

## Big Companies Are Turning To Smaller Law Firms

*By: Leslie White*

"Bigger is better" has long applied to hiring law firms, but to cut costs during the recession new trends are starting to emerge. The nation's big companies are turning to smaller law firms to perform legal work for less money. U.S. businesses are increasingly handing work to small and mid-sized firms with fewer than 200 attorneys. And while their larger counterparts are laying off lawyers, some smaller firms are hiring attorneys to keep up with new business. According to a BTI Consulting Group survey of 550 large companies, 38% of them hired law firms outside of the nation's top 200 law firms in 2008. In 2007, only 25% of the companies surveyed hired law firms outside the top 200.

- AutoNation hired seven-lawyer South Florida law firm Angelo & Banta to do legal work for a move across town in Fort Lauderdale. AutoNation saved 20% to 25% on fees by retaining Angelo & Banta.
- Georgia Pacific Corp. gave a chunk of commercial litigation work to Chamberlain, Hrdlicka, White, Williams & Martin, a Houston-based law firm with about 100 lawyers. Chamberlain Hrdlicka bills \$420 an hour on average for work done by senior partners. Georgia Pacific's large firms typically bill between \$700 and \$800 an hour, according to General Counsel John Childs.

Some large firms trying to keep valuable clients have been more receptive to charging flat fees or offering alternative fee arrangements. For instance, SunGuard Data Systems stuck with two larger Philadelphia law firms that agreed to offer alternative fee arrangements: Morgan, Lewis & Bockius and Blank Rome. General counsel and law-firm consultants say large, prestigious firms certainly will regain work when the economy recovers and transactional work picks up. But people in the industry predict that small firms might hang on to straightforward legal work, for example, small contract disputes or simple labor and employment matters.