



# Monday Monday

*Connecting the Dots with Karen Kaplowitz*



*Helping you create and reinforce the habits of successful career building,  
gleaned from my work as a business development strategist, trainer and coach*

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**Evidence-Based Budgeting.** Lawyers routinely create budgets, to respond to RFPs, to calculate proposed flat or capped fees, or to help manage the costs. Many lawyers and clients find the budgeting process challenging and frustrating, especially when the costs exceed the budgets. As clients reduce their legal spend and firms try to maximize their profits, budgeting and forecasting become more critical. Some firms have entire departments devoted to managing pricing. For example, Toby Brown, a pioneer in strategic pricing, is Akin Gump's Chief Practice Officer and leads a department devoted to strategic pricing, analytics, and project management. The Legal Marketing Association has a Shared Interest Group on Client Value comprised of legal professionals who work in the areas of pricing, practice innovation and project management. Given the competitive landscape, do you know what resources are available to you when you are required to create legal budgets? Consider these categories:

- Does your firm have a dedicated strategic pricing department?
- Is there someone in your firm's marketing or accounting department to assist you?
- If you don't have internal resources, do you have access to an outside data analytics vendor?
- Does your firm maintain data you or an outside vendor can access which will provide actual costs on matters similar to ones on which you are bidding?
- Can you break down the data to get actual costs for different stages of a matter?
- If you are using data for the first time, have you planned enough time to input the data?
- Does your client have data on actual costs on similar matters which they will provide to you?
- Have you analyzed the over budget items on past matters to not repeat the same problems?

If you don't have first rate budgeting tools and inside or outside experts, and actually use them, you are at a serious disadvantage in attracting clients, negotiating with clients, and generating profits for your firm.

**Example:** A rainmaker with a ten million dollar book of business was approached by a firm which wanted her to open a new office for the firm in her city. In evaluating whether a move made sense, the rainmaker inquired about the level of sophistication of the firm's support staff. When she learned that the firm did not have a group dedicated to strategic pricing and project management, she insisted that she would only agree to a move if the firm was willing to make offers to key staff with whom she had worked at her old firm including the strategic pricing expert who worked on all her matters. She also insisted that the firm agree to buy software that her old firm had used for project management and budgeting. She explained that her ability to budget effectively had been a key element in attracting clients and also central to managing her work within her clients' budgets and her firm's profit projections.

Is your ability to budget and manage matters on the same level as your legal skill set? Can you be competitive without first rate project management and strategic pricing capabilities? If your firm doesn't have the internal capacity, have you identified outside experts to close the gap?