

LAW.COM

Select 'Print' in your browser menu to print this document.

Copyright 2010. ALM Media Properties, LLC. All rights reserved.

Page printed from: <http://www.law.com>

[Back to Article](#)

Firms' Billing Rates Inched Up During 2009, NLJ Survey Shows

Karen Sloan

12-07-2009

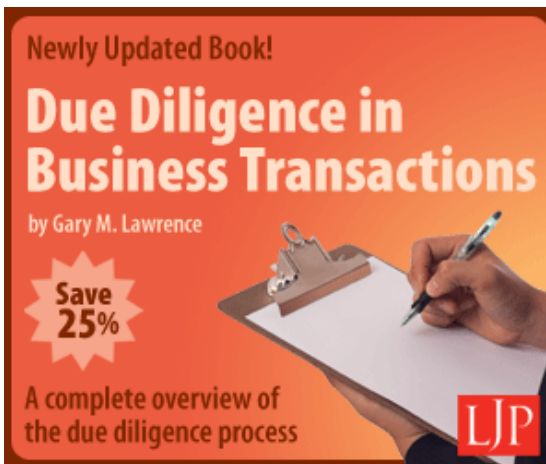
Law firms increased their average annual firmwide billing rate by 2.5 percent over the last year, one of the lowest increases in recent memory, according to [The National Law Journal's 2009 survey of billing rates](#).

The small 2009 boost compares to a 4.3 percent increase reported in 2008 and a 7.7 percent rate climb in 2007. "Law firms this year increased rates very modestly, compared to the standard rate increase of 6 to 8 percent," said James Jones, a consultant with Hildebrandt International. "I would have expected to see that, in 2009, when the message [about the state of the economy] finally sunk in."

The law firm billing information was collected as part of the NLJ 250, *The National Law Journal's* survey of the nation's largest law firms. The survey period ran from Oct. 1, 2008, to Sept. 30, 2009, with 190 firms providing at least some billing information. Firms were asked to report their billing rates as well as their use of variations on the billable hour and alternative billing arrangements.

Nationwide, the average hourly billing rate for partners was \$457 in 2009, up from \$451 in 2008. For associates, the average rate was \$287, an increase from \$282 last year. Early indications are that billing rates will continue to creep up in 2010. A recent Altman Weil survey of 288 U.S. firms revealed that firms anticipate an overall average rate increase of 3.2 percent next year. NLJ affiliate *The American Lawyer* recently surveyed 142 managing partners from the country's 200 largest firms, and 81 percent said they expect to raise billing rates in 2010. The majority of those firms -- 77 percent -- said that increase would amount to 5 percent or less.

Firms' inability to increase billing rates to the extent they have in years past is bound to depress 2009 financial results because rate increases have been the single biggest factor in recent revenue and profit gains, said Altman Weil consultant James Cotterman. The cost cutting firms did during the past year will help mitigate the lower-than-typical rate hikes but likely won't be enough to offset those losses, he said. Firms also reported that they are generating a larger percentage of revenue from alternative billing arrangements, which have grown in popularity as legal departments have looked for ways to cut costs.



Newly Updated Book!
Due Diligence in Business Transactions
by Gary M. Lawrence
Save 25%
A complete overview of the due diligence process
LJP



Summer is over.
How did it go?
DOWNLOAD the 2009 Summer Associate Survey today.
ALM LEGAL INTELLIGENCE

Although growth was comparatively slow, most firms did raise their rates. The average firmwide billing rate grew at 76 percent of the firms that reported detailed billing information in both 2009 and 2008.

Susan Hackett, senior vice president and general counsel of the Association of Corporate Council, expressed surprise that any firm would boost rates right now. "I can tell you that whenever I talk to clients they actually laugh when they hear about firms raising rates in this environment,"

Hackett said via e-mail. "Every one of them should have been involved in some kind of cost-cutting or efficiency exercise, just like their clients, and the idea that the way to counter possible decreasing workloads or excess capacity is to raise prices is totally contrary to good business judgment."

2009 BILLING SURVEY CHARTS:

For more details from *The National Law Journal's* billing survey for 2009, see the charts on the NLJ Web site:

[A nationwide sampling of law firm billing rates](#)

The National Law Journal asked the respondents to its 2009 survey of the nation's 250 largest law firms to provide a range of hourly billing rates. Firms that supplied the information -- including some not in the NLJ 250 -- are listed in alphabetical order.

[Firms report using alternatives to the billable hour](#)

A list of law firms that reported use of alternative billing methods. The NLJ asked firms to differentiate between variations on the billable hour (discounted and blended hourly rates) and true alternatives (fixed or flat, contingency, hybrid and retrospective fees).

[Firms report their billing rates by associate class](#)

A sampling of hourly rates charged by law firms that establish billing rates based on associate class. The firms reported the data as part of *The National Law Journal's* 2009 survey of the nation's 250 largest law firms.