



# How to Facilitate Lawyer Adoption of a New Pricing and Budget Management Tool

By Elisabet Hardy, Justin Farmer and Colleen Scimeca

Given the increased importance of pricing and budgeting in today's legal market, implementing a Pricing & Budget Management tool within your law firm can be a daunting project.

While time is often spent on the technical aspects, such as system integration, capabilities and configurations, too often overlooked in the implementation plan is user adoption.

Law firms sometimes struggle with gaining lawyer adoption of any new technology system the firm implements. Indeed, lawyers seem to like learning about any changes in an existing process or the addition of a new legal technology system, if they are unaffected. But if the change is going to impact

them, they are suddenly resistant. Worse yet, lawyers may feel unmotivated to use even the best new technology, such as a perfectly implemented new pricing system, without careful planning by the firm on how to appeal to the lawyers' mindset.

To better prepare law firms for this crucial, yet relatively simple task, this article outlines for firms five fundamental steps to facilitate successful lawyer adoption of a Pricing & Budget Management tool.

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## STEP 1: CREATING THE VISION

Lawyers need to know *why* they need to learn a new process and technology when, to them, there is nothing wrong with the current way they are pricing or managing their budgets. Firm leaders might counter that by saying that the firm is implementing this new technology tool to increase its revenue and profitability — even though that's what almost every pricing vendor promises. To lawyers, the phrase "increasing revenue and profitability" is too nebulous to be meaningful, and their questions quickly turn to the mechanics of the implementation instead of the solid reasoning behind it. Thus, this overly broad message does not demonstrate direct, immediate benefits to the lawyer or engage the lawyer's mindset.

A different way to create and convey this vision to the lawyer is to determine and prioritize the *key pain points* the lawyers themselves may have with the *current* way they are pricing and managing budgets.

Then, make positive assertions about how the new Pricing & Budget Management tool will address those problems. (If a firm is not sure what its lawyers' key pain points around pricing and budgets are, it is never too late to ask the partners, the pricing directors or the legal project managers.)

For example, a common pain point in the pricing process is when a partner says it cannot be determined whether the firm will make money on a certain fixed-fee matter. The firm can then show their lawyers how this new tool will provide the necessary historical data analysis to allow them to pitch and accept a fixed-fee arrangement with confidence. Remember, the vision needs to be tailored to address the key pain points that your lawyers experience or the lawyers will be confused, irritated and resistant during and after the implementation.

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## STEP 2: DETERMINING "SUCCESS CRITERIA" WITH MILESTONES

Even with the tailored vision, lawyers need to be reassured that their nonbillable efforts in learning and using a Pricing & Budget Management tool is helping the firm achieve its vision. This is difficult, especially if achieving the vision may take some indeterminable amount of time. One way to keep lawyers motivated during an implementation process is to articulate to them precisely what criteria the firm will measure to determine success. This "Success Criteria" should include specific milestone dates as to when the firm will determine whether each criterion has been achieved.

The first measurable Success Criteria should concern adoption, such as whether lawyers are using the system. Some examples of possible criteria milestones around adoption might include:

- Have all lawyers in the initial Pilot Group budgeted on at least 10 matters within the first month?
- Were budgets created for all fixed-fee matters within the first three months?
- Have all clients' requests for proposals (RFPs) been priced within the new system during the last quarter?
- Have certain client matters with traditionally high write-offs had their budgets managed within the system during the last six months?

Whatever the firm identifies as Success Criteria should, when achieved, be publicized throughout the firm to further encourage the adoption of the Pricing & Budget Management system.

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### STEP 3: GAINING TEAM SUPPORT

Law firms will have already created an implementation team for the *technical* phase of the implementation, likely consisting of key stakeholders, cross-functional operations experts and, of course, IT specialists. While that may be sufficient for that phase of the implementation, for lawyer adoption, a firm needs a wider net of advocates, such as:

**The Pilot Group** — The best practice in implementing any legal technology system for lawyers is to start with a small group — the Pilot Group — and learn what works and does not work for lawyer adoption. A firm should choose its Pilot Group members carefully. They should be individuals who embrace change by having an agile mindset and are legal technology enthusiasts. The Pilot Group will serve as test subjects for assessing the training, communications, support and change management strategy of the firm’s implementation plan.

**The User Governance Team** — This sub-team consists of a couple of lawyers within the Pilot Group and a few additional lawyers who are enthusiastic,

innovative team players who may be the strongest adopters of the Pricing & Budget Management system once it is in its post-pilot phase. Appoint one individual on the User Governance Team to be the point person for gathering the user experience during the pilot phase. This group also is responsible for reaching out to the Pilot Group to solicit their feedback and determining how to improve lawyer adoption for all subsequent groups.

**The Executive Sponsors** — This group is comprised of a handful of individuals at the firm who the lawyers listen to and respect. Some of these individuals might have prestigious titles and others may not but instead are seen as informal leaders. This group will lead upwards by encouraging the managing partners and C-suite executives to continuously publicize the value of pricing. The Executive Sponsors will publicly recognize those individuals making a strong effort to use the Pricing & Budget Management tool. This group also will lead and encourage the Pilot Group.

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### STEP 4: PERFORMING FOUNDATIONAL GAP ANALYSIS

The firm now has its vision, its Success Criteria and its teams. Before conducting any training on the new Pricing & Budget Management system, however, the firm needs to step back and determine what and where gaps may exist in the processes of how the firm *currently* prices and manages its budgets. To begin this step, have the Pilot Group sit in a conference room and write down each part of the pricing and budget management process on Post-it notes.

Then, place the Post-it notes in sequential order on the wall, and use that to identify the issues and potential gaps in the process. Some of the gaps — for example, a lack of transparency into historical data — may be cured by implementing a Pricing & Budget Management tool. The firm should weave in this foundational gap analysis training during the implementation. This type of training does not have to be formal and can be conducted at regular status meetings or added to other firm training sessions.

Firms should be aware that certain other gaps identified in this step may point to a lack of lawyers’ understanding of the *business side* of practicing law. For example, do the lawyers, at all levels, know how the firm makes money and what they, as lawyers, can

do to accelerate or promote that process? Do lawyers understand that the firm can price a matter perfectly and then brilliantly manage the budget, but still lose revenue if the final bill is not released or the client is slow to pay?

Do the lawyers understand the basic pricing and budget management terminology involved in the process, such as work in progress (WIP), accounts receivable, write-downs, write-offs, profit margin, cost rates and leverage? This understanding is key to a successful implementation, especially if the new technology expects its lawyer-users to be *process fluent*. If a lawyer does not understand leverage or how the firm uses leverage, how could this lawyer know what steps to take when the new Pricing & Budget Management tool displays a matter’s leverage?

Now is the best time to train lawyers on the business fundamentals of practicing law so they’ll understand their role in the process and how the new Pricing & Budget Management system is designed to help them.

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## STEP 5: CREATING A CHANGE MANAGEMENT PLAN

As we've said, lawyers love change ... as long as it does not happen to them. One of the biggest mistakes a law firm can commit in this process is to push too many changes at once, thereby overwhelming the lawyer.

That's why creating a Change Management Plan is an important step in any successful implementation process. As part of this, law firms should prioritize and clearly schedule the timing of all major changes. A law firm's Pricing & Budget Management system should be designed with flexibility to grow with the firm.

Indeed, think of the approach to a Change Management Plan as not only impacting the *current* implementation or rollout, but also providing guidance on how the process could be configured differently in a year, in three years or in five years with different initiatives.

Firms should implement one major change at a time, starting with firm-wide adoption of a Pricing & Budget Management system. Get the lawyers to use the new system to enhance the way they currently price and manage budgets in order to get a robust set of data. Then, after some time, place cost rates in the system and change its access settings to allow cost-rate and profit margin transparency data to flow to the finance and pricing teams as well as some practice group leaders. After that is successfully released, tweak the access controls again so that all partners can view their individual profitability. Throughout all this, a

properly calibrated and flexible Change Management Plan will work to eliminate frustrations with this implementation process and any future ones.

Another area a firm can improve with a successful Change Management Plan is to anticipate the *change-resistors* and practice the "mitigation story" rebuttal beforehand. Certainly, there will always be a set of lawyers that will say they are too busy to sit for training on the new system and that the firm's old pricing process is fine and in their head already. In this case, the mitigation story could be that it's the firm's vision that all lawyers that use this tool will gain more clients by showing prospective clients that the firm (and the lawyer) are better at managing clients' legal expenses than other competitors. Or, the mitigation story could be that the new Pricing & Budget Management tool will allow partners to capture their expertise and knowledge around pricing and budgets and then transfer it to the firm's junior lawyers, offering them insight into the best practices the partner is creating for pricing a matter. Once the mitigation stories are developed, circulate them to your teams to use as a response to disarm statements from these change-resistors.

Two complementing strategies to a well-thought-out Change Management Plan are the Training Plan and the Communication Plan.

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## THE TRAINING PLAN

For lawyer training, think about training early, often and in a lot of different ways. A lawyer taking time to train on anything is in direct conflict with the lawyer's internal drive to always work within the construct of billable hours, something that training time does not provide. (However, a handful of one-hour PowerPoint training sessions with a demo on the new system should be the bare minimum.)

The firm also should consider whether certain departments or groups of employees require more training than others and develop customized training for those various groups. The firm can provide training exercises or hands-on teaching by having lawyers bring their hard copy or e-billing budgets on existing

matters to work on in the new system. And firms should also account for the various learning styles among their lawyers by offering multiple training methods — Web classes, in-person demonstrations, hands-on tutorials at their desks, etc.

To motivate lawyers to come to any training classes, firms should make the training fun by offering prizes or gift cards or providing lunches or snacks. If certain groups are getting more specialized training, the firm should arrange for the training team to come to the groups' regularly scheduled status meetings and conduct some of the training in the groups' own territory.

## THE COMMUNICATION PLAN

As with training, there needs to be a set Communication Plan by which the law firm can determine what teams or individuals within the firm to communicate with, how and how often, when and who the communicator will be.

Most traditional Communication Plans follow a simple script: This is what happened already, this is what is happening next, and these are the important dates for lawyers to be aware of. Remember, the parts of a traditional Communication Plan are similar to project plan steps, just with more words.

Each communication instance should be tailored to the audience and stress the vision, critical success factors achieved and the enthusiasm of firm leaders, like those on the User Governance Team. Think of each communication opportunity as a chance to evangelize the firm's message of how the Pricing & Budget Management tool will eventually make the lawyers' lives easier, help them gain a marketable skill and give them more confidence in the pricing and budget management of their matters.

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## IN CONCLUSION ...

Change within law firms, including that of having lawyers adopt a Pricing & Budget Management system, happens after a series of small successes. Lawyers are willing to learn and use a new system *if* the law firm can show that doing so will eventually help the lawyer, thereby appealing to the lawyer's mindset.

Traditional system implementation plans focus on the roles, dates, progress and deliverables needed for

success, but too often overlook the simple yet crucial need to appeal to the various lawyer-users. The more a Pricing & Budgeting Management system is used by the firm's lawyers (and not just by a handful of finance or pricing directors and legal project managers), the richer the data set a firm will be able to generate in order to make successful data-driven business decisions.

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