



## Survey of General Counsels Indicates Budget Decreases, Spending Shift

By Erin Broadhurst

These days, at least three quarters of law department leaders in organizations across the United States are facing major budget cuts that average 11.9%, according to a national survey conducted by Altman Weil, a legal consulting firm. The survey, called the Altman Weil flash Survey on Law Department Cost Control, indicated that another 15.6% of legal departments expect budgets to increase by a smaller percentage than in prior years.

Among the 80% of general counsel who responded to the survey, the greatest concerns about 2009 legal costs were outside counsel costs and the unpredictable nature of legal spending. 40% of the respondents believed that the third biggest concern was financial exposure from litigation or potential litigation, according to the survey results.

The greatest concerns about 2009 legal costs for general counsel, each with over an 80% response rate, were outside counsel costs and the unpredictable nature of legal spending. The third biggest concern, shared by 40% of the respondents, was financial exposure from litigation or potential litigation, according to the survey results.

The bulk of the average 11.5% budget cuts will target outside law firms, survey respondents said. The choice method of

curbing costs for outside law firms is to bring more work in-house in 2009. Additionally, 53% will switch some current work or cede new work to lower-priced outside counsel, while 50.5% will require more alternative fee arrangements. Surprisingly, only 12.6% of respondents said they would look to cut costs by sending work overseas.

While some firms may be losing work due to general counsels' more rigorous approach to legal spending, the winners during this period of belt-tightening, according to experts, will be the firms that can adapt to the new expectations of corporate clients. Some law firm leaders have told various legal publications that they see the market turn as part of a growth opportunity for their firms. The firms that are slightly more affordable than some of the international or national firms are an appealing alternative to general counsel.

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