

SPEAK UP

Pricing finds its sparkle



Stuart Dodds, director of global pricing and legal project management at Baker McKenzie, says the pricing skillset may feel like an unattainable unicorn, but it's no myth that you're set to profit if you catch one

With the proliferation of titles such as chief strategic pricing officer, director of pricing and director of pricing and project management, the role of the pricing professional within legal services has become well-established.

Or has it? It's a profession (note the choice of word) where it took seven years to see the first 30 pricing directors, but only another seven months for the next 10 to come along. As long ago as 2012 it was the 'hot new hire' in the US. At face value, the role of pricing officer had gone from a position few firms had to one deemed integral to the fabric of a successful firm. But that was in the US. What of the UK?

In 2013, a **Briefing** survey identified the trend of more firms looking to appoint dedicated pricing professionals. But only seven of the 68 UK firms surveyed had someone looking at pricing, and only four had the word pricing in their title. The survey also outlined some required attributes, but this was so comprehensive it seemed the equivalent of trying to find a unicorn – a salesperson, financial analyst and operations manager all rolled into one.

However, legal pricing (and project management) generally – and alternative fee arrangements specifically – are now seen as

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essential skills for a law firm, if not for every lawyer. They're also skills that some partners and associates are yet to acquire.

In addition, while demand for a central source for capturing pricing and fee information grows (as does standardising non-hourly pricing approaches so these can be reused and improved), there is also a realisation that little is likely to change unless a resource is in place to drive it. Enter the pricing director.

Specific developments in the UK also make this role increasingly important. Market consolidation and law firm realignment play a part, but so do more structural themes – specifically the rise of new legal business models and the impact of ongoing legal reforms.

New business models are perhaps the most fundamental – and the impact is especially acute for firms defined as 'mid-tier', where profit margins may already be low. Here, even small changes in market share may have devastating impacts, not least as the Big Four increasingly focus on mid-tier, process-oriented work and other areas of law that align well with their existing services.

This makes a (profitable) firm's ability to match price to client value perception – ensuring any work is executed profitably to the agreed fee with the client, and with different fee options – essential.

And for those that do have a pricing function, this is now beginning to bear fruit. One recent study highlights that 75% of firms that changed their strategic approach to pricing reported increased profits per equity partner, compared to 66% of firms that had not (and that's before positive client relationship impacts).

Have you found your unicorn? ▴