reported in last year's survey.

"Law departments have faced increased workloads during past downturns, but this recession is clearly different," said Anthony Paonita, editor in chief of *Corporate Counsel*. "Our latest survey demonstrates that in-house counsel, and their outside firms, are not immune to the ongoing, company-wide budget cuts the current economy has forced on virtually all corporations across the country."

Other findings of the survey included the following:

- 23 percent of the law departments implementing budget cuts reported cuts of more than 15 percent.
- 80 percent of respondents reported increased workloads in the past 12 months

for their in-house staff, up from 70 percent last year.

- Total law department expenses increased from last year's median of 0.29 percent of annual revenues to 0.33 percent, but still below the 0.37 percent reported in 2008.

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For more on this topic, call:

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