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## Helping your clients by charging more

**There is natural inclination for a law firm to offer discount rates to valued clients in order to assist them and keep them on board, but this is an approach that may cost your firm and your client, writes Colin Jasper.**

### **I want to help my clients**

Most lawyers develop bonds with their clients. They want to help their clients succeed. They want to be actively involved in supporting their clients' business success.

So, it's natural that many partners don't want price to get in the way of the opportunity. They would willingly discount their fee, rather than risk losing the opportunity to a competitor. However, if you are truly focused on helping your clients, I suggest you change the way you think about pricing. Instead of asking how low can we go, try asking how high can we go? Let me explain.

### **Maximising value**

For any business to be successful, it needs to do two things. First, it must create value for clients and, second, it should capture a fair share of that value. If you are not creating value for clients, you have no right to capture value. However, if a business is creating value and not capturing a fair share of the value, it will not be as profitable as its peers and so will be unsuccessful in the war for talent.

If the first task is to create value, each lawyer should be asking, 'Where can I add the most value in my market? What work that I do is most valuable to my clients? Which clients can I add the most value to?'

The true test of how valuable you truly are in your chosen area is how much clients are willing to pay for your services. Some lawyers believe they add enormous value to their clients, but if your clients are not willing to pay a premium then the market has spoken. Value can only be assessed through the eyes of the client.

## Identifying the value

One of the leading rainmakers I had the opportunity to work with last year was a real estate attorney based in New York. He started the conversation by telling me how challenging his market was; how many high-quality competitors existed in his market; and, how – despite his strong relationships – most property developers were not willing to pay a premium for one firm over another. We then started to discuss what had enabled him to be successful in one of the most competitive markets in the world.

He mentioned that he had found a niche sector, with specific challenges and needs. While the niche was quite small, over time he had focused on this niche, to the degree that he now believes 90 per cent of the property needs of that sector in New York are dealt with by him. It still only makes up half of his practice, but in this area he charges full rack rates (while discounting by 20 per cent in other sectors). His knowledge and expertise in this sector are recognised – and more importantly valued – by the market.

## Maximising your contribution

I'm not encouraging you to focus on where you can charge the most so you can increase your wealth (although if that's what you want to achieve it's a good place to start). I'm encouraging you to focus on these areas of strength, as this is where you can make the greatest contribution in your market.

I've had the privilege of working with a number of firms whose primary focus is not profit. They exist for other reasons, yet they still need to focus on creating and capturing value. The more value they capture, the more they can invest in areas and organisations that cannot afford their services (on a pro-bono or part pro-bono basis).

## Bullet-proof lawyers

A decade ago, in this journal, I wrote about bullet-proof lawyers.<sup>1</sup>

*Within this apparently tough environment, some lawyers have no difficulty in justifying their fees to clients. A group of apparently bullet-proof lawyers whose clients are so enamoured with them, that price objections are seldom raised.*

*What is it that enables these lawyers to avoid price competition? When I ask this question within law firms, the response generally points towards the greener grass. They believe it's the firms with the leading brands, the tax and M&A lawyers, or lawyers whose clients are not*

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<sup>1</sup> <http://www.lmhub.com.au/aiming-to-become-bullet-proof-on-price/>

*under as much pressure as “our clients”. Yet I’ve observed these bullet-proof lawyers in a variety of firms, in all types of practice areas and some serve the most price-sensitive clients in the market.*

*From my experience working with a broad range of lawyers in a broad range of firms, the distinguishing characteristics of the bullet-proof lawyers are that they are genuinely focussed on delivering value to clients and they have a strong understanding of what this actually means. Hence the clients experience the difference and recognise that the 5, 10 or 20 per cent premium they may be paying is insignificant relative to the benefits they are deriving.*

### **You owe it to your clients**

If you are genuinely focused on helping your clients, rather than taking a short-term hit and offering a discount, you owe it to your clients to take a longer-term perspective and ask:

- How can I add greater value to my clients?
- What would I need to do to justify the client paying me more?

Don’t expect clients to thank you for charging more. But do expect clients to thank you for delivering outstanding value – because that’s what you have focused on, built and delivered.

***Colin Jasper is the principal of Positive Pricing, a consultancy which is dedicated to helping professional services firms create greater value for their clients and capture a fair share of that value for themselves. Colin has consulted to professional services firms for over 20 years. In this time, he has had the opportunity to work with many of the leading firms in the US, the UK and throughout Asia.***

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