

Legal breakfast briefing

Pricing for profit – and happier clients!

Thursday 21 June 2018

Welcome

Gareth Jones, Yorkshire Bank

Area Manager Commercial Banking
Clydesdale and Yorkshire
Bank

Agenda

- 1** 8:00am arrival and breakfast
- 2** 8:30am - 9:30am presentations
- 3** 9:30am - 10.00am Q&A and networking

Patricia Kinahan

Tel: 01242 237661

patricia.kinahan@hazlewoods.co.uk





"Pricing for profit – and happier clients!"

Yorkshire Bank, New Street, Birmingham

Nigel Haddon
21st June, 2018



@HaddonConsult
@BurcherJennings



When the pressure comes on, we discount!

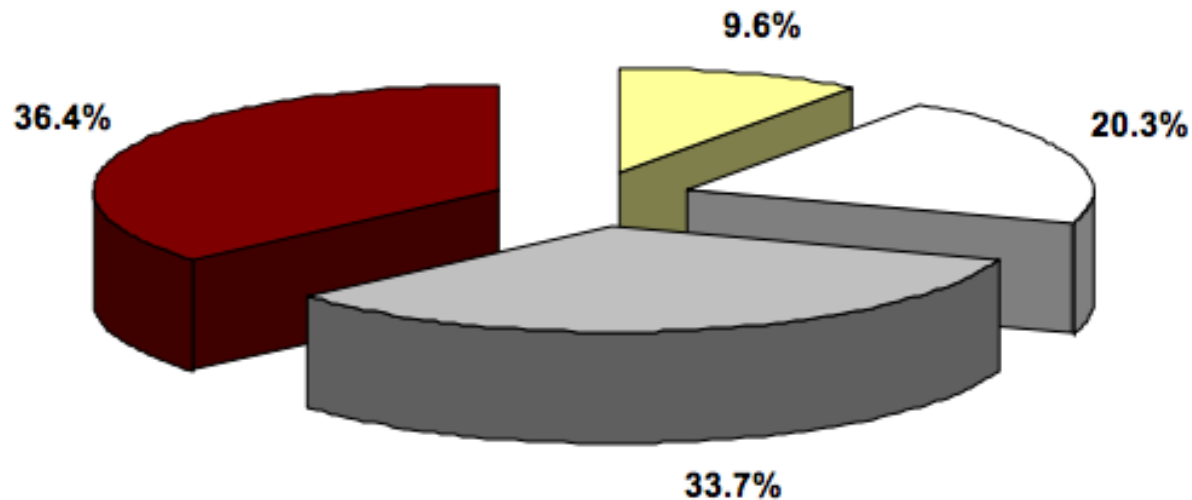
- Demanded by clients
- It's what everyone does
- But it's a failure of imagination
- Recipe for disaster – a race to the bottom
- There must be a better way – and there is





Altman Weil 2014 Survey

If you as a client could select only one of the following pricing scenarios from your lawyers, which would you want most?





I'll tell you what I want...

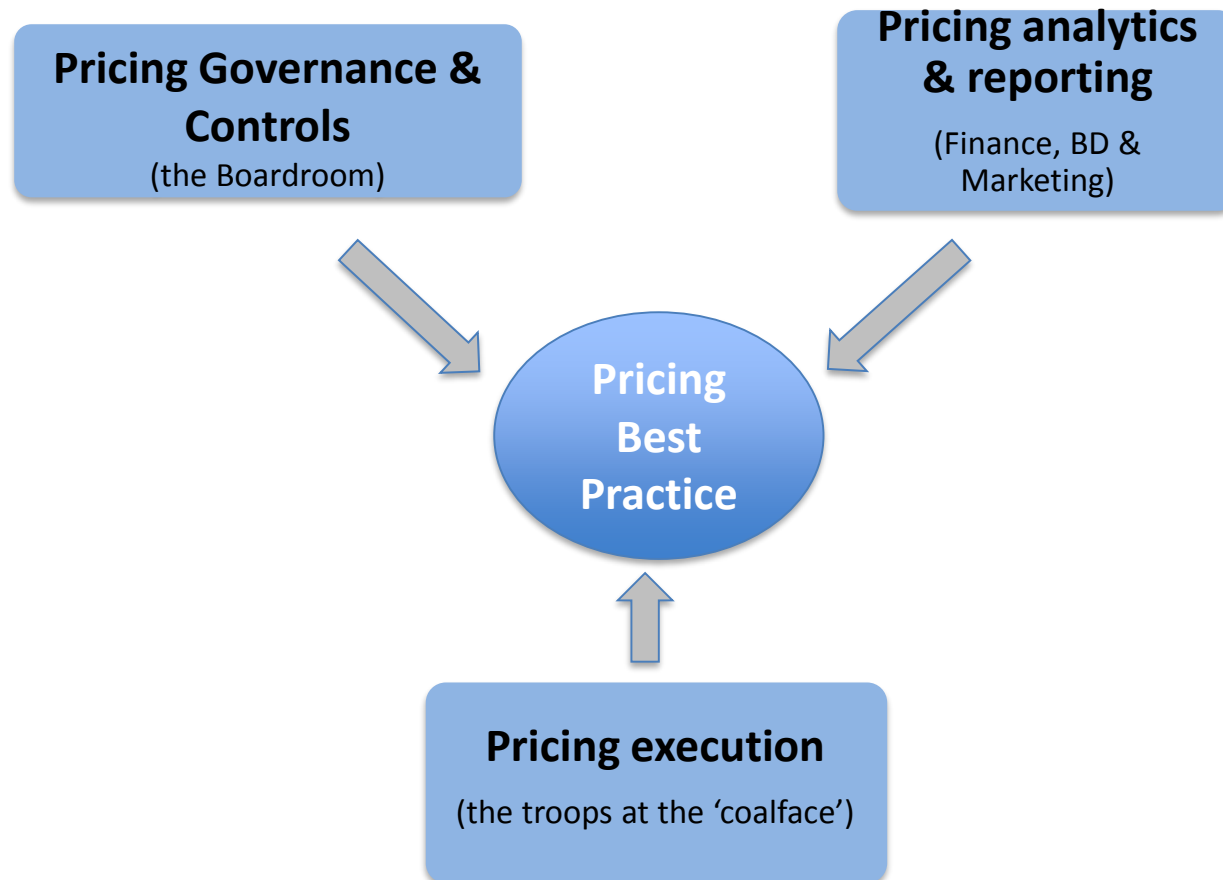
- ✓ Move away from a cost-plus mentality
- ✓ More pricing and payment options
- ✓ Greater involvement in pricing decisions
- ✓ Greater pricing transparency.



I'll tell you what I want...

- ✓ Greater pricing certainty and budgetary predictability
- ✓ Greater correlation between price and perceived value
- ✓ Greater risk sharing around fees

Contemporary pricing challenges





Governance #1

- Pricing and wider strategy misaligned
- Lack of pricing policies
- Preoccupation with turnover v profit
- Poor pricing induction
- Misaligned reporting dashboards



Governance #2...

- Too much pricing autonomy
- Intra-firm pricing – *necrotising fasciitis*
- Incomprehensible engagement documentation



Governance #3

Minimum Mandatory Policies

- Partners or just 'others'
- Pricing autonomy and discretion
- Pricing should be collaborative
- Write-off approval
- Pro-bono work



Analytics

- PM software has historically provided data, but largely useless unless it also provides actionable insights
- We should understand profit, measured by practice area, practice team, fee earner, client and file/matter
- Often can't identify 'sacred cow' clients



- Understand context
- Purchasing sophistication
- Negotiation status
- Price sensitivity analysis



- Communicate and manage expectations
- It starts at the start and ends at the end
- Scope, assumptions and exclusions
- Client care/engagement documents



Execution #3

Client Pricing Priorities

- Pricing choice
- Price certainty
- Price linked to result
- Fee risk sharing
- Payment choice



- Hourly rates
- Fixed fees
- Flat/portfolio fee
- Fee range
- Conditional fees
- Contingent fees
- DBAs
- First mover pricing
- Fee cap
- Fee cap & collar
- Abort/success fees
- Service Level Guarantee
- Retainers
- Bundling & unbundling
- Volume pricing
- Peak load pricing
- Versioning
- Premium for urgency
- Inter-service pricing
- Combining pricing strategies

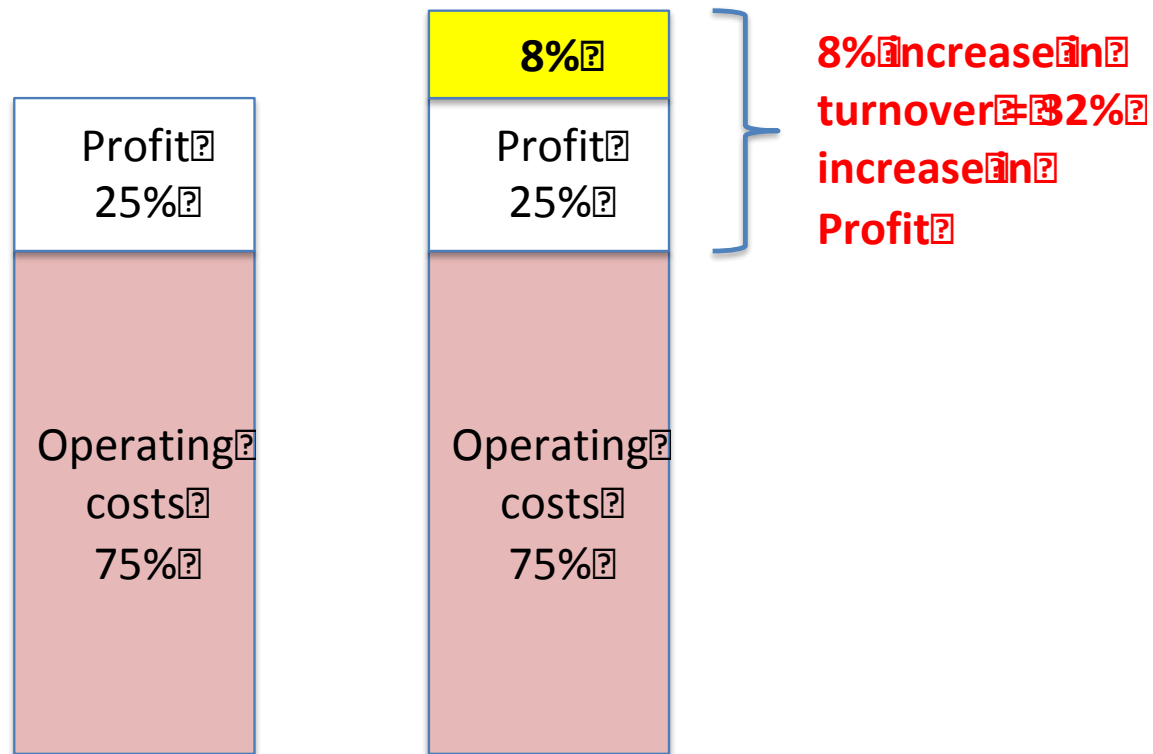


- What are you doing for me?
- Who is doing it?
- When will it be done?
- How much will it cost?
- Need much better articulation & management of scope, assumptions & exclusions

Is it worth the effort...?

- 5% to 15% increase in turnover
 - MIT Sloan School of Management
 - Deloitte Consulting
 - Monitor Group
 - PwC
 - KPMG
- Assume average of 8%
- If the firms' net profit is 25%, then an 8% increase in turnover **Produces a 32% increase in profit**

Is it worth the effort...?



Questions...



Q&A