

Matter Pricing: *Why it is important to today's law firm?*



James Baldassarra, Services Manager, DW Reporting

As part of providing law firm's with better business insights, DW Reporting are often asked to help firms better report on the profitability of their matters and to produce comprehensive dashboards to highlight any problem areas that will have a negative impact to the business.

This reporting to date is nearly always retrospective which means is that fee earners and management teams are only ever seeing the result of actions taken in the past so the firm finds it difficult to make proactive decisions to improve the profitability prior to a matter's completion.

So why is matter pricing important? Done successfully firms can improve profitability, gain a competitive advantage, improve client relationships and combat new entrants into the market. Done poorly and the firm risks reduced matter profitability, damaged client relationships, poor overall matter management, reputational risk and ultimately a loss in market share.

With there being more and more emphasis on fixed fee arrangements and alike, it's understandable that we're seeing our clients incorporate matter pricing at the earliest possible moment with some firms including it in either their existing business development or inception processes. In more forward thinking firms, matter managers, and dedicated pricing managers, are becoming better educated in the matter pricing process, being provided with the right tools, such as DW Reporting's Evaluate solution, to manage matter pricing effectively and have a clearer understanding of how a matter's gearing will impact the matter's profitability, overall completion timelines and quality.

Aligned of this, we're seeing an increase in firms needing to know whether they can successfully complete a fixed fee matter using the resources at their disposal and without risking any overspend and before committing to delivery. Furthermore, firms are beginning to request dynamic notifications as a key software feature so that matter managers can be alerted when the costs on a budgeted matter are reaching a predetermined threshold so both internal management and external client expectations can be managed more proactively and effectively.

One often overlooked byproduct of the pricing process is the data being produced and stored. Firms are beginning to appreciate the value of this and as a result, DW Reporting are seeing an increase in demand for detailed analytics around pricing. Not content with simply pricing and tracking a matter throughout its lifespan, firms are beginning to want to know which matters were successfully budgeted for and which weren't, which work types are consistently over budget and what's the likelihood that matters will come in on budget based on similar pieces of work with a similar budget profile. Aside to the financial benefits to understanding this information, firms are also using matter pricing information to better educate their matter managers and fine tune their pricing strategies.

The clients of the law firms that we work for now more than ever expect their matters to be completed efficiently and without unforeseen overspend. Frequently the deciding factor for a successful pitch is the interception between price and quality of legal personnel at the clients disposal. Matter pricing strategies are allowing law firms to meet both of these expectations without overcommitting and damaging their profitability. In a market where ultimately fixed fee matters will continue to increase in popularity and we're seeing that it's the law firms who embrace and undertake matter pricing successfully that become better positioned to serve and be successful in this market moving forward.

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For more information on how DW Reporting's Evaluate service and the DW Reporting consulting are assisting firms with their matter pricing needs please email: info@dwreporting.com

ABOUT DW REPORTING

Headquartered in London, UK, with offices in North America - DW Reporting is an independent finance systems, data and reporting consultancy. Specialising in data, reporting and BI solutions within the professional services industry.

Supporting our clients and partners globally, our team has over 70 years' combined industry experience. We serve our clients internationally.

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