

# Pricing Legal Services Master Class

## Module 2: RFPs, Invitations for Strategic Pricing, and Evaluation of Proposals

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## **Catalyst Consulting:**

The firm consults worldwide on sourcing and management issues of interest to Chief Legal Officers and their Sourcing/ Procurement colleagues.

[www.catalystlegal.com](http://www.catalystlegal.com)

## **Richard Stock:**

- 35 years in legal services management and consulting
- 85 RFPs and ISPs for more than 100 companies since 1996
- Negotiated agreements with more than 350 law firms in 125 countries
- Member of Buying Legal Council for 5 years and presenter in NYC, Chicago, London, and Sydney

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## **Validatum:**

The pricing consulting firm has worked with over 300 law firms in 22 countries.

[www.validatum.com](http://www.validatum.com)

## **Richard Burcher:**

- Managing Director of Validatum since 2012
- 40 years practicing and managing law in New Zealand
- Post-graduate studies on pricing related disciplines
- One of the world's leading pricing consultants to law firms

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# Today's Program

- Approaching the Market (for the Third Time in 10 years)
- Effective Q&A for Sourcing
- Selection Criteria
- Reducing the Number of Firms (Again!)
- Streamlining Sourcing

Price is what you pay. Value is  
what you get.

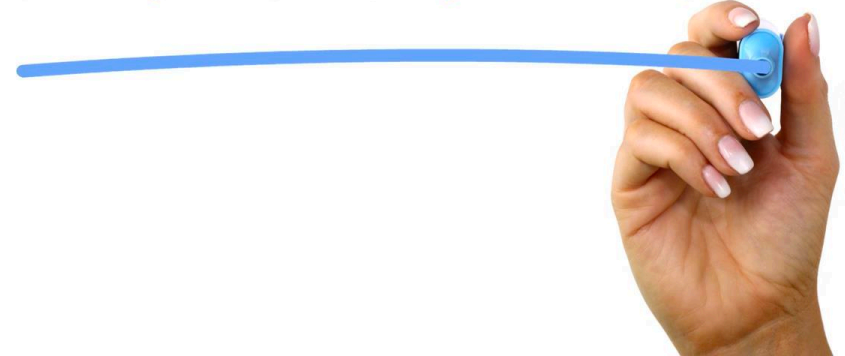
*Warren Buffett*



# Current Pricing Best Practices

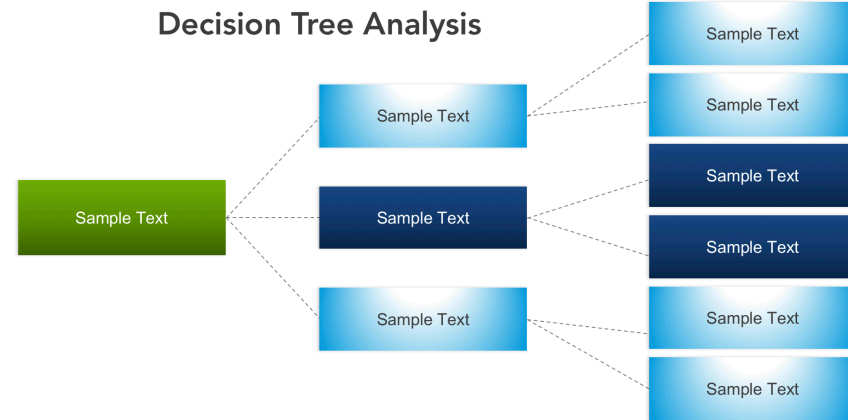
- Analytics & profitability insights
- Bids, pitches, tenders + procurement

PROCUREMENT



# Current Pricing Best Practices

- Analytics & profitability insights
- Bids, pitches, tenders + procurement
- Rigorous RFP triaging



# Approaching the Market



# Approaching the Market

- Secure a precise footprint of the company's firms and their practice patterns
- Will legacy firms get 80% of the work?
- Consider making 3- or 5-year commitments

# Approaching the Market

- Significantly reduce the number of firms invited - so at least 10,000 hours each
- Consider global and regional hub firms to manage secondary firms

# Approaching the Market

- Focus on innovation for 2020 to 2025
- Abandon hourly-based fees

# Effective Q&A for Sourcing

# Effective Q&A for Sourcing

- Focus on innovation for 2020 to 2025
- Abandon hourly-based fees

# Effective Q&A for Sourcing

- 1 Is your firm prepared to enter into a Strategic Partnering Arrangement with us?
- 2 What should be the features and conditions of such an arrangement?
- 3 List the responsibilities of the Relationship Partner.

## Effective Q&A for Sourcing

- 4 Designate a Senior Pricing Officer and Account Manager from your firm to attend all financial and business aspects of the proposed arrangement.
- 5 Does your firm have an individual responsible for innovation? List five innovation achievements for the last two years.

## Effective Q&A for Sourcing

- 6 Outline a strategy to migrate 100% of our work to non-hourly within one year.
- 7 What are the best ways for our company to achieve predictability in total legal spend?



# Selection Criteria

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## Sample Qualitative Criteria

- Competence
- Coverage
- Innovation
- Technology
- Measuring results

# Selection Criteria

## Sample Financial Criteria

- Total cost
- Carve-outs
- Predictability

# Selection Criteria

- List the criteria in the ISP / RFP
- Disclose the weighting, if any, of the qualitative criteria

# Question # 1

*Should the qualitative criteria be given equal weight?  
Should the qualitative evaluation results be given the same  
weight as the financial evaluation results?*

## Question # 2

*Assuming equal expertise, should bids from firms with greater coverage be considered more valuable? Are there concerns over too many eggs in one basket?*

The comparative table of the ratings assigned to each firm for each qualitative criterion is below. Firms are listed in order of highest scores.

Legend: Exceeds = 2 points; Sufficient = 1 point; Insufficient = 0 points							
Law Firm	Overall Score	Commerciality and Familiarity	Coverage	Acct Mgmt / Relationships	Project Mgmt & Process Improvement	Staffing / Local Counsel	Use of Technology
Firm 3	12	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds	Exceeds
Firm 7	9	Exceeds	Sufficient	Sufficient	Exceeds	Exceeds	Sufficient
Firm 1	7	Exceeds	Sufficient	Insufficient	Exceeds	Sufficient	Sufficient
Firm 4	6	Insufficient	Sufficient	Sufficient	Exceeds	Sufficient	Sufficient
Firm 2	6	Sufficient	Sufficient	Sufficient	Sufficient	Sufficient	Sufficient
Firm 5	5	Exceeds	Insufficient	Sufficient	Sufficient	Insufficient	Sufficient
Firm 8	5	Insufficient	Exceeds	Insufficient	Sufficient	Sufficient	Exceeds
Firm 6	7	Insufficient	Sufficient	Insufficient	Insufficient	Insufficient	Insufficient

# Reducing the Number of Firms



# Reducing the Number of Firms

- The fear of “all eggs in one basket”
- Eliminate competition among the firms once on the panel
- Consider 10,000 hours per year as a minimum

# Reducing the Number of Firms

- Relation-based sourcing costs 15% more
- Law departments have no time or appetite to manage the business side of the relationship with law firms
- Sourcing legal services for the 2020s must be strategic and not retail

# Streamlining Sourcing

# Streamlining Sourcing

- Legal and Procurement should be highly selective on which firms are invited to bid: Critical mass of work for each firm
- Remember that 80% of the work will likely go to legacy firms

# Streamlining Sourcing

- Triage the proposals to reduce the number of interviews
- Prepare agendas for the interviews
- Schedule a half-day of preparation with Legal to review each firm and the specific questions for each firm

# Streamlining Sourcing

- Ensure that the Chief Pricing Officer of each firm attends all meetings on behalf of the law firm
- Limit the interviews, including presentation, to 2 hours
- De-brief with Legal at the end of each day

# Streamlining Sourcing

- Build a relationship of credibility, trust and integrity with the law firm's Chief Pricing Officer
- Understand that law firms will triage your invitations
- Respect a refusal
- Be prepared to invest time and effort for best outcomes

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