



INCENTIVE AND ALTERNATIVE LEGAL FEE ARRANGEMENTS

Top 10 Reasons Alternative Fee Arrangements Fail¹

1. Insufficient up-front analysis and planning by the law firm or the legal department: “taking a flyer”
2. Unrealistic expectations of the client which are not addressed by the law firm before the arrangement is committed
3. Unrealistic assumptions by the law firm as to the resources required to achieve the efficiency demanded by the arrangement in order to be successful
4. Assignment of the wrong resources by the law firm, especially associate resources
5. The resources assigned to the arrangement by the law firm are distracted by other demands, especially hourly rate demands
6. The resources of the client are not well utilized by the firm’s lawyers.
7. Less than total commitment by the law firm to the prosperity of the lawyers working under the arrangements, or the perception by the lawyers that this commitment is lacking
8. Doing the legal work in the same way as it has always been done under the billable hour
9. Failure of the law firm to align the economics of the arrangement with its objective(s) in the particular engagement
10. Insufficient monitoring of the engagement as it progresses and insufficient communication between firm and client to address modifications as they become appropriate

¹“Fail” means that one or both parties are not fully satisfied with the outcome of the arrangement, or are not satisfied enough to desire another arrangement of the same or similar nature.