

 Haddon Consult



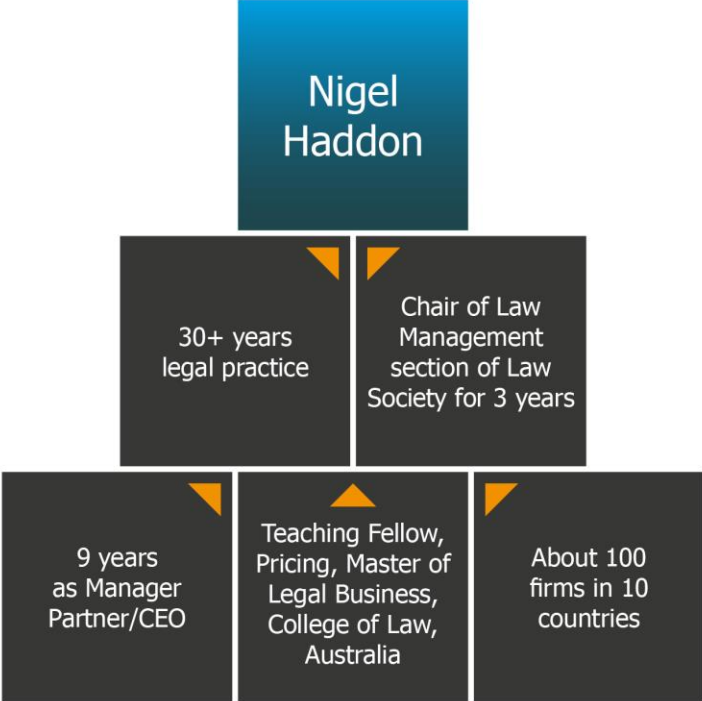
How to price for improved profitability – and happier clients!

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About me



When clients ask for discounts...

- ⦿ What do they say?
- ⦿ How do we react?
- ⦿ Why?
- ⦿ Confidence in the value delivered
- ⦿ There must be a better way



What are clients looking for

- ⦿ Pricing and payment options
- ⦿ Collaboration, not *Hobson's Choice*
- ⦿ Pricing transparency
- ⦿ Pricing certainty & budgetary predictability
- ⦿ Law firms that have skin in the game
- ⦿ Price risk sharing

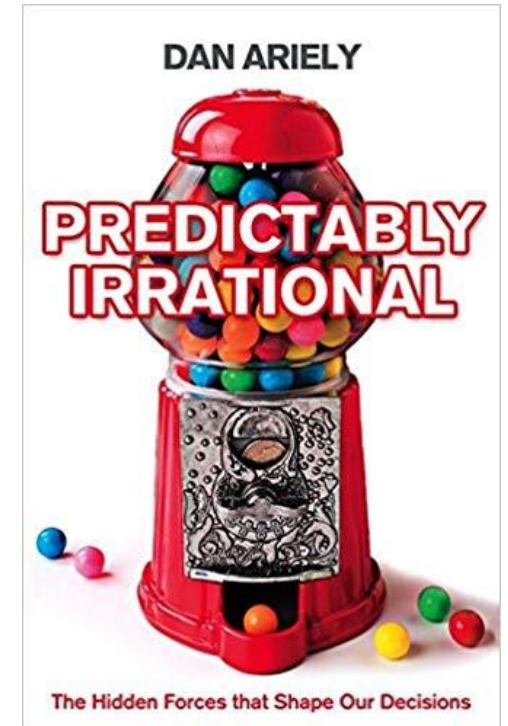
Price as a proxy for quality

- ⦿ Your prices send a powerful message to the market
- ⦿ What is that now?
- ⦿ What would you like it to be?
- ⦿ Do your prices support your strategy, or undermine it?



Pricing psychology

- ⦿ Anchoring
- ⦿ Decoy
- ⦿ Free!
- ⦿ Choice



Holistic approach required

- ⦿ Optimal results can only be achieved by a three-way approach:
 - ⦿ From the top (Governance, Strategy, Policies)
 - ⦿ With support from IT & Finance, and
 - ⦿ By upskilling the troops on the frontline

From the top...

- ⦿ Better alignment of strategy and pricing
- ⦿ And the firm's pricing policies are?
- ⦿ Pushing the 'wrong' KPIs
- ⦿ Allowing pricing autonomy

From the top...

- ⦿ Pricing induction – how was yours?
- ⦿ Said we'd do simple Wills for them for £[*way too little!*]
- ⦿ Engagement documentation that focuses on compliance, the regulatory burden, and how to complain

From the top...

- ⦿ So what kind of policies should we be looking at?
 - ⦿ Pricing is a team sport
 - ⦿ Choice
 - ⦿ Who has to follow the policies?
 - ⦿ Discretion and autonomy
 - ⦿ Write-offs

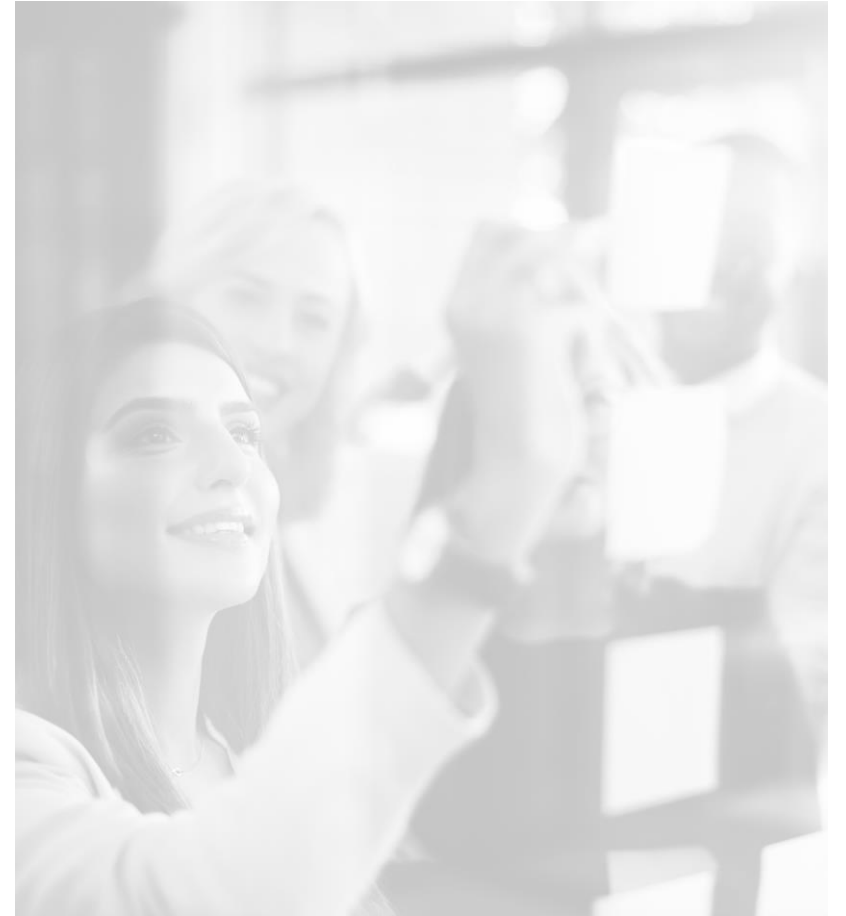


IT & Finance

- ⦿ Data v. 'anecdotal'
- ⦿ Spreadsheets and more sophisticated pricing tools
- ⦿ Need to know time inputs (& fees recovered) on a matter and task basis
- ⦿ Support from the Finance and IT units as resources allow

On the frontline #1

- ① Start with pricing the client
- ② Then consider the client's pricing priorities
- ③ Then, and only then, price the job
- ④ The client and their pricing priorities will dictate which methodologies you'll select from the pricing menu



On the frontline #2

- Hourly rates
- Fee ranges
- Fixed fees
- Flat or portfolio fees
- Conditional & contingent fees
- DBAs
- Holdbacks
- Capped fees
- Cap & collar arrangements
- Abort/complete fees
- Service guarantees
- Retainer or subscription models
- Versioning or menu pricing
- Bundling & unbundling
- Premium for urgency
- Ad valorem
- Peak load pricing
- Combinations

Scope, and how to manage the inevitable

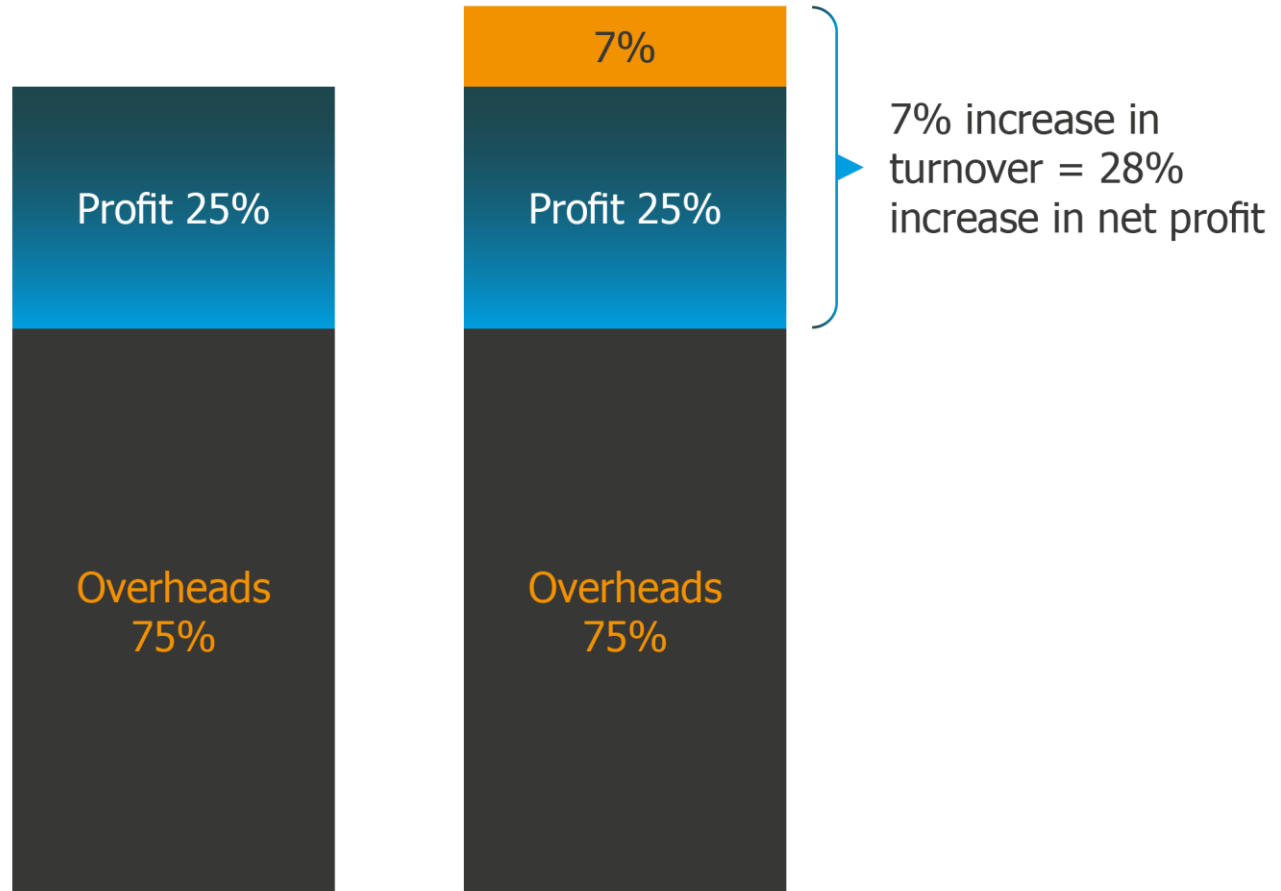
- ⦿ What?
- ⦿ Who?
- ⦿ When?
- ⦿ How much?
- ⦿ Scope, assumptions & exclusions



Is it worth it?

- ◎ Many studies show that a sophisticated approach to pricing yields a 5%-15% increase in turnover
- ◎ Let's say you manage only 7%
- ◎ A 7% increase in turnover on top of a net profit of 25% gives a 28% increase in net profit

Is it worth it?



And finally...

