

## Alternative Fee Arrangements: Options and Terms

At Marashlian & Donahue, PLLC, The *CommLaw* Group, we are keenly aware of the market-based forces impacting our clients and their willingness, ability and approach to utilizing Outside Counsel. We pride ourselves on being a “New Law” law firm that is built to deliver professional services in the “New Normal” environment. See Letter from the Firm’s Managing Partner detailing our history, structure and customer service philosophies. As a “New Law” firm, we aim to meet the market demand for more predictable, affordable, and value-based delivery of legal services. Our fundamental operational structure allows our firm to deliver BigLaw services at hourly rates that pale in comparison to our BigLaw competition. But, we don’t stop at offering our clients lower, more affordable hourly rates. We also employ a variety of alternative fee arrangements to meet individual needs of our diverse client base.

Designing a workable alternative structure typically requires review of detailed information about work to be performed, including, for example, historical volume/billing information, matter assignment, analysis and disposition details, to determine the scope, complexity and duration of the work, and to develop a fee structure that represents a strong value for the client and a reasonable return for the firm.

The *CommLaw* Group has negotiated numerous successful alternative fee arrangements in the past, and we would be happy to discuss any of these in which you have an interest. These include:

- **Fixed or flat fees.** The client engages The *CommLaw* Group to provide a specific service for a set price. For example, The *CommLaw* Group may handle a specified transaction for a set price. Fixed or flat fee arrangements are best suited to situations where the time and effort to complete a project are highly predictable.
- **Budget-based “Fee Range” fees.** The client and The *CommLaw* Group collaborate to develop a budget for the work to be performed. This type of arrangement works well when both parties have a good sense of fees and costs involved in the representation. Budget-based fee arrangements are often accompanied by “collars,” as described below.
- **Collar arrangements.**
  - **Budget-based Collar.** Under this arrangement, for certain legal work, The *CommLaw* Group and the client will agree on a target price and will agree on a “collar” around that target price (e.g., 10% above or below the target price). If the actual hourly fees incurred are within the collar, no further adjustment is made. If the actual hourly fees incurred are above or below the collar, The *CommLaw* Group and the client share, on an agreed upon basis, in the savings or additional expense by applying a percentage based “discount” (on excess time/fees) and an equal “additive” (on projects the firm delivers under the low-end of the collared budget range).

- **Fixed Fee with Collar.** Under this arrangement, for certain legal work, The *CommLaw* Group and the client will agree on a fixed fee and a “collar” that restrains the firm’s incentive to exceed the fixed fee. The “collar” means that if circumstances arise which result in us having to expend additional time to complete the project we will bill at a discounted rate of 15%. The discounted rate reduces or eliminates the firm’s profit incentive if the fixed fee is exceeded, but protects the firm in the event unexpected circumstances arise.
- **Retainer arrangements.** Many legal counseling arrangements may be successfully arranged through fixed payments on a monthly basis, covering issues requiring legal attention from time to time within specified subject areas. The *CommLaw* Group offers a unique, European-style retainer agreement called a “Base Monthly Retainer.” These arrangements are uniquely tailored to clients with lengthy histories of service with generally predictable needs. Contact us for details.
- **Blended hourly rates.** All of our time is billed equally regardless of who works on the matter. This may be used where it is easy to predict the required tasks and the personnel mix needed to perform them.
- **Fixed fee for accounting period.** Many companies, for budgeting purposes, like to know that their legal fees will be fixed for an accounting period. Under this arrangement, The *CommLaw* Group and the client will agree upon a fixed fee for a matter for an annual accounting period, and the client will pay the fee in twelve monthly installments. At the beginning of the next accounting period, The *CommLaw* Group and the client will review the actual hourly fees incurred for the prior accounting period, and formulate a fixed fee for the next accounting period that makes adjustments for any under or over payments from the prior accounting period.
- **Menu pricing.** This arrangement is most suitable for high volume routine projects or tasks involving a predictable amount of time. The *CommLaw* Group will provide fee quotes on a “per project” or “per task” basis.
  - **The *Compliance* Group.** Through The *CommLaw* Group’s unique, “Full Spectrum” relationship with its affiliated consulting firm, The *Compliance* Group, many routine regulatory, corporate and tax compliance services needs are fulfilled through a variety of subscription-based and á la carte flat fee pricing. Visit [www.ComplianceGroup.com](http://www.ComplianceGroup.com) for more details.
- **Tiered volume discounts and success fees.** Under this arrangement, The *CommLaw* Group would agree to reduce its hourly rates as the volume of legal work reaches certain agreed-upon levels within a specified period. These tiered discounts would be combined with the opportunity for The *CommLaw* Group to earn success payments that decrease in amount as higher tiers of legal fees are reached.

In order to be successful, any alternative fee arrangement must be a win-win for both parties. In this regard, we will periodically review the scope of work and actual versus projected fees and costs with our clients to ensure that the needs of both the client and the law firm are being met. The fee arrangement will be reevaluated and renegotiated as necessary based upon this review.

We want to assure you that we will work with you to ensure that the fees we charge are reasonable and bring value to the client. We are mindful of time and cost expenditures, and we understand the need to carefully manage your budget for legal services.

In order to keep our clients' legal costs under control, we assemble teams to handle each matter as efficiently and effectively as possible. The key to successfully managing the attorney-client relationship is the responsible partner, who oversees each engagement and ensures that cost-efficiency is being maintained at all levels.