

# Hybrid Billing: A Creative Partnership

As general counsels strive to control outside legal costs, Navigant Consulting's general counsel, Monica Weed, has partnered creatively with her outside counsel to implement successfully what she refers to as a "hybrid" billing arrangement. Navigant Consulting is a Chicago-based publicly-held global consulting firm.

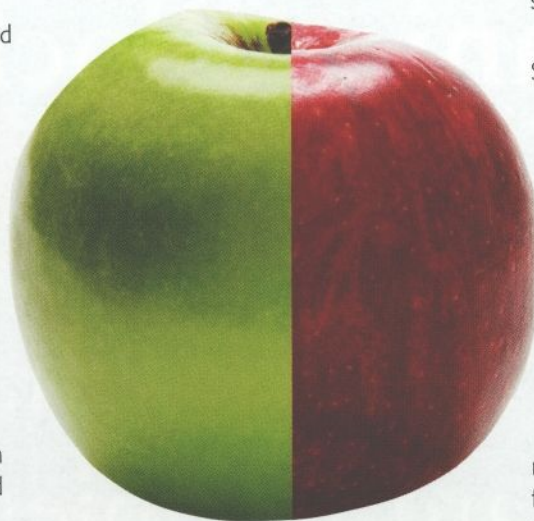
Under this arrangement, an outside firm is trained by Navigant internal counsel to essentially serve as an extension of Navigant's internal legal department when the volume of work Navigant's lawyers need to handle requires additional resources. For Navigant, this can happen when one or more members of the legal team are pulled away from their day-to-day matters to work on other programs requiring all of their attention or when the volume of work is such that their ability to meet deadlines is challenged. At the outset of the engagement, Weed meets with the firm to agree on a proposed budget and negotiates an arrangement whereby the firm provides a reduced hourly rate in return for a certain allotted number of hours each week based on what the parties agree is reasonable.

There is also a "10% rule"—if the hours for a certain week are more than 10% higher than the weekly allotted number, the firm only bills 50% of the excess. If the hours for a given week are more than 10% below the allotted amount, Navigant pays for the actual hours worked plus 50% of the difference between the agreed upon fee and the hours worked. Weed believes this arrangement provides the right incentives to both parties.

"This arrangement has been great in providing us with an extra pair of hands—we are not actually turning over the matters to outside counsel—instead, they are acting behind the scenes to accomplish the work we can't handle ourselves," says Weed. "All of the lawyers on the team have come to

really value it—it has helped us meet time sensitive deadlines and serves as a 'vital release valve' in those situations where we simply have too much to handle at the moment."

At the beginning of the engagement, Weed's in-house legal team trains an attorney from the outside firm to handle the work. That attorney is responsible for



training other attorneys at his or her firm who will be stepping in to work on Navigant matters.

The firm will absorb some of the time it spends on this learning curve, Weed notes. "There is an investment on both sides—a quid pro quo," she says.

Weed says that this arrangement can work in any legal area where there is a high volume of repetitive work, either contract or litigation, which requires some degree of experience and sophistication on the part of outside counsel. The arrangement can often begin when the company has a vacancy in its in-house legal team, and the outside firm helps handle the overflow work resulting from that vacancy. This arrangement allows

Navigant to take the time needed to conduct a thoughtful interviewing process and find the right candidate, rather than just the available candidate," says Weed.

"We set really high standards and are able to obtain high quality legal work working with outside lawyers who have been trained specifically by us in the 'Navigant legal way.' We have a strong sense of confidence in the work product such that we can just rely upon it and run with it," says Weed.

She says this arrangement also provides her with the confidence in knowing that she has a firm that can provide high quality "round the clock coverage" 365 days a year to support her legal team in meeting the needs of Navigant's expanding fast-paced business.

One of the firms Weed has partnered with is Aronberg Goldgehn, a full-service Chicago based firm of more than 40 attorneys. Cynde Munzer, Navigant's relationship partner with the firm, says the firm greatly values the opportunity to work with Navigant pursuant to this arrangement. "It has been an incredible experience working so closely with Navigant's team on a daily basis and developing an understanding of their business."

Munzer says that the stability and confidence provided by knowing this work continues each month helps her to bill the discounted rate as her firm saves on marketing and administrative costs inherent in developing business.

Aronberg Co-Managing Member John Riccione notes that "Navigant's 'hybrid' fee arrangement allows us to partner effectively with predictable billing in order to handle a volume of day-to-day contract projects in a cost-effective manner." Riccione says he has been successful in using alternative fee arrangements ("AFAs") for many clients,

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large and small, in the litigation area. "We are very experienced in customizing and utilizing AFAs which fit a particular client's needs", Riccione says. "Keep in mind, throughout most of our 120-year history, our firm's attorneys billed clients for the value provided, as opposed to simply for time spent."

Riccione says that the firm's client-centrist focus has been a mainstay throughout its history and it is important that any billing arrangement fits the needs of the client if an attorney strives to build a strong and lasting relationship as a partner and trusted advisor.



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