

Defining & Delivering Value

Wednesday 21st August, 1.30pm - 2.30pm



Introducing Our Panel

Who	From where	Role
Delilah Flaum	Winston & Strawn LLP	Partner
Doug Woods	Ogletree, Deakins, Nash, Smoak & Stewart, P.C.	Strategic Pricing Manager
John Ferko	Miles Stockbridge, P.C.	Director of Strategic Pricing & Practice Management
John Thompson	Purdue Pharma LP	Sr. Analyst - IT Legal Support
Patrick Johansen	Brinks Hofer Gilson & Lione	Director of Business Development
Stuart Dodds (Moderator)	Baker & McKenzie	Director, Global Pricing & Legal Project Management

A quick poll - #1

- ◆ Please raise your hand if you work in:
 - ◆ A law firm
 - ◆ A client of a law firm
 - ◆ As a Consultant or Vendor

A quick poll - #2

- ◆ Please raise your hand if you work in:
 - ◆ Finance
 - ◆ BD & Marketing
 - ◆ Information Technology
 - ◆ Other

The question of ‘value’

“What is a cynic but a man who knows the price of everything and the value of nothing”

Oscar Wilde, *Lady Windermere’s Fan* (1892)

“Price is what you pay, value is what you get”

Warren Buffet quoting Benjamin Graham in the Berkshire Hathaway Annual Report (2008)

Our key themes

A Law Firm Client's Perspective

Defining
Value

Differentiating
Value

Communicating
Value

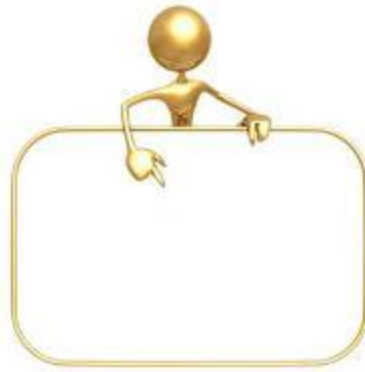
Measuring
Value

on 'Value'

(1) Defining 'Value'

- ◆ What is 'value' ?
- ◆ What is your firm's value and value proposition ?
- ◆ How do you ascertain your clients' definition of value ?

(Patrick)



Value Defined

A *relative* concept rooted in the *worth* of your service to a client, as measured by the *maximum* amount a client is *willing to pay* for your service.

Value Defined

The real essence of value
revolves around the *tradeoff*
between the benefits a customer receives...
and the price he or she pays for it.

(McKinsey Insights)

Value Formula

Competitive Advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it.

$$\text{Value} = \text{Benefits} - \text{Costs}$$

(Competitive Advantage)

Value = NBA

- ◆ Next-Best Alternative (NBA)

Firms must be able to persuasively demonstrate and document the value they provide customers relative to the **next best alternatives** for those customers.

(Value Merchants)

VP Defined

a clear and concise ‘statement’ of the tangible and intangible results a customer gets from using your products or services that clearly differentiates your offer from those competitors.

(Value-Based Pricing)

VP Defined

- ◆ Resonate
Clients must have a need for your service(s)
- ◆ Substantiate
Clients must believe you can deliver
- ◆ Differentiate
Clients must understand how you are different

(RainToday.com)

(2) Differentiating 'Value'

- ◆ How do you differentiate your value and your value proposition to your clients ?

(John)



(2) Differentiating 'Value'

- ◆ Listen and fact-find: Who is/are your audience(s), and what are their needs?
- ◆ Segment: Differentiate on a firm, practice/industry, and attorney level
- ◆ Develop Options: Differentiate between options you create
- ◆ Paths to Differentiation: Expert/reputation, trusted advisor
- ◆ Stories: Tell stories that reinforce the differentiation

(3) Communicating 'Value'

- ◆ How do you communicate your value and value proposition to your clients?

(Doug)



Communicating ‘Value’

- ◆ Differentiate
- ◆ Brand (“Walk the Walk”)
- ◆ Work from the same script
- ◆ Learn the client’s internal incentives and deliver



(4) Measuring 'Value'

- ◆ How do you ensure delivering, measuring and being consistent in your value ?

(Delilah)



Delivering Value in Pricing and Client Relationships

- ◆ It's not just about fees.
- ◆ Find your “bright spots”.
- ◆ How do you like your latte?
- ◆ Build a good tool box.

Measuring Value in Pricing and Client Relationships

- ◆ Peter Drucker Wisdom.
- ◆ Tools to move from cost-plus pricing to value pricing.
- ◆ Data, analytics, and metrics - oh my!

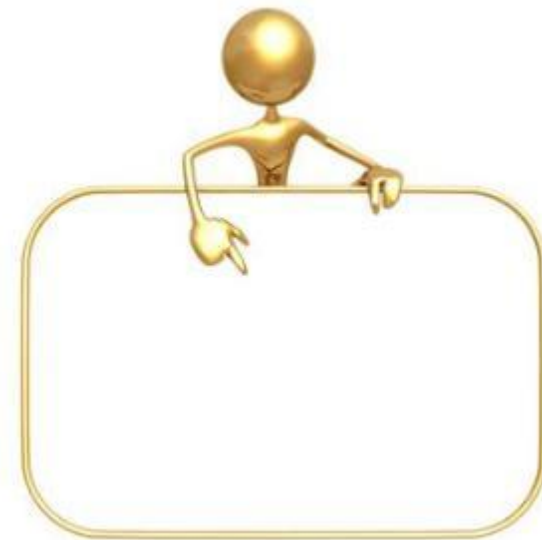
Being Consistent in Pricing Value and Client Relationships

- ◆ Welcome, Hobgoblins!
- ◆ Personality adjustments.
- ◆ Cross-selling revisited.
- ◆ Billy Crystal Wisdom.

(5) 'Value' - A Client Perspective

- ◆ What defines 'value' for law firm clients ?
- ◆ What causes 'pain' in the value equation for a client ?
- ◆ How do clients' differentiate law firm value propositions ?

(John)



Operational and Analytic Challenges

- ◆ Bridging client/firm relationships with recommendations and pathways for cost and quality management
- ◆ Ensuring that everyone is doing their job - the lawyers are lawyering and everyone else is supporting the tasks
- ◆ Cost management for the client and revenue growth for the firm
- ◆ Dual metrics to show positive growth and continuous relationships
- ◆ Reward and recall options

Corporate Legal Department Perspective

- ◆ What do the Analysts look at?
 - ◆ Firm performance over time with a matter
 - ◆ Market costs for tasks, depending upon work area (litigation costs, prosecution costs)
 - ◆ Forecasts and budgets for the whole organization
 - ◆ Fee relationships and pricing models based on task (vendor support, firm resources)
 - ◆ Resource assignments

Corporate Legal Department Perspective

- ◆ What the Analysts recommend
 - ◆ Efficiency at low cost
 - ◆ Performance metrics
 - ◆ Budget alignments and AFA arrangements
 - ◆ Alternative management and resources
 - ◆ What if scenarios

Questions or Comments ?



Closing remarks

- ◆ What 1 - 2 things should we do today to become better at delivering value?

