

Practice Innovations: Training lawyers on pricing, project management & law firm economics

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There is a clear correlation between the level of early and ongoing training a lawyer receives and the level of client satisfaction a firm ultimately enjoys

Client expectations of outside counsel continue to evolve into far more than just getting excellent legal advice. Today, clients will likely expect efficiency, cost predictability, and regular communication from their outside lawyers. And just like developing legal acumen, learning how to meet these demands takes consistent training and practice.

Law firms that build a well-defined training curriculum around these business-of-law topics will position their lawyers to succeed in developing and cultivating successful client relationships. This training should be viewed as a journey with defined stages that starts the moment a new associate walks in the door and runs in parallel to, and in concert with other training and development programs offered by the firm.

Stage 1: Junior associates

Lawyers just starting their career are sponges ready to absorb whatever information is thrown at them. There are few preconceptions to overcome, and it is a rare opportunity to mold mindsets from the outset. This is the stage of lawyer development where the ground is most fertile, yet many law firms choose to focus their junior training curriculum almost exclusively on imparting substantive legal skills.

As new lawyers begin their careers, firms should provide a strong foundation through a law firm economics course that covers basic business and financial concepts, and starts to introduce the client perspective on value. This should be followed by a *Legal pricing & project management 101* course that teaches basic concepts around scoping, budgeting, pricing models (including alternative fee arrangements), and communication.

In addition, exposing junior associates to some on-the-job basic project management tasks will help crystalize some of the concepts covered in the basic training sessions. An easy way to provide this experience is to ask junior associates to provide some basic assistance with developing budgets and project plans. This exercise forces them to grapple with the interconnectivity of staffing, scoping, and budgeting. This first exposure often leads to an "Aha!" moment in which a junior associate realizes that pricing and budgeting legal work involves much more than just picking a number.

Stage 2: Mid-level associates

For mid-level associates, continued development requires moving from introductory lectures to more on-the-job training. It is important for firms to build a culture where associates are encouraged to take a meaningful role in core pricing and project management tasks, such as building and managing budgets.

Although the emphasis shifts to more *doing* for mid-level associates, formal education and training should not stop. This is a perfect time to introduce more advanced courses on project management and pricing models. One of the best ways to make these concepts come to life is a half-day budgeting and pricing workshop at which associates work in teams and are provided scenarios from which they need to develop a project scope, staffing plan, and budget.

Such workshops not only provide the opportunity to apply learned concepts, but they help build confidence, which significantly reduces the anxiety that often strikes when an associate is first asked by a partner to handle these tasks.

Stage 3: Senior associates

As associates advance to the senior level, they are expected to take a more holistic role in pricing and project management, including some client-facing responsibilities. This requires being able to understand client goals and expectations, while working collaboratively with clients on defining scope, assumptions, and staffing.

Client panels are a great way to drive home the importance of collaboration throughout the pricing and project management lifecycle. Not only do these sessions allow associates to learn directly from clients in a safer, more relaxed setting, but these sessions also reinforce the importance that clients place on budget management, efficiency, and value. In short, they help dispel any last doubts a skeptical associate may have about whether “this stuff really matters.” As a bonus, clients generally welcome the opportunity to take part in these sessions and view the firm’s investment in this type of training as an added value to their business.

In addition, people management — including delegation and staffing — takes on increasing importance at this stage of a lawyer’s development. A training session covering how to effectively delegate work, supervise more junior associates and paralegals, and spot inefficiencies early in a project is a good first step.

Equally important, managing up becomes an essential skill when taking on more advanced project management tasks. Associates need to feel empowered to share their views with partners in several key areas, including anticipating the effort required to complete tasks, the expected duration of a project, and core assumptions and exclusions.

Stage 4: New partners

The transition to partner brings a host of new responsibilities and expectations related to client management. For many lawyers, this is the first time they are exposed to the billing and collections processes. These topics alone deserve a dedicated training session that covers both the nuts and bolts (billing deadlines, how to access and edit pre-bills, year-end forecasting, and collections, etc.) and the subtler arts of handling time write-downs and discussing invoices with clients. The faculty

for this training should include both the leader of the firm's billing team as well as one or more senior partners who can add examples and experiences around client communication.

In addition, new partners must learn more advanced profitability concepts in order to build a successful book of business. If the firm tracks profitability metrics, this is an ideal time for an in-depth training session covering the key drivers of profitability for the firm. For most new partners, some profitability drivers, such as rates and utilization, will likely be familiar concepts; however, concepts such as leverage and realization may be less familiar and are important to cover in greater depth.

Finally, new partners require guidance on how to take a lead role on pricing and service delivery. This includes learning how to interpret client requests, creating and selling value, negotiating price when required, articulating and defending the value of the firm's services, and dealing with scope changes and client pushback on fees. Many of these skills will develop over time with practice and experience, but giving new partners a solid foundation will shorten the learning curve. An advanced course on these topics that includes role playing and small group exercises is an ideal way to both teach the key concepts and provide an opportunity for new partners to give these new skills and techniques a test run.