



Feature

Law Firms are Rising Billing Rates

By Anne O'Dell

According to Rex Bossert, editor-in-chief of the legal newspaper National Law Journal (NLJ), attorneys' current billing rates are nothing out of the ordinary and are on par with what surgeons and professional athletes charge.



However, the national media disagree.

Recently published NLJ survey results indicate that, for the first time, a partner in an American law firm is billing clients \$1,000 per hour for his work. American news publications are fascinated.

The partner in question, Benjamin R. Civiletti—chair of Washington, DC-based law firm Venable, LLP—could not be reached for comment. However, James Shea, the managing partner of Venable, told NLJ, "That's a rate that he charges for the most extraordinary work."

Civiletti's record would suggest that his work is, indeed, extraordinary. In addition to his years of experience as a trial and appellate attorney and a pioneer in the field of private prosecution and internal investigation, he also served many years in the Justice Department and spent two years as Attorney General under President Jimmy Carter. In November, Civiletti received the American Judicature Society's 2005 Justice Award for "improving the administration of justice nationally."

NLJ quotes Ward Bower, an attorney at Philadelphia legal consulting firm Altman Weil.

"How many Ben Civilettis are there in the country? With his expertise and his contacts, his Rolodex alone must be one of the most impressive in the country.

"Big-ticket litigation, hostile takeovers, internal investigation—the top people in those areas are billing at the highest rates. Those are bet-the-company types of work. [Companies] want the best, and they're willing to pay for the best."

Nevertheless, Shea doubts that Civiletti is the only partner currently charging a four-digit rate.

In last year's survey, the highest reported hourly rate for a partner was \$875. This year, one unnamed Minneapolis associate reported a rate of \$835. That Civiletti cannot be alone among the nation's top lawyers in charging a thousand-dollar hourly fee stands to reason.

Last year, Civiletti billed clients \$810 per hour; the \$190-per-hour jump is representative of industry trends.

Perhaps because of a vote of confidence in the 2004 stock market, most law firms across the country raised partners' business rates in 2005. In the NLJ's survey, 80 percent of firms that responded in 2004 and 2005 have increased their fees for partners, and 74 percent raised associates' fees.

However, there is still widespread resistance to raising rates to an extent that might be considered unreasonable by the general public. Some even suggest that law firms are exercising great restraint, even to their own detriment, in how they bill clients.

Joel Henning is a vice president and general counsel for Hildebrandt International, a law firm consultancy. He noted in NLJ, "Most of the high-end firms still have problems with partners in increasing their rates to [match] the market... Lawyers tend to be terrified of losing clients because of increased rates."

Henning also suggested that some of the increases may have been dictated in part by higher operating costs. Still, he was quick to add that most firms with decent management still increase their profits every year.

Aside from the notable large figures, the survey's results showed across-the-board increases and regional trends.

For example, Northeastern firms showed significantly higher increases than firms with main offices elsewhere. Holland & Knight, whose offices on the East Coast constitute a strong



Feature

presence, showed a markup of \$65 per hour for partners. Manhattan's Brown Raysman Millstein Felder & Steiner raised its billing rate by \$75. Philadelphia-based Duane Morris boosted its rate by \$40, and Edwards & Angell, with its largest offices in Boston and Providence, RI, increased its rate by \$50. Each firm's high-end rate for partners now hovers around \$600 per hour.

On the West Coast, hourly-rate billing increases were still present but less drastic than at East Coast firms. San Francisco firm Littler Mendelson's highest-paid partners elevated their rate by \$45. Thelen Reid & Priest, also in San Francisco, raised its high-end partner rate by \$25. Stoel Rives, which has its largest office in Portland, OR, boosted its rate with a \$35 increase; and Los Angeles-based Sheppard, Mullin, Richter & Hampton upped its high-end partner rate by just

\$20. Overall, West Coast firms' rates ranged from \$350 to just under \$600.

According to Shea, Venable and other firms will continue to increase hourly rates based on the evolution of certain areas of practice; in other words, lawyers, like everyone else, are subject to the laws of supply and demand. The best lawyers will continue to charge just as much as the market will bear. In Great Britain, however, attorneys' billing rates have already far exceeded those of their American counterparts.

"If you look at a multinational corporation, they're used to paying that much at London law firms," said Bower.

"They're charging six, seven hundred pounds, and when you convert the pound, those lawyers are charging over \$1,000."

EmploymentCrossing is the largest collection of active jobs in the world.

We continuously monitor the hiring needs of more than 250,000 employers, including virtually every corporation and organization in the United States. We do not charge employers to post their jobs and we aggressively contact and investigate thousands of employers each day to learn of new positions. No one works harder than EmploymentCrossing.

Let EmploymentCrossing go to work for you.