

Your Strategic Pricing Calculator

By [Mark Medice](#) on May 21, 2024

Over recent months, I've shared components of my **strategic pricing toolkit**, including the strategic pricing checklist, the pricing calendar, and the performance FICO score. This toolkit is vital in your strategic pricing framework, offering a structured approach to enhance pricing execution. It enables your firm to fully harness the power of strategic pricing by establishing robust pricing processes—from setting rates to managing exceptions—and improving client pricing engagement.

In essence, effective pricing is achieved through purposeful design and execution, with the toolkit serving as an accelerator to build your pricing ecosystem. This ecosystem includes pricing governance, workflows, pricing leaders, metrics, policies, systems, and tools that automate and streamline these efforts. Like biological ecosystems, it operates continuously and in cycles.

However, creating and sustaining this is challenging. To capture attention and emphasize both gains and opportunity costs, it is essential to quantify the benefits of strategic pricing. This approach can inspire critical thinking about a firm's policies and execution, ultimately driving greater profitability.

In response, I'm thrilled to unveil our next toolkit component: **[the strategic pricing calculator](#)**. This innovative tool quantifies the financial benefits of enhancing your pricing execution while showing the connection to your management and people elements.

The Strategic Pricing Calculator

The [strategic pricing calculator](#) is designed to help law firm leaders understand the financial impact of pricing execution. More importantly, it clarifies how people, pricing workflows, and platform investments contribute to economic success and client satisfaction.


Below is a view of the calculator:

Pricing Gains Calculator

To compute your gain, enter your firm profile data below. Next assess your firm's strategic pricing acumen in the Fine-Tuning section below. Lastly review your Pricing Power Index and move the LawVision accelerator to see how we can help you achieve greater gains.

Firm Profile

<p>Total Lawyers 247</p> <p>1 <input type="range"/> 2,500</p>	<p>Leverage 1.5</p> <p>0 <input type="range"/> 10</p>
<p>Avg EBR Partner \$500</p> <p>\$0 <input type="range"/> \$2,500</p>	<p>Avg EBR Associate \$300</p> <p>\$0 <input type="range"/> \$1,250</p>
<p>Avg Billable Hrs 1,500 per Lawyer</p> <p>1 per Lawyer <input type="range"/> 3,000 per Lawyer</p>	<p>3-Yr CAGR Rate Increase ?</p> <p>3%</p> <p>0% <input type="range"/> 15%</p>



LawVision Digital
CREATING COMPETITIVE ADVANTAGE

Pricing Power and Gains

Pricing Power Index LawVision Accelerator

26

0 10

12-Month Gain
Power x Opportunity

\$4,443,618

12-Month Gain
Gain per Partner

\$44,975

Fine-Tuning Parameters

<p>Mgmt Focus ?</p> <p>3</p> <p>0 <input type="range"/> 10</p>	<p>Partner Financial IQ ?</p> <p>2</p> <p>0 <input type="range"/> 10</p>	<p>Lawyer Autonomy ?</p> <p>8</p> <p>0 <input type="range"/> 10</p>	<p>Know Value ?</p> <p>3</p> <p>0 <input type="range"/> 10</p>
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To use it, adjust the levers on the left to input the number of lawyers in your firm, your leverage, and average rates for equity partners, associates, and other vital timekeepers. Then, move the dial to set your firm's three-year average rate increase.

Next, on the bottom of the calculator, assess your firm's cultural elements, such as management's focus on strategic pricing, your partners' financial acumen, freedom to discount, and understanding of fair value in the marketplace. The calculator links these concepts and estimates your potential gain based on your current assessment, allowing you to visualize the returns from improvements in those areas.

The calculator provides a resulting Pricing Power Index score in the right panel, forecasting your potential financial gains for the next fiscal year. It breaks down these gains in aggregate and at the partner level, considering factors such as your rate levels, market positioning, historical rate gains compared to industry averages, and potential gains from strategic improvements. Additionally, the tool features the LawVision Accelerator, which demonstrates how targeted assistance can enhance your gains during the first year.

Maximizing Your Potential: How the Pricing Calculator Can Guide Change and Unleash Your Benefits

The pricing calculator isn't just about numbers; it also provides a window into the nature of change within your firm. While law firm economics may seem structurally similar across firms, the desired levels of change and policies can vary significantly.

Successful strategic pricing programs typically follow an 80/20 split between people and financials, strongly emphasizing behavioral finance and pricing education. While numbers are crucial, it is the human elements where law firm leaders can genuinely differentiate their firms, achieve significant progress, and drive lasting change.

However, the freedom to be yourself doesn't eliminate the need for tough decisions or prevent fundamental pricing policy mistakes. The calculator can serve as a reality check, helping you approach your strategy with eyes wide open and a clearer understanding of the tradeoffs involved.

How to Get Started with the Calculator

Before using the calculator, consider answering these key questions to assess your firm's pricing process maturity and identify potential short- and long-term gains:

- **Effectiveness:** How effective do you perceive your current pricing practices to be?
- **Client Satisfaction:** Are clients satisfied with how your firm sets and communicates rates?
- **Fair Value:** Do your partners understand and strive to achieve the concept of fair value?
- **Profitability Awareness:** Do your partners recognize the relationship between rate performance and profitability?
- **Autonomy vs. Firm Approach:** Are your partners willing to give up some freedom to align their pricing practices with a unified firm strategy?
- **Management Support:** Is your management team willing to champion changes in pricing practices for the firm's improvement?

Addressing these questions will provide valuable insights into the work ahead. At LawVision, we have helped many firms navigate these challenges, offering partners strategic, cultural, and educational support.

You can access the strategic pricing calculator [HERE](#).

Learn More About the Strategic Pricing Calculator

To explore the full potential of our [strategic pricing calculator](#) and the complete pricing toolkit, please visit our [Pricing Toolkit Landing Page](#). If you are interested in discussing how your firm can implement a strategic pricing program or specific elements of the toolkit, you can book a meeting with me [HERE](#). Alternatively, contact me directly at mmedice@lawvision.com.

Additionally, we invite you to attend our upcoming event > **Strategic Pricing: 2024**. For more details and to register, visit our event page [HERE](#).

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. You can reach him at mmedice@lawvision.com | 412-721-9475.