

Chapter 1

Introducing Our Framework

Set, Get, Manage, Review

This book seeks to provide you with an easy-to-read roadmap, guiding you through how you can drive improvements to your law firm's existing pricing and legal project management capability and also to the overall profit contribution made in this ever-changing legal environment.

When reading this book, you may come across some similar content and ideas you have seen in other publications (some of which are included in the bibliography at the end of this book), and indeed I continue to be indebted to a number of key individuals who have helped challenge my thinking on these topics.

However, what this book seeks to do that I believe existing publications do not is to provide you with a very simple framework to get from A to Z, covering four fundamental and integrated processes related to pricing, negotiation, effective project management, and, ultimately, improved profitability.

I have referred to these as

- **Setting the Price** (i.e., the “art and science” behind defining the “right” price),
- **Getting the Price** (i.e., communicating *and* negotiating the value of your proposition),
- **Managing to Price** (i.e., delivering efficiently and to an appropriate quality on your proposal), and

- **Reviewing the Price** (i.e., providing the basis to get even better next time).

From my reading around this topic over a number of years, existing materials seem to focus on one, two, or perhaps even three of these processes, but not all four together. This book seeks to address this gap.

Therefore, during the course of this book, I'll introduce you to a framework that is both simple and intuitive.

This is a framework I have developed over a number of years working for a couple of well-known international law firms, but is one I believe is equally applicable to any law firm regardless of size or geographic reach.

Let's have a look at each key stage in a bit more detail.

The first stage focuses on what I call "**Set the Price.**" This is where you look to identify the most appropriate *pricing option* to adopt, conduct the appropriate analysis (including past performance using similar approaches but with the potential client in mind), and also conduct the necessary approvals within your own organization prior to communicating your proposed pricing approach to the client.

The second stage is one that is often given less attention. I call this "**Get the Price.**" This covers both the communication of *our value proposition* to the client and also the *commercial negotiation* with the client (an area often overlooked by many lawyers).

The third stage is "**Manage to Price.**" This section focuses on *how we deliver* our services to our clients in a cost-effective and efficient manner and to the agreed price. Whereas the first two sections focus primarily on price, this section focuses more on the concept of legal project management.

The fourth and final stage is "**Review the Price.**" This is the section often skipped by many who seek to move on to the next matter or engagement, and yet the value of conducting some of the approaches outlined in this section well can be extremely significant. It is here we can identify further improvements to our pricing and processes to become even more efficient and effective. It is here that we would incorporate feedback from the client and the client team on both our pricing and delivery approaches and where we can identify process improvement to support future matters. Figure 1.1 on the next page provides a quick overview of the overall process.



Figure 1.1
Introducing Our Framework

The overall intent is to build greater commercial confidence both when pricing our services for clients and when seeking to identify ways to further improve the delivery of those services to clients through effective matter management, enhanced through process improvement.

In my experience to date, law firm focus has traditionally been spent (especially in recent years) on the first stage, set the price. An increasing focus is now being given to the third stage, manage to price (although this is an area where currently there is arguably more hype than action). However, very little focus has been given (in my opinion) to the remaining two sections: those of get the price and review the price. And yet both these areas, when done well, will also deliver significant value to both law firm and client alike.

This book has been structured around each of the four key themes outlined above, bookended by some introductory chapters to help establish the current market context and challenges at the front (Chapters 2 and 3) and a couple of chapters looking forward to what developments in this area may mean in the future, specifically around the changing role of technology (Chapter 22) and the changing nature of law firm professional and business support (Chapter 23).

As part of the Set the Price section, we will take a quick look at pricing theory (Chapter 4), before looking at how we should start pricing a

matter, and why it is important to do this with the end goal clearly in mind (Chapter 5). We will then conduct a quick review of the different types of pricing approaches that are increasingly being adopted (which I prefer to call *appropriate* fee agreements), and then round off this section with a look at how conducting some very simple pricing analysis can add significant value to your bottom line in Chapters 6 and 7, respectively.

In the Get the Price section, the focus changes toward how to more effectively communicate our value proposition to clients (Chapter 8). We then move on to a couple of chapters dedicated to how to best prepare for a pitch (Chapter 9) and engage with clients' procurement teams, a group becoming increasingly influential in law firm selection (Chapter 10). The remainder of this part of the book provides some pointers as to how to best prepare for and then conduct commercial negotiations with our clients (Chapters 11 and 12, respectively)—an area still given very little attention in the majority of law firms today.

The next section, Manage to Price, provides an overview on the rise and importance of legal project management (Chapter 13) and how to get started or reinvigorate current initiatives in this area (Chapter 14). The remainder of this section then provides you with some guidance on what I recommend you do at the start of any matter (Chapters 15 and 16), how to maintain momentum during the matter (Chapter 17), and, finally, how to successfully close a matter (Chapter 18).

The final key section, Review the Price, seeks to bring together many of the themes already discussed. Many of the activities introduced in this section are often overlooked, yet the value of doing them is immense. First, we will look at why gathering client and client team feedback is important (Chapter 19). We will then look at a number of recommended ways to measure performance (Chapter 20), before closing with a chapter on why legal process improvement really is where the “gold dust” is in helping deliver more cost-effective, profitable, and compelling client value and service (Chapter 21).

Much of what I will cover in the book may be similar to approaches you are already taking within your own firms. However, approaching the area of law firm pricing and delivery using the simple integrated framework outlined here will hopefully provide you with a much more solid footing

to drive benefit to your own firm and to your clients, and will also position you well for the inevitable changes our industry will experience.

Along the way, I also hope that some of these chapters raise a number of interesting concepts for you, and perhaps even some questions, as we go through the Set, Get, Manage, Review framework itself.

As a minimum, this will ideally help reinforce and validate the path you are already on. Best case: you will hopefully gather an additional number of suggested approaches to try, or gain further facts to help you promote the need for change within your own firm.

Some of you may choose to jump straight to the section that is most appropriate to you at the time, whereas some of you may wish to read from beginning to end. There is no right or wrong method. Whatever your approach, I hope that this provides you with a number of helpful hints and tips, while also encouraging some of your own ideas as to how best to successfully navigate this environment for yourself and your firm.

But before diving into the first of our four key stages, it is useful to have a brief look at some context that sets the backdrop to our discussion. This context looks at two key areas—firstly, the “rise of the new normal” in the legal environment, and secondly, some basic information about law firm economics or the “business of law.”

As we shall see subsequently, each of the four major areas outlined above play a key role in impacting profitability positively or negatively depending upon the path chosen. Even *very small* changes in one of these areas can contribute to more *significant improvements* overall.

This book aims to be your guide or roadmap to help you to select the right path.

Now to begin our journey.