

Navigating the Year with Strategic Pricing in Law Firms

By [Mark Medice](#) on April 9, 2024

Strategic pricing within law firms is more than just setting rates; it is a year-round endeavor that aligns with the firm’s pursuits, understands industry market cycles, factors practice innovation, and, most critically, delivers on client needs. The Strategic Pricing Phase Calendar is a component of the strategic pricing toolkit I’ve been detailing in my recent writings (e.g., see also your pricing [checklist](#) and [partner FICO score](#)). It aims to shepherd law firms through the ongoing pricing lifecycle and ecosystem. The calendar, illustrated below, outlines distinct phases and focal points throughout the year, and in this article, I will discuss each phase’s timing, relevance, and objectives.^[1]

Strategic Pricing Phase Calendar

Refer to the calendars provided below to direct your focus throughout the year

LEGEND

Peak focus

Transitioning focus

Background focus

<div>STRATEGIC PRICING</div> <div><div>Q1</div><div>Q2</div><div>Q3</div><div>Q4</div></div>	<div>Align pricing strategy with firm goals and aspirations, connecting pricing actions to client development, leadership, and performance.</div> <div>Establish clear protocols for discussing rates and value with clients, ensuring transparency and alignment with firm focus.</div> <div>Educate staff on the direct impact of pricing on firm strategy, market position, and profitability, supporting future aspirations.</div>
<div>PRICING DESIGN</div> <div><div>Q1</div><div>Q2</div><div>Q3</div><div>Q4</div></div>	<div>Design firm rate structure with fair value principles to ensure equitable pricing.</div> <div>Unify the rate structure and align with the market. Explore premiums for high-value practices. Reduce downward bias.</div> <div>Continuously refine policies and workflows to optimize efficiency and effectiveness.</div> <div>Develop robust tracking and analytics mechanisms to monitor performance and inform strategic decisions.</div> <div>Formalize innovative pricing approaches that reflect market dynamics and respond to client need.</div>
<div>PEOPLE & INSPIRATION</div> <div><div>Q1</div><div>Q2</div><div>Q3</div><div>Q4</div></div>	<div>Establish pricing focus groups. Create an oversight board of legal and professional experts for pricing strategy and innovation.</div> <div>Create a pricing knowledge repository: Develop a central platform for legal professionals to share pricing insights and strategies.</div> <div>Provide ongoing education and training. Offer continuous learning and certification programs for personnel to help navigate pricing challenges effectively.</div>
<div>PRICING ECOSYSTEM</div> <div><div>Q1</div><div>Q2</div><div>Q3</div><div>Q4</div></div>	<div>Establish a dynamic pricing operations marketplace comprising essential workflows, metrics, and monitoring mechanisms.</div> <div>Ensure workflows include rate exception handling, new client/matter review, AFAs, rate recovery, and client rate renewals.</div> <div>Implement or upgrade pricing monitoring and analytical tools to provide timely alerts and suggest corrective actions.</div> <div>Operate pricing curricula and certification.</div> <div>Provide transparent, understandable tracking metrics with follow-through, recommended actions, and accountability.</div>
<div>FORWARD THINKING & INNOVATION</div> <div><div>Q1</div><div>Q2</div><div>Q3</div><div>Q4</div></div>	<div>Begin strategizing early for the upcoming fiscal year, incorporating insights gained from past experiences, accomplishments, and areas for growth.</div> <div>Utilize data analytics and cutting-edge technologies to use pricing history to enhance the development of your business model.</div> <div>Engage in collaborative idea exploration, brainstorming sessions, and proactive planning to chart a course toward the long-term success of your firm.</div>

LawVision

Digital

TO DISCUSS YOUR FIRM'S SPECIFIC PRICING NEEDS, CONTACT MARK MEDICE TO SCHEDULE A FREE PRICING CONSULTATION

mmedice@lawvision.com

Phase 1: Strategic Pricing (In Focus Q2 and Q3)

Strategic Implications and Nexus: This phase, spanning the second and third quarters, is pivotal for law firms to evaluate the strategic implications of their pricing efforts. It's an opportune moment for reflection on the trajectory of the current strategy, ensuring that pricing maneuvers not only mirror the firm's value proposition but also bolster its long-term prosperity by syncing with the firm's ambitions.

Phase 2: Pricing Design (In Focus Q3)

Design & Structural Considerations: Before the upcoming fiscal year, firms must architect their rate structures around fair value principles to guarantee equitable pricing. This stage encompasses strategies such as rate harmonization, planning educational initiatives, expanding tracking mechanisms, and fine-tuning rate structure. It's also pivotal for creating and refining policies, enhancing tracking, and developing innovative pricing strategies that align with market trends, client expectations, and modernization.

Phase 3: People and Inspiration (All Year with Less Focus in Q3)

Your Pricing Culture: Cultivating a strategic pricing culture involves enlightening the firm on the significance of pricing, instituting pricing focus groups, and establishing an oversight board dedicated to pricing. Continuous education and training are essential, equipping the team to tackle pricing challenges adeptly. Adopting best practices like compiling pricing experiences and fostering a collaborative environment for pricing trends is instrumental. And creating case studies and pricing knowledge bases fills out your community.

Phase 4: Pricing Ecosystem (Constantly with Fewer Changes in Q3)

Your Pricing Operations Center: This phase accentuates the creation of a vibrant pricing operations ecosystem, incorporating processes for handling rate exceptions, reviewing new client/matter engagements, and renewing client rates. Implementing or enhancing pricing monitoring and analysis tools is vital for sustaining a competitive stance. Your ecosystem is mission control for automating workflows, creating signals and alerts, course correcting, and creating accountability loops.

Phase 5: Forward Thinking & Innovation (In Focus Q2 and Q3)

Creating Change: Innovation can occur anytime, yet it is particularly accessible for firms midway through the fiscal year. This phase comes after the initial startup phase, linked to rate implementation and aligning with ongoing design processes. It is also when firms start planning for the upcoming year. This timing allows firms to integrate innovative ideas more smoothly into their operations and strategic planning, leveraging the momentum built from the start of the fiscal cycle and aligning it with forward-looking initiatives. Employing data analytics and cutting-edge technologies to refine the business model is key. Fostering a culture of collaborative idea-sharing and proactive planning is crucial for enduring success, considering the impetus for change driven by technological advancements, emerging competitors, and evolving industry dynamics.

Conclusion

The Strategic Pricing Phase Calendar provides your roadmap for the year, embodying a holistic pathway for law firms intent on integrating strategic pricing into their daily routine. It highlights the necessity for a cyclical approach while maintaining price process discipline. This calendar presents a structured yet flexible framework for law firms aspiring to excel in mastering strategic pricing. Of course, adapting it to meet your firm's needs based on priorities and pricing

maturity is required.

To learn more about implementing these strategic pricing phases in your law firm, [download the calendar](#) or [schedule a personalized consultation with me](#).

[Mark Medice](#) is LawVision's Strategic Pricing, Profitability and Data Science Principal. Law firm leaders rely on his unparalleled experience in financial competitive intelligence and benchmarking, predictive analytics, industry performance, rates, pricing trends and strategy, profitability, and other critical issues – such as AI Strategy – facing the legal industry today.

^[1]Please note that the strategic pricing phases sequences do not align with the calendar year. The cycle begins with the strategic phase in the second calendar rather than the first quarter. This structure reflects the proactive nature of best pricing practices. The first quarter is usually dedicated to executing strategies developed in the previous year, while the mid-year design phase is intended to prepare for the next fiscal year.