

Fixed Fees

By Jordan Furlong

The thin edge of law firm transformation

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Large law firms are switching from the billable hour to fixed fees. As a measure of just how much has changed in the legal services marketplace over the past year, it's hard to top that.

In September 2009, O'Melveny Myers distributed an internal memo (quickly leaked to an online legal tabloid) setting out its intention to provide services on flat and fixed-fee bases. The firm plans to *"adopt a single rate card by FY2012, with volume and 'investment' discounts and appropriate alternative fee arrangements ... becoming the leader in providing high-end legal services on a fixed-fee basis, reducing costs to clients, and achieving superior economic performance through practice management oriented toward cost-effective client service."* If you'd predicted, at the height of the bubble, that O'Melveny management would soon circulate a memo with these contents, most lawyers would have been incredulous.

Also in September 2009, top management lawyers at Reed Smith and Mayer Brown told the legal press that their firms were thinking of going the fixed-fee route for certain types of services. *"Most clients want certainty of cost and value for money,"* said Reed Smith Global Financial Industry Chair Paul Johnston. *"Our prime focus is to provide that."* Rest assured that if their leaders are talking to the media about fixed fees, these firms have gone a lot farther down the road than "thinking about it." And for every AmLaw 100 firm willing to be publicly quoted about fee certainty, dozens more are quietly examining the subject. At a College of Law Practice Management conference in September, one panelist observed that *"there's not a single big firm that's not at least thinking about fixed fees."*

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