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Ark Group/Managing Partner Magazine & Adam Smith, Esq. presents

What You Need to Know To Make Alternative Fee Arrangements Work

A full-day workshop intended to “address the void” both in terms how law firm models may need to change as well as implementation requirements and challenges surrounding the adoption of AFAs

October 5, 2010
AMA Executive Conference Center
New York, NY

What You Need to Know To Make Alternative Fee Arrangements Work

There has been much hand-wringing and ink spilled on the topic of AFAs. Will they take over? What do they look like? What permutations do they come in? Aren't they just “code” for clients demanding discounts? Is the billable hour dead?

Unfortunately, most of these discussions have provided far more heat than light. It's time to demystify matters.

It's probably safe to say that AFAs are more complicated than the billable hour. That said, they are not intrinsically hard and they are most definitely not mysterious.

Most industries, including professional service firms, profitably manage the necessary resources to deliver effective, efficient, predictable solutions to their clients. The law is no different. (Indeed, it's the heavy reliance on the billable hour which is distinctive to law firms.)

What most discussions about AFAs have left out is what law firms need to do – and, *yes change* in order to be able to offer their clients a menu of pricing options, including AFAs.

Above all, with AFAs, firms (and clients) need to be willing to experiment. The genius of the scientific method is that you learn things even from experiments that fail. “There's a reason we call it research; we don't know what we're doing.”—Albert Einstein.

This one-day workshop is intended to address that void – both in terms of how law firm models may need to change and implementation requirements and challenges.

Let's agree that AFAs are here to stay. Now what?

Hosted and developed by:



In association with:

ManagingPARTNER

**This Highly-Interactive Workshop
 Will Be Facilitated By:**

Bruce MacEwen, Adam Smith, Esq.



**With Key Contributions and Candid
 Perspectives From:**

- **Thomas S. Clay, Principal, Altman Weil, Inc**
- **Jim Hassett, Founder, LegalBizDev**
- **Janet Stanton, Partner, Adam Smith, Esq.**
- **Others TBA**

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Workshop Agenda: Tuesday, October 5, 2010

8:30AM Sign-In/Registration & Networking Breakfast

9:00AM Opening Remarks and Introductions

9:15AM **Part I : Varieties of AFAs**

- *80/120*
- *Project Fees*
- *Price per team per month (the McKinsey model)*
- *Unit pricing (with “Act of God” clause)*
- *Litigation defense contingency fees*
- *Transactional contingency fee*
- *Throw it all up in the air*
- *Discounts off billable hour rates*

10:30AM Networking Coffee Break

10:50AM **Part II: Implications of AFAs on the law firm business model structure**

What firms need to adjust to accommodate AFAs as part of their revenue model. When a company’s revenue model changes, so must its business model and practices

Structural & strategic implications of AFAs for law firms

- Compensation can no longer be based on billable hours
- Compensation cannot be based on origination/ownership
- Changes to professional development
- Invitation to strategically deploy outsourced resources
- Invitation to strategically capture revenue that would otherwise be channeled to external providers by developing *internal* resources that are most cost-effective and competitive in the marketplace

12:00PM Networking Luncheon

1:00PM

Execution & implementation implications of AFAs for law firms

- Leadership and guiding coalition
- The need for strategy—now more than ever
- Professional project managers — the new role of the “estimator”
- Enhanced role of Knowledge Management — what is needed now?
- AFA approval policies and systems
- Enforcing discipline of “good enough is good enough” — contrary to DNA encoding of lawyers
- Partners and associates need to be educated in Law Firm Finance 101—the difference between revenue and profits, for starters, and the disproportionate impact of discounts
- Marketing and Business Development — implications
- More, earlier, and clearer communication, *especially* of bad news and glitches. “Problems don’t age well.”—Jamie Dimon

(at height of the financial meltdown)

2:15PM Networking Coffee Break

2:30PM

The intersection of AFAs with project management and financial reporting and analysis

- The billable hour is a cost-plus revenue model. In other words, fees billed under this model—and collected, of course—by definition cover the firm’s costs and then some. A profit is “embedded,” as it were, in the billable hour rates. This means that lawyers have never had to pay attention to profitability: More revenue was a per se good, and every additional dollar of revenue presumably led to a marginal contribution to the bottom line. Not so with AFAs.

- That AFAs “decouple” revenues from profits has many implications

*Lawyers need to manage matters—essentially projects, as business executives, cognizant of the cost of resources deployed and the client’s perception of value

*While this is not the place for a full-dress exploration of project management, it is fundamentally a simple concept: A “project” (a disputed case, a corporate/transactional matter) involves (a) achieving tasks (usually in a specified order); (b) by deploying resources against those tasks (c) which have costs. And doing it all on time, on budget, and at an acceptable level of quality

*Partners responsible for matters need financial reporting tools that will enable them to manage costs and timelines *in real time*, not just at the end of every month, when it may be too late.

3:45PM Networking Coffee Break

4:00PM

The implications of AFAs for client relationship management

- Having AFAs in your quiver of pricing options can be a powerful competitive advantage – both with current and prospective clients. AFAs can work to both the firm’s and client’s advantage providing predictability to both sides. As discussed earlier in the day, AFAs should neither be “code” for hourly discounts nor necessarily negatively impact a firm’s bottom line. What is essential in developing mutually-beneficial AFAs is trust. Further, it is more important than ever in successfully implementing client-responsive AFAs to have clear-eyed conversations on expectations and deliverables

4:45PM **Wrap-Up and Conclusion**

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October 5, 2010 — New York, NY

ABOUT YOUR WORKSHOP LEADER:

Bruce MacEwen, President, Adam Smith, Esq. LLC



A lawyer and consultant to the legal industry on strategic and economic issues, Bruce is Editor-in-Chief of the "Adam Smith, Esq." site providing insights on the business of law covering such topics as strategy, leadership, globalization, M&A, finance, compensation, cultural considerations, and partnership structures. He consults on these topics with law firms, corporate counsel and legal service providers.

Bruce has written for or been quoted in: *Fortune*; *The Wall Street Journal*; *The New York Times*; *The Washington Post*; *Bloomberg News/Radio/TV*; *Business 2.0*; *The International Herald Tribune*; *The National Law Journal*; *The ABA Journal*; *The Lawyer*; and other publications too numerous to mention. He is a sought-after speaker and frequently appears at law firm retreats and legal industry conferences domestically and overseas.

Bruce is a Fellow in the College of Law Practice Management, "formed to honor and recognize distinguished law practice management professionals."

Previously, Bruce:

- Practiced securities law in-house for nearly ten years at Morgan Stanley/Dean Witter; and
- Practiced litigation and corporate law with Shea & Gould and with Breed, Abbott & Morgan in New York

Bruce was educated at Princeton University (BA magna cum laude in economics), at Stanford Law School (JD), and at NYU's Stern School of Business (MBA candidate in finance).



About Adam Smith, Esq.

Adam Smith, Esq., LLC provides strategic consulting services to the legal profession, including law firms, corporate counsel and companies providing legal services. Core competencies include strategic assessments, financial management, IT and KM strategic evaluations, client-focused initiatives, as well as insights and implications of emerging trends. We lead or participate in many ground-breaking legal conferences and frequently speak at partner retreats. We have been featured or quoted in major business and legal media. Based in New York, we operate globally.

What You Need to Know To Make Alternative Fee Arrangements Work

	Attendee 1	Attendee 2	Attendee 3
Name	_____	_____	_____
Job Title	_____	_____	_____
Organization	_____	_____	_____
Address	_____	_____	_____
	_____	_____	_____
Zip Code	_____	_____	_____
Phone	_____	_____	_____
Fax	_____	_____	_____
Email	_____	_____	_____

Signature

I have read the terms and conditions below

- Workshop Registration Fee— \$995
- I am registering for this event before [August 31st](#) and would like to claim my 15% early bird discount—

Please note: payment must be received in full prior to the event to guarantee your place



Card number

Expiration Date

Security Code

- Payment in the mail (checks made payable to Ark Group USA)
- Multiple bookings: please invoice separately**

Registration conditions

1. Registrations can be submitted at any stage prior to the event, subject to availability. A limited allocation is being held and registering early is therefore recommended, in the event of the registration not being accepted by Ark Group the total amount will be refunded.
2. Payment must be received in full prior to the course.
3. All speakers are correct at the time of printing, but are subject to variation without notice.
4. If the delegate cancels after the registration has been accepted, the delegate will be liable to the following cancellation charges:
 - Cancellations notified over 45 days prior to the event will not incur a cancellation fee.
 - In the event of a cancellation being between 45 and 30 days prior to the event, a 20% cancellation fee will be charged.
 - For cancellations received less than 30 days prior to the event, the full delegate rate must be paid and no refunds will be available.
5. All registrations submitted by e-mail, fax, or over the telephone are subject to these booking conditions.
6. All cancellations must be received in writing.
7. Ark Group will not be held liable for circumstances beyond their control which lead to the cancellation or variation of the program.
8. Please make checks payable to Ark Group USA.

Ark Group USA will not use your email address or information for any purpose other than distributing our conference and event notices.

Venue and Accommodations

This meeting will be held at the **AMA Executive Conference Center, New York** - located at 1601 Broadway, New York, NY 10019. For details regarding nearby hotels (most within walking distance to the venue) please contact Peter Franken at — pfranken@ark-group.com or 773.281.4275

Who Will Attend This Workshop

What You Need to Know To Make Alternative Fee Arrangements Work is a highly-interactive workshop developed by Bruce MacEwen, President, Adam Smith, Esq. LLC—for law firm leaders coming to grips with client demands that are driving new economic models and structures as well as those involved in the development and execution of client service strategy. This workshop is intended to address the void – both in terms of how law firm models may need to change as well as implementation requirements and challenges.

Earn CLE Credit

For more information regarding available **CLE credit** for attending this program, please contact our CLE Administrator at CLEAdmin@ark-group.com or by phone at 773.281.4275

What You Need to Know To Make Alternative Fee Arrangements Work

THIS WORKSHOP WILL BE HELD AT:

AMA Executive Conference Center

1601 Broadway
New York, NY 10019
212.586.8100

<http://www.amaconferencecenters.org/new-york.htm>

October 5, 2010 — New York, NY



The Executive Conference Center is conveniently located at 48th & Broadway (inside the Crowne Plaza Hotel) in the heart of New York City's bustling Times Square. Please see the list below for some suggestions pertaining to nearby hotels (most within walking distance to the Conference Center).

Belvedere Hotel

319 W. 48th Street
New York, NY 10036
212.245.7000 > Reservations

<http://www.belvederehotelnyc.com/>

Crowne Plaza Manhattan

1605 Broadway
New York, NY 10019
212.977.4000 > Reservations

<http://www.cpmanhattantimesquare.com/>

Sheraton Manhattan

790 7th Avenue
New York, NY 10019
212.581.3300 > Reservations

<http://www.starwoodhotels.com/sheraton/property/overview/index.html?propertyID=425>

Marriott Renaissance New York Times Square

714 7th Avenue @ W. 48th Street
New York, NY 10036
212.765.7676 > Reservations

<http://www.marriott.co.uk/hotels/travel/nycrt-renaissance-new-york-hotel-times-square/>

If you would like information on current New York City events, shows, tours, etc., simply call the New York Convention and Visitors Bureau at 800-NYC-VISIT or 212-397-8222. Or visit <http://www.nycgo.com/> for more information. Tell them the dates you will be in New York City and they will send you more information. If you or your family would like a customized tour of the city we recommend the Big Apple Greeter Program. For a free tour, call 212-669-8159.

Directions and Maps

*New York Executive Conference Center
1601 Broadway
New York, NY 10019*

The following can be used as a guide for your visit to the Executive Conference Center, New York. If you should have any further questions, please do not hesitate to call Peter Franken at **773-281-4275**.

Directions

American Management Association (is located in the same building as the **Crowne Plaza Hotel**) at 1601 Broadway at 48th Street near Times Square. Entrance is on 48th Street.

From PENN PLAZA to 1601 BROADWAY (Fastest Route):

1. Going west on W. 33rd St. toward 8th Ave. 0.11 miles
2. Turn RIGHT onto 8th Ave. 0.85 miles
3. Turn RIGHT onto W. 50th St. 0.12 miles
4. Turn RIGHT onto BROADWAY. 0.06 mile **For additional driving directions and maps click here <http://www.mapquest.com/>**

Transportation

Airport Transportation:

Transportation to/from the airport is available for a fee via Super Shuttle. Upon arrival at the airport, proceed to the Ground Transportation desk located near baggage claim, the Super Shuttle agents there will assist you. For your return trip to the airport, contact Super Shuttle at least 24 hours in advance at 1-800-BLUE-VAN x3. New York taxi cabs are also available and rates can vary depending on the airport.

These three airports serve New York City:

John F. Kennedy International Airport, approximately 15 miles (estimate one hour travel time) from mid-Manhattan.

LaGuardia Airport, approximately 8 miles (estimate 30 minutes of travel time) from mid-Manhattan.

Newark International Airport, borders on the cities of Newark and Elizabeth, NJ, approximately 16 miles (estimate 45 minutes of travel time) from mid-Manhattan.

Parking:

There are parking garages available on 48th and 49th streets, as well as at the **Crowne Plaza**.

Bus:

From Uptown: **M 7, M 10, M 104**, exit at 50th St. and Broadway.

From Downtown: **M 10, M 104**, exit at 49th St. and 8th Ave.

M 5, M 6, M 7 exit at 49th St. and 6th Ave.

SUBWAY



To 47th-50th St.-Rockefeller Center



To 50th St. & 8th Avenue



To 50th Street



To 49th Street



To 51st Street

