

Legal Sector Breakfast Briefing

Leeds

13 June 2024

Legal Sector Breakfast Briefing

Welcome & Introduction

Matt Osbourne

Lead Partner Leeds office

Sally Jones

Accounting Director

Neil Sevitt

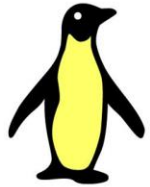
Consultant



Legal Sector Breakfast Briefing

- | | | |
|---------|---|-----------------------|
| 8.00am | - | Arrival and breakfast |
| 8.30am | - | Welcome |
| 8.35am | - | Briefing |
| 9.30am | - | Q & A |
| 10.00am | - | Close |





**big yellow
penguin**

carte blanche to change

OUR ICEBERG IS MELTING!

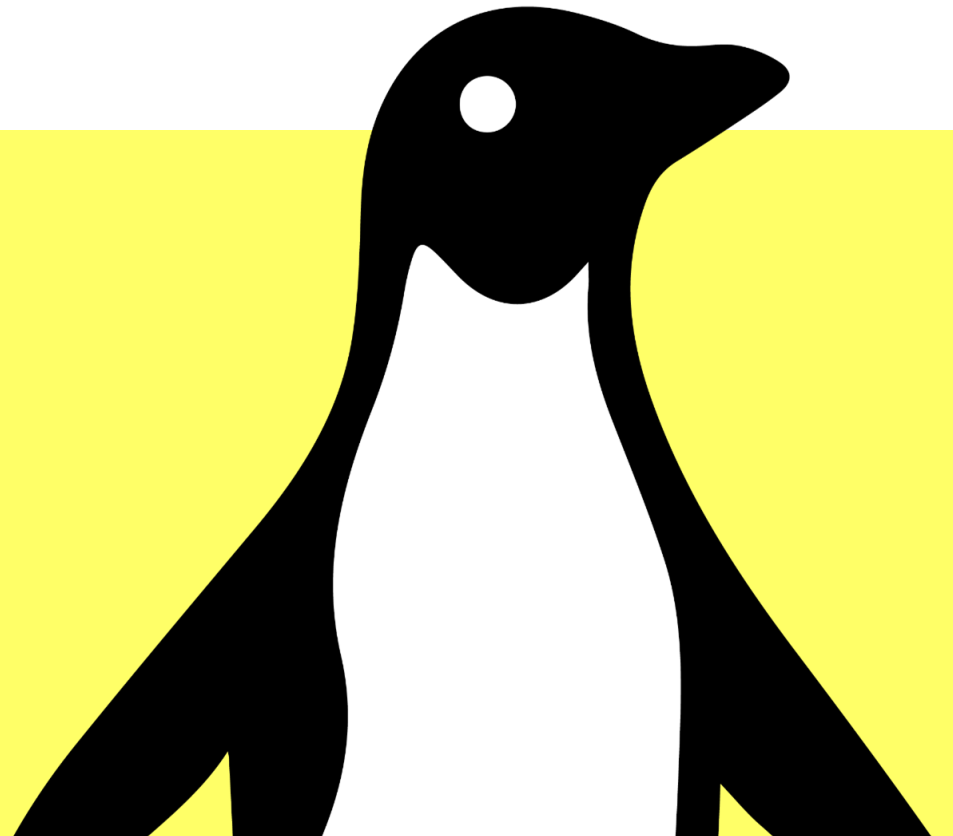
THE 8 P POINT PLAN



Armstrong Watson

Accountants, Business & Financial Advisers

13th June 2024



Shaun Jardine

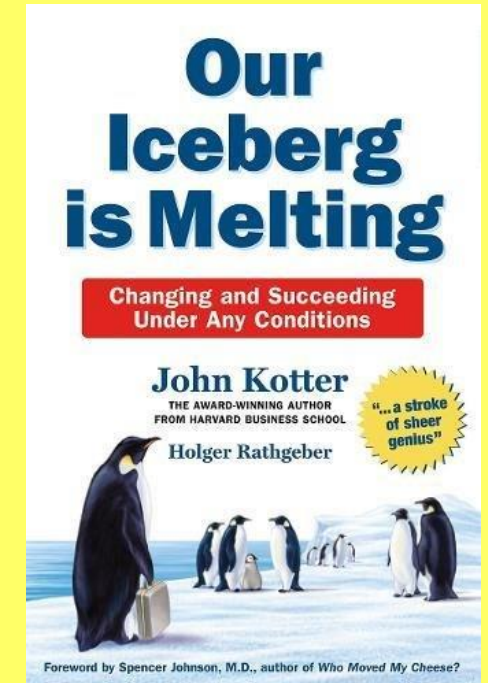
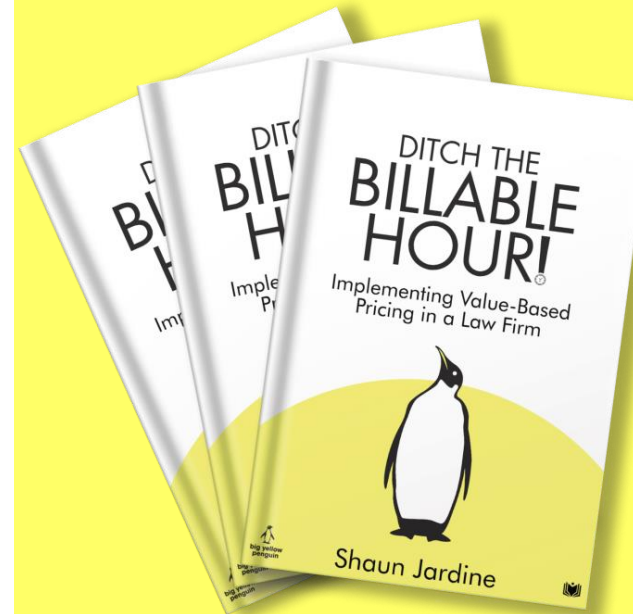
- Solicitor- admitted 1986
- CEO - Brethertons LLP- Top 250 law firm.
- Created Big Yellow Penguin in 2021.
- Wrote "Ditch The Billable Hour!" 2023
- Now, Declan (the penguin) and I am working with pro-active law firms all over the world.



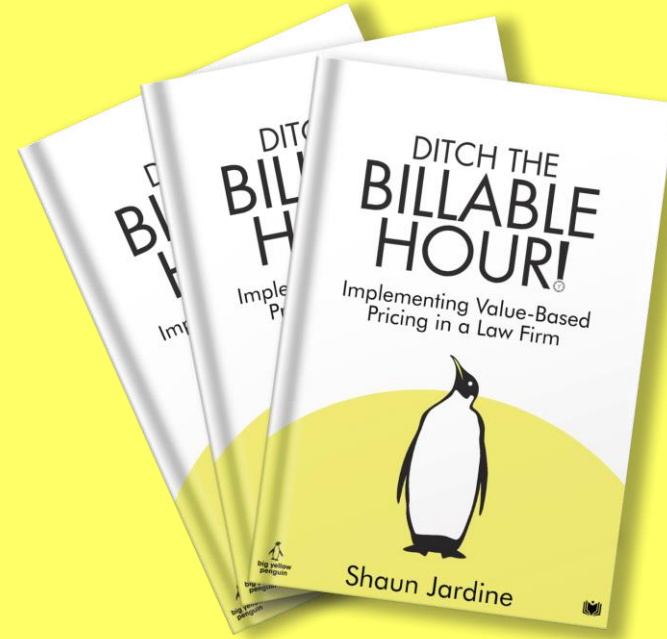
Why the name?



It's a metaphor for change...I am not some weirdo who dresses as a penguin ...







**Order direct from Hawksmoor Publishing and you
will be entered into a draw.
One purchaser will get a free half day training session.**



USE DITCH10 AT CHECKOUT TO GET 10% OFF

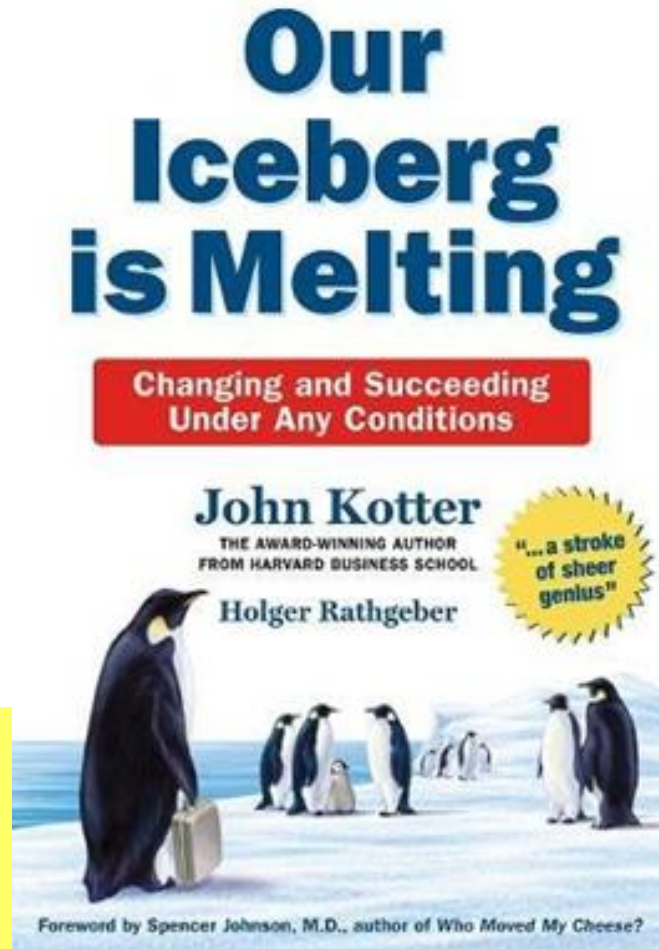
Agenda

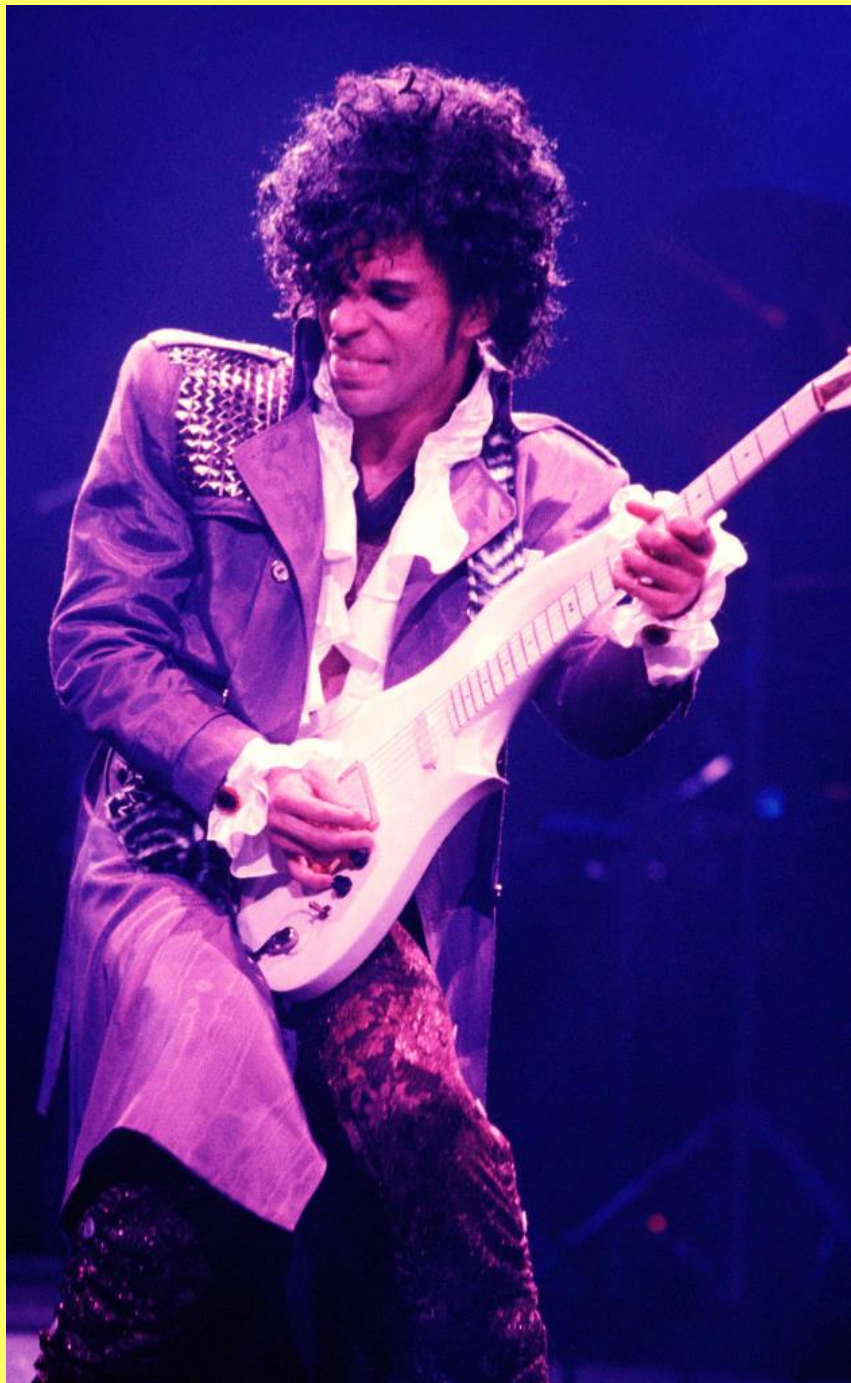
8.30am – 10 am inc Q & A

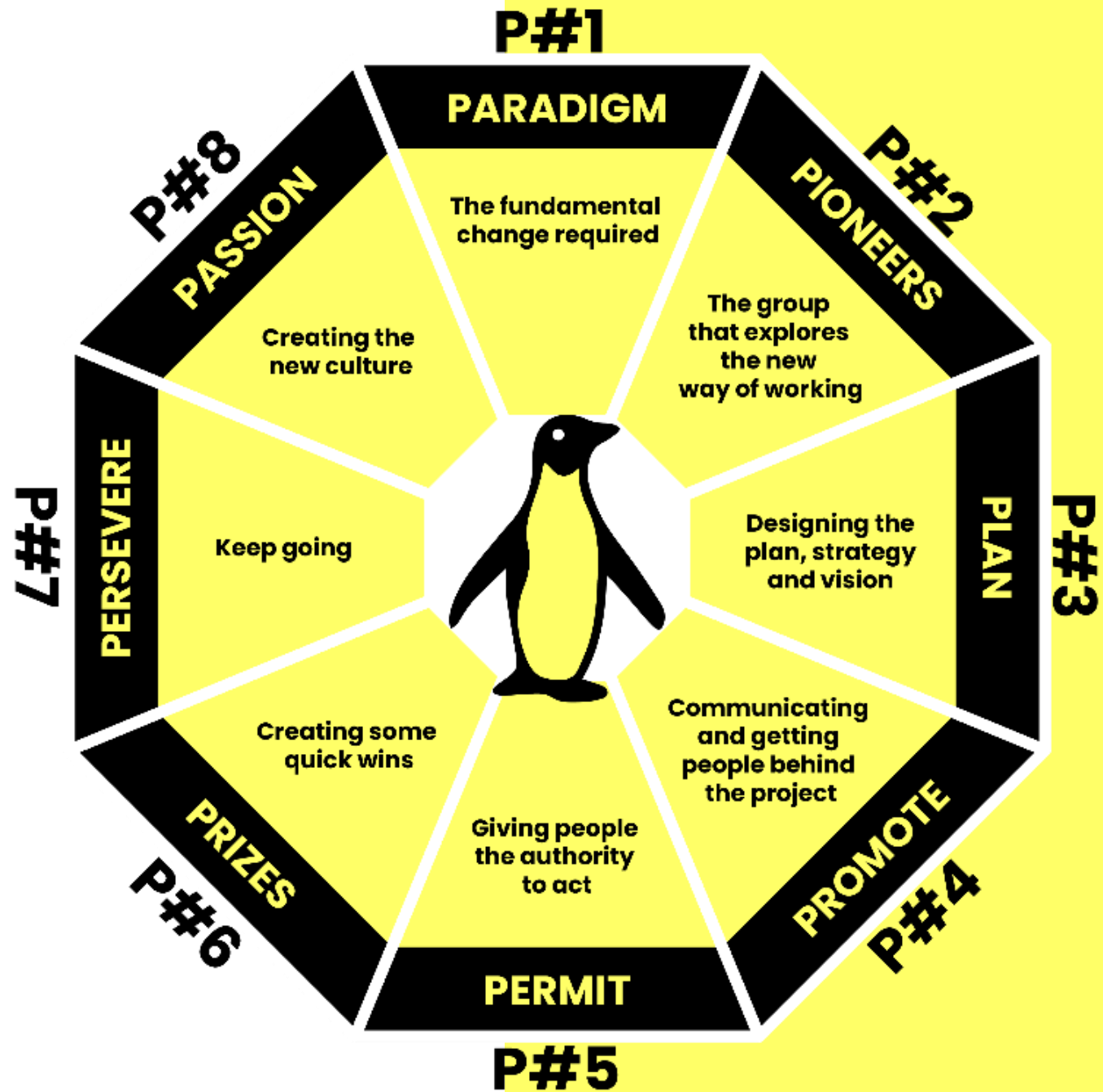
- Apology – speed! – Slides will be available.
Send an e mail for reports mentioned in the presentation
- Introduction 8 P Point Plan
- RACI Template
- If time allows ...
- Introduction to VBP
- Pictures of my kids
- Q & A

THE 8 P POINT PLAN IS KOTTER METHODOLOGY

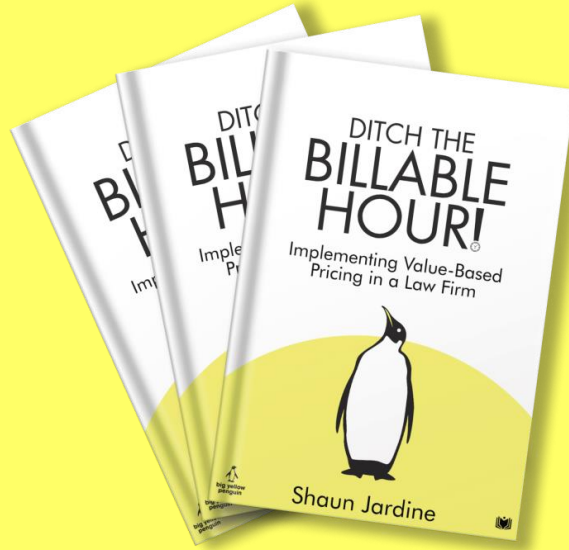
OTHER METHADODOLOGIES ARE AVAILABLE ...PRINCE 2







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penguin



8 P POINT PLAN RACI

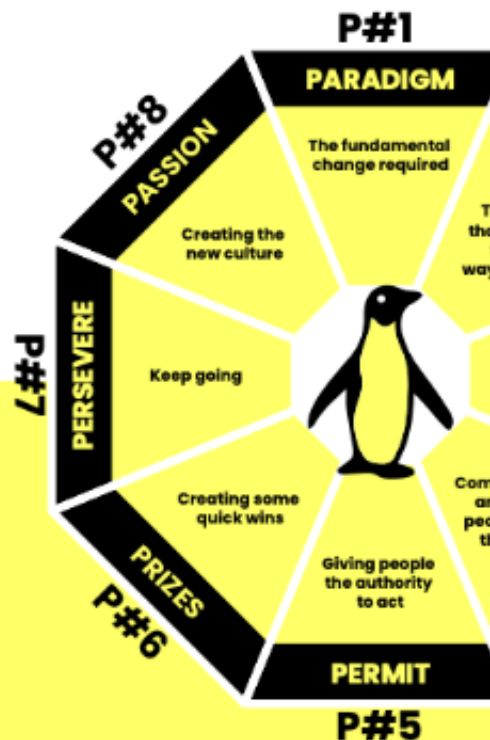
Responsible, Accountable, Consulted and Informed

TASK LIST ..130 points!

VBP Implementation Checklist

P#5 PERMIT		Project Manager	Pioneer Penguin	Project Sponsor
87	Identify obstacles to vision. How can they be overcome?	3	1	1
88	Review existing policies. Which should be retired or amended?	3	1	1
89	Conduct firm-wide pricing confidence surveys.	3		1
90	Identify training needs arising from firm-wide pricing confidence surveys.	1		1
91	Conduct price sensitivity meter (Van Westendorp) exercise in each practice area.	3	1	
92	Conduct skills matrix review.	1		
93	Identify typical customer objections by practice area.	1	3	
94	Create practice area examples of answers to handle objections.	1	3	
95	Create practice area service guarantee.	1	3	1
96	Review AAR's minutes and feedback.	3		1
97	Marketing/BD update report - what are their findings?	1	1	1
98	IT update report - what are their findings?	1	1	1
99	HR Report updates - what are their findings?	1	1	1
100	Operation updates - what are their findings?	1	1	1
101	Create pricing group steering committee.	1		3

8 P POINT PLAN
RACI RESPONSIBLE
 ACCOUNTABLE
 CONSULTED
 INFORMED



DOWNLOAD

YOUR CHECKLIST TODAY!



Identify all the tasks required to implement VBP



Get visibility on the size of your VBP change project



Breaks the process down into easy to follow steps

www.yellowpenguin.co.uk

TASK											
PRELIMINARIES	Project Manager	Pioneer Penguins	Project Sponsor	EXCO/ Board	Partners HODS Team Leaders	Practice Manager	Finance	Marketing BD Comms PR	HR	Lawyers/ Teams	
Buy and read <i>Our Iceberg Is Melting</i> .			3	1	1	1	1	1	1	1	
Register with the VBP Colony website.	1		3								
Appoint Project Sponsor.				3							
P#1 PARADIGM	Project Manager	Pioneer Penguins	Project Sponsor	EXCO/ Board	Partners HODS Team Leaders	COO COLP	Finance	Marketing BD Comms PR	HR	Lawyers/ Teams	
Ensure there is commitment from EXCO.	1		3	1							
Collate and review financial MI.	1		3				1				
Appoint Project Manager.	1		1	3							
Investigate how pricing is currently undertaken.	3	1			1		1				
What is current pricing strategy and policy?	3	1		1	1						
Establish how base costs are calculated.	3	1			1		1				
Gather in and review practice area pricing materials.	3	1			1						
Establish how practice areas generate fixed prices.	3	1			1						
Identify what financial training is undertaken and/or required.	3	1					1		1		
Design pricing confidence survey.	3				1		1		1		

P#1 PARADIGM

**The fundamental
change required**



Images of the Future Worlds Facing the Legal Profession 2020-2030



**Is the law firm model,
still fit for purpose?**

Susskind Prophecies

“Clients of the future will be inclined to pay for output rather than input for the value delivered rather than the effort expended”

Richard Susskind

“The Future of the Professions”



Master of the Rolls Lord Neuberger

“Hourly billing at best leads to inefficient practices, at worst it rewards and incentivises inefficiency.

It ‘penalizes . . . well run legal business

It also penalises the able, those with greater professional knowledge and skill, as they will tend to work at a more efficient rate.”



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penguin**

Susskind Prophecies– Law and AI Conference 6th December 2023

Neural networks doubling every 3.5 months.

In 5 years AI will be 300 000 times better.

Real impact of Gen AI not now...but in 5 year's time!



Richard Susskind



Terri Mottishead

“Lawyers are not the gatekeepers of knowledge anymore.

It will become harder to charge by the hour for knowledge identification, acquisition, collation, analysis and summaries because that will all be done in seconds by AI.

What lawyers will charge for is their experience, the human-centered, trusted advisor role, that’s where their value will increasingly be focused and that aligns with value-based pricing.”

Generative AI for Legal Services Primer

<https://www.coursera.org/learn/generative-ai-for-legal-services-primer>

There are 3 modules in this course

This course covers

1. What Generative AI is and its applications to a variety of tasks in the legal field.
2. The course will cover ethics and privacy.
3. Basic prompt engineering strategies for legal use cases, and how to leverage Generative AI to augment your legal expertise.



VANDERBILT
LAW SCHOOL



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penguin**

Does any of this sound familiar?



American Lawyer

Law.COM August 28, 2023



Some of the following statements may be triggering!

*“One of them is generational...
‘I don’t want to work as hard as
you, but I want to be paid like you’...
the other is, they got used to
working remotely.”*



*“Millennials are motivated by
different things.”*

“Younger lawyers don’t desire to be partner. They haven’t been shown a path that looks like something they would want to do.”
“The number of lawyers, particularly younger lawyers, with side gigs is astonishing.”



“There is a real challenge right now...there is [a belief] that the incoming associates lack initiative, ownership and personal responsibility.”

– US Tilt Institute



*“Consultants and partners have even bluntly described some younger associates as **“lacking accountability and initiative.”**”*



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penguin

*Law firms, and their partnerships, are
getting frustrated with so-called
'zoom associates'.*



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penguin

“But more Gen Zers use what I’d call a ‘clear and convincing evidence’ standard: ‘show me how you’ll mentor or train me, what does that look like IRL [in real life], and what does that mean for me personally — now and later.’”



“Gen-Z /Millennials are much more inclined to say ...

‘I will compromise a certain amount of income for quality-of-life and work-life balance.”

I don’t need to define myself by my profession.”

*"I think they look up at partners and
go, 'That's not what I want.'"*



**Houston, we have a problem and
It's not confined to the USA !**



Source: iStock

NEWS

Lawyers shun partnership as burnout fears increase

By **John Hyde** | 9 April 2024



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Their finances have changed.

Their living circumstances have changed.

Younger lawyers attitudes have changed.

Older lawyers are not aware of this.

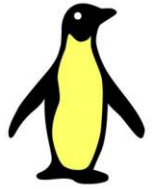
Lawyers in Singapore would not encourage their children to become lawyers...



<https://www.straitstimes.com/singapore/more-lawyers-would-not-encourage-their-children-to-become-lawyers-poll>

Characteristics of successful law firms





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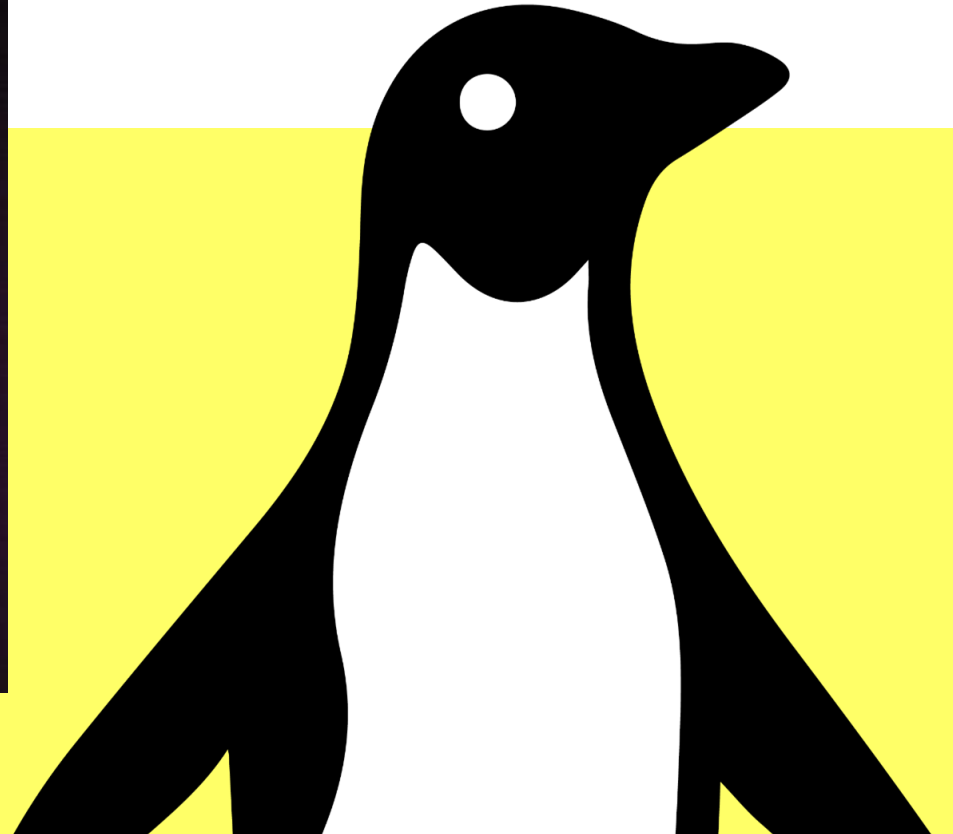
LEGAL ICONOCLASTS
carte blanche to change

LEGAL ICONOCLASTS SURVEY

Profitability in Law Firms
Insight and Analysis



EDITED BY ALEX DAVIES



Pricing strategy...or lack of



“If you make no change, what would you expect to happen to the firm's profitability in the next 3 years?”



18% of respondents said profitability would decline.

24% said the profitability would be static.

10% said increase of less than 5% per annum.

22% said an increase of 5 to 10% per annum.

19% said an increase of 10 to 30% per annum.

7% an increase of over 30% per annum

The 10%+'s

The 10% +’s had the following characteristics.

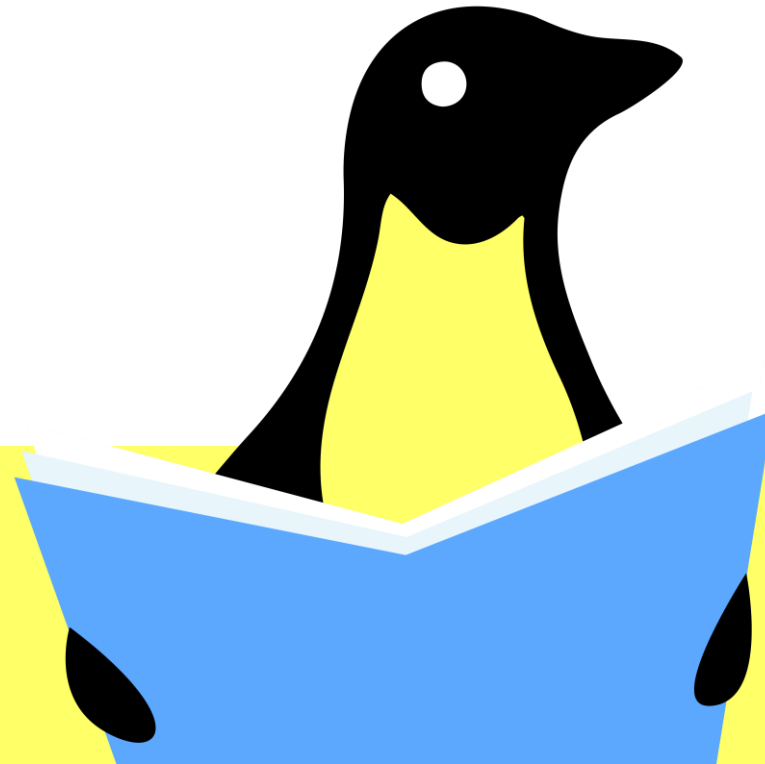
- 21% were charging by billable hour.
- 48% gave a fixed fee.
- 7% were a hybrid of the billable hour and a fixed fee .
- 24% priced based on the known value to the client.

The 10% +'s were:-

- 81% asked client's what success looks like on their cases.
- 85% had a clear business development and positioning strategy.
- 77% had clear pricing strategy and vision.
- 62% asked the client about service expectations.

- 75% asked what business or personal outcome they want to achieve.
- 69% agreed clear service standards with the client.
- 62% empowered their people to decide not to work with a client if they were of the view that clients value was low.
- 75% had strong management and capable champions who could implement change.

Reasons Not To Change ?



50 Reasons Not To Change

1. It's too expensive.
2. That's someone else's responsibility.
3. We've always done it this way.
4. It's too political.
5. We're doing OK as it is.
6. We don't have the staff.
7. We tried that before.
8. This is just a fad.
9. Maybe, maybe not.
10. We've never done that before.
11. It needs committee study.
12. There's not enough time.
13. It's against tradition.
14. It's not my job.
15. It can't be done.
16. We don't have consensus yet.
17. It's too complicated.
18. It's contrary to policy.
19. It won't fly.
20. Will catch flack for that.
21. I'm not sure the boss will like it.
22. It's too ambitious.
23. No one asked me.
24. What's in it for me?
25. It will take too long
26. We didn't budget for it.
27. We don't have the equipment.
28. It's impossible.
29. I don't have the authority.
30. It's hopeless.
31. We can't take the chance.
32. They won't fund it.
33. It's too radical.
34. We have too many layers.
35. There's too much red tape.
36. It needs more thought.
37. They're too entrenched.
38. There's no clear mandate.
39. I'm all for it but...
40. It will never fly upstairs.
41. They don't really want to change.
42. It's too visionary.
43. It won't work in this department.
44. It's not our problem.
45. Another department tried that.
46. Another firm tried that.
47. We are waiting for guidance on that.
48. It won't be chargeable work.
49. There may be GDPR issues.
50. CBA

One Reason To Do Something Different

“Pricing for value is, to my mind, one of the most critical challenges for providers of legal services at the moment.

*The need to understand value – from a client’s perspective – and **the ability to construct an appropriate pricing offer are now key attributes of a modern practitioner.**”*

Professor Stephen Mayson

P#1 PARADIGM

Ensure there is commitment from EXCO.

Collate and review financial MI.

Appoint Project Manager.

Investigate how pricing is currently undertaken.

What is current pricing strategy and policy?

Establish how base costs are calculated.

Gather in and review practice area pricing materials.

Establish how practice areas generate fixed prices.

Identify what financial training is undertaken and/or required.

Design pricing confidence survey.

Ask clients' views about options and fixed prices.

Collate and review customer feedback NPS data.

Collate and review complaints data.

Create and communicate the psychological safety net for Pioneers.

Reason for paradigm shift - Define the goal.

P#2 **PIONEERS**

**The group that
explores the new
way of working**



P#2 PIONEERS

Ensure EXCO/Board support for Pioneers is made public.

Ask who in the business already has VBP experience.

Selection and recruitment of Pioneers.

Create Pioneer Group measurable objectives.

Ensure practice area leaders free up time for Pioneers to participate.

Meeting launch agenda and preparation.

Meeting launch kick-off.

Undertake confidence surveys with Pioneer Group.

Conduct “What do clients want?” exercise - LexisNexis Report.

Anticipate Resistors/Naysayer penguins.



P#3

PLAN

**Designing the
plan, strategy
and vision**



P#3 PLAN

Knowledge

What do we do in our business? Review levels of awareness.

What do our clients buy? List outcomes we sell/create.

Active listening and empathy training. What is available?

Design and implement client journey mapping exercise.

Define and plan customer segmentation exercise.

Create parameters and rules for client deselection.

Create rules of engagement regarding CRM system.

Create and complete competitor analysis table.

Create onboarding scripts /discovery calls.

Discovery call training. What is available?

Speed of quoting. What happens now? How can it be slowed down?

Review/create free work/pro bono policy.

Tools

Create a lawyer scoring matrix.

Review/introduce/create guidance for Farmer mentality.

Creation of VBP questions for practice areas.

Creation of internal resourcing questions to be asked.

Create value proposition worksheets.

Create commercial client audit.

Establish a methodology for base price calculations.

Create Fixed Price Agreement (FPA) template.

Create practice area assumptions list.

Create practice area exclusions list.

Create practice area scopes list.

Create practice area versions/options examples.

Create pebble in pond scoping matrix.

Define and create change order process.

Create practice area Value Council/ two pairs of eyes processes. Rules of engagement.

Vision

Create draft vision.

Obtain Board/EXCO approval of vision.

Design vision communications.

Publish and promote vision.

Plan

Set change goal.

Conduct GAP analysis.

Define future state.

Identify hurdles and blockers.

Develop initiation document.

Draft business case.

Create high-level plan.

Create project issues template.

Create project risk template.

Design pricing process/BBU.

Analyse where your firm is on any financial benchmarking studies.

Conduct HR training gap analysis.

Create HR training induction plans.

P#4 **PROMOTE**

**Communicating
and getting
people behind
the project**



P#4 PROMOTE

Create communications plan for 8 P Point Plan.

Plans for celebrations - list.

Role profile amendment.

Agendas for pricing discussion and feedback with practice areas.

Financial metrics for pilot project.

P#5 **PERMIT**

**Giving people the
authority to act**



P#5 PERMIT

Identify obstacles to vision. How can they be overcome?

Review existing policies. Which should be retired or amended?

Conduct firm-wide pricing confidence surveys.

Identify training needs arising from firm-wide pricing confidence surveys.

Conduct price sensitivity meter (Van Westendorp) exercise in each practice area.

Conduct skills matrix review.

Identify typical customer objections by practice area.

Create practice area examples of answers to handle objections.

Create practice area service guarantee.

Review AAR's minutes and feedback.

Marketing/BD update report - what are their findings?

IT update report - what are their findings?

HR Report updates - what are their findings?

Operation updates - what are their findings?

Create pricing group steering committee.

Define and measure lagging indicators.

P#6 **PRIZES**

**Creating some
quick wins**



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penguin**

P#6 PRIZE

Secure celebrating success budget.

Remuneration/compensation for staff implementing VBP.

VBP annual award approval.

Create list of ways to celebrate success.

P#7
PERSEVERE

Keep going!



P#7 PERSIST

Pricing steering group - create terms of reference and Set meeting dates.

Pioneer Penguin Group - second wave. What is required?

Define and create career development pathways for VBP champions.

Amend role profiles to identify VBP requirements.

Update employment contracts and bonus/compensation schemes.

Review, report on, and amend financial data measurements and lagging indicators.

Review client engagement packs/retainer letters to see evidence of VBP.

Review marketing collateral to see evidence of VBP.

Review if LLP/shareholder/
partnership agreement documentation requires amending to embed VBP.

Review client complaint/NPS data.

Design and issue change status reports.

Create and publish AAR annual report.

P#8
PASSION

**Creating the
new culture**



P#8 PASSION

Conduct lessons learned workshop.

Analyse customer feedback. Moments of truth.

Review Net Promoter Score analysis.

Review Strategy.

Is the VBP vision embedded?

Culture change - has it happened?



QUESTIONS?

Q. Will you speak at partners meetings and/or staff meetings?

A. Yes...enquiry form on the website.

Q Will you sign the book if I buy it?

A. Is the Pope a catholic!



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Questions & Conclusion

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