

# The price is right

## Alternative fee arrangements provide insight to manage your legal costs

INTERVIEWED BY MARK SCOTT

**M**anaging expectations is a critical part of the relationship between law firms and their clients.

"If expectations are different between the two parties, it can either lead to the client feeling that they were overcharged or feeling that they did not get value for the service provided," says Marc B. Merklin, managing partner at Brouse McDowell.

"The last thing a law firm wants is a client whose expectations weren't met and who is unhappy with the final bill," he says. "They may complain about it, and they probably aren't going to be a client in the future or recommend the law firm to others."

Alternative fee arrangements can reduce the risk of hard feelings by ensuring that clients understand both the services they need and what those services will cost.

"Almost any firm is willing to talk about fee alternatives as a way to manage legal cost expectations," Merklin says.

*Smart Business* spoke with Merklin about the different approaches companies can take in managing their legal needs.


### What payment options are available for legal services?

Clients can ask for a blended rate, which is a single rate to be charged irrespective of who is working on the case. So instead of worrying about whether you're going to get a senior partner or a junior associate, you work out a blended single rate and whoever is needed on that file to manage that matter works on it. You don't worry about differences in rates between different attorneys.

### MARC B. MERKLIN

Managing Partner  
Brouse McDowell

(330) 434-6919  
mmerklin@brouse.com

 **WEBSITE:** To learn more about this topic and how Brouse McDowell can help, visit <http://bit.ly/BrouseRestructuring>.

Insights Legal Affairs is brought to you by **Brouse McDowell**



Firms will sometimes give a volume discount. So if you consolidate your legal affairs with a single firm, the more business you're able to give that firm, the lower the total cost. The firm will give a percentage off the total based upon levels of business.

There are also flat fee arrangements. If it's a routine matter such as intellectual property or estate planning where there is some certainty as to what the costs are going to be, firms will often give a flat fee quote for that project.

Flat fees can be tougher in the merger/acquisition or litigation areas, but there are still ways to do it. You may have a fixed fee for the discovery phase and then some incentives for the firm to manage within the budget.

There is also the traditional contingent fee. You have a lower hourly rate or a lower flat fee arrangement with a greater bonus for the law firm if there's a successful conclusion to the transaction or litigation.

### What's the key to getting value for your legal services?

You need to look at the size and complexity of the particular matter at hand. It may not make sense to have the largest firm in the city handle a \$50,000 piece of litigation because it may not

be done in an efficient, cost-effective, value-driven manner.

If you know you're looking for service in a particular area, who are the firms that can provide service in those areas? Compare rates and shop around to see if you're getting value. What are the reputations of the firms you are considering? Are there other clients you can talk to who can talk about their experience with that firm and the value they received?

There is a wide range of people who can handle your matter, and within that group there may be wide variations in cost and approach.

It depends on how concerned you are with cost versus your concern about the specific matter being handled and who is handling it. That's often the balance.

But, anybody who says, 'I'm going to put my project out for bid and take the lowest bid,' is risking a mistake.

### How has the economy affected legal services?

More clients are putting work out for bid and asking what you would do to keep the costs down in a particular transaction.

Clients are much more willing to look at alternatives now, if the cost justifies it. In the past, that was far less prevalent. ●