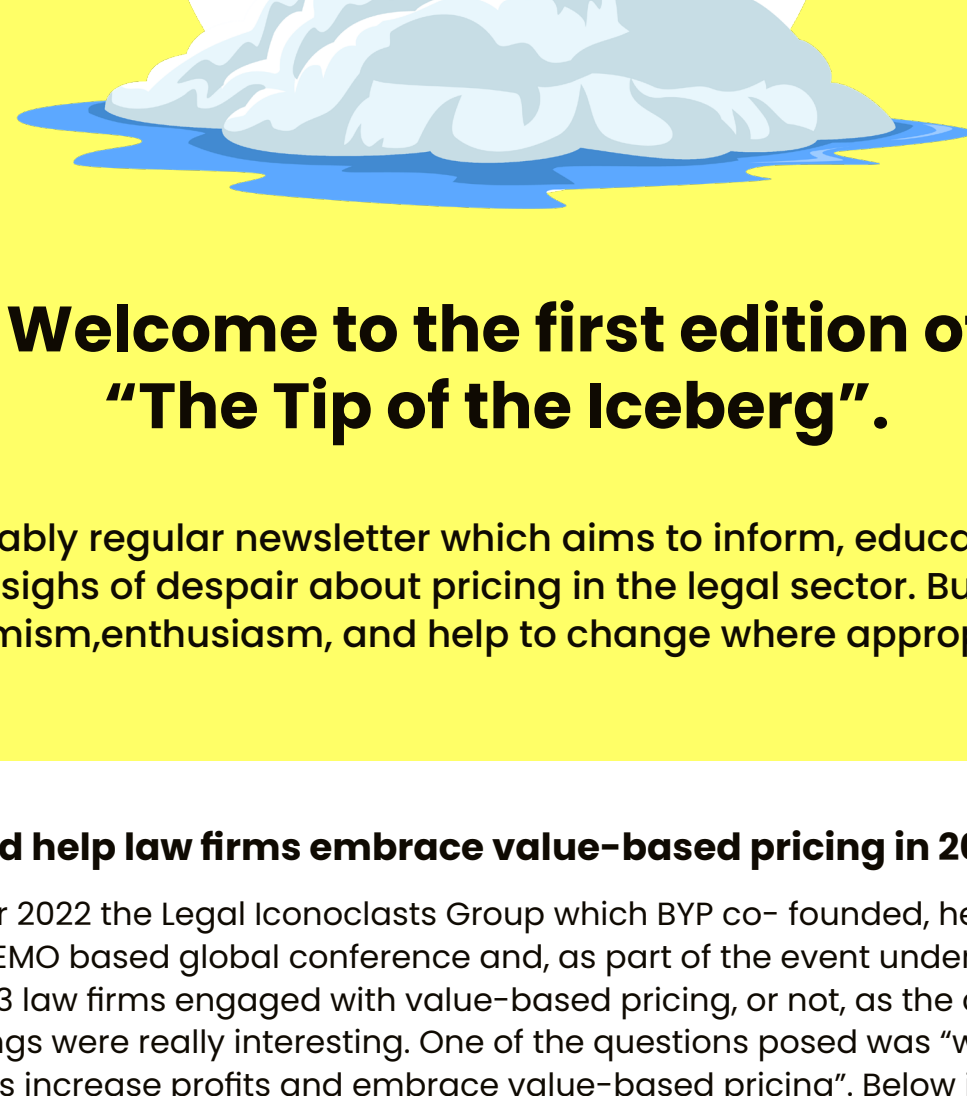




big yellow penguin

# THE TIP OF THE ICEBERG



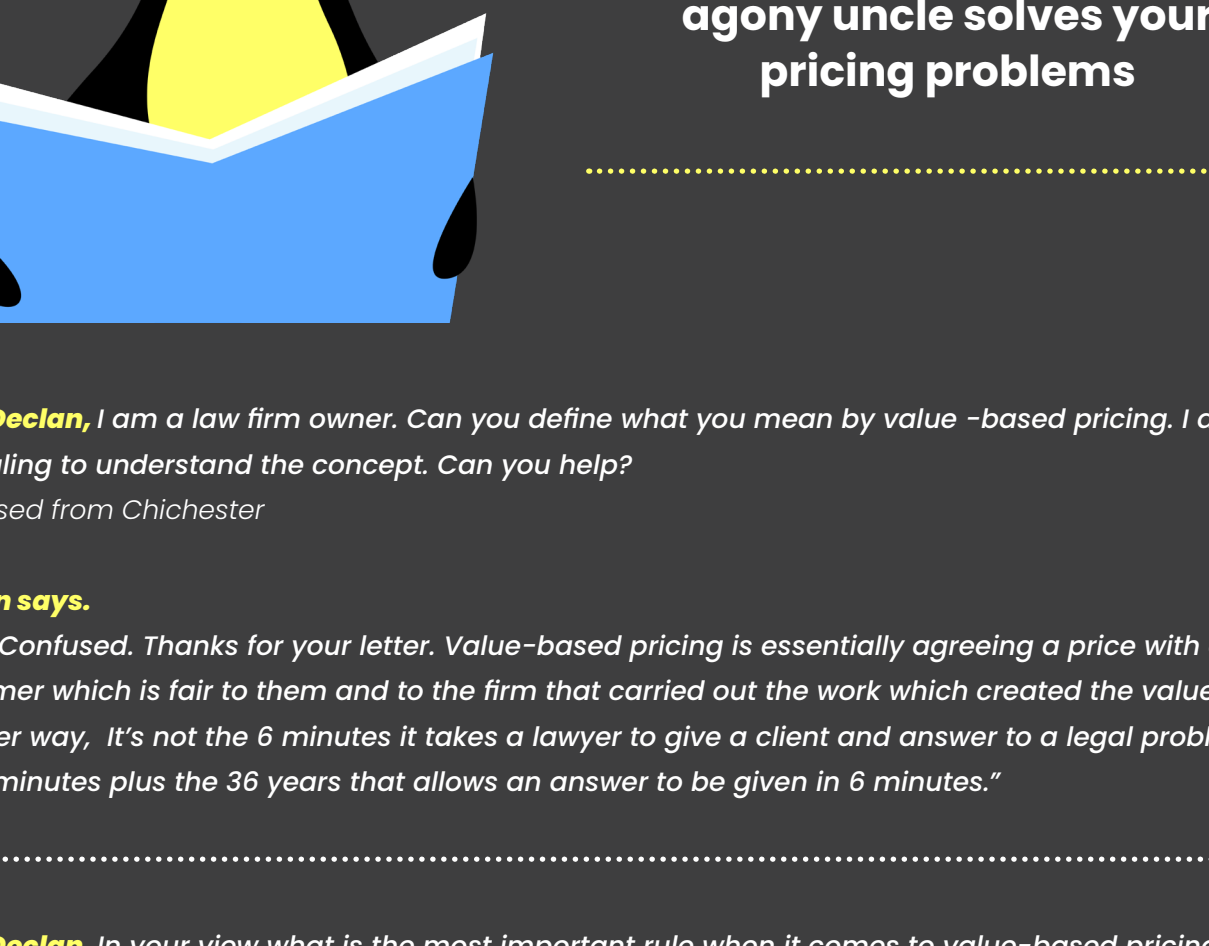
## Welcome to the first edition of "The Tip of the Iceberg".

A reasonably regular newsletter which aims to inform, educate, berate, and emit sighs of despair about pricing in the legal sector. But also offer optimism, enthusiasm, and help to change where appropriate.

### What would help law firms embrace value-based pricing in 2023?

In September 2022 the Legal Iconoclasts Group which BYP co- founded, held an interactive REMO based global conference and, as part of the event undertook a survey to see how 63 law firms engaged with value-based pricing, or not, as the case may be. The findings were really interesting. One of the questions posed was "what would help law firms increase profits and embrace value-based pricing". Below is a list of the things that law firms said would help.

If you would like to receive a full copy of the Legal Iconoclast survey - email [shaun@bigyellowpenguin.co.uk](mailto:shaun@bigyellowpenguin.co.uk)



Other reasons we have heard for not embracing value-based pricing is that it is "too hard/we don't have time". To try and overcome this and understand how a project can be rolled out in a practice, BYP has developed a masterclass which aims to give law firm leaders the tools and know-how to start a project in their firms. If you scroll down, more details can be found in the events section of this newsletter, and in the blog section which explains in a little more detail how a project can be rolled out.



## Dear Declan

Declan the undisputed world's favourite Pricing Penguin and agony uncle solves your pricing problems

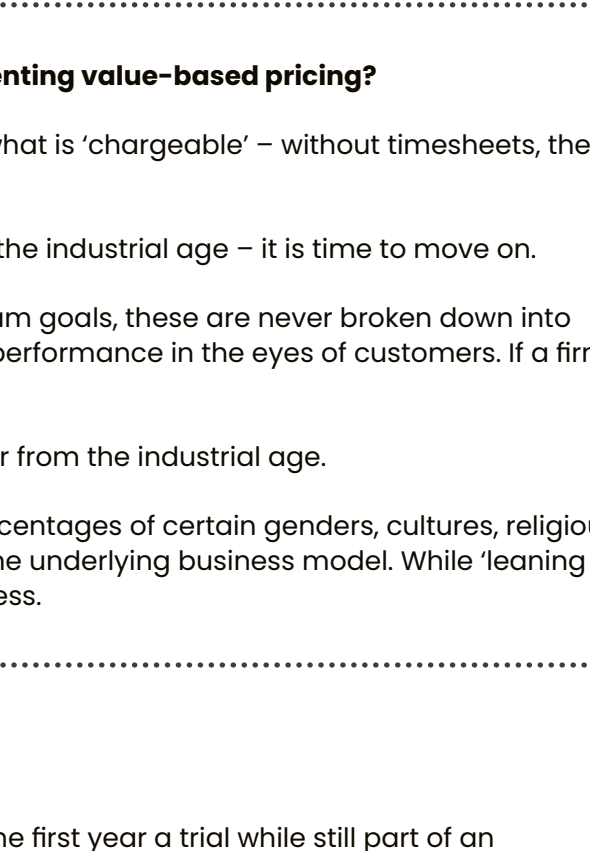
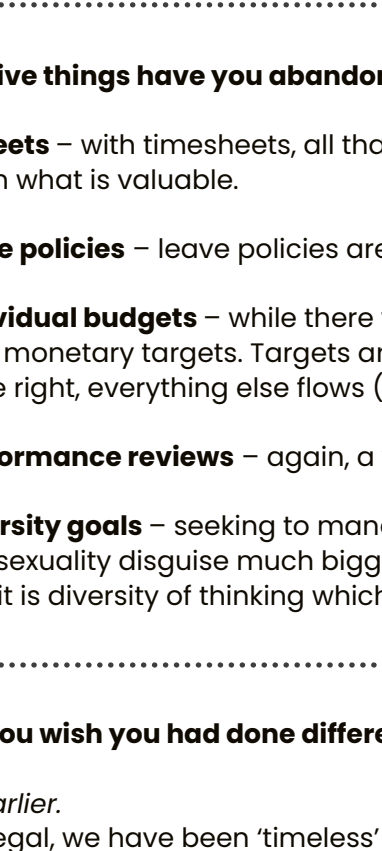
**Dear Declan,** I am a law firm owner. Can you define what you mean by value-based pricing. I am struggling to understand the concept. Can you help?  
*Confused from Chichester*

**Declan says.**  
*"Dear Confused. Thanks for your letter. Value-based pricing is essentially agreeing a price with a customer which is fair to them and to the firm that carried out the work which created the value. Put it another way. It's not the 6 minutes it takes a lawyer to give a client and answer to a legal problem, it's the 6 minutes plus the 36 years that allows an answer to be given in 6 minutes."*

**Dear Declan,** In your view what is the most important rule when it comes to value-based pricing?  
*Bemused from Brighton.*

**Declan says.**  
*"Dear Bemused. This is a simple one. It is 'no one prices their own work in isolation.' You get two pairs of eyes on every price. Lawyers love doing legal work but quite often are poor at negotiating a rate which reflects the value they create. Think about it. Why do barristers have clerks and footballers and actors have agents? The reason is the agents/clerks will be more bullish about negotiating the fee. Take a leaf out of their book. Start pricing your colleagues work and see if they are selling themselves short. The chances are they are."*

## View from the Bridge



An open and honest take on what is happening in the value-pricing space from law firms around the world.

Apart from being an excellent lawyer, radical thinker, and all-round good bloke, Matthew is also a published author. Matthew has kindly made available one of his books which we will give to the winner of the Caption Competition (see below).

Name: Matthew Burgess  
Email: [matthew.burgess@viewlegal.com.au](mailto:matthew.burgess@viewlegal.com.au)  
Name of business: View Legal  
Website: [www.viewlegal.com.au](http://www.viewlegal.com.au)

In this edition I am delighted to introduce you to a truly disruptive private client lawyer, Matthew Burgess, who runs "View Legal" in Brisbane Australia.

### Q. What five things associated with value-based pricing have you embraced?

- Guaranteed fixed pricing** – the definition of a competent service provider is someone who can devise a scope of work and provide an upfront fixed price that they are willing to refund in full if the customer is not satisfied with the performance.
- ROWE** (that is – a results only work environment) to learn more, see – <https://en.wikipedia.org/wiki/ROWE>.
- Solution choreographed teams** – analogous to the movie industry, disruptive firms are structured to allow them to work with whomever and on whatever terms are best to achieve the client's objectives.
- AAR** – a concept developed by the US military, after action reviews are arguably the single most important learning tool for professional firms. To learn more, see – [https://en.wikipedia.org/wiki/After-action\\_review](https://en.wikipedia.org/wiki/After-action_review)
- Diversity of thought** – when two people in business are constantly of the same opinion, one or more is irrelevant. Embracing diversity in every sense of the word ensures arbitrary, politically correct, percentages become irrelevant.

### Q. What Five things have you abandoned since implementing value-based pricing?

- Timesheets** – with timesheets, all that is focused on is what is 'chargeable' – without timesheets, the focus is on what is valuable.
- No leave policies** – leave policies are a hangover from the industrial age – it is time to move on.
- No individual budgets** – while there will certainly be team goals, these are never broken down into individual monetary targets. Targets are aligned around performance in the eyes of customers. If a firm gets those right, everything else flows (including money).
- No performance reviews** – again, a very poor hangover from the industrial age.
- No diversity goals** – seeking to mandate minimum percentages of certain genders, cultures, religious beliefs or sexuality disguise much bigger problems with the underlying business model. While 'leaning in' is critical, it is diversity of thinking which is the key to success.

### Q. What you wish you had done differently?

*Started earlier.*  
On every relevant metric, team engagement and mental health, customer response and attraction, profits (as opposed to revenue) and innovation – we have seen (generally material) improvements each and every year since last recording a chargeable unit.

## Caption Competition

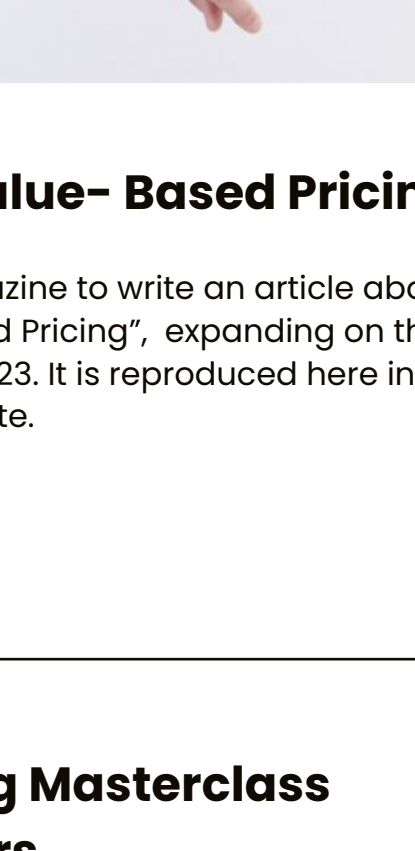
To be in with a chance of winning this great book from Matthew Burgess – let us have a caption for the photo below. Submit your entry to [shaun@bigyellowpenguin.co.uk](mailto:shaun@bigyellowpenguin.co.uk)

The caption that Matthew and Shaun like best will win this exceptionally useful and valuable prize!



## VBP- Miscellany

Links to materials which have (ice) flowed across our path and may help you on your VBP journey.



### Pricing Discussions

Whilst the author of this article is not a lawyer – he is a very successful design agency owner and a very nice bloke as well. Tim Williams work is always worth reading. Tim runs a creative design agency in the USA. He consults in the space and has written a great book "Positioning for Professionals" which is worth a read.

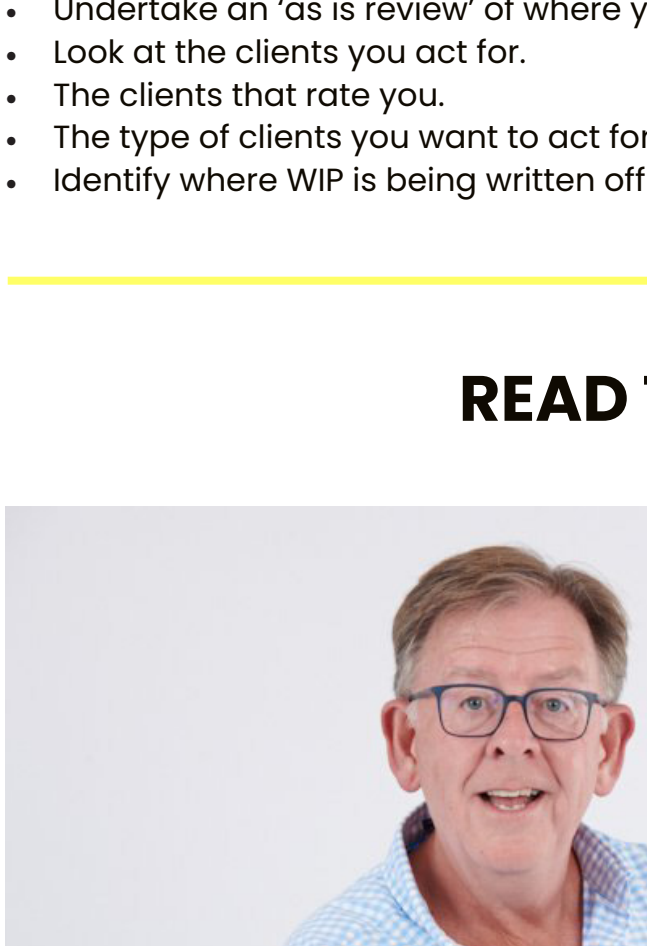
In this article Tim looks at some of the issues that arise when having discussions about pricing. [Click here to view the article](#)

### Quoting only hourly rate unfair, EU court rules

This headline caught our eye in the Law Society Gazette, without any estimate of the cost of the matter, does not satisfy the requirement of being drafted in plain intelligible language! One to keep a watchful eye on, we think. [Click here to view the article](#)

### Worried about getting paid what you are worth?

In this TED talk pricing consultant Casey Brown shares helpful stories and learnings that can help you better communicate your value and get paid for your excellence. [www.ted.com/talks/casey\\_brown\\_know\\_your\\_value\\_and\\_then\\_ask\\_for\\_it](http://www.ted.com/talks/casey_brown_know_your_value_and_then_ask_for_it)



## Kotter Corner

The 8 P Point Plan Which The Big Yellow Penguin has created to implement value-based pricing is based on the principles set out in John Kotter's book

### "Our Iceberg is melting".

In this tiny area of the newsletter, we quote the great man.

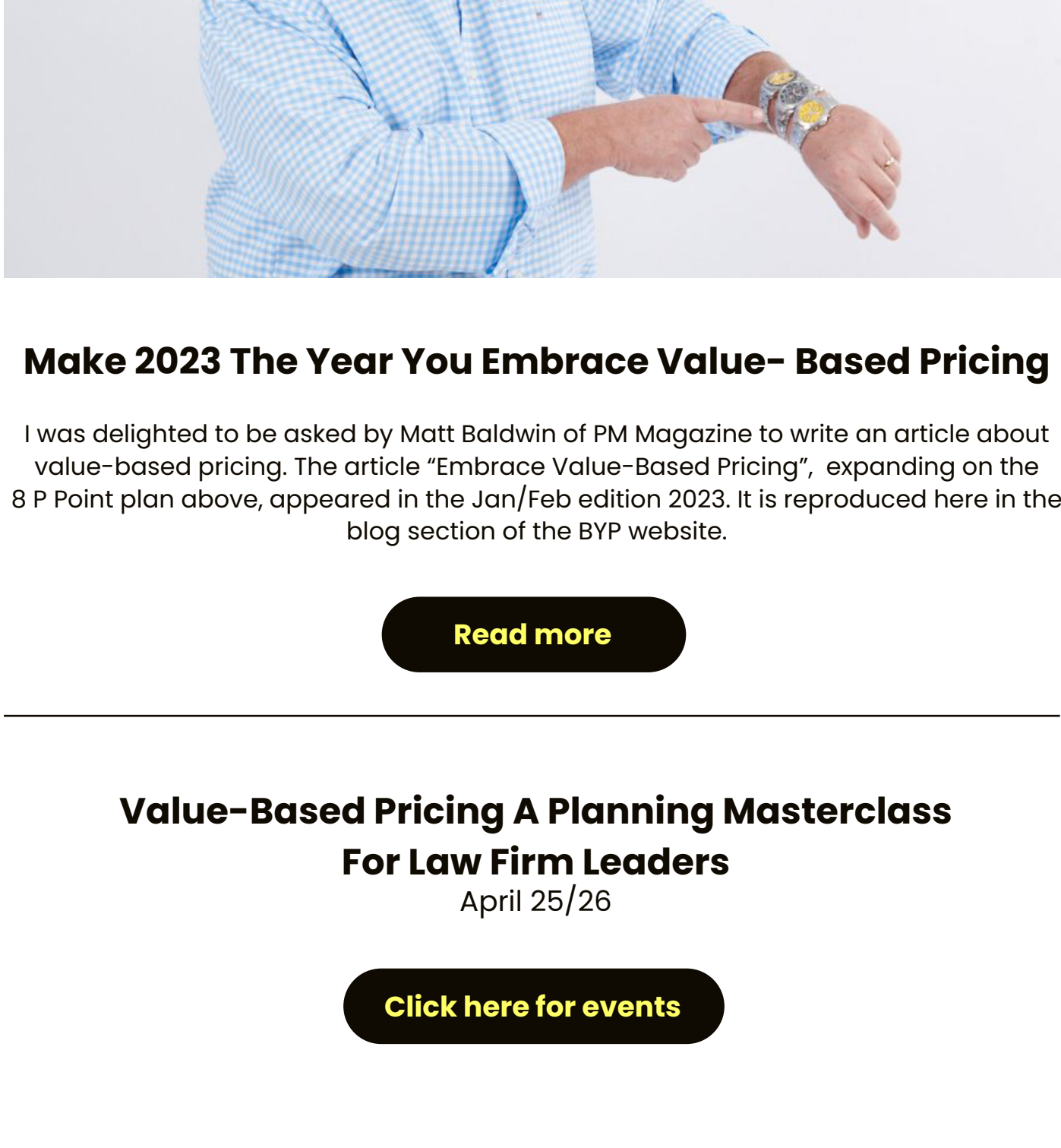
Step 1: Paradigm.  
**Create a sense of urgency – to instigate change. "Tradition is a very powerful force."**

"Employees in large, older firms often have difficulty getting a transformation process started because of the lack of leadership coupled with arrogance, insularity, and bureaucracy."

These quotes are not directed at law firms by Kotter...but they could have been! When looking at the Paradigm shift required by implement value-based pricing – consider the following:

- Undertake an 'as is review' of where you are now.
- Look at the clients you act for.
- The clients that rate you.
- The type of clients you want to act for.
- Identify where WIP is being written off and why.

## READ THE BLOG



### Make 2023 The Year You Embrace Value- Based Pricing

I was delighted to be asked by Matt Baldwin of PM Magazine to write an article about value-based pricing. The article "Embrace Value-Based Pricing", expanding on the 8 P Point plan above, appeared in the Jan/Feb edition 2023. It is reproduced here in the blog section of the BYP website.

[Read more](#)

## Value-Based Pricing A Planning Masterclass For Law Firm Leaders

April 25/26

[Click here for events](#)

**At this new event law firm leaders will learn how they can go about conducting a change management project and implement value-based pricing in their businesses.**

How to create the tools needed to make a start, and hear from speakers around the world who have "been there done that", and implemented value-based pricing in their own organisations.

Our aim is to enthuse delegates and encourage them to plan for and set off on their own value-based pricing journey.

During the event, delegates will receive an introduction to:

- The basic principles of value-based pricing.
- The headline subjects of a value-based pricing project implementation plan.
- Participate in group exercises to populate and finesse the plan.
- Analyse and discuss the results of the prior confidence surveys that lawyers in the delegates own firms have completed prior to the conference.
- Gain an understanding of the benefits that value pricing brings to clients, law firms and, most importantly, the lawyers.
- Participate in group exercises to help create fixed price agreements with pricing options which give clients choice.
- Hear from a law firm CEO about how VBP needs to be led from the top to be implemented effectively and how successful firms implement VBP.
- Ask questions of a law firm owner who ditched the billable hour five years ago and has not looked back.

### Aims and objectives

We make no bones about it, this event (aimed at law firm leaders) has ambitious aims. They are:-

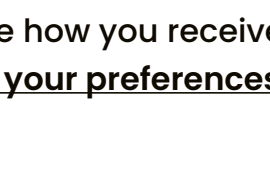
- Create an event enabling delegates to meet in a relaxed atmosphere, learn and exchange views, ideas, thoughts, and information about pricing and capturing value.
- Create tools to use in their businesses.
- Where appropriate, blatantly, unashamedly, unreservedly, without fear or favour learn about how to challenge the established model of charging by the billable hour.
- To bring together law firm leaders and decision makers. Those with a desire for change and a thirst for knowledge.
- Create a new collaborative meeting/event with interactive sessions to explain the benefits of value-based pricing and create project plans and templates that can be taken away and used in organisations who wish to change.

[For further details click here](#)

## GET IN TOUCH

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