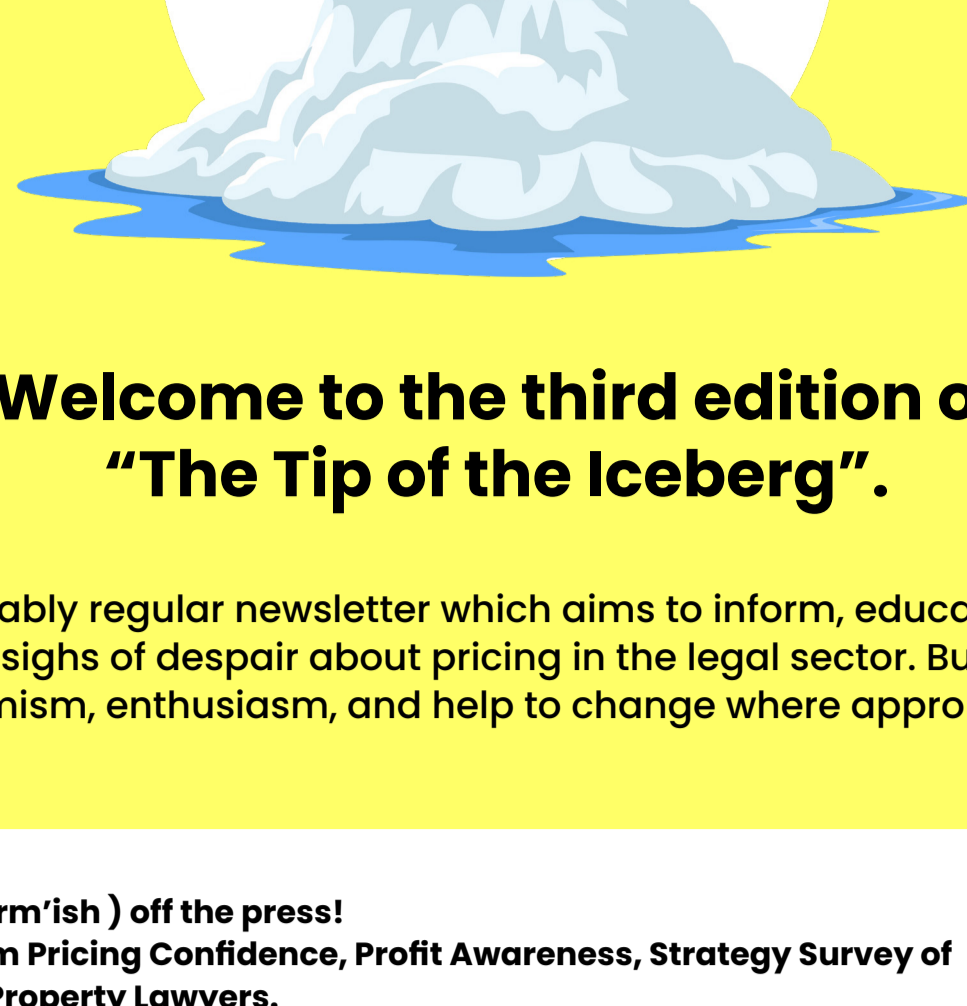


big yellow penguin

THE TIP OF THE ICEBERG



Welcome to the third 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.

Hot (well warm'ish) off the press! Findings from Pricing Confidence, Profit Awareness, Strategy Survey of Residential Property Lawyers.

In June 2023, I asked law firm members of the Bold Legal Group to answer some questions about the state of the residential conveyancing market. The purpose of the survey was to take the temperature of the conveyancing market with an emphasis on pricing and fees. A key focus of the survey was profitability and financial know how. The survey of 80 firms was anonymous.

I was delighted that 80 firms took up the challenge and answered 44 probing questions. As the survey was totally anonymous, I got some very honest feedback about the state of the conveyancing sector in England and Wales.

Some of the pricing responses found:

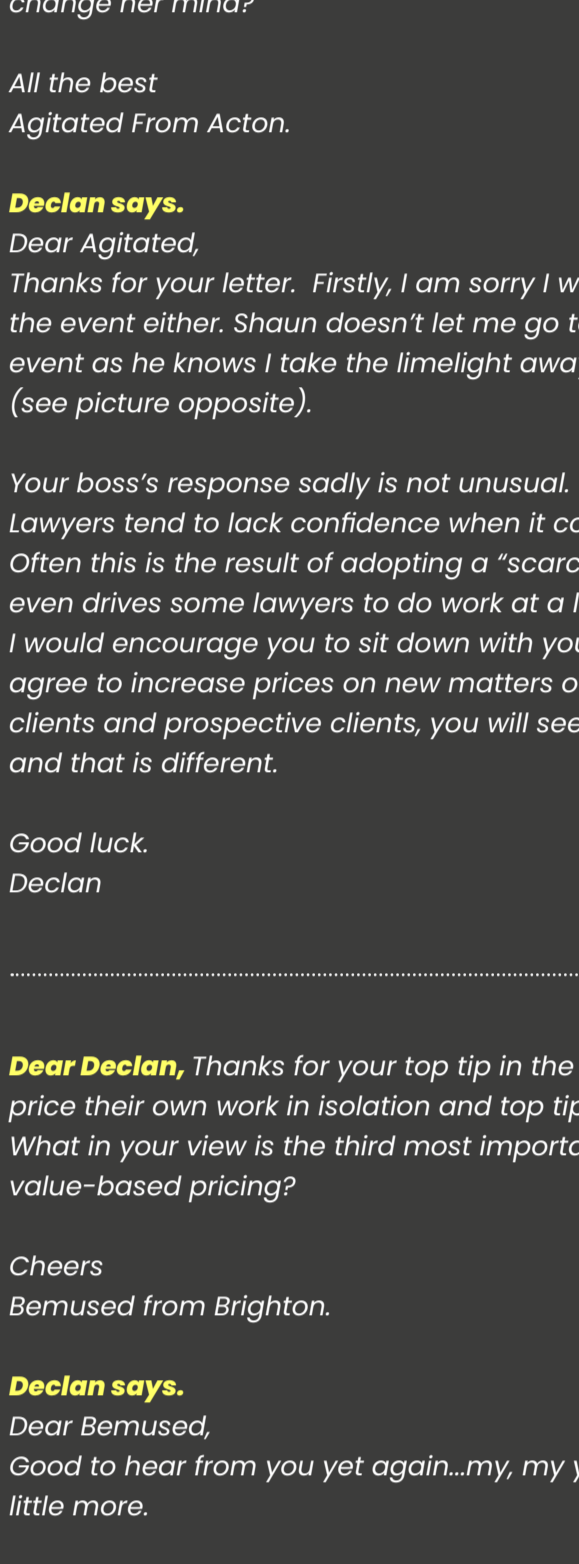
- Most practitioners think they should be charging clients more but only a third say they and their colleagues know how to "confidently deal" with objections to fees from clients.
- Along with low confidence, it also found low morale in the practice area, with the majority of conveyancers (52%) saying that, if they could "wave a magic wand", they would leave the profession.
- More than four in five (83%) of conveyancers said they believed their firm should increase their fees, with 15% suggesting a rise of 10% and almost a quarter a rise of 20%, while 7.5% argued that they should go up by 50% or more.
- Only a relatively small proportion of firms (15%) provided service level options for clients – such as a gold, silver and bronze service at different prices.
- A large minority of lawyers (43%) said their firm tended to some extent to "reduce prices based on what our competitors may charge", compared to the 38% whose firms never did this.
- Two-thirds of conveyancers said they "always" understood the profitability of the firms they worked for, and a further quarter "to some extent". However, only 22% said the people at their firm understood how decisions impacted profitability.
- Just over half of lawyers said their firms allowed them to turn work away, while 76% believed some clients should be sacked because they were "too painful and/or unprofitable to act for."
- Law firms are poor at following up with clients after providing a quote or initial information, and this survey backed that up – only 32% said they always followed up the quotes they gave, while 23% "usually" did this.
- Over two-thirds of conveyancers (68%) thought their numbers would decrease over the next 12 months, with a further 11% predicting that the number of conveyancers would fall "dramatically."
- The three issues most commonly cited by conveyancers as relevant to their firm were "work-life balance challenges", "lack of confidence when asking for an increased fee when a matter is progressing" and "risk of burn-out for some individuals."

In my humble opinion (and I was a litigation lawyer, not a conveyancer), the survey paints a picture of a practice area which is a little demotivated, under pressure and lacks some confidence. I hope the results which were made available to over 640 Bold Group Members will draw attention to how people are feeling in the sector and hopefully encourage those in leadership positions to do something about it.

One thing is sure, action does need to be taken as there seems to be more people leaving the conveyancing profession than intend joining it in the future. This means the workloads will only increase.

Change has to happen, and a question to ask is whether leaders are up to the task of leading that change? Proactive organisations are re-engineering their business models and there are some disruptors not only on the horizon, but well and truly embedded in the profession.

If you would like to receive a full copy of the survey, please do drop me a line at shaunbigyellowpenguin.co.uk



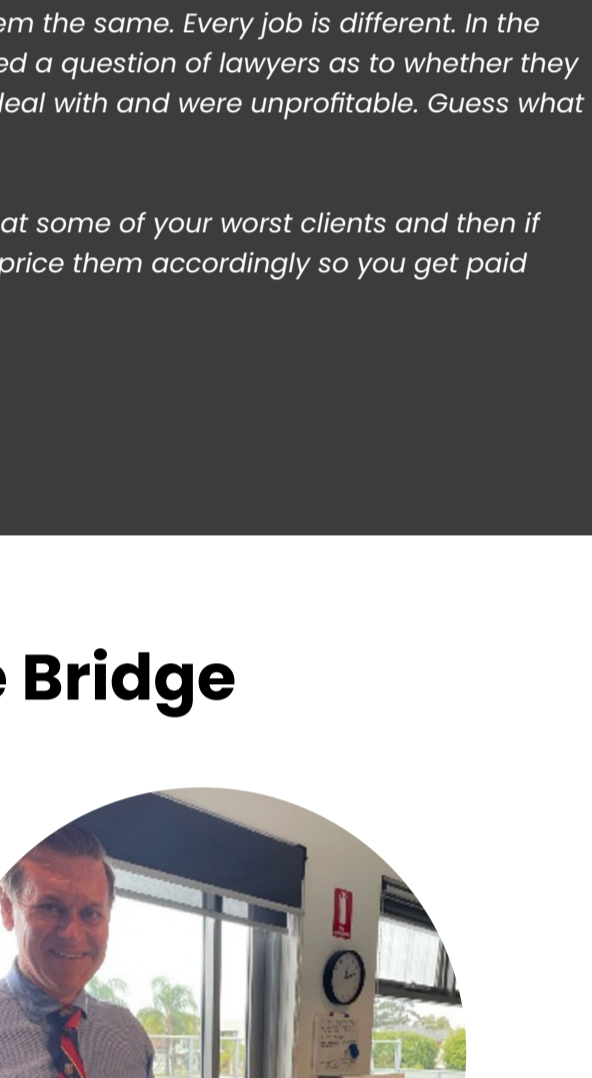
Dear Declan

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

Dear Declan, I was pleased to meet Shaun at a conference earlier this year. Shame you were not there. I am a trainee solicitor. I asked a question about pricing. Basically I think at my firm we price too low but my boss is afraid of increasing prices as she thinks clients will leave us. What can I do to try and change her mind?

All the best
Agitated from Acton.

Declan says.
Dear Agitated,
Thanks for your letter. Firstly, I am sorry I was not at the event either. Shaun doesn't let me go to every event as he knows I take the limelight away from him (see picture opposite).



Your boss's response sadly is not unusual. Lawyers tend to lack confidence when it comes to pricing. Often this is the result of adopting a "scarcity" mentality. It even drives some lawyers to do work at a loss and buy the work. I would encourage you to sit down with your boss and see if a pilot study can be undertaken, where you agree to increase prices on new matters over say a three-week period. If you have value conscious clients and prospective clients, you will see they are not all price conscious...they are value conscious and that is different.

Good luck.
Declan

Dear Declan, Thanks for your top tip in the newsletter #1 about how no one should be allowed to price their own work in isolation and top tip #2 that Speed is bad for pricing. Have you any other tips? What in your view is the third most important rule when it comes to successfully implementing value-based pricing?

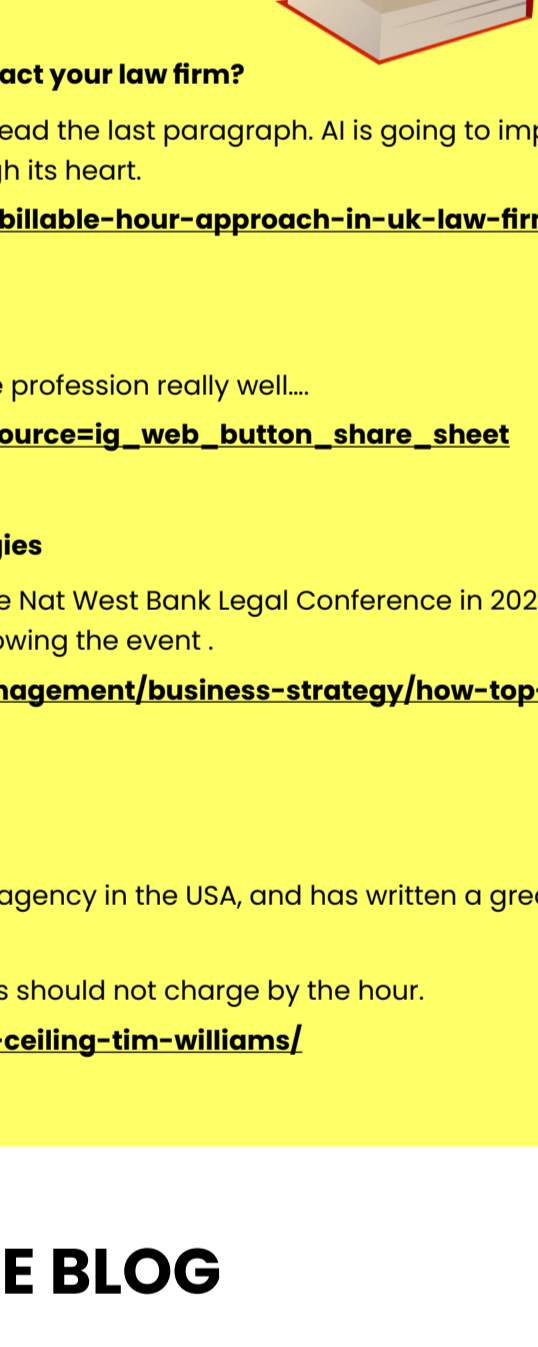
Cheers
Bemused from Brighton.

Declan says.
Dear Bemused,
Good to hear from you yet again...my, my you do ask lots of questions. You should try and get out a little more.
Top Tip #3. All clients are not good clients. So don't price them the same. Every job is different. In the survey mentioned at the start of this newsletter, Shaun asked a question of lawyers as to whether they had clients they would like to sack as they were difficult to deal with and were unprofitable. Guess what 76 %.....YES 76% ! said yes.

Hope that answers your question my Bemused Buddy. Look at some of your worst clients and then if they instruct you again either say, "no you are not a fit"or price them accordingly so you get paid very well for dealing with difficult people.

Cheers
Declan

View from the Bridge



Name: Steven Brown
Name of Business: Lynn and Brown Lawyers
Website: www.lynnandbrown.com.au/

Best things that have happened since implementing value-based pricing.

1. Our average debtors used to vary between the \$400,000 and \$500,000 when we billed. Time whereas now, they are about \$100,000 and our turnover has increased by 33% in that period.
2. When ending a matter with a good result, there is never then the problem of issuing a final invoice to the client and them being disgruntled with that invoice. As all our pricing has been agreed up front, we no longer argue with clients about invoices we have rendered as the client had not expected it because every invoice amount is agreed in advance.
3. Developing a strategy upfront to determine how we were going to implement a solution for our client.
4. Not recording time.
5. Greater focus on effectiveness.

Question 5: Toughest obstacle

Having the belief that we would get the price right without recording time and backing our over 20 years of legal experience to know what an appropriate price is and know the value we are providing to our customers.

Question 6: What do you wish you had done differently?

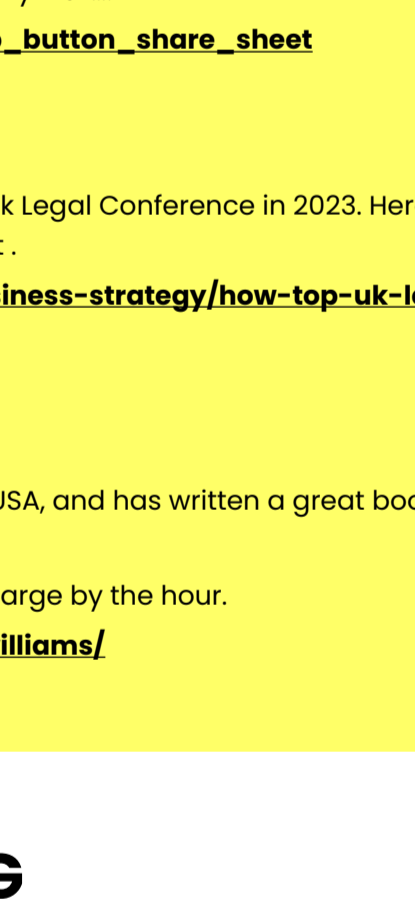
1. I wish we had stopped recording time straight away after we implemented value-based pricing (VBP) a bit over six years ago. We continued to record time for six months as some sort of safety net to ensure we were pricing the matters correctly. We would have advanced ourselves quicker by just stopping recording time straight away.
2. Providing our clients with three options from the start. Each of our client proposal provides our clients with three options as to how they can engage with us. At the start we were only providing one option and we were only winning about 55% of our proposals. After we started giving our clients three options as to how they could engage us, our win rate significantly improved. We now win about 70% of our proposals with a target of 75%. If we are winning greater than 80% of our offers, we know we are leaving money on the table.

Question 7: Top success stories

1. We have taken several matters to trial including one matter to the Supreme Court of Western Australia without recording any time whatsoever. We won the trial and obtained a substantial cost order in favour of our client as well as succeeding in the overall merits of the case.
2. There is significant interest in our practice due to our point of difference in being a VBP firm with 30 staff. This makes us unique to other firms in Perth, Western Australia. There are no firms of our size in Western Australia that are solely VBP firms.
3. On occasion, there are matters that we take on where we can come to a good, quick solution for our client, and we earn substantially more on those matters than if we had charged based on the time recorded. The client is happy because they saw the value in our price offered before they engaged us, and we have completed the matter in a timely manner for them.
4. Approximately three months ago, I posted on LinkedIn about our firm's sixth anniversary of our implementation of VBP. I wrote about a comparison of VBP to time billing. There were over 260,000 impressions (views) of the post. This shows the amount of interest there is globally in VBP and that both customers and lawyers are disgruntled with time-based billing.

VBP- Miscellany

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



Are you in denial and think that AI is not going to impact your law firm?

If you read only one paragraph of the item in this link read the last paragraph. AI is going to impact the billable hour. In fact, I think it could be the stake through its heart.

www.todayesquire.com/the-impact-of-genai-on-billable-hour-approach-in-uk-law-firms/

What it is like being a lawyer...

This Instagram post caught Declan's eye...Sums up the profession really well...

www.instagram.com/reel/CsWWWTpZmg/?utm_source=ig_web_button_share_sheet

How top UK law firms could future-proof their strategies

Declan and I were pleased to be invited to speak at the Nat West Bank Legal Conference in 2023. Here is a link to a post of 10 highlights put out by the Bank following the event.

www.natwest.com/business/insights/business-management/business-strategy/how-top-uk-law-firms-could-future-proof-their-strategies.html

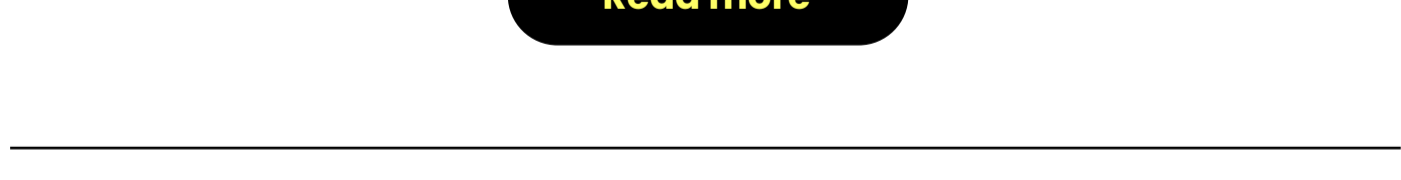
Self-Imposed Profit Ceilings

Another Tim Williams post. Tim runs a creative design agency in the USA, and has written a great book "Positioning for Professionals" which is worth a read.

In this blog post Tim highlights why Knowledge workers should not charge by the hour.

www.linkedin.com/pulse/your-self-imposed-profit-ceiling-tim-williams/

READ THE BLOG



Is Residential Conveyancing in the Doldrums?

In June 2023, I was invited to speak at the Bold Legal Conference in London. I thought it would be a good idea to do a survey of their members prior to the event, as it would give me something to feedback at the conference itself.

I was delighted that 80 firms took up the challenge and answered the 44 probing questions. As the survey was anonymous, I also got some very honest feedback in the comments sections about the state of the conveyancing sector in England and Wales.

[Read more](#)

[Click here for events](#)

28th November 2023

VBP- Value-Based Pricing for Proactive Lawyers.

A workshop to help proactive lawyers work smarter not harder and increase their personal income.

Feedback from the first event in July was very positive.

Comments included –

- “It was a great event and I really enjoyed it.”
- “Inspirational and confidence building!”
- “Having the opportunity to speak with other lawyers was brilliant and very useful.”
- “Excellent event. I enjoyed the discussion very much. Content and delivery were fantastic and the table I was working with were genuinely engaged in trying to solve the problem.”
- “A step away from tradition but a step closer to evolution”
- “Insightful, engaging, well run”
- “Superb – if you weren't there then you have missed out”

21st and 22nd November 2023

VBP – Implementing Value-Based Pricing. A two-day masterclass for law firm leaders.

A second opportunity to attend a VBP masterclass, helping law firms to understand, embrace and implement VBP.

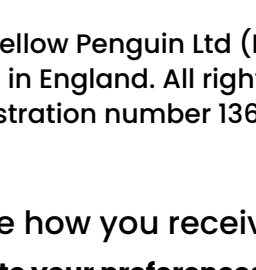
To be the first to receive details of this event when it is published, please email shaun@bigyellowpenguin.co.uk

[For further details click here](#)

GET IN TOUCH

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