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Law Firm Leaders, Citigroup GC Discuss Fixed Fees

Posted by Brian Baxter

What happens when the chairmen of [Arent Fox](#), [Akin Gump Strauss Hauer & Feld](#), [Kirkland & Ellis](#), and [Skadden, Arps, Slate, Meagher & Flom](#) gather to discuss fixed fees with [Citigroup general counsel Michael Helfer](#)?

A frank discussion on the changing relationship between in-house legal departments and large corporate law firms ensues.

The occasion was a [breakfast conference last Friday](#) organized by Washington, D.C.-based [Bisnow](#), which publishes business newsletters on law, real estate, and technology. The chosen topic has been a hot one in the Am Law world in recent months--our own Welcome to the Future contributor, Paul Lippe, addressed the issue [in his latest column](#).

Citigroup's Helfer appeared to be the star of the Bisnow show. He said that alternative fees account for about 30 percent of Citi's outside legal costs, [according to Bisnow](#), mainly in the form of fixed and contingency fees. The GC said his sympathy for anyone who opposes fixed fees is "minimal." (Helfer joked that if one defines fixed fees as "not paying rack rates," that percentage increases to 99.8 percent, Bisnow notes.)

Helfer also revealed that Citi's legal department had been downsized from 1,100 lawyers a few years ago to its current size of 850. Rather than worry about hourly rates, the Citi GC said the two most important issues taking up most of his time today are "how we manage outside counsel" and crafting "a sensible risk-reward ratio."

Over 200 people attended the conference at the D.C. office of the [Council on Foreign Relations](#)--Bisnow has some [nice snapshots](#) of the guests--and the discussion was moderated by Arent Fox chairman Marc Fleischaker.

Skadden's new executive partner Eric Friedman touched on his [firm's Sidebar program](#) that "invites" associates to take furloughs, which Bisnow reports has enabled Skadden to trim head count by 8 percent. Kirkland chairman Thomas Yannucci talked about legal outsourcing, noting

that his firm uses contract lawyers from [Clutch Group](#) because it sees a future with increased outsourcing and fewer full-time employees.

Akin Gump chairman Bruce McLean predicted that more work will be handled on an alternative fee basis due to client demand. He added that changes to the law firm business model will be a subsequent byproduct of that change. McLean also told the conference participants and attendees that law firms are sometimes overly sensitive to media coverage.

"I read [The] American Lawyer so you don't have to," McLean said he tells his colleagues.

No need to go there, Bruce.