



## INCENTIVE AND ALTERNATIVE LEGAL FEE ARRANGEMENTS

### Top 10 Reasons Alternative Fee Arrangements Succeed<sup>1</sup>

1. All of the resources applied to the engagement—or at least the critical resources for its success—are committed to the engagement on a “dedicated” basis
2. The partner leading the work in the arrangement is not the partner who designs the arrangement—practice resources and design resources are kept separate by the firm
3. The up-front design work is detailed and thoughtful; requires several meetings and exchanges of drafts with the client (all done by the “designing partner” or “designing general counsel”)
4. Before commitment, each foreseeable “deviating occurrence” in the engagement is identified and the economic consequences of each is addressed in the arrangement
5. The arrangement explicitly recognizes that unforeseen deviations may occur (but with good planning they are the exception) and provides a mechanism for addressing them
6. The way the legal work is performed is not the way it would ordinarily be done in a traditional hourly rate engagement—either in scope, format, or applied resources
7. The partner is a true “doer” in the legal work
8. The law firm aligns the structure and economics of the engagement to its own goals for the engagement
9. Partners devoting themselves to these engagements are protected by the firm against “clock penalties”
10. In long term matters, the arrangement is frequently monitored by the design partner as the matter progresses

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<sup>1</sup> “Succeed” means that both parties are fully satisfied with the arrangement at its conclusion, or are satisfied enough to desire another arrangement of the same or similar nature.