

# Your Strategic Pricing Execution Checklist

By [Mark Medice](#) on February 27, 2024

As the year begins, law firms transition their pricing focus from the planning stage to execution. In the second half of 2023, firms were busy evaluating their rates and pricing strategies to prepare for 2024. Currently, the emphasis is on leveraging the skills of their personnel, optimizing pricing processes, and improving transparency across the firm. The key to successful pricing strategy implementation lies in the effectiveness of a comprehensive pricing ecosystem, which operates through distinct phases.

## Critical Phases of Pricing Execution

An effective pricing system hinges on several interlinked phases that form its foundation. While these phases may appear to occur at specific times during the year, they are closely linked and operate continuously. Their ongoing interaction, with shifting emphasis by quarter, plays a crucial role in enhancing the effectiveness of the pricing strategy. These pivotal phases are described below.

### Strategic Nexus

Developing a strategic pricing approach entails aligning pricing strategies with the firm's broader objectives and market dynamics. This involves integrating pricing with current market positioning and future aspirations, strengthening brand identity, assessing competitive positioning, and establishing clear pricing objectives. It also entails effectively communicating the rationale to partners.

*Timing: Most prominent during firm management reviews, strategy sessions, and rate design periods.*

### Pricing Design

Effective pricing design involves crafting pricing structures and models that are both competitive and aligned with client needs and expectations. This phase encompasses the development of rate schedules, fee arrangements, billing methodologies, and alternative pricing mechanisms tailored to specific client segments and practice areas. The implementation of formalized alternative pricing strategies is relevant in this phase.

*Timing: Recommendation: start six months before your new fiscal year (for US firms, that means June).*

### People and Collaboration

Successful pricing strategies are underpinned by collaboration and engagement across various stakeholders within the firm. This phase focuses on fostering a culture of collaboration, empowering pricing teams, and inspiring innovation to drive continuous improvement in pricing practices.

*Timing: Key focus at the beginning of the new fiscal year, in the second quarter when course correction is warranted, and during last-quarter communications about upcoming rate/pricing strategy.*

### Pricing Ecosystem and Visibility

Establishing a transparent pricing ecosystem is pivotal in cultivating client trust and nurturing enduring relationships. It

involves establishing open communication channels, furnishing partners with clear pricing benchmarks, and ensuring fee structure and billing procedures transparency. Additionally, it consists of implementing pricing workflows that offer guidance and metrics for assessing effectiveness, facilitating learning, adapting strategies, and building a comprehensive pricing knowledge base.

***Timing:** Operating continuously, with a specific focus during pricing execution phases in the first half of the fiscal year, followed by refinements throughout the second half and planned enhancements for the following fiscal year.*

## Advanced Planning and Innovation

To stay ahead in a dynamic marketplace, firms must embrace forward-thinking approaches and cultivate a culture of creativity and innovation. This phase encourages the exploration of new pricing strategies, the adoption of emerging technologies, and the pursuit of novel pricing models to adapt to changing client demands and market conditions.

***Timing:** Emphasis during mid-year and Q3 design and planning sessions, with dedicated sessions for creative pricing brainstorming and learning events periodically throughout the year.*

## Affirmative Steps to Take Now in March 2024

While the above provides an overview of the broader pricing framework, the following focus areas are essential for you to review now to ensure that your carefully crafted pricing plans have the greatest chance of success as you operate in the execution stage of the pricing lifecycle.

### Highlighting Your Strategic Pricing Purpose

One of the most prevalent strategic oversights among law firm leaders in pricing is relegating its management primarily to the finance department. While the finance function undeniably plays a pivotal role, allowing it to take the lead fosters an 'us versus them' dynamic and almost motivates lawyers to circumvent the process rather than own it.

Don't allow your partners to treat your pricing approach as a "painful" chore akin to dental work. Instead, position it as a differentiator on par with managing talent, compensation, and other pivotal aspects of your firm. Pricing is your firm's financial façade, reflecting your value proposition and embodying your market position.

### Driving Lawyer Inspiration and Motivation

Frequently, firms overlook the importance of involving lawyers in crucial pricing decisions, such as rate setting, discounting, write-downs, and overall pricing strategies. This oversight often results in pricing fragmentation, where lawyer rates randomly diverge from the firm's pricing direction, leading to client confusion and dissatisfaction.

Regardless of the quality of your pricing/rate designs, failure to effectively engage and connect with your partners can yield detrimental consequences and significantly impact the firm's success. Your lawyers must take ownership of executing the strategic pricing plan.

### Creating a Transparent Pricing Process

It is astonishing how many firms mishandle pricing statistics, presenting discounting and write-downs in a misleading manner that can lead lawyers to believe they are pricing effectively when not. Furthermore, these firms often need more oversight and clarity on the actual progress of the firm in similar cases.

Today, there's ample opportunity to access the correct data and craft insightful narratives about your firm, its practices, and the progress of its lawyers. It's imperative to leverage these tools to depict reality and offer support for necessary course corrections accurately.

Transparency and regular checkpoints are essential for course correction, education, and establishing a knowledge base within your firm regarding pricing successes, trends, and challenges.

### **The "Checklist"**

The outlined pricing phases and focus areas are a comprehensive discussion of my pricing execution checklist, which I invite you to review and discuss further. This checklist condenses these fundamental ideas, allowing you to assess whether your plans, processes, and personnel are adequately positioned to execute your pricing strategy for 2024 and into 2025. To receive a copy of the checklist and engage in further conversation on these concepts, please click on the following link: <https://lp.constantcontactpages.com/sl/8iRTmdE/pricingchecklist>.

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*Mark Medice is LawVision's Strategic Pricing, Profitability and Data Science Principal. He has more than 20 years of leadership experience providing and applying data solutions to the most pressing challenges facing law firm leaders. He can be reached via [mmedice@lawvision.com](mailto:mmedice@lawvision.com) | 412-721-9475.*