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Briefing

PRICING AND PROFITABILITY

SEPTEMBER 2013

Interview

Kevin Doolan

Eversheds' head of client relations outlines a better way of doing BD

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Are you pulling prices out of a hat?

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Let's talk about money...

Can you price a product if you don't know what it costs to make or deliver? Ask anyone in any business that and they would think you were mad. So why has legal done it for so long?

This edition of **Briefing** is all about the rise of the new BD – pricing, profitability and project management. That's why we interviewed **Kevin Doolan, head of client relations at Eversheds**, whose work on the firm's Tyco deal garnered so much attention.

It's why we spoke to BD and commercial leaders at **Allens in Australia, Baker & McKenzie, CMS Cameron McKenna and SNR Denton, as well as ex-BD and pricing people from Linklaters and Norton Rose** to find out how firms are doing better business development, in our feature. Plus we have investigated how many pricing heads there are in the UK on p23 – answer: not many.

We also have industry wisdom from issue sponsor **Thomson Reuters Elite** and other leading companies – including an insightful case study on pitch improvement from **Speechly Bircham**.

Enjoy! And feel free to email me with your thoughts at rupertw@lsn.co.uk.

Rupert White, editor of Briefing

Interview with Kevin Doolan transcribed by Voicepath.

voicepath

Photography of Kevin Doolan by Jonathan Goldberg

Interview:
Kevin Doolan, Eversheds

How law firms can change their ways, and why it has to happen – pricing, profitability and project management

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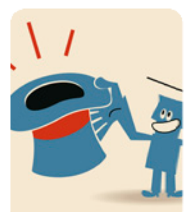
Feature:
Are you pulling prices out of a hat?



From value pricing and project management to a new focus on profitability – welcome to the brave new world of legal BD

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Who heads up pricing in the UK?

Briefing finds out whether COOs and operations directors think firms should have real operations chiefs

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A range of great legal business services jobs on the **Briefing** jobs pages

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From project-style working to gaining single views of the most complex of clients, from putting profitability first to boosting your pitch-to-win ratio – this month we have the highest level of industry analysis. We start with issue sponsor **Thomson Reuters Elite**, talking about why UK and international firms might be able to learn something from their US cousins about the new world of project management lawyering. Also don't miss a great case study of how **Speechly Bircham** has found a way to increase its potential to win work while cutting the cost of pitching with **Enable**.

Briefing Industry Interview

Why project management changes everything in BD

It's prevalent wherever complex or client-based work is done – and it might be the way firms work in the future. Early adopters will gain differentiation, pricing advantage and client satisfaction, says **Dan O'Day, vice president for operations at Thomson Reuters Elite**

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The future is creative

Stu Gooderham at LexisNexis Enterprise Solutions connects pricing, projects and information

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Great BD requires great data

There's enough data to form a more useful view of clients, says **Paul Westcott at Dun & Bradstreet**

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Client focus

Empowering clients will drive a better experience says **Russell Thomson of Eclipse Legal Systems**

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Profits before pitches

Profitability has to be at the heart BD – and that can be easier than you think, says **Dan Wales of BIPB**

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Increase your hit rate

Adam Lewis at Speechly Bircham, on increasing the pitch-to-win ratio with solutions from **Enable**

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The Briefing Interview

BD by the numbers

Rupert White talks to Kevin Doolan, Eversheds' head of client services, about pricing, profitability, project management and why law firms need to re-learn the skills of talking to clients about money

What is the future of the client relationship? That may depend on where that relationship starts – and, most likely, it begins with BD. It begins with a problem that needs to be fixed, or a raft of work that needs to be done. It begins with a pitch, or a tender, or a conversation. And a price.

All trades hinge on price, and profit. So why have law firms come so late to the pricing and BD party? How can they learn from those who've innovated in pricing client services to smarten up the way they think about charging for what they do? To find some answers we turned to Kevin Doolan.

Doolan is a lawyer – don't chuck your copy of **Briefing** away quite yet – but he's entrenched in business services. He completed his MBA at Henley Management College in 1996 and has since led the client services element of Eversheds. Next year he will wave goodbye to all that, joining a consultancy called Møller PSFG at Cambridge University (staffed by, among others, Great Escapees from legal such as Ori Wiener, more from whom in our feature). Doolan even 'wrote the book', or at least developed the case study, on professional services pricing for Harvard Law School, and teaches as a visiting professor on the school's executive education programme.

One of his primary responsibilities is pricing, perhaps the hottest topic in legal services right now. Like many other client-facing people, Doolan contends that pricing is about the perception of value, not cost. "Whatever you do at a law firm, there's always going to be somebody cheaper than you. If price was everything then all the work would slide down to the cheapest provider, but the world is not like that."

For many years, he says, people just didn't talk much about pricing in law firms. "We were fighting with investment banks and accountants for the best of the bright, young people. If I had said to my partners 'I want to sit down and talk about price', they'd have said 'Well, is that an issue?'."

But some of Eversheds' largest clients have pushed the firm to think differently, which has led to more 'pricing-focused' thinking. Doolan cites Eversheds' work with Tyco as a prime example. In 2006, Tyco threw out its 280-plus panel firms in favour of a global two-year deal for Eversheds to fulfil the company's entire legal needs. The initial deal was worth £10m to Eversheds, and Tyco renewed for a fourth two-year term earlier this year, with an estimated value of £16m. Doolan headed the negotiation of the terms of the Tyco deal in 2006.

This was, of course, back in the good old days. But Eversheds has kept the Tyco account so Doolan and the pricing people must be doing something right.

The slash and burn following the financial crisis is mostly passed, he says – capacity has been stripped out of legal to match a more trimmed demand. Now the focus should be about value and innovative thinking. The attitude that the best firms have gravitated to now, says Doolan, is a far more collaborative one with clients; a more listening relationship.

"There's been a temptation for people to demand ever bigger discounts, but for most firms going a further 10-15% would more than halve their profits. Is that sustainable?"

This lies at the core of this (and every) issue of Briefing. It's impossible to price work well if you can't cost it properly. And you can't price well if you don't know your margin goals.

"It gets back to saying: 'How could we do this differently?' That is the key. We've got examples where the client has saved money [while] we've maintained a proper level of profitability. It's about aligning your interests so that you're working in the same direction."

This doesn't mean just throwing AFAs at the client. Doolan says firms should avoid some well-known AFA models and instead think collaboratively and 'holistically' about the totality of a client's needs. Blended rates, for example, completely misalign the parties' interests, he argues – they incentivise firms to put more junior staff into the work, but the client gets a better deal if there is more partner time – firm and client are therefore pulled in different directions. "An aligned approach," says Doolan, "would be to pick a package of work costing £1 million and find out what we, working with the client, can save – and split the savings half each."

This is similar to a success fee – but whatever the innovation, Doolan says, it's more innovative to use lawyers' and business services people's brains to solve the problem the client has in terms of cost. "If you start from the point of talking about hourly rates, where does that go? And what are you going to do in two years – talk about the hourly rates again?"

There is another danger for unwary firms: clients pushing for more fixed fees in areas that aren't repetitive, easily costed areas of work. Law firms often say 'yes' to fixed fees to win work, without understanding the cost of delivery or the potential scope of the job. If (or, most likely, when) something comes out the woodwork, the extra work needed has to come within the fee – and the firm takes a bath.

The way to deliver the predictability of fixed fees without the potential risks to the firm is through much greater adoption of project-based costing – something the 'real world' has been doing for a long time.

Put simply, Doolan's solution is this: scope the work as well as you can and base the "agreed fee" on that scope. Everything that pops up outside the scope is extra – but the law firm cannot proceed with extra work without costing it and gaining the client's clear consent before it is carried out. This way, the client stays in control of the final bill.

"This approach solves all the problems. When you come back with [an initial] scope and cost, the client may fall off their chair. They may have been thinking it was going to cost £100,000, but you've delivered a budget of £400,000. That's fine, because there are only two options: revise the scope and show what work can be covered within a budget of £100,000, or prove to the client that a bigger budget is needed, because all of the issues that need covering are going to cost more than the planned budget. Either way, there will be an agreed fee and scope [and], effectively, I've agreed the bill in the first few days."

The most important part of this project-style working is empowering the client – the client can say no. This approach to BD builds trust – the client knows what will happen and knows they will get to veto everything that could change – and it creates the kind of cost-predictability that corporate counsel are used to in their businesses. It also passes the risk to the client, who is more used to taking commercial risk.

"Project-based costing totally addresses any of those risks [to the firm and the client]. The client can say no [to things that constitute scope creep, such as whether to roll in a previously unknown subsidiary to an M&A]. That is a massive difference." The client decides whether to take risks on extras based on their budgets – and they do it up front.

But legal project management, both as a way of doing business and a set of methods and techniques, is still in its infancy in legal. In the UK, there's a fairly established attitude in the bigger firms to work modes that are similar (see our interview with Dan O'Day of Thomson Reuters Elite on p28 as to how US firms may be leapfrogging UK/international firms with LPM methods and tools), but it's a long way from real project-style working.

"In the history of lawyers this is a relatively new skill, because people have had to get much better at being able to quote and have a database of transactions [to base those quotes on]. We had to get much better at that, just like any other business."

The problem at many firms has been that many partners don't know whether work will be profitable – they just assume so. This can be a fatal business error, and it comes in part from not understanding what work costs to do (or from not greatly caring). Doolan acknowledges this, though he's more generous about whether partners understand this than others might be.

"You need to understand how you deliver and manage the work and the profitability. There's been greater pressure on that. I

"In the history of lawyers [pricing] is a relatively new skill, because people have had to get better at being able to quote and have a database of transactions [to base quotes on]."

Kevin Doolan, Eversheds

think that partners have always understood that if they just cut their rates it's going to end up being short-term, because you have an unsustainable model. We've also always involved finance in any proposals, and if firms have not been doing that, they need to."

Something firms haven't been doing enough, he says, is pushing work back to the client. This can often be work it's unprofitable for a firm to do, and it can help the client use resources better. Where work is split between an in-house team and external law firms, you should always be prepared to move work – to either side – if it's more cost-effective for the client.

One of the things that's gone wrong in legal is the attitude to talking about money with the client – or, rather, not. When Doolan started out, he says, timesheets didn't exist – charging was talked about between partner and client as it came up. This is a place we need to return to. "There were plenty of conversations about money. What I saw happen [over time after] everybody switched to timesheets was that it became a bit automated." For some partners it's now almost impossible to have hard conversations about money – they'll write work off or pre-emptively discount at the end rather than address it in the middle of a matter.

"Lots of lawyers don't like talking about money, and lots of clients don't like talking about money either. Isn't that interesting? [And] I think the lesson we've learned over the last few years is you cannot talk too much about money."

Project-based pricing and working is a route to this goal. Leaning on long-term relationships and using them to have more openness about costs is another. Law firms can and should work with long-standing clients to take on more risk he says – but only if you're sure the client wants to keep you enough to make sure you don't get too badly stung if things go awry.

"You can only do that when you've got a good relationship, and the client doesn't want you to lose money."

Clients that are very aggressive on price won't save you if you take a bad risk that they benefit from. "The best relationships are when clients expect us to make a profit and they want the deal to work well for both sides. In your own business, if you're going to use somebody regularly, are you going to want them always to make losses from you? How sustainable is that? Are they going put their best people on the work?"

Does this mean law firms should be pricing work according to the quality of the relationship they have? Possibly. But, says Doolan, it's more important than ever to analyse what you do in a much more granular way to find out if there are components clients don't need, or that cost a fortune when they need not, or could be done better.

A client's procurement department can be most useful here, says Doolan – you can work with them to cut the fat you didn't know was there. For example, you might be producing detailed monthly reports that nobody's reading, or reports that the client wants but no one realises are costing £5,000 a month.

There's no point in doing this for short-term relationships, because of the time it takes – but for longer-term clients, it can create real value. "The real success for a relationship is where we've aligned it so that both the firm and client have the same interests: we both want the business relationship to work, the client wants us to make a profit, and we know we need to be efficient for them."

This is a fundamental reshaping of the traditional firm-client relationship, and at its core is project-based working – so much so that Doolan says he "would be really surprised if every law firm in the world doesn't at some point have to adopt it".

There are challenges to this collaborative approach, such as getting enough of the client's management time involved. But it can produce a way to chop the price of legal work without robbing margin, says Doolan.

"A client can be too busy to get this right, but if they put the time in you can craft a really good scope that matches their needs and the price they're looking for. Then we have to project manage to make sure we deliver to that price. That alone will cut the actual cost to the client by 10-15%, just because we're both being really careful about what we want and don't want, and we're being careful about delivering.

"Creating an agreed scope and fee saves money, keeps us profitable and gives a better end result."

But how 'alternative' is this? Perhaps it seems less so because project-based costing and scoping already happens in other businesses, so it seems normal. In legal it's still cutting edge.

"I think it's just learning what everybody else does. You've got to be careful that [such a costing] is not a slapdash figure with three pages of exclusions – it's got to be genuinely an attempt [to find a full scope in the first place]." Otherwise, the result is just more of the same – it's the billable hour, made to look like innovation. It's lipstick on a pig.

Thinking properly about scoping, scope creep and predictability, he says, much more of a work-winner than is price. "We have won proposals where we have put in a higher price than somebody else's 'guess'. In other words, the client can see exactly what was covered and what wasn't, and they feel safe because they understand what we're going to do."

That's not alternative – it's just doing better business. Is the AFA rumpus really about a desire for cost predictability and accountability, and the changing relationship that heads of legal have with finance?

BD people: the future needs YOU!

The way that BD and client account management works in legal will change as a result of project-style working, possibly along the same lines that they've changed at Eversheds, says Doolan. The firm's BD team had a knack for the strategic, he says, which helped shape how the firm addressed changing client needs. They identified how strongly the market wanted certainty of costing and influenced the firm to bring clients more closely "into the business".

"Cost certainty is important; it's not just about quality. If an external law firm does a fantastic job, but then delivers a bill of 1.5 times what it quoted, it's a problem."

Doolan says that just talking about how well you manage budget and demonstrating tracking to a budget and addressing increases in good time is "perfect BD".

"Clients told us it's what they want and, surprise, surprise, when I pitch to a new client and I talk about how we're using project management to deliver much greater cost certainty, they think 'Wow, that's fantastic, nobody else has talked to us about it."

BD's role in legal is becoming much more important, says Doolan, because clients want so much more business acumen from law firms beyond the ability to deliver great legal advice and results.

"There's a greater role for BD in tougher times. There's very little natural growth in the economy in terms of legal spend, so there have to be winners and losers. I think BD people will play a really important part in that. They are crucial."

How many pricing specialists are there in the top 100? Not many – find out more on p22

Doolan says yes, in principle. The GC's job is, fundamentally, to instruct the right firm, he says, and if the right firm expects to add another £50,000 to the bill without anyone realising, "that's just unacceptable".

But one of the biggest problems law firms face when it comes to pricing work and understanding satisfaction is, of course, that clients don't see the value of legal work the same way law firms do – specifically, the same way that lawyers do. Many firms will view all their work as being expert, and having to be so – and therefore it should be exceptionally valuable. But clients sometimes, even often, don't need 'expert' – they need functional. Moreover, it's not the quality they always want (though they want quality minima) – they usually have another, more important goal.

The answer is that mythic beast: value-based pricing. "The best real example of alternative fees is what we would call value-based billing – I bill you what you think it's worth." I mention that one consultant told me that if I could find any firm that had gone the whole way with that he'd eat his hat. Doolan concedes that the reality is to incorporate some of that value stuff into an otherwise more 'normal' model, but his examples are closer to the Platonic ideal of value pricing than you'd expect.

"We've had one or two situations where on a transactional matter we've been happy to tie our actual fee to the outcome. A hypothetical example would be to look at the job at the very start and ask the client to list some key outcomes – such as the date of completion or retaining key employees in a target acquisition. Then we describe what would be poor, good and great results against those outcomes. At the end of the matter, we compare the outcome achieved against each factor and see how we did. Our fee will go up or down by 20%, depending on how it turned out."

There are other variants, he says, such as a certain extra fee per transaction if a client wants things turned around faster. It's down once again to working out what the client wants – do they just want the transaction done, or do they need the transaction done within X days? Those outcomes should attract significantly different prices.

"When we talk about value billing, it's not about cutting cost, but about what outcome would be more valuable to them."

And it's commercially minded business services people who will be the drivers towards those conversations, says Doolan. "Years ago, there was quite a reluctance with lawyers to let marketing and BD people go and see a client, and what we have learned is that when you take them along they ask completely different questions – but they're really good ones."

BD people and others like them are more used to asking whether a client wants a Rolls Royce or they just need a Mini – and if they need that Mini yesterday. Lawyers, says Doolan, are not good at defining legal work in graduations of how well it should be done."

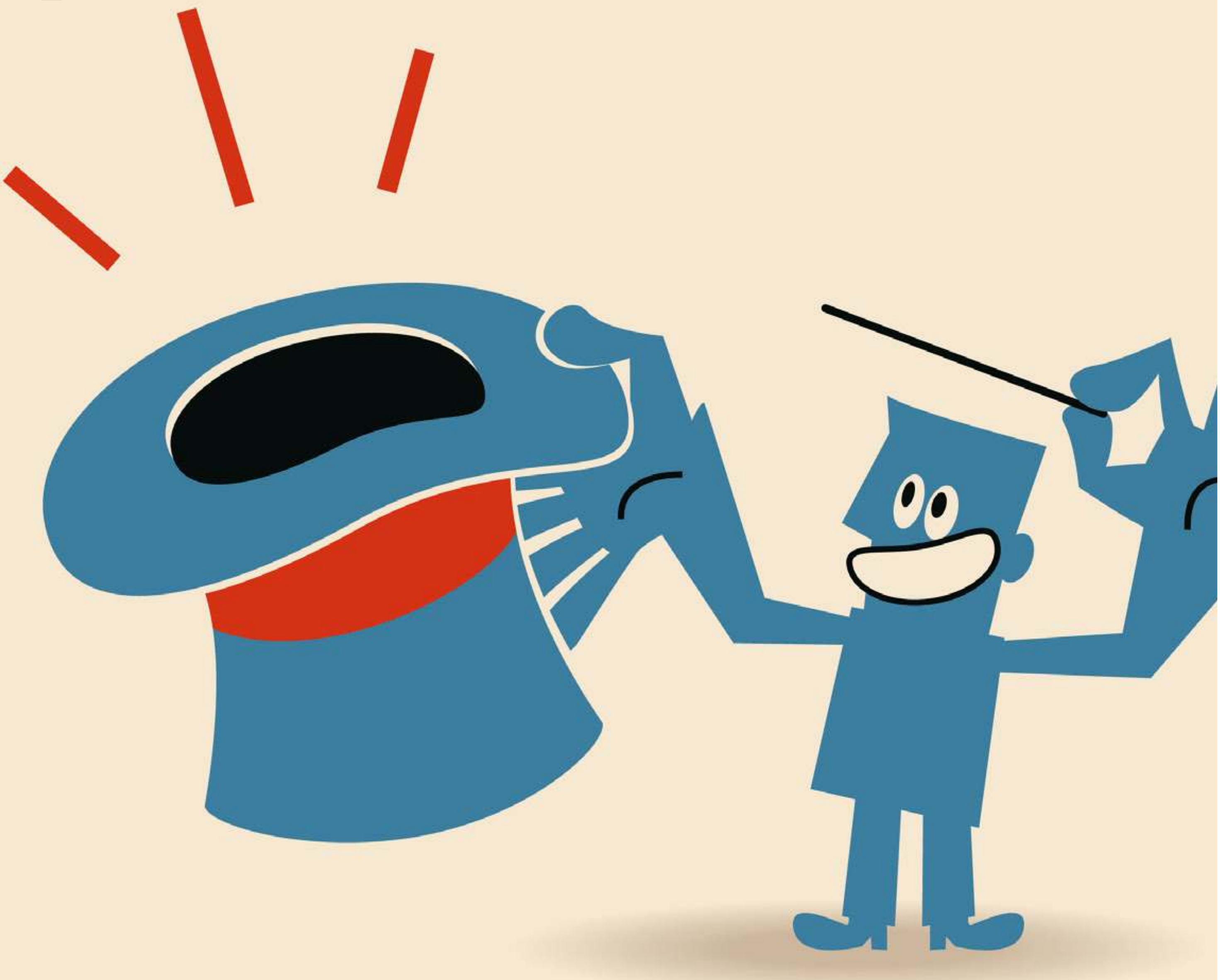
"This is where BD makes a real difference, because my default as a professional lawyer is: 'I've got to do the best job I possibly can'.

"The reality is that you've got to openly discuss this. If the client is asking you to do something very quickly and just get the key issues [done], they've got to accept that they are taking some risk as well. That sounds like a great conversation – much better than always defaulting to a Rolls Royce job because you're safe and the client has to pay." ●

Kevin has been commissioned by LexisNexis Butterworths to write the definitive guide to legal pricing, and is very interested in readers' experiences – specific problems or ideas that worked well. Want to help? Contact him at: Kevin.Doolan@MollerPSFGCambridge.com

Feature

Are you pulling prices out of a hat?



Jade Ollis and Rupert White find out what BD and commercial people are doing to create a new world of client relationships and pricing strategies – from value pricing to project-style working, from collaborative scoping to a new, tighter focus on profitability. Is this you? If not, why not?

Law firms have changed. For some, it's meant a rush toward innovation in process, to become leaner and more efficient; for others, it's meant innovation in business behaviours. For all, it has meant increasing cost pressures and real competition.

The last few years have also set the stage for fundamental changes in the way firms win business. The last big shift in the way they won work was fixed fees, and other AFAs. The next will be value pricing and project management-style scoping and costing.

Lance Sapsford, director of BD at SNR Dentons, says there's been a power shift towards clients since 2008 – but this has shone a light on why legal needs to change. "What it did was highlight the inefficiencies in law firms and forced them to start looking at the way they delivered their services. It's started a pattern of innovative thinking."

For some forward-thinking firms this innovation has been in giving much more thought to pricing as a distinct thing, forged from strategy and based on management information and a focus on profitability. This is still a niche skill in law firms – Briefing research into pricing heads in UK firms has revealed that only five of the top 100 firms have a director-level individual with the work 'pricing' in their title – but it's growing (for more on that, see p23).

The growth of the pricing specialism, either as a discrete role or a responsibility, reflects a small but significant shift in how well law firms understand the notion of profitability. Consultant, ex-Linklaters head of BD and co-founder of the Møller PSF Group, Ori Wiener, says the problem is grave.

“Most lawyers are pretty good at knowing how many hours they billed, but they have no idea what the profit is. As the saying goes: 'Turnover is vanity, profit is sanity, and cash flow is reality'.

"Few firms have moved beyond the turnover way of operating. Firms have little understanding of what value they deliver, and they don’t think about it enough. You can’t do value pricing unless you understand the value of what is being delivered.”

Beneath all this is a huge tension between the hourly rate model and 'something else' – whatever that something is. Some say the hourly rate is not only here to stay, it's the best model there is and it's what clients want. Others think it cannot serve the need for innovation and value that the new order in legal demands – and that clients are sick of it.

Whichever camp you're in, corporate and consumer clients alike are increasingly sophisticated, knowledgeable and reluctant to accept a closed relationship in which the details of billing are rarely discussed.

Declan O’Neill, former senior pricing consultant at Norton Rose and now Australia-New Zealand corporate credit manager for global company Aecom, says the lid is off the black-box way that law firms charged in the past. A turning point, he says, was in 2002 when a memo, written on behalf of several hundred Clifford Chance associates, was leaked to the press. The now-infamous memo outlined anger and frustration toward billable hours targets and, most damaging of all, said their targets encouraged "padding" of bills.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“References to ‘padding’ hours and misallocation of work to more senior staff resulted in a surge in clients demanding much more supporting information and detail around the fees they were actually paying for," says O'Neill. "Relationships built on trust for many were damaged [after that].”

face of an uncertain scope of work”.

Sapsford says the lack of uptake of more innovative solutions might be because fixed fees can provide clients with what they want most: certainty. Other AFAs often cannot, and can be more difficult for clients to understand than the devil they know.

Analysing the options

Clients are now biting back, hard – just look at the Adam Victor-DLA Piper car wreck to see how destructive the billable hour model can be if the client feels unfairly served.

This doesn't mean the billable hour is dead and buried. There has been a delay in turning the legal business over to new ways of pricing and scoping, and that delay has also been on the client's side. There is a multitude of options when it comes to AFAs – fixed fees, capped fees, hybrid fees, equity, value mapping, one-stop fees, satisfaction fees, retainers, cash-back and many besides – but the reality is that most firms have not ventured much past the fixed-fee model.

Judith Prime, managing director of BD at CMS Cameron McKenna, says clients still veer towards a billable-hour model on many occasions.

Global pricing director at Allens, Pier D’Angelo, says the hourly rate can still be the right model to use, “particularly if it’s coupled with good budgeting transparency”, because it can lead to fairer results for both sides than “guessing at what a fixed fee might be in the

“You need to know what the clients’ internal systems are capable of handling. Innovation in fees is great, but it can be hard to document.”

Judith Prime, MD of BD at CMS CMCK

“We have thought about different pricing models, along with everyone else, because we are always asked for them. Our experience, along with most other firms, is that we come up with, and are prepared to consider, all sorts of different pricing propositions – but, generally speaking, clients find it quite difficult to think about how they can implement them at their end. It's a big job."

Prime, who was author of CMS's 2011 'Future of Fees' report, concurs with Sapsford and says it's about what the client can cope with. "You need to know what the clients' internal systems are capable of handling. Innovation in fees is great, but it can be hard to document via purchase order systems and the like – so clients need to decide what the cost/ benefits of innovation are to them."

Efficiency through technology

Some firms have, however, worked hard to innovate in billing and pricing, turning the behaviour into a more open and collaborative discussion between service provider and client.

Baker & McKenzie tailors its approach based on client needs, says director of global pricing and legal project management, Stuart Dodds. "A large proportion of work is done on a non-hourly basis (either fixed-fee or value pricing-based), and we see this trend continuing, especially in a number of our key practice areas."

D'Angelo speaks of a similar experience at Allens: "Quite often we offer clients options in terms of how they would prefer to be charged. Some clients might prefer an absolute fixed fee, whereas another might say they would rather just pay for what they use and have a weekly update on what is being done. The more entrepreneurial clients might want us to take risk as well, and prefer deals that involve a discount if the deal is not successful and a premium if it is. The risk and reward can be calibrated to suit the client's preferences."

For O'Neill, the shape of the pricing problem hinges on a firm's place in the market. "The pricing challenges for the major global firms are very different to those specialising in commoditised work where fixed prices have been the norm for many years. Firms in that market are very adept at knocking out high volumes of work using specialist case management software with very limited, if any, access to partners or even associates."

In every kind of firm, he says, technology has played a huge part in helping firms solve the pricing problem. New systems that enable the maximising of automated processes such as billing, streamlining documents and monitoring have altered the way a firm can measure its own success.

But comparatively little had been done until recently to help BD people price more effectively, more innovatively and more profitably. Sapsford at SNR Denton says things are changing. "There are useful technologies that help look at profitability in a different way, allowing you to look at individual, team, department, client and service profitability. If you can get your information formulated in the right way, you can start doing some very sophisticated analysis on how profitable you are and how you make your money."

But innovative pricing regimes only work when the cost of delivery is understood and calculated correctly. To make sure fixed fees – or any AFAs – are profitable, firms need to pay far more attention to pricing; a failure to do so will produce poor outcomes if they unknowingly undercharge.

And no amount of technology will help you beat some who will dramatically low-ball you –whether they're doing it thinkingly or not. According to D'Angelo at Allens, cynical low-balling can be a big problem. "Sometimes competitor firms quote a very low fixed fee at the outset, knowing that they will either seek to raise the price later on or, failing that, ration resources. This can put firms like Allens, which quote realistically, at a disadvantage. It also introduces unwanted project risk for clients."

And, of course, Wiener's point about many lawyers not understanding profitability is often the problem with low-balling: if you're pitching to beat everyone else, you'd better be sure you can make a profit at that price – or know why you're doing it, if you won't.

Measuring profitability and value

The main criticism by pricing experts against fixed fees is that they don't equate to real value pricing. So why are firms finding it so difficult to do really innovative value pricing? Prime at CMS CMCK points to the difficulty in quantifying what firms actually 'do'. "One of the challenges firms face in the ability to differentiate what they are offering is to substantiate the value that they are providing. [When they cannot,] they end up discounting a lot in a way that is not helpful to their business."

Wiener of Møller PSF Group says that there is also a resistance to change among lawyers because they think they won't benefit from it. "There is a lot of scepticism built into the system that keeps lawyers from investing in economically sensible activities, because they don't think that they will ever make any money out of it," he says. The foundation of what determines success in a firm needs to be uprooted and grounded on a more commercially aware comprehension, he says. "If you're not taught from the very beginning that what it takes to be a good lawyer [is equally about] being a good commercial business person, you won't really get it.

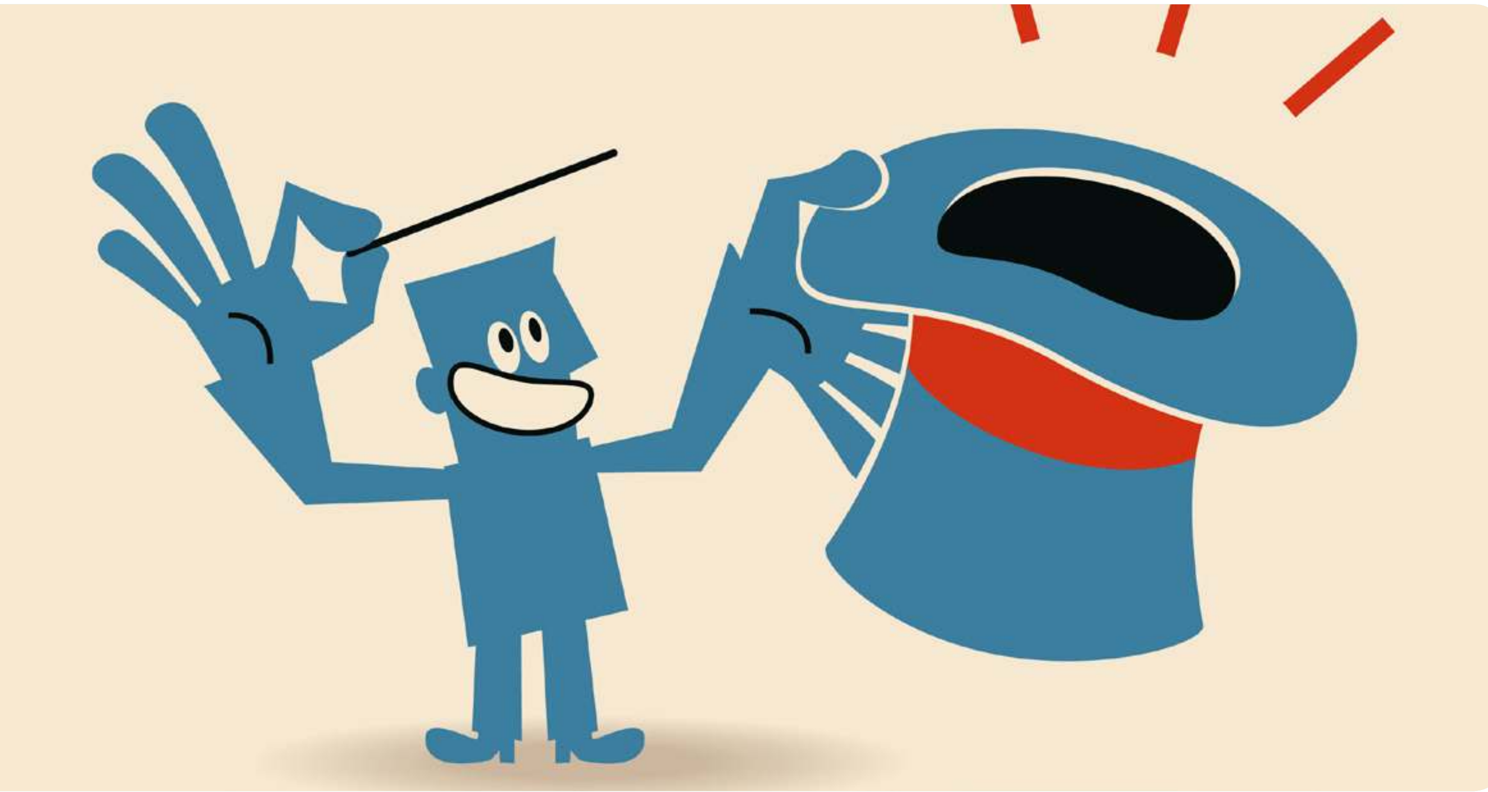
"The billable hour isn't the problem, per se. The issue is: do lawyers really understand the financial drivers in the business? They have none of that training. They tend to think that it's like working on a cash basis – cash in, cash out. They don't understand that it's about margins, positioning in the market and that sometimes you have to do the unthinkable and say 'no' to business."

"The billable hour isn't the problem, per se. The issue is: do lawyers really understand the financial drivers in the business?"

Ori Wiener, Møller PSFG

It's about learning to include pricing in a firm's strategy – understanding margin goals, training people in commercial understanding, and so on.

D'Angelo agrees with Wiener that you if you don't say 'no' occasionally, you don't have a pricing strategy. "In pricing, there is always a delicate balance that goes on between the interests of a partner and the interests of the firm as a whole. One of the dimensions of the pricing debate that people overlook is that it's very political – you're dealing with people



whose interests overlap but aren't always the same.

"One of the key challenges for a senior pricing person is how to get the firm to focus on profitability, not just revenue, because when you get people to focus on profitability they begin to balance the trade-off between price and volume."

More than that, any kind of more sophisticated value pricing also demands a degree of trust and transparency in the client relationship. Dodds at Baker & McKenzie says his firm has learned just that. "We have had the greatest success with AFAs when there is a really good level of trust and give and take between us and the client. It's very important."

It also requires deeper relationships within the firm. To really get to grips with the pricing challenge, another new partnership has to develop: between BD and finance. Sapsford says that "collaboration between the two is essential in making sure that you maintain your margin".

The secret to making innovative pricing work is being able to communicate them to clients, but this means people in the firm have to understand them properly first. Both Dodds and Prime, for example, say they are involved in educating many people in their firms about pricing.

A new role for a changed market?

Taking really innovative pricing forward in tomorrow's firms might require a new kind of person: the pricing manager/director. There are many of these in US firms, but almost none in the UK/international firms.

But there are pricing specialists and BD professionals working to help shape a new pricing culture. D'Angelo says Allens was the first law firm in Australia to create a specialised pricing department, and also the first to appoint a director of pricing – him. He says he's had "very strong support" from the top of Allens, and that in the wider industry there's now a recognition that this is a role that's become necessary. But it's not easy to fulfil, because, he says, you need people with the right skills. "There is a major skills gap as it's a new discipline for law firms. A decade ago, pricing was easy because most work was priced by partners, based on hourly rates. Now it's moved to a model where, though partners are involved in the pricing, it's much more professionalised."

It's vital to get everyone on board, because you need to change firm-wide behaviours. Wiener says that if you can show why pricing and profitability matters, you can change anything. "What you measure is what you get. If you measure lawyers on the hours they work or revenue they generate, they will focus on the hours or the revenue. If you can demonstrate financial information that shows the value that the lawyer has contributed to the firm, maybe starting with profit – though it's not only about profit – you will get different behaviours from lawyers."

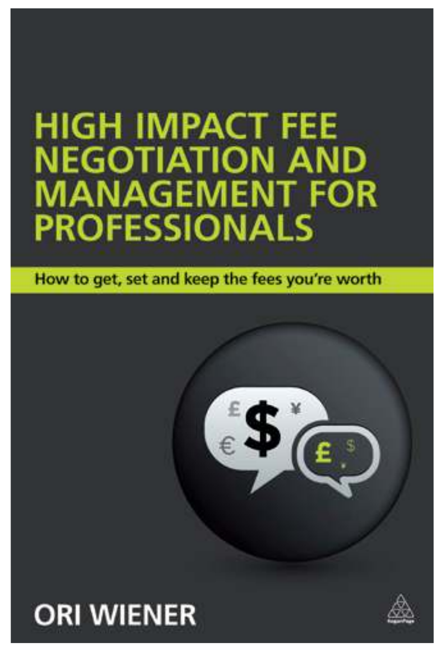
A key element in getting pricing right might lie in practice management – instead of looking at a rate card, this means understanding the cost of delivering the work, scoping, tracking and discussing creep as it happens, and having an excellent eye for margins.

The future of pricing and AFAs

All this innovation is still at a very early stage, at least for UK and international firms (the US is a little different – see Dan O'Day's Industry Analysis article on p26 for more on why). A 2013 Acritas Sharplegal study of more than 2,000 GCs in over 50 countries showed that, rather than a move toward more alternatives, there has been a marginal increase in work done on the hourly rate. The billable-hour model will therefore be a part of any pricing strategy for some time to come – the strategic journey will be to make it part of a more diverse pricing strategy. Allens is a good example of this shift: D'Angelo says that at his firm, "around 40% of cases are billed using some form of AFA including fixed fees, but most work is still done on the standard hourly rate, minus a discount".

"For every conversation you have about AFAs, you will have three about how much discount you can give. But this is slowly changing, and increasing towards AFAs."

It's likely that none will keep prices permanently as low, as clients have recently come to enjoy, but a split in the market is happening – between firms that get pricing and the strategy that goes with it, and those that do not. Which type of firm do you work for? ●



You can now buy Ori Wiener's book on pricing, released just before this issue of **Briefing** *– find it on Amazon, published by Kogan Page*

Feature Extra

Who writes your price?

Phoebe Brewster finds out how many top 100 law firms have heads of pricing and gauges the appetite for pricing as a specialism in the UK's finest firms

"Pricing has taken on a very different role and importance over the last few years. It used to be just an issue of what rate applied to which lawyer and what type of work – now it encompasses many other variables." So says Duncan Weir, managing partner at Bevan Brittan – and he's far from alone in his view of pricing's rising importance.

Who runs pricing in today's top 100? Find out in our special micro-report...

How many of top 100 UK law firms have someone responsible for pricing in a director-level role? Not many – UK pricing chiefs are a rare breed.

When we polled 68 of the top 100 firms in August 2013, we found only seven top 100 UK firms have someone who has 'pricing' as a primary responsibility, and only four people have the word 'pricing' in their job title. Of those with pricing as a primary responsibility (titles such as 'head of pricing', or 'commercial manager/director' who also stated pricing was a primary role), all but one are in the top 25.

But pricing is definitely on the radar of the top UK law firms. One top 25 BD chief told us: "Although we currently don't have anyone in charge, we follow a practice-based approach on pricing, so it is decided by a range of people rather than one. Pricing is run as a relationship management function across BD and finance."

Just under two-thirds (64%) of firms have BD and finance heads with pricing in their remit – though it's not a primary responsibility.

If pricing is going to be effective within firms, says one top 50 BD director, "law firms' staff with pricing as their role or within their job spec will need to rapidly broaden their skills to include BD, financial analytics, project management, communication and presentation skills as well as canny business acumen. This is likely to take some time to develop".

Clients want more value out of their law firm partners, and BD might be the department to deliver a lot of that. As one top 10 finance director says: "Law firms need a comprehensive understanding of clients' needs. One way of doing this is to manage clients' expectations up front through the use of pricing."

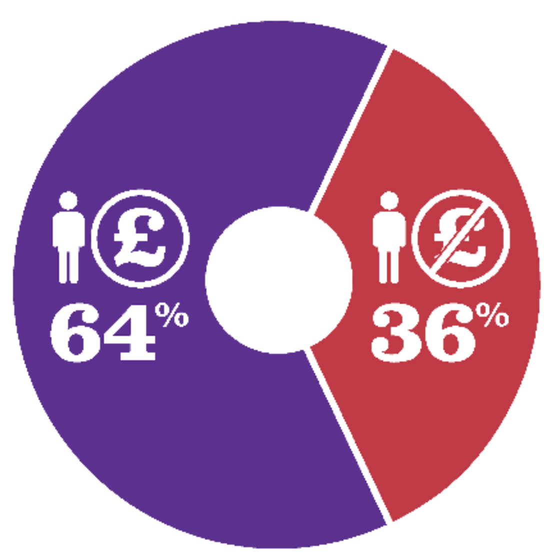
The majority of the firms we spoke to told us pricing is an important part of the future. But with so few firms employing pricing chiefs, that future might be further off than perhaps it should... ●

How many pricing chiefs are there in the UK's top 100? Not many...

4 Heads of pricing

3 Commercial heads with a primary pricing role

How many top 100 firms have people with pricing in their remit?



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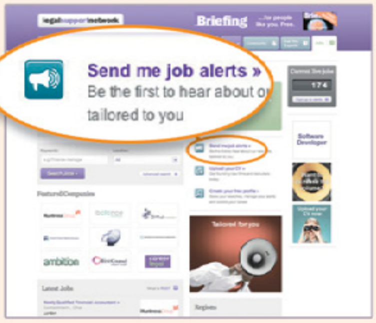

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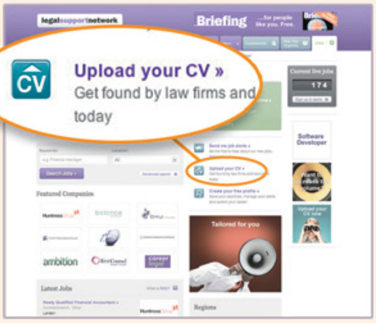

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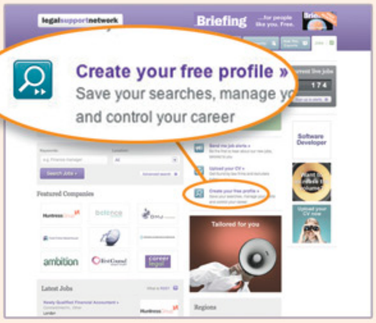

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Briefing Industry Interview

Project management will change the way you win business

It's prevalent in most businesses where complex or client-based work is done – and it will probably be the primary way law firms work in the future. Early adopters will gain differentiation, pricing advantage and client satisfaction, says Dan O'Day, vice president for operations at Thomson Reuters Elite

Business development is becoming as much about profitability and projects as it is about capability and experts. Law firms might have first-class legal brains, but does that turn into profitable work? How can law firms produce keener and more innovative prices and pitches, without murdering margin?

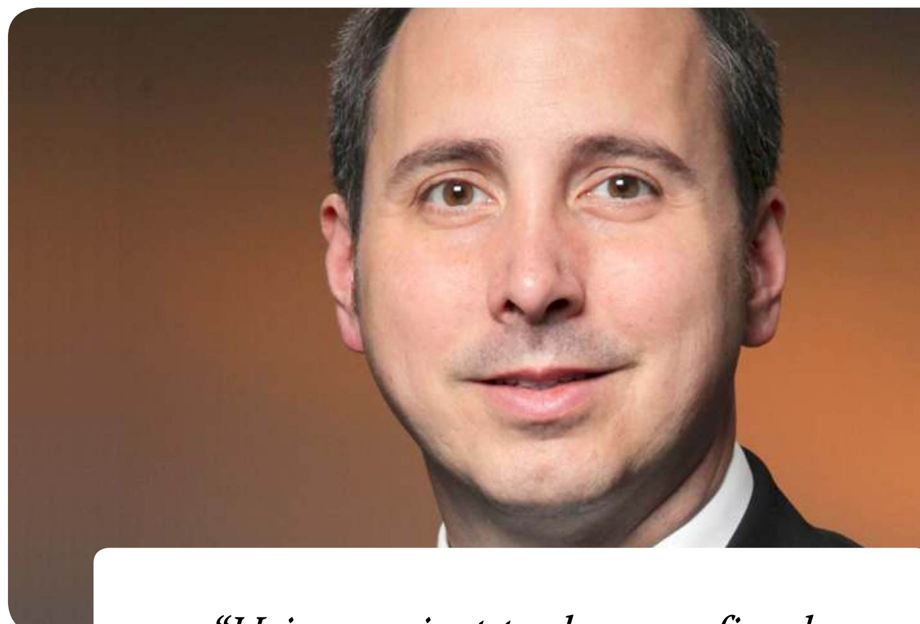
Dan O'Day is Thomson Reuters Elite's vice president of operations, and the business's legal pricing expert. His views on how behind the curve some firms are when it comes to understanding profitability and how that relates to pricing and scoping are blunt, but they stem from years of close relations with legal businesses on both sides of the Atlantic.

"In the aftermath of the recession, discussions that had previously gone on about fixed fees and sticking to a budget have become things clients would enforce. But if we're going to drive efficiency in the legal industry, it has to be done in a way that allows a firm to maintain profitability and deliver legal services more efficiently and predictably in terms of cost," says O'Day.

"It's about delivering high-quality work consistently to your client's satisfaction. If you bought a car at a Toyota price and by the time you get out the door it costs as much as a Rolls Royce, how would you feel? That's what ends relationships. We've done a lot of research on this and when the expectations of the client are completely different to the outcome, clients go shopping for another lawyer."

To change that, legal business probably has to learn from other sectors.

One of the disciplines that's common in any other type of complex work is project management. It's an approach that gives everyone involved greater confidence in the success of the work – and more insight into how it's going along the way.



"Using project tools, your fixed fee can actually be lower than the competition and you can be more profitable, because you're putting less effort into delivery of the product."

Dan O'Day, Thomson Reuters Elite

Project-style working is the future, says O'Day, because it delivers both the ability to work to an overall budget and aligns the firm to the way the client works. "We're seeing some firms taking on project management disciplines, in some cases going with the Six Sigma regime or other types of quality control. These things have to come to the legal profession for it to be more efficient, and the more efficient firms become, the better they will be at delivering their services at a lower cost, profitably."

In many respects, US firms are behind the curve of innovation compared to UK/international firms – but when it comes to adopting project management thinking, says O'Day, this ain't necessarily so.

The PSL role – almost non-existent in US firms – has been instrumental in increasing the efficiency and workflow of practice areas in UK firms, "so you will find more automation and more document assembly and more quality-driven processes already in place in the UK market than there is in the US market".

For example, says O'Day, if you look at the uptake in one of Elite's matter management products, MatterSphere, it's much higher among UK firms.

"They already have a conception of how the product is to be delivered step by step," he says. But UK firms have a lot to learn from their cousins. "We're now seeing the advent of more task-based billing and analysis in the UK market, something more common with US firms who have to do business with insurance companies or large corporations," says O'Day. Clients also have adopted more process-driven matter and information management systems – which require the data that project and matter management systems work with – to analyse how work is coming in and how to staff it properly.

Plus, as electronic billing increases in the UK – and it's far behind where US firms are, but it's increasing – O'Day says he's seeing more analysis done and more concentration on phases, tasks and activities in firms – in essence, the concept of project management.

BD people can leverage this shift to their benefit. "If you look at the materials produced by marketing today, you could swap the biographies, in many cases, and you could hardly tell the difference in the pitches. But if you are proactive in the BD process and show the client how the matter will be worked, demonstrate this through project management charts, say how you're going to execute the work to ensure that it's done in a cost-efficient way that still delivers high-quality products – I think that will really help BD differentiate their firms."

Project-style tools and methods not only help you identify how to best staff – and therefore price – a piece of work, they also give solid management information to affect pitches and pricing in the future.

Matter and project management tools can help a firm understand what pitched work has cost in the past to do, and it can help understand when work has gone over-budget, says O'Day. "This is hugely important in expanding fixed-fee work, for example – your fixed fee can actually be lower than the competition and you can be more profitable, because you're putting less effort into delivery of the product."

This doesn't mean going for the lowest price; O'Day says everyone should know that's not the main reason corporate counsel buy legal service. But it does mean adding predictability to the price point to value proposition to make your firm's pitch the most attractive. And project management-style working is possibly the best, or only, way to do this properly in the future.

Industry Analysis

The future is creative

Stu Gooderham, business development manager for LexisNexis Enterprise Solutions, connects the dots between creative pricing solutions, project management and management information

Law firms now need to fight for new business as the legal services ecosystem adjusts to a business landscape balanced more in favour of the client.

Corporate clients today are more powerful than ever – they hold the purse strings and are exercising their right to get maximum value. There's also plenty of evidence that companies are overhauling their relationships with firms. AIG's announcement earlier this year that it was considering a reverse auction for its non-disease PI work is a stark example.

This represents a huge change in the way that firms have secured business – the cushy, stable and safe legal profession is a thing of the past. A change in mindset is now essential.

In such an environment, prudence demands an intricate understanding of the cost of producing legal work to create the capability to develop creative pricing to ensure profitability.

But anecdotal evidence suggests that, while some firms are actively exploring new pricing proposals away from hourly billing, for most the importance of developing value-based pricing models to appease clients has yet to sink in.

Steeped in the cultural mindset of many firms is the view that law is an art, a creative process that cannot be industrialised. But the reality is that the majority of legal work is in some way repetitive, and automating those processes can reduce the cost of production, allowing the lawyers to focus on the unique aspects of the cases they handle.

Process management will be fundamental

Law firms today need to offer a range of alternative fee arrangements – conditional fees, fixed fees, capped fees, blended/combination rates and so on. Fees charged must therefore be accurately based on expected duration of tasks, the level of personnel best suited to matters, the combination of fee models to maximise budgets, discounts offered, outsourcing costs and so on. This requires a pricing structure that best meets the needs of customers and optimises the organisation's resources to deliver services profitably in a way that mainstream enterprises do.

Legal process management (LPM), a discipline that applies project management skills to legal matters, offers such a best-practice framework. It encompasses scoping, planning, devising profitable permutations and combinations of varied pricing schemes – in addition to supporting execution, monitoring, management and completion of legal matters.

Harnessing business intelligence to stay ahead of the curve

Over time, a project management approach delivers an understanding of which types of pricing are more profitable than others, which areas the organisational processes need to be fine-tuned and where new methods need to be devised. This information will give firms the power to conduct more forward-looking price analysis, stay ahead of the curve of evolving pricing models, and identify new types of costs and upcoming business trends to stay competitive. To customers it offers complete transparency on pricing – an area of historic contention between law firms and clients.

For example, media law firm Wiggin adopted a business intelligence (BI) strategy in 2006 to take the necessary measures to ensure profitability and poise the firm to take advantage of new opportunities. Wiggin spent a lot of time understanding the variables around margins and profitability, and identifying the working practices that needed to be updated.

For example, the firm hadn't thought about proactively and collaboratively managing margins through the matter planning and fee negotiation stages of client on-boarding – sharing profitability information with the client and agreeing a commercially sustainable fixed margin. This process of introspection highlighted the need for a structured and commercially-led approach to business management. There was a strong case for a BI strategy, and Lexis Redwood became Wiggin's tool of choice.

No longer a 'nice to adopt'

With discerning clients actively questioning law firms' fees in the face of tight budgets, developing innovative and yet profitable pricing requires the complete understanding of service delivery processes and the cost of service production – down to the bone.

Only then can firms make informed critical decisions whether to undercut in auction situations, for example, or let go of truly unprofitable business deals.

They must then have processes in place to ensure that the work secured is delivered to plan and within budget, making modifications and improvements along the way to meet the service and profitability goals. LPM and BI strategies make this possible. They are no longer 'nice to adopt' doctrines – they are an absolute must for survival and financial stability.

Industry Analysis

Great BD requires great data

There's now enough information inside and outside the firm to form a much more complex and useful view of both clients and prospects alike, says Paul Westcott, product development manager at Dun & Bradstreet

The post-recession reality that corporate firms face is one of competition – gaining revenue by taking market share from your competitors. But how do you take share more effectively than the others?

The main stumbling blocks firms face are a failure to see BD as a team effort, a failure to use enough useful, available information to contextualise decision making, and a failure to attend to profitability. No single cricketer won the Ashes – it took the combined efforts of the England first XI, the coaches and support behind them and, vitally, the data on performance, fitness and technique (both theirs and their competitors) to give them the edge. You can say the same about most big businesses, and even some professional services firms. But you can't often say that about law firms, and that needs to change.

Law firms need to undergo broad changes in how they structure the teams that deliver and win work, because the siloed approach many still take will not allow them to share information effectively, cross-sell across international borders with international clients or properly 'institutionalise' their client relationships. They also probably need to learn how to better incorporate the skills of PSLs or non-legal/operational staff into the pitching and delivery of work.

A single customer view is vital

To give your firm an edge in BD, you need to be able to produce a single customer view, using a unique data identifier as well as the most up-to-date information.

This will only come from combining information from sources inside the firm (CRM data, previous work done, relationships maps, intelligence from key account partners and so on) with information pulled from outside sources, collated to produce a vision of the prospect that can help you rapidly define client needs and gaps in your competitors' delivery.

This should allow BD teams and those they're working with to use existing client information to identify the best prospects, both in terms of profitability and clients with the most relevant needs that map to the firm's strategically identified goals.

This is, of course, part of BD basics – you need to target your BD resources efficiently and only go after prospects that you are likely to convert. But law firms have not always been great at defining profitability in advance, so not only do you need to identify which prospects are best matched to what you do, you also need to be able to identify which of those will deliver profit – not just revenue.

A good example of the data you need is enhanced due diligence. If you can work out in advance the intricacies of a merger (reputational risk, associated individuals, ownership, existence of subsidiaries), you can more carefully account for scope creep and better understand the potential cost – and profit – of a matter.

Profitability is a complex web

Profitability is more important than just winning work, despite how badly partners want to be busy. BD people need to find the tools and skills to ensure that they can assess profitability when pitching or prospecting.

Profitability can be lost throughout the legal work process: before the work is won, by failing to assess the cost of delivery and going for work at too low a cost; during the work in scope creep; and after the work is done in discounting and long lead times to collection.

BD people and their fee-earning kin need to defeat this by, for example, more effectively assessing profitability at the outset, taking on more project-style behaviours that identify scope creep, and assessing whether a client will pay what they're charged.

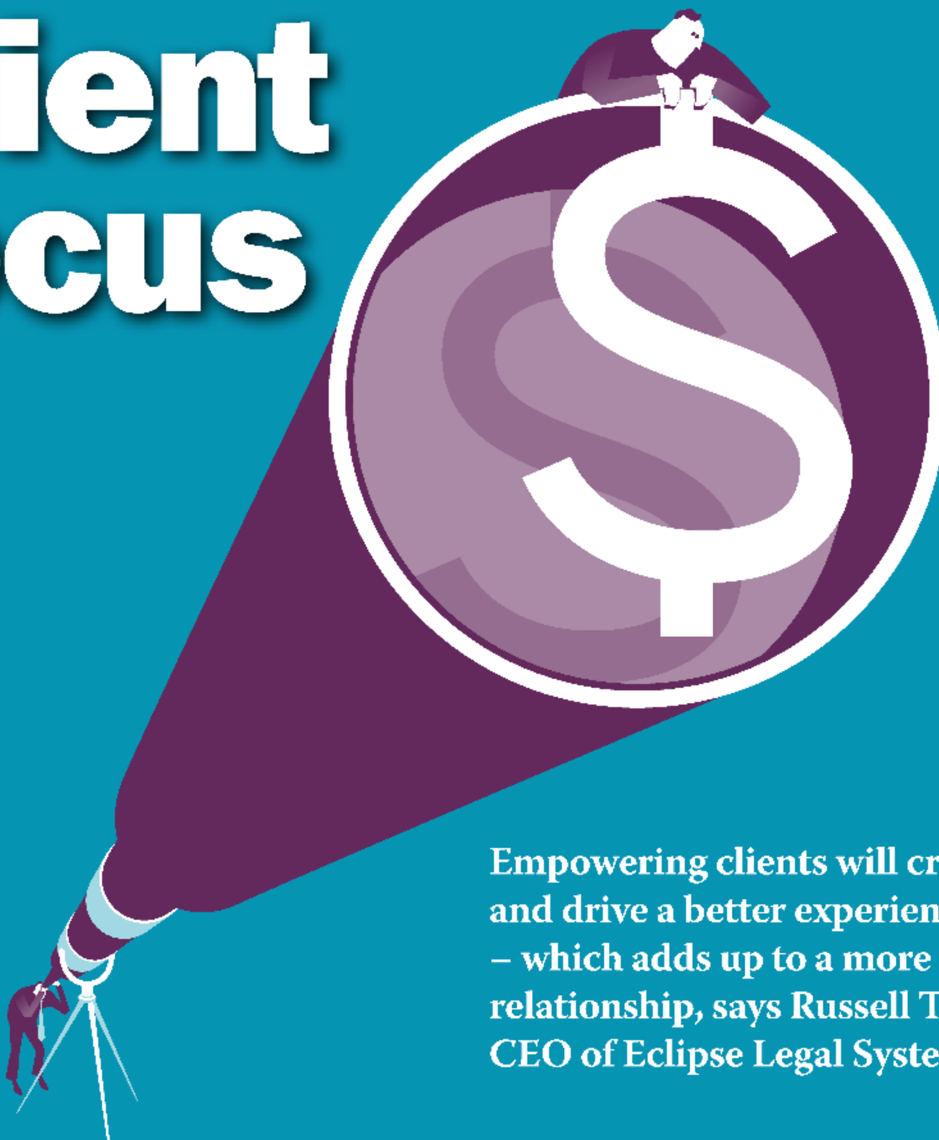
That last point is, in fact, several in one – the client won't pay in full if they don't feel the value in the work or if it's a big surprise, but they may also not be a great payer. At Dun & Bradstreet, we produce and manage data that can feed into almost all the processes outlined above, such as prospect information and market intelligence, but we also hold information about how good clients are at paying bills, and how long they take – information that should be used by law firms to assess revenue realisation far more than it currently is.

That's just an example of how combining information sources can drive up profitability and deliver bottom-line benefits. Having access to a breadth of insight into your prospects and clients through a central system will also inevitably create efficiencies and savings in the BD team – ultimately delivering the most profitable clients, more quickly.

Benefits then flow to the rest of the business, with more profitable work being billed more quickly. They're BD basics, but there's still room to apply them in legal.

Industry Analysis

Client focus



Empowering clients will create loyalty and drive a better experience for them – which adds up to a more profitable relationship, says Russell Thomson, CEO of Eclipse Legal Systems

The future of client relations will be about involving them more in the process of legal work, keeping them better and more regularly informed, allowing them to input directly into the work process, and providing greater visibility of work progress. All this comes down to better communication.

How will you do that? To win new clients, keep old ones and stay ahead of the competition, law firms need to capitalise on the information they already have to make better, more meaningful connections and interactions with both existing clients and prospects.

The legal sector's approach to BD is evolving as more firms realise that BD, sales and marketing are, in fact, incredibly important. This realisation has come not just as a consequence of the downturn – it's also been driven through a variety of regulatory changes, from the axe falling on referral fees to new entrants to the market, most of which understand how to cross-sell and leverage customer information extremely well.

When I speak to law firms, it seems many are at a crossroads: they have to decide whether to shut up shop, or rise to the business challenge. There is no middle road. The focus for everyone, therefore, must be on business development.

A central perception that needs to change is the client experience. Consumers (and some business clients) often expect a horrible experience in dealing with law firms. They complain of not being able to stay in touch easily, opaque processes, limited visibility of how a case is progressing and poor guidance around the processes involved from the outset.

Better transparency into the client's legal work can fundamentally change all this, and it's key to making clients feel at ease. They need to see what their firm contacts are doing. Their journey is really important. Often, particularly in consumer business, clients don't understand the amount of work that goes into their matters – even with a simple conveyance.

Making contact and maintaining communications with clients also has to be made easy to do, and, crucially, through the client's preferred channel. This means breaking down barriers and providing new channels.

Bringing clients into the process

This can all be done by rethinking process management in the firm. Until relatively recently this was an internal thing – legal processes happened inside the firm. But by extending thinking about processes to the client/consumer, a lot of the transparency and communication work happens automatically.

The widespread use of CMS and PMS solutions means that law firms today are sitting on huge amounts of useful, searchable, usable electronic data – more, in fact, than many sectors. It therefore makes sense to use it, to push it out to clients via an online, device-agnostic, always-on platform to bring clients into processes and make them more involved and comfortable – using the internet channels they use and already feel at home with.

This allows the publishing of elements of the case to help clients understand what's going on, makes it easy for clients to make contact anytime, and lets them submit documents via the web. These seemingly small things add great value, create differentiation and drive up satisfaction. This needn't cost the firm much in return, and a great online journey also means less direct client interaction, saving fee earner time, increasing revenues and cutting costs.

We're so convinced that this is what clients want that we have built Eclipse TouchPoint, which can influence and make work happen behind the scenes in a programmed and automated way that the client can be involved in, self-serving at specific points in the process. As a law firm manages a case through a CMS, it can push information out through TouchPoint and then pull client information back in.

TouchPoint also gives vital BD and marketing information back to the firm – pulling in data around a client journey or mixing case management data from our Proclaim CMS to analyse enquiries vs sign-ups.

Culturally, some firms don't want to open up their work to the client. But it's nothing sinister, and many firms are already going down this road.

There will be a new level of client access to information and ease of interaction, and I think it will be a central way for firms to differentiate themselves and win business in the future.

Industry Analysis

Profits before pitches

Profitability has to be placed at the heart of BD's thinking – and that can be done more easily than you think, says Dan Wales, legal business manager for BIPB

Business development is crucial to the success of many law firms. But at what stage of a campaign is profitability measured? Is it even considered?

Profitability is the ultimate key performance indicator (KPI), and it should be the focus of management and partners alike. It's the first figure looked at when analysing a profit and loss statement, alongside the age-old driver of revenue. Yet, for many, even if profitability modules are in place it is a measure often looked at after the event.

The Dickensian idea of lawyers profiting where all others fail is truly dead. We have seen the legal industry change dramatically since 2008, and the subject of profitability is often daily news – profits are dropping, firms are closing and mergers abound. The industry has changed, probably for good, and clients are now in the driving seat, demanding more for less. Law firms are struggling to adapt.

Profitability should not be an afterthought, an adjunct to the business development process. Profitability analysis should begin with

BD and be a working KPI throughout the life of a transaction. It should be a key factor on the critical path of every project. To make this possible, data needs to be made available and presented in meaningful form to appropriate personnel, and data-driven discovery needs to be embraced.

Pitches are key elements to winning new business, but at what stage of a pitch has the potential revenue forecast been analysed and assessed for profitability? More often than not, it hasn't. The lure of income and utilisation often supersedes it.

Many of you will find your biggest clients (in terms of revenue) are not your most profitable. In fact, if you dig into the profitability of a client base further, it's entirely possible that the margins are so minimal you might (rightly) question why retention is so important for some clients. Is it the client brand that you want to keep? Or is it about keeping bottoms on seats?

Pricing is about information

Pricing is becoming a talking point in the industry, but pricing projects 'on the back of a cigarette packet' is still very much the way lawyers operate.

While many firms are looking for alternative billing methodologies, the traditional method of 'billable hours times rate = billed value' still underpins many profitability calculations, along with hourly salaried and overhead cost rates.

Pricing as a distinct concept goes beyond just an estimate of work, but it has to be based on the collation of quality data. If you can collate the information retained in the firm's practice and customer relationship management systems and human resources databases – to name just a few key sources – and then extract and build that into a pricing tool, initial data-driven discovery can contribute significantly to empowering an individual or team to make effective business decisions on pitching and prospect selection, and ones that align with internal strategy and overall client objectives.

Think of this: a comprehensive pricing dashboard, an estimate of work, an intuitive user interface, business intelligence (BI), effective data-driven decision making. This powerful information system is already with us – a handful of firms have adopted such dashboards and tools, underpinned with the mindset that no new matters are created unless a pricing estimate, using such tools, has been conducted, analysed and placed on file.

BI plays an enormous part in this. Using a BI tool you can mix the many inputs to get a vital insight into: the firm's position and profitability; worker and financial data held within a PMS; client data and project scope from the CRM, prior transactional knowledge from KM; skills matrices from HR and resource availability from Exchange, for example.

BI, combined with user input, selections, pre-defined calculations and 'what-if' scenarios, results in projects planned around real-time and accurate facts and the best resourcing value for your clients, which should be profitable.

Pricing work in conjunction with BD is only the beginning. Marketing campaigns with profitability targets are just the beginning. A pricing dashboard is just the beginning. The industry has changed and the technology capability has changed with it. Is it not time we changed our methods too?

Briefing Case Study

Increase your hit rate

Adam Lewis, BD and marketing manager at Speechly Bircham, thinks he's found a way to increase the firm's pitch-to-win ratio and cut the cost of pitching at the same time, using technology developed by Enable

Pitching for work costs time and money, and competition in the legal market is tougher than ever, which means law firms only win around one in 10 pitches. A firm's success rate is directly related to the pitch cost, every win has to make the firm money, but it also has to cover the cost of nine failed pitches. If you're not thinking about that math when thinking about a pitch, you should be.

So the goal is to reduce the cost of pitching and increase the 'hit rate' – and the BD team at Speechly Bircham thinks it's found a way to achieve that.

The firm had a pitch creation product, but its wizard-based system wasn't flexible and didn't take out enough repetitious work. "Enough was enough," says Adam Lewis, BD and marketing manager at Speechly Bircham. "The wizard-based system could only generate content in a certain way." Not so wizard, then, after all. Lewis and the team started from scratch and put together a needs list, before turning to Enable, which worked with the Speechly Bircham team to create what Enable now markets as PitchPerfect.

What they made is an easy-to-use application based on Microsoft Word, pulling information from SharePoint repositories. Its simplicity belies how important it will be to Speechly Bircham, however. "It will be a real game-changer in how we create pitches, ironing out inefficiency across the firm while also raising the quality of the output and the internal profile of the BD team," says Lewis.

Using PitchPerfect will cut the cost of pitching for Speechly Bircham by cutting the amount of work that goes into pitches – and it should increase the firm's hit rate by freeing BD/marketing staff time for more strategic behaviour. "Going forwards into phase 2 , the use of SharePoint will allow us to pull content from sources such as InterAction as well as push content out to our website content management system, and store the final pitch in our iManage DMS. The result is a single source for all information and, because it all comes from one place, there's less room for error."

Lewis's team can now create pitches by "just grabbing content from the library, then generating the document" – a process that took upwards of two hours, he says, and now takes 5-10 minutes. Using a SharePoint repository also ensures proper quality control.

Lewis explains, with some frustration, that until now the teams spent too much time worrying about creating the pitch rather than what the document said. "We have the information we need, but finding and collating content takes so much time. Now, the valuable time we get from partners will be spent focusing the message, not proofreading the content. The system will dramatically improve draft documents."

Pitch quality will undoubtedly improve, says Lewis. "If you have 48 hours to prepare, most of that time will now be deciding what the message is, rather than gathering content." It follows, too, that this should lead to increased profitability. "The cost of delivering each pitch and so winning new business will be much less, and the output will be much better – so, hopefully, we're more likely to win any given pitch."

The new pitch engine should also change the way the firm creates other material, says Lewis, because the firm can repurpose it for an array of other marketing and BD activities, like those dreaded directory entries. Speechly Bircham makes around 100 legal directory submissions a year – and we all know how painful that is – but PitchPerfect will allow direct access to credentials that can be pushed straight into templates. The result? One-click directory entries, says Lewis.

And, because it's built on SharePoint and Word, the system can also be used by fee earners in a self-service way, taking more heat off marketing and BD. "It means no more last-minute requests – for example, we constantly have requests for CVs and basic marketing material, and fee earners are never sure where they are stored. The new system is really just an extra ribbon in Word. Partners have been blown away by it."

An increasing need for the 11-strong BD and marketing team to drive up and maintain profitability has driven them to innovate this solution – which should also improve the profile and reputation of the team within the firm, says Lewis.

"As a team, we don't spend enough time on strategy – which was a key reason for creating this," he says. "And there is plenty to do: developing content, market intelligence around big reforms, helping to get pricing right etc. Now we're spending more time adding strategic value – not just covering the basics."

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