Contents

Acknowledgments	xiii
Introduction	xv
Chapter 1	
A Short History of Legal Pricing and Legal Procurement	1
The Rise of the Pricing Officer within Law Firms	3
"Barbarians at the Gate?" The Emergence of Legal	
Procurement	6
Here to Stay	9
Don't Forget	10
Chapter 2	
Establishing the Pricing Function	11
Guiding Principles	12
It Is a Marathon, Not a Sprint	13
It Is Multidisciplinary Effort	13
It Is a Change Management Effort	13
Getting Started	14
Assess the Building Blocks (DATE)	15
Data	15
Analytics	16
Tools	16
Education	16
Seek Low-Hanging Fruit	17
Engage in Networking	18
Beware the Tyranny of Perfection	19
Communicate, Communicate, Communicate!	20

Lessons Learned	21
Don't Forget	22
Chapter 3	
Tailoring the Approach to Pricing	23
Tailoring the Approach to Pricing: A Question	
of Size, Practice Area Coverage, and Firm Culture	23
Size Matters	25
Practice Area Coverage	28
Firm Culture	30
Summary	34
Don't Forget	35
Chanter 4	
Chapter 4 Flexing the Pricing Role's Muscle: The Evolving Scope	
and Nature of Pricing Roles	37
-	
The Impact of the Financial Crisis	38
The Response of Law Firms and In-House Legal	20
Departments	38
The Perfect Storm and a Price War in the Making	39
The Rise of the Legal Pricing Professional	40
How to Evolve from Tactical Pricing to	
Strategic Pricing	41
The Three Components of the Pricing Role	41
Conduct an Audit of Current Pricing Practices	42
What Are Some Easy Wins That Have a Direct	
Impact on Profitability and Allow You to Flex	
Your Muscle?	43
Scenario 1	43
Identify Clients on Old Rate Structures for Rate	
Negotiations	44
Create a Roadmap for Success for Each Target Client	44
Scenario 2	45
Read the Small Print of Panel RFPs	45
Guide Partners Through the Panel RFP Process	46

	Contents	vii
Understand How the Client Perceives the Value	ł	
Your Firm Provides		46
After Joining the Panel, Seek Growth Opportun	ities	
from It		46
Help Your Firm Be a True Winner		47
Scenario 3		47
Know the Only Words That Strike Fear into		
Most Partners		47
How Procurement Works		47
Reverse Auctions: The Race to the Bottom on F	₹ates	48
How to Fight Back		48
Comfortably Say No		49
Show Us the Money		49
Don't Forget		50
Chapter 5		
Pricing: The International Dimension		51
The State of Legal Pricing in the United Kingdo	m	
(by Stuart J.T. Dodds)		51
The Legal Market in the United Kingdom		52
The State of Legal Pricing		53
Challenges and Opportunities		57
What Is Next for Pricing in the United Kingdo	om?	59
Don't Forget		61
The State of Legal Pricing in Australia		
(by Pier D'Angelo)		61
The Legal Market in Australia		61
The State of Legal Pricing		64
The Future		65
Don't Forget		66
Chapter 6		
My Journey: A Personal Account of a Transition from		
Finance to Pricing		67
Does My Face Look as Pale as It Feels?		67

VIII CONTENTS

My Journey to Pricing	68
Transitioning from Data Provider to Trusted Advisor	69
Making Sense of the Numbers	71
Professional Development	73
Broadening Your Scope	73
Negotiation	74
Kaizen	74
Legal Project Management	74
Final Remarks	75
Don't Forget	75
Chapter 7	
The View from Outside: What the Market Is Saying	77
Not Another Overhead?	77
A No-Win Situation?	78
What Do Clients Want?	79
The Value Conundrum	81
Opportunities for Pricing Directors to Add Value	83
Alternative Fee Arrangements	83
Communication	84
Dealing with Uncertainty	86
Contract Compliance	87
Efficiency	88
Data-Based Decisions	90
Justifying Prices	91
Client Segmentation	93
Conclusion	95
Don't Forget	96
Chapter 8	
Gaining Buy-in, Changing Behavior	97
Change Is Hard	98
Law Firms Are Different	101
Producer-Manager-Owner	101

	CONTENTS	ix
Professional Management Is (Relatively)		
New to Law Firms		102
Personality		103
Driving Successful Change in Law Firms		104
Create a Clear Understanding of Why Change	e Is	
Necessary and Why It Needs to Happen N	ow	104
Invest in Engagement		105
Better Accepted		105
Better Solutions		106
Build Broad Based Support for Change		107
Clearly Communicate the Benefits of Change		108
Understand but Do Not Play Politics		109
Plan for and Communicate Quick Wins		110
Ensure Alignment		111
Ensure That You Follow Through		112
Don't Forget		113
Chapter 9		
Demonstrating Value, Measuring Impact		115
Anecdotal Impact		116
Management by Objectives		118
Macro Impact		119
Blended Billing Rate		119
Profit per Partner		119
Realization		120
Margin		120
Stakeholder Satisfaction		121
Demonstrating Value, Measuring Impact		121
Don't Forget		121
Chapter 10		
Value Reimagined: The Value Bike™		123
Value		124
Low Firm Value		104

Wheels	126
Wheel Tubes	126
Frame	127
Spokes	128
Work Product	128
Relationship	128
Handlebars and Seat	129
Kickstand	129
Some Assembly Required	129
Riding the Wrong Bike?	130
Tricycle	131
Penny-Farthing	131
Unicycle	131
Firm Value	132
Don't Forget	132

Chapter 11

Opportunities in Working with Portfolios of Legal Work	133
Background and Context	135
Problem Description	137
Inbound Cases	137
Lawyer Costs and Efficiency	140
The Linear Programming Object Function and	
Constraints	142
Solution Methods	145
Sensitivity Analysis	152
Conclusion	156
Don't Forget	157

Chapter 12

A Profession in Transition: What Next for the Legal	
Pricing or Procurement Professional?	159
The Individual Dimension	160
Deeper Skills, Wider Impact	160

	CONTENTS	xi
Technical Competence		161
The Professional Pricer and Procurer		161
The Organizational Dimension		162
Measuring and Evaluating Success		162
Emerging Titles, Evolving Responsibilities		164
The Market Itself		166
Trading Places		166
Heightened Expectations		167
Conclusion		168
Don't Forget		169
Appendix I About the Contributors		171
Appendix II On the Spot		177
Appendix III Sample Position Descriptions		193
Appendix IV Selected Bibliography		207
Appendix V Useful Resources		211
Index		223