



BOOK REVIEW

BIG GAME THEORY

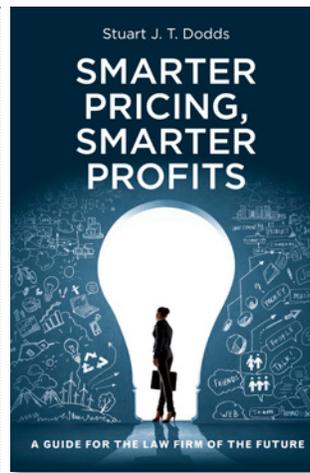
At a time when deregulation and changing client expectations are forcing law firms to rethink their service models and pricing strategies, *Smarter Pricing, Smarter Profits* throws light on the key drivers of profitability, presenting a well-orchestrated and coherent framework useful to legal management professionals and fee earners alike.

It's composed around the four-step framework – set the price, get the price, manage to price and review the price – and provides elaborate detail on each aspect. Although these four steps appear simple and obvious from a project management or process improvement point of view – which tend to propose linear and often cyclical steps such as Plan, Do, Check, Act, or the famous DMAIC of Six Sigma – I believe this framework is holistic enough to cover all that needs to be known about pricing, making it robust. Dodds' concise phrasing also makes it sticky and easy to remember.

There's plenty of analysis of interesting concepts as Dodds gets to the bottom of some critical factors, such as discounts, write-downs and write-offs. He proposes the "1-3-4 rule" on realisation, which states that "for every 1% improvement in price, the potential increase to profitability is 3%. To get the same level of improvement in profitability without increasing price you would need to work 4% more billable time". In a nutshell, this explains all that fee earners need to focus on while dealing with discounts.

The entire contents of the book and its constituent framework boil down to two things: inspire change in the current practice, and emphasise the need for adopting legal project management. The Manage to Price section offers little that's new in the way of change management concepts, other than Kotter's eight-step methodology. It must be noted that there's a plethora of academic literature around change management, yet empirical studies still prove that only 30% of change initiatives are successful. Are law firms not making good use of these extant frameworks, or are they playing ostrich, oblivious to how other industries have matured in utilising these frameworks?

At a recent industry conference I was surprised to hear the same eight steps presented by the keynote speaker. We can't hold it against either Dodds or the keynote speaker for being orthodox – the concept is 20 years old, yet sparingly used in law firms to deliver change. Is this further proof that law firms are overly conservative, slow in adapting to changing market needs, and often detached from adopting modern operational practices?



Smarter Pricing, Smarter Profits: a guide for the law firm of the future

Stuart JT Dodds

Reviewer: Krishna Balthu is organisational change and project manager at Midlands-based firm Higgs & Sons

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major change project over the last three years, and our team of legal management professionals and business school academics have developed a number of tools and frameworks to support lawyers in delivering their services more effectively. Dodds' work and ideas resonate with what we've done in a regional firm, continents apart – proof enough of the notions set out in this book.

Knowledge can be broadly divided into two types: 'know that' and 'know how'. 'Know that' is simply knowing two plus two is four, whereas 'know how' is about knowing how to add numbers.

This book presents both kinds of knowledge in equal measure. 'Know that' helps us better understand the current issues around pricing and profitability, while 'know how' (the four-step framework) helps to take action towards improving the situation.

Smarter Pricing, Smarter Profits is a much-needed antidote for law firm strategic leaders and fee earners alike, helping them strategise and manage profitability and, more importantly, aid legal project managers who are leading complex large-scale transactions in understanding the core concepts around pricing which aren't explicitly voiced in law firms.

This book is like a 'good news sandwich', as our FD recently put it while communicating year-end billing performance: good news, bad news, good news. The good news is that we know the problem (growth is dead), the bad news is that not much has been done (lack of innovation in scoping, pricing and service delivery), but the final slice of good news is that there are books and authors like this to