

*Talking to Chris Hart, CEO, Clive Meredith, Practice Director, Katrina Vollentine, head of Private Client, Simon Bean, head of Dispute Resolution and Rebecca Procter, head of Family at*

## **Wollens**

*About*

### **A strategic approach to pricing**

Chris Hart was Managing Partner of Wollens Michelmores in 2008 when I first met him on the Law Society's Law Management Section Executive Committee.

We faced similar challenges, as I was then CEO of a North West law firm about 50% larger than his. We were both engaged in steering a course for our firms through the recession, and in doing so, shaping them for the challenges that would lie in wait.

One issue which nearly all firms face is the question of pricing legal services. Most law firms set or quote prices on instinct and anecdotal evidence, rather than from informed research and few lawyers have had any training on pricing - an issue that is a recognised specialism in certain sectors.

There is even a well-known lawyer habit known as the triple discount: quote low, under-record matter related time, and then at billing write off even more time as irrecoverable because 'we can't charge that much!' to this client.

Prior to leaving my old firm, I had started to work with pricing consultant Richard Burcher - the world's leading legal pricing consultant - and had seen the immediate benefit of a strategic pricing strategy on profits.

Over time, I was able to share my experiences with Chris as we continued to work together on the LMS committee, and in 2015 Wollens (as it was then known) decided to place 'pricing strategy' firmly on the management agenda. Five years on and the firm is barely recognisable. This case study traces how a focus on value and pricing has helped transform Wollens into a legal powerhouse in the South West of England.

**Nigel Haddon**

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## The Wollens Timeline

1868, Hooper & Wollen founded in Torquay, Devon.

1999, Chris Hart became Managing Partner.

2006, the firm was approached by a larger firm, while the approach was rebuffed, this sparked a reassessment of the firm's strategy. With 45 people, it was neither a niche, specialist firm, nor large enough to compete on a wider stage.

2006, two firms were acquired in nearby Paignton and Dartmouth.

2011, a merger with Harold Michelmore in Newton Abbott created Wollen Michelmore with 100 people and a turnover of about £5 million.

2013, key management saw Richard Burcher speak on pricing strategy.

2014, acquired a two-office firm based in Barnstaple and Bideford.

2015, a 3-day pricing masterclass was organised for the 11 partners and a handful of other senior lawyers.

2016, a further, similar sized cohort of senior lawyers were trained.

2017, a further, similar sized cohort of senior lawyers were trained.

2018, acquired a firm in Exeter.

2019, the firm rebranded as Wollens, with close to 200 people, a turnover approaching £10 million, and is the only law firm in Devon with offices across the county.

### Vital statistics in 2020

20 Partners

83 fee earners

81 support staff

c£10 million turnover

5 offices

Business structure: Limited liability partnership

## The business case in a nutshell

Clive Meredith joined the firm in 2002 and has worked closely with Hart to turn a highly regarded firm into something more like a business.

‘When I joined, it was almost a charity,’ he jokes. ‘Partners did all the work and then talked themselves out of getting properly paid for it. It would be commonplace to hear a partner say something like “You can’t charge them that, they’re a good client” or clients could ring offices five miles apart and get different prices!’

‘We’d review our hourly rates annually, and there’d be the odd £5 increase but nothing significant. We had little knowledge of alternative pricing strategies.’

It would not have been unusual to finish a year with only 25% of lawyers hitting their billing target.

Hart had heard about the results at SAS Daniels, after their lawyers had undertaken specialist training, and sought testimonials from other firms which had taken a proactive approach to their pricing strategy.

‘I saw an investment in this as both a way of moving us further towards a more commercial mindset and improved profitability, but also as a way of opening the firm’s eyes to things that were going on in the market that we didn’t fully understand.’

In 2015 we began talking to the partners about pricing. They gave their authority to invest in what was then intended to be a one-off three-day masterclass for the partners.

## Motivation to meet a need

The challenge with any law firm is how to ensure the firm thrives for the next generation so that it is attractive to younger partners who want to commit their futures to the firm and invest back into the business. If this isn’t addressed, a firm can become an uninspiring place to work and unattractive to future generations of lawyers who are looking for partnership.

The management board at Wollens saw an improvement in pricing effectiveness as a way to improve the profitability and cashflow of the firm to such an extent that it would be able to fund growth through mergers and acquisitions to ensure the continued development of the firm.

‘Without fundamental change in the way the business operated, it was ...,’ said Meredith, ‘...in danger of becoming distinctly average and an unattractive proposition to incoming partners, let alone clients.’

## The business model

In 2015, Wollen Michelmores had converted from traditional general partnership to Limited Liability partnership, but it looked and felt very much like a traditional partnership.

Owned by 11 equity members (referred to as ‘partners’ at Wollens), management and financial performance were delegated on a day-to-day basis to the Managing Partner and the Practice Director.

To enable the firm to make decisions more quickly, a Management Board was created in 2011, comprising the Chief Executive, Practice Director and all heads of department, as well as a partner in each newly acquired office to ensure good communication after each merger.

In addition to management meetings, a small finance team meet each Monday morning to keep a close eye on financial performance and the Chief Executive circulates a brief summary of the weekly position to all partners.

Strategic ideas, such as this one, are developed by the Chief Executive and Practice Director and the Management Board and are considered and developed through quarterly meetings of the whole partnership.

## Training partners

Training for the eleven partners was organised at the end of June 2015,

The board had envisaged that one course for the partners would provide the firm with a significant nudge in the right direction, and that the partners would be able to cascade their newly acquired skills effectively down into their teams.

‘We didn’t expect one three-day course to be so transformative,’ commented Hart. ‘But on the third day of training, we tried out our new skills and obtained double the fees we might otherwise have expected on a corporate transaction. That gave us all a massive boost of confidence that we were doing the right thing.’

Following the training, the firm increased all fixed fees and met precious little resistance to the new rates.

Because it had been a significant investment for the firm, (nearly) everyone took it seriously from the start. Armed with new knowledge and confidence, the partners were able to adapt templates that had been supplied, to suit their own workflows.

Teams embraced many of the recommendations and policies advocated during the training, such as:

- discussing pricing weekly meetings chaired by the relevant heads of department; and

- ensuring that every pricing proposal is looked at by two pairs of eyes before it goes to a prospective client.

While the partners worked hard at doing the right things, it soon became clear that there was a gap between those that had received training and those who had not. The latter didn't fully understand what needed to be done or why.

The partners were asked to agree to a rolling programme of pricing training and, having seen such promising results already, they readily agreed.

Between the summer of 2015 and December 2018 nearly all the firm's 80+ lawyers were then trained in four further cohorts.

## **The private client team experience**

Katrina Vollentine, head of the private client team, was one of the first set of partners trained in pricing back in the summer of 2015, and she attended at least part of every training session since. She describes how things have changed in the private client team.

'Back then, our approach was ad hoc with pricing figures almost plucked from thin air. We thought we were giving clients what they wanted, but often this rarely covered costs. You'd get so far down the line and find yourself at the top of the estimate and facing an uphill battle to persuade the client to pay more. We were always on the back foot.'

Now, pricing is a major part of the planning process along with scoping the work. Everyone thinks carefully about a matter at the outset rather than heading off giddily without regard to an agreed scope.

'I often spend thirty minutes to an hour with a colleague helping price a new matter. Having seen the benefits, no-one resents this use of time, and now it is part and parcel of what we do.'

Most importantly, the private client team is more profitable and, Vollentine believes, the department is more professional as they no longer take on every job that comes through the door. 'It's not snobbishness, but it's about knowing the clients you can work with profitably.'

We offer clients, as does the whole firm, a guarantee as to our service. As only one or two clients have called that in, we feel confident in the quality of our service and don't fear clients taking advantage of the guarantee.

Where before, the team shied away from talking to clients about costs, now it's an integral part of the engagement process. 'We've grown steadily every year and now see better quality work than we've ever had before which I satisfying to work on.'

## **Challenges**

Vollentine explained how Wollens has grown rapidly in the same period and incoming partners are often sceptical about what clients will and will not pay.

‘It’s a lawyer thing really, but they need to know how pricing strategy works and why it works. While I can help, there is no substitute for experiencing the training first hand as it really builds confidence. It changes perspectives about how we work with our clients, how we keep clients updated and it enables lawyers to be more proactive.’

One problem in the private client team was the way some colleagues charged for wills. Wollens have developed 3 levels service which have been adopted across all offices, but Vollentine describes how some lawyers caved in on this too easily by giving a Gold or Silver service at Bronze prices.

Naturally there were a few mistakes in the early days, and on one occasion an inappropriate use of a ‘cap & collar’ pricing methodology cost over £20,000. ‘An expensive lesson was learned about knowing your client and managing scope creep.’

## **The dispute resolution team experience**

Simon Bean, head of dispute resolution, has an interesting perspective as he joined Wollens in February 2018 and was trained in pricing within his first six months. Unlike many of the partners at Wollens, he had previous experience with much bigger top 100 firm earlier in his career.

The dispute resolution team was not so far down the path as Private Client or the Family team, but Simon saw great opportunities to grow and develop the team. He is ambitious to enhance existing offerings or develop new specialisms, and pricing sits well with this.

‘We have a culture now of talking about pricing and pricing options at every team meeting. Although it might not sound much of a highlight, it really works and I value it enormously as it has been a great success. For example, every client is given a service guarantee set at 15% of our fee and, to my knowledge, it’s never been called in by a client of our team.’

‘We use a range of pricing tools, which means we can offer clients hourly rates, fixed fees or a discounted fixed fee for payment up front. When we give clients their pricing options, we explain clearly the pros and cons of each from their perspective using the templates provided. This is really effective, appreciated by clients and speeds things up.’

‘Our client base might be more conservative than some, as we find that most choose the hourly rate option, with maybe only 30% plumping for one or other of the fixed fee options.’

Seeing clients happy about exercising their right to choose, being happy with their choice, while at the same time the firm making more money is very satisfying too.'

## Challenges

Bean explains that the strategy and culture is not yet thoroughly embedded in the whole dispute resolution team. It is not as widely understood or practised as it should be. However, there has been a lot going on with two mergers and a rebrand since he joined, and they know they are heading in the right direction.

## The family team experience

Family lawyers are often sceptical about pricing and there is an oft-expressed view, harking back to the days of legal aid, that somehow it's not fair to charge more than your usual hourly rate when a job is either urgent or exceptionally complex or involves big money.

At Wollens, Rebecca Procter and her team have embraced pricing in all its aspects, and made it work for them and their clients. Here she describes the transition:

'The firm lost its legal aid work in 2014. Many in the department had a legal aid background, as there had been a strong Child Care team, so a change in mindset was needed. Our pricing training in 2015 came at a good time, and there were immediate gains in that everyone suddenly had the confidence to talk about money, and valued themselves and their advice much more'.

Fixed fee packages, for example for uncontested divorces, were new to the firm. They found that clients like them, preferring the certainty that fixed fees bring. They have gone on to embrace bundling and now include a will as part of a platinum divorce service.

Now the team offers hourly rates or fixed fees, either paid in advance or paid in instalments. Most clients choose one of the fixed fee options, which are an option even in large or complex cases. It's important then to be crystal clear with clients about what is and is not included in the price, and then to be diligent in managing any scope creep.

There are a dozen lawyers doing private family work, four or five of whom undertook the initial training in 2015, and the rest have been trained since.

'Everyone is on board - giving choices, using templates, offering a service guarantee - these are all embedded. The service guarantee has been really useful for what I call 'quibble' handling, but maybe we've not used it as effectively as we could to reassure clients when they question a quotation.

Procter describes her team as 'much more focussed, developing niches and specialist areas, more professional, more business-like, and with a better calibre of

work. I feel we've gone up a tier, so we're not afraid to let work go when our acting wouldn't be right either for the client or the firm.'

'Pricing has helped us differentiate ourselves. We're confident talking about money, we always give clients pricing options, and we bring clarity and transparency to bear on everything we do.'

## **Challenges**

Procter describes the challenges as 'It's not as embedded as it might be, and not as consistently applied across our offices, but I'm conscious of that and working on it. Because of the distances between our offices we now have team meetings every other month. Pricing is a fixed agenda item at those.'

So far, they not trying many pricing alternatives beyond the hourly rate and fixed fee options. 'We know from colleagues that choice is hugely effective, but I'm aware we don't stray too far from the options we're most comfortable with. I use my premium rate just occasionally, while one of my colleagues is really good at applying that in cases of urgency. I'm sure there's lots of room for improvement, especially where jobs change, becoming more complex or more urgent.'

## **Let's talk about money**

There's no point in embarking on a project as big as training all your lawyers in pricing and then embedding a pricing culture across the firm unless there are significant financial returns for the firm.

Hart and Meredith were asked to assess the financial impact this project had had on the firm.

Meredith commented that 'There was a really significant financial impact after the two 2015 sessions. One of the metrics which Nigel suggested we track was the average revenue per file. We saw a 26% increase in the first year and another 19% in the second. Overall we had about 10% fewer instructions in year one. And that reduction in instructions wasn't a case of 'oh dear, look what we've lost', but one which showed us we were on the right track, because our lawyers had the confidence to say no to inappropriate work.'

Hart concluded that 'It went further than that. We found that by losing about 10% of work – and funnily enough, it was the 10% of clients who were most difficult to deal with that we lost! – we were able to give our remaining clients a better service.'

They in turn recommended us to like-minded friends and relatives, who were also happy to pay reasonable fees for a great service. And our lawyers, handling

marginally less work, were happier with their workloads, and happier still working for clients who valued what they did. We call it a 'virtuous circle'!

## **Changing the culture**

One of the reasons why Wollens has benefited so much from this change in direction, is because they have succeeded in really changing the culture – which is no mean feat in a long-established law firm.

The culture has changed in many ways, according to Hart 'Lawyers no longer feel that they have to chase every job that comes through the door, and it has given our lawyers confidence in talking about fees and confidence in talking to clients about sometimes quite chunky numbers.

A culture where our lawyers aren't afraid to say 'no' and our lawyers enjoy being properly paid for what they do!

As with any project involving cultural change, the challenge remains in getting this fully and consistently embedded across a large group of independent-minded professionals. There are always a few individuals and certain teams who think they are 'different'!

'It's still a work in progress, there's still a lot of work to do. But we've become successful financially, says Hart. 'Pricing wasn't the only driver in that, but it played a significant part in getting us there. If we are seen as different by our peers, competitors and clients, then pricing has been a big part of that.

## **What advice can you pass on to others?**

Hart and Meredith agree that one of the simplest rules they have lived by over the years of growth is simply to put any business decision under the scrutiny of 'What's right for the business, rather than what's right for any individual?'

So often the makeup of a partnership is such that in smaller firms it can be easy for the strategic direction to be nullified by pandering to partner whims, rather than making decisions on what is best for the business.

In our experience, an absence of commercial decision-making results in a lack of strategic clarity, promotion of self-interest and a lack of ambition.

'If there is one piece of advice, we'd give to any other firm it's always to make your decisions based on what is right for the business, even if they are unpopular at times,' says Hart.

## Conclusion

What we set out to do was modernise the firm, make our people more commercially aware, deliver great service to clients who are prepared to pay for it, and make the firm a genuine, regional player. That in turn enabled us to invest in our merger strategy and the 2019 rebrand.

Not only did it deliver confidence in spades, and leave our lawyers feeling ‘worth it’, but it helped us become much more profitable.

Katrina Vollentine concludes ‘It’s a change management programme like any other, and you need to work hard to take the staff with you, so that everyone has some ownership of what they do. But pricing, like the rebrand and other investments we’ve made, have clearly been for everyone’s benefit, and that’s quite satisfying for all the partners.’