



# Legal Sector Breakfast Briefing

Thursday 14 April 2016

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# Legal Sector Breakfast Briefing

Welcome

Simon Campbell

Relationship Manager – Commercial, Clydesdale Bank

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# Legal Sector Breakfast Briefing

## Introduction

**Andy Poole**

Legal Sector Partner, Armstrong Watson

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## Thursday 14 April 2016

- 8.00am - Arrival and breakfast
- 8.30am - Welcome
- 8.35am - Briefing – Pricing for profit
- 9.30am - Q & A
- 10.00am - Close

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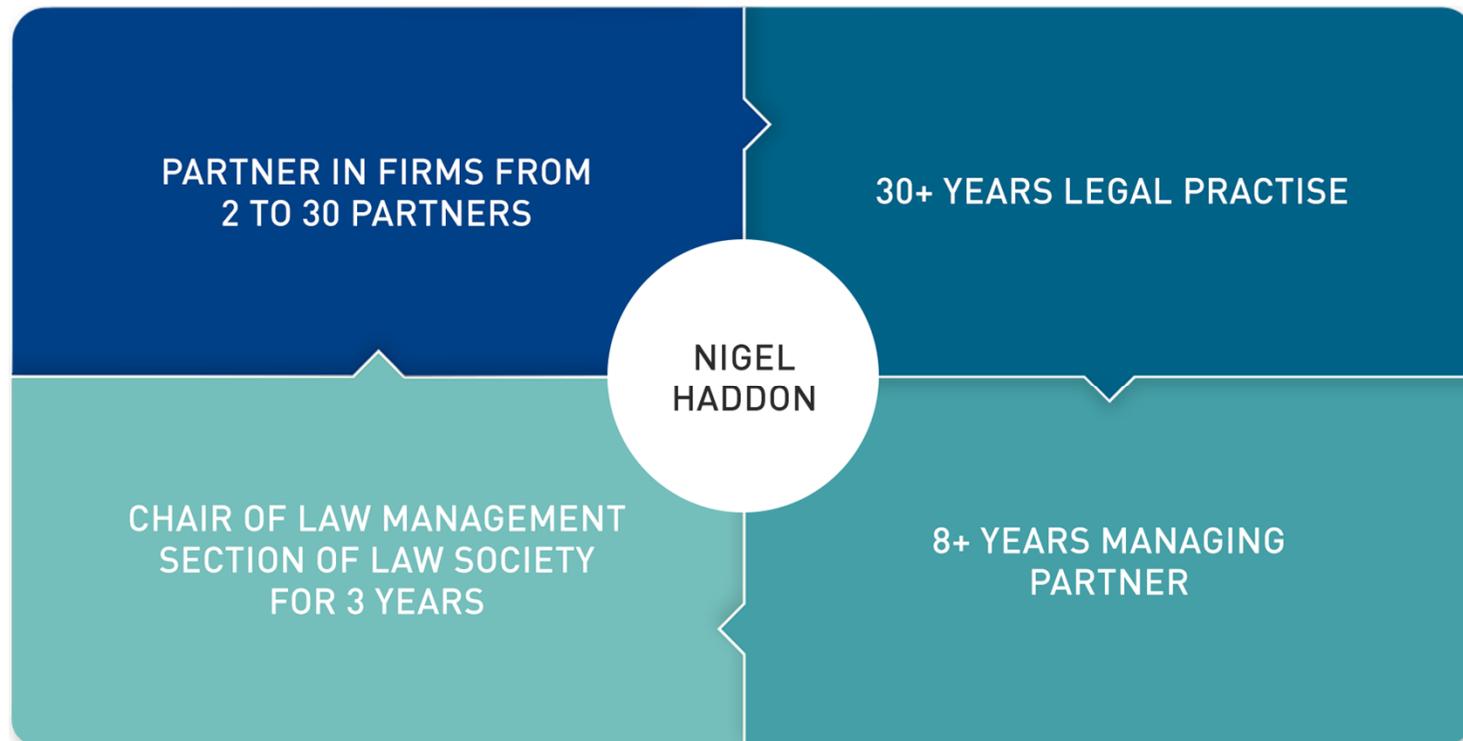




innovation

Pricing for profit – and happier clients!

Nigel Haddon



## When the pressure comes on, we discount!

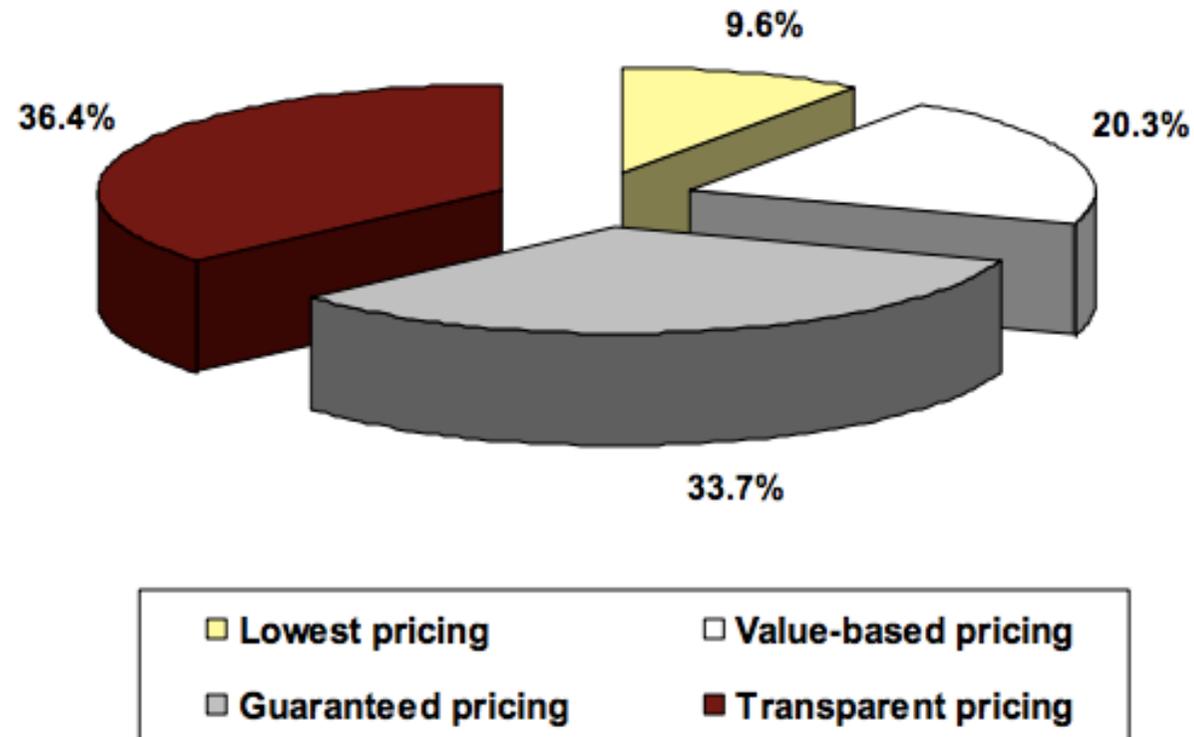
- Demanded by clients
- It's what everyone does
- But it's a failure of imagination
- Recipe for disaster – a race to the bottom
- There must be a better way – and there is





## 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...

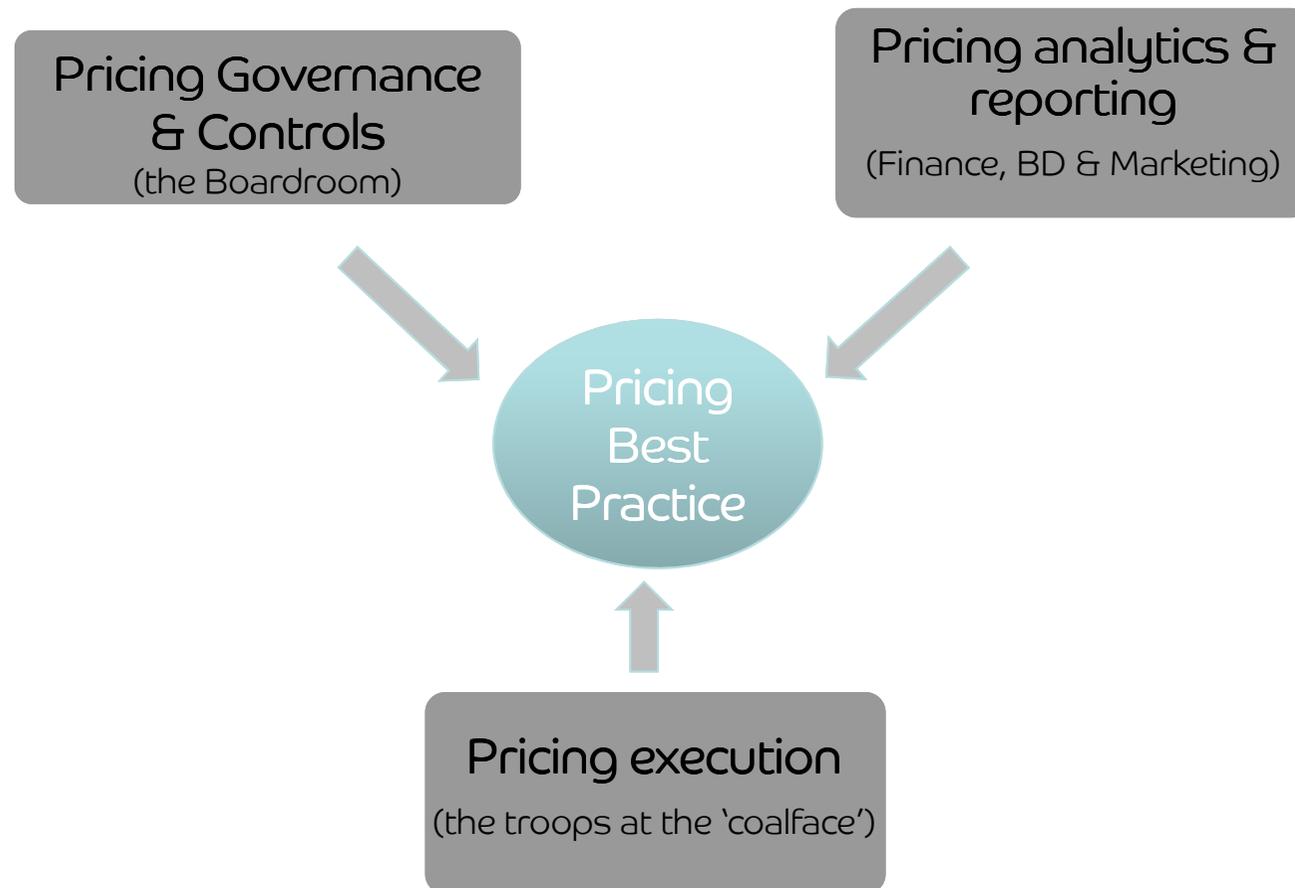
- ✓ Move away from a cost-plus mentality
- ✓ More pricing and payment options
- ✓ Greater involvement in pricing decisions
- ✓ Greater pricing transparency.



## 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







## Execution #3

### Client Pricing Priorities

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

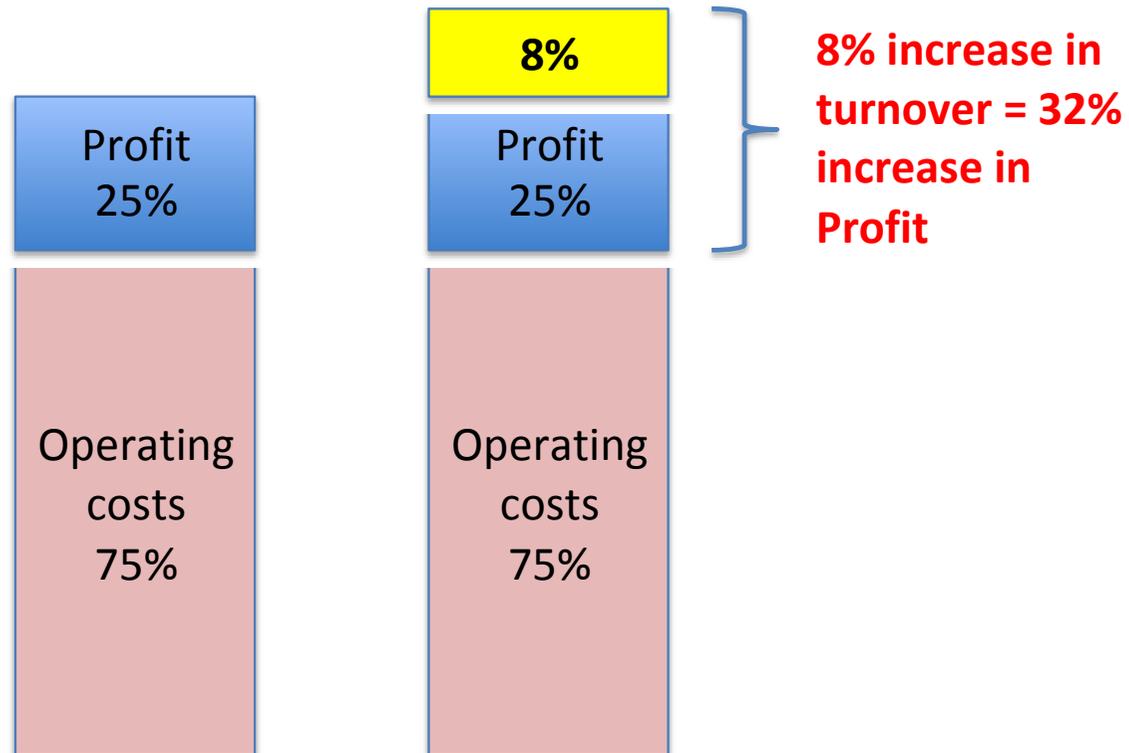




## Is it worth the effort...?

- 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...





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## Questions and Conclusion

Simon Campbell

Relationship Manager - Commercial, Clydesdale Bank

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