

# Acritas Insight Report

ADVISORY BOARD AND PANEL  
2012 ONLINE ROUNDTABLE  
DISCUSSION SERIES



## Pricing:

Is there a limit to how much General Counsel will pay for 'bet the company' work and what do they expect from law firms in return for the premium rates?

### Summary Report Contents:

- ▶ **Trends in pricing**
- ▶ **Top level work**
- ▶ **A premium service – or meeting expectations?**
- ▶ **Alternative fee structures**
- ▶ **The value of fee structures**

On 22 June, Acritas hosted an online discussion for its Advisory Board members and Sharplegal respondent panel on pricing.

According to Sharplegal results, when thinking of preferred firms for highly important top level work, global elite\* buyers indicate they are **willing to pay an hourly rate up to 50% higher than the overall average.**

When competition in the legal industry has never been greater, discussions centred around why legal buyers are willing to pay so much, as well as what expectations in-house counsel have for paying this inflated rate.

Access to the latest benchmarking data can help legal departments and law firms deliver genuine value for money now and in the future.

This report summarises the main issues discussed during the webinar.

\*Global Elite buyers refers to senior law firm clients in \$1bn+ revenue organizations

Speakers and Co-Chairs:

**Lisa Hart, CEO at Acritas** was joined by **Kenneth Grady, General Counsel and Secretary, Wolverine** to lead the data debate.

Kenneth has experience as a general counsel, in-house counsel and senior executive with Wolverine, PC Connection, Inc, KB Toys, Inc, Payless ShoeSource, Inc (now part of Collective Brands, Inc) and HNI Corporation. Ken also has experience as the Vice President and General Manager of a “lean” manufacturing and distribution facility, with more than 1,500 hours of lean implementation experience in the US and Japan.

### Trends in pricing

Sharplegal 2011 revealed that there is a high variation in the average hourly rate paid, with the UK overall paying the highest rate and Asia Pacific the lowest. The hourly rate for partners is fairly consistent with the 2010 levels, indicating that the pressure to reduce fees is having an effect.

Direct pressure to reduce fees may not, however, be the only factor at play. Panel members discussed two trends that may be impacting on the hourly rates being paid. Firstly, **partners making the move to smaller firms** in order to retain their flow of work but reduce their costs:

*“We have seen a number of individual [cases] where partners with substantial practices from the larger firms with higher rates, moved down a tier in firm and were able to bring their rates down.” [US]*

Secondly, buyers are becoming **more selective** when deciding which firm to send their work to; by sending only the high value or ‘premium’ work to the most expensive firms, they can pay less for day to day work:

*“You see more people focusing on that split: ‘Is this something I need to hire a magic circle attorney to handle or can I have somebody else handle it who will do a perfectly good job and at an acceptable level but certainly at a much lower cost.’” [US]*

The result of these factors is that law firms may be feeling the pinch when fees cannot be raised in line with previous years; clients are becoming **more selective, sending work**

**elsewhere and demanding added value** from alternative fee structures. Panel members in both the US and the UK reported having noticed these trends.

To continue reading this report you will need to complete Acritas' Sharplegal survey.

### Sharplegal: What is involved?

The survey is conducted by phone. Your interview will take approximately 10 minutes to complete, depending on the length of your answers. Your responses will be gathered in line with the Market Research Society's Code of Conduct ie Acritas will keep your individual answers strictly confidential and they will not be forwarded to any third party without your permission.

### Take part

To schedule a convenient time to be interviewed please contact Michelle [mnesbitt-burrell@acritas.com](mailto:mnesbitt-burrell@acritas.com) or call +44(0) 808 1783020

**Acritas**  
SHARPER INSIGHT



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