

From the Dallas Business Journal:

<http://www.bizjournals.com/dallas/stories/2010/03/22/focus1.html>

Law

Legal service with a twist

Attorneys create alternative legal models with flexible fees to meet growing demand

Premium content from Dallas Business Journal - by Karen Nielsen, Correspondent

Date: Sunday, March 21, 2010, 11:00pm CDT

Related:

[Legal Services](#)

Like many small companies, Ignite Technologies needs occasional legal guidance, but isn't interested in employing full-time in-house counsel.

When the need arises, Chief Financial Officer Gary Hofer relies on the part-time services of Jon Hustis, an attorney in the Dallas office of Phillips & Reiter. Hustis is a seasoned attorney with software expertise, which is a plus for the Frisco-based software services firm. Hustis charges Ignite an hourly rate each month that's about two-thirds that of a national law firm's going rate.

"Jon understands the challenges we're up against and the different technologies we use," Hofer said. "(Phillips & Reiter) is considerably less than most large firms and has been flexible and creative about putting together programs that fit our budget but address our legal needs.

The changing dynamics of law firms — both through consolidation and belt-tightening — paired with clients demanding more cost-effective fee structures is producing new alternative legal models. The result: Attorneys are spinning off their own legal practices, which allows for more flexibility in how they serve and bill small and middle-market companies.

On their own

Two years ago, four partners from Gardere Wynne Sewell LLP formed their own woman-owned firm, **Taber Estes Thorne & Carr PLLC**.

"We were getting priced out of the market and wanted to continue to do business," said

partner Jane Taber. "We saw an opportunity to have a niche of providing really excellent legal services with partner-level attorneys with years of experience at an affordable rate."

A smaller venue with less overhead allows the firm more flexibility, both in pricing and how it runs its business, Taber said.

The firm has Fortune 500 corporate clients as well as smaller companies and individuals, said partner Jessica Thorne. Many of the smaller clients are focused on the bottom line, so they may choose alternative payment options such as fixed fees, a monthly retainer or blended rates, the latter option involving a combination of partner, associate and legal assistant hourly rates.

"One thing I've learned doing this venture is that every client comes to you needing something different," Thorne said. "Sometimes we're the creative force that comes up with a unique way to bill — or the general counsel (or company) will ask."

Since setting up shop, Taber Estes has already doubled its Dallas office space and now employs 15 people, including a fifth partner, Melanie Okon, and eight other attorneys.

Three years ago, Alan Busch launched **Busch & Myers LLP**, a Dallas-based litigation boutique firm. Busch & Myers provides alternative fee arrangements, including fixed-base rates plus fees tied to specific results.

"Bigger firms' fees have gone up a lot despite client pushback," Busch said. "Small-businessmen are being expected to make logical cost-benefit analyses on how to pursue lawsuits, but they're frustrated because the cost is unknown. If they're going to pay by the hour, they want predictability. Smaller firms like mine have started using alternative fee arrangements. It's a way that we can show we provide just as good or better service as big firms, but we're also client-friendly."

Flexible payment options help smaller law firms compete for business they wouldn't normally attract. What's more, new payment options are changing the way businesses view legal counsel.

"Unless you have really complex, specialized legal issues that (require) big-firm experience, I can't imagine why you'd use anything else," said Hofer of Ignite Technologies, which provides enterprise content delivery software and services. "It's a fluid world right now and you need to be able to run your business the same way."

Attorney benefits

While much of the attention is on the benefit to businesses, all the lawyers interviewed said they are enjoying the freedoms that come with smaller, creatively structured firms.

Busch, a 30-year legal veteran, likes that no one is looking over his shoulder checking his billable hours.

"There's pressure even on middle-aged partners to keep their hours up," he said. "There's a very close connection between how hard I work and how much I make. A lot is in my control."

While Busch enjoys golf, he admits he hasn't hit the links in quite some time.

Taber of Taber Estes said there is a collegiate atmosphere in her contemporary — but modest — office that offers associates more hands-on experiences.

"All of us feel like we have a say in the firm," she said. "Our associates are very involved in cases because of our size. We'll have two or three people working on a case, and we give a lot of responsibility and information to our associates. They're happy and work hard. It's a team-driven firm."

Jim Young is one of six attorneys in the 2-year-old Dallas office of Phillips & Reiter. Statewide, the company has 26 attorneys, many of whom hail from in-house general counsel positions at public companies. And all are free to draw from each other's expertise. The office camaraderie is apparent, right down to the business-casual dress code.

"The focus is on service to the client," Young said. "If that calls for a coat and tie, we're in it. If service to the client calls for us to be in shorts and a Hawaiian shirt hobnobbing at a barbecue, we're in it. We've all been in the big corporate environment and want to bring our skills to other types of companies. It's a refreshing change."

A Legal Fee Primer

Fixed fee plus expenses: A set amount, plus additional fees if a case goes to trial or additional services are needed

Monthly retainer: A set monthly fee paid regardless of the workload

Blended rate: A combination of partner, associate and legal assistant hourly rates, resulting in a lower hourly rate

Hourly rate: Pay by the hour for services rendered each month

Contingency: Pay a percentage of earnings only if a case wins

NIELSEN is a freelance writer in Plano.