

ETHICS

SANDRA OKE

sandra.oke@norfolk-partners.com



Creating a Value Proposition for Clients

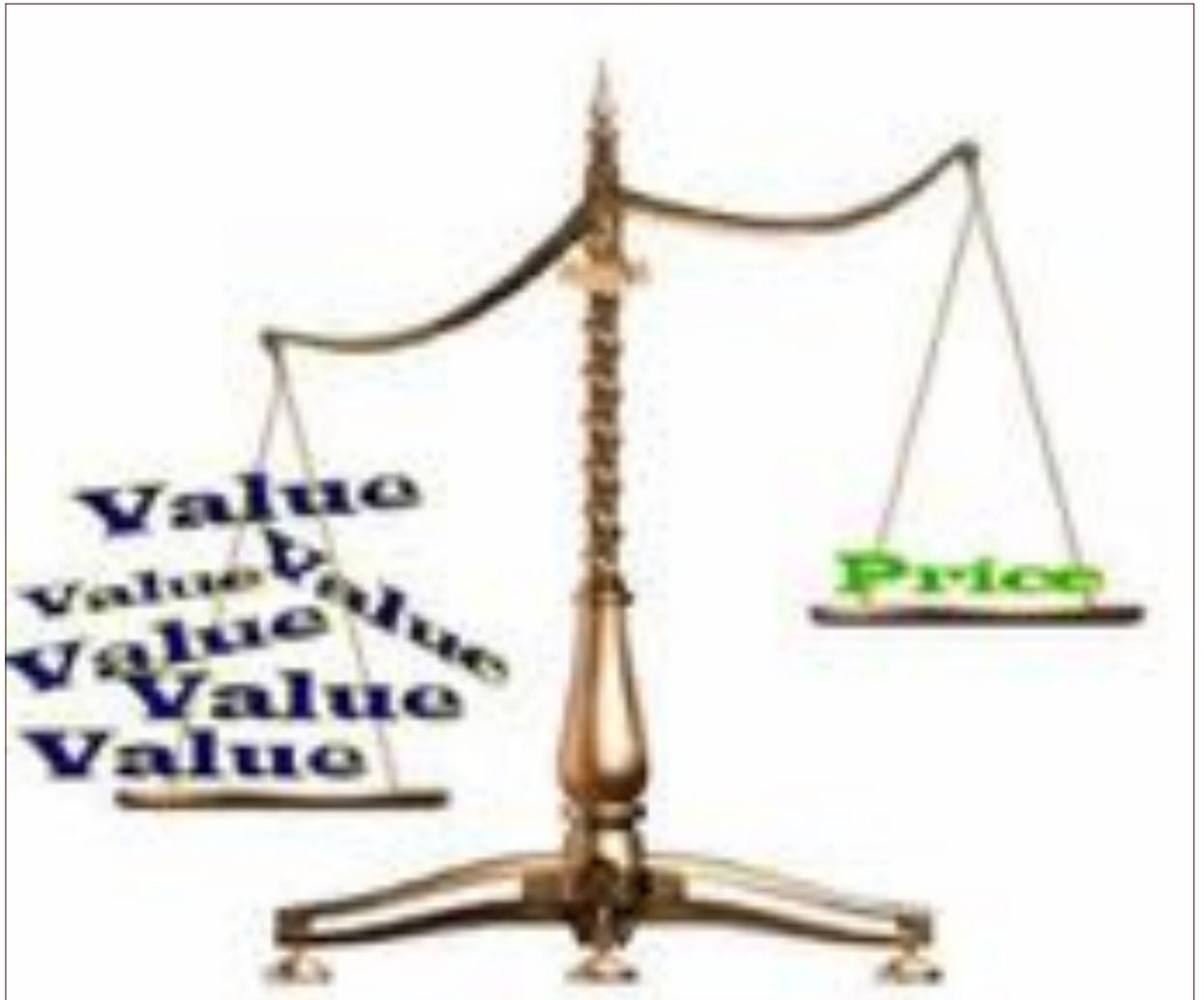
Times are changing and more than ever technology is revolutionising every facet of our lives including the way we do business and render services. As much as we admit this fact we find it difficult to allow these changes affect our dealings and propositions to our clients. We all know that law is a conservative profession yet as lawyers if we do not adapt to change we will be overtaken by it and lose our clients to other disciplines that have understood and adapted to emerging global trends. These exact sentiments were expressed by Professor Wilkins of the Harvard Law School in a recent presentation titled "Value-based pricing for Legal Services".

Emerging Trends in the Provision of Legal Services

After the recession there was a shift in the expectations of clients. Most clients are seeking for cost effective methods of doing business. This has led to the emergence of the following organisations:

Legal Process Outsourcing Organisations: The era of outsourcing the production of goods and services is clearly here to stay. It initially began with goods being produced in some Asian and African countries because of the reduced cost of production, this model has been applied to services and now legal services. Legal Process Outsourcing involves obtaining legal support services from another firm or a legal support services company usually in another country. According to a report released by the law society in 2012, The most popular international destination for LPO is India, closely followed by the Philippines, South Africa and New Zealand. More than 90% of work is being outsourced directly by corporate counsel. The processes outsourced are contract drafting review, management compliance assistance e-discovery, litigation support and patent support. Most LPOs are provided by third party providers who provide business process or legal process outsourcing to their clients or captive companies set up by firms offshore for whom the firm is the only client, regional offices or off shore offices of the firm. Law firms that use LPO outsourcing report that it reduces cost and it involves a greater level of expertise. For example, In 2011 Allen & Overy set up a service centre in Belfast to handle routine aspects of big deals. It employs about 400 people, including 70 lawyers, at half of the cost of its staff in London. In January Dacheng of China joined a Western confederation, Dentons, to create an alliance that employs 6,600 attorneys.

Multi-disciplinary organisations: these are organisations that offer a wide range of services to clients. Accounting firms tend to generally offer legal services, along with ac-



counting and auditing services. Recently in an interview the head of KPMG Tax controversy team Jeremy Geale stated that the Big Four firm is boosting the range of legal services it will offer its extensive list of existing clients and referred to the firm as a professional services firm." the Economist reports that the biggest threat to the legal industry are "the Big Four accounting networks (Deloitte, EY, KPMG and PwC), whose combined annual revenues of \$120 billion exceed the \$89 billion generated by the 100 largest law firms combined. These firms have now reached a size where they are bigger than most law firms: PwC's legal arm is the world's tenth-biggest, and all four networks' law divisions are in the top 40 by this measure."

The only way out for the law firm is to propose value to its clients and bill according to value. Value pricing is a model that sets fees based on the value of the work done for the client.

Typically, using this model involves discussing with the client about the various alternatives in handling a matter. Once this has been decided on a customised fixed fee is determined, this represents what the client is expected to pay. This up-front model allows the client weigh the cost of legal representation against its benefits and decide about how to proceed.

Value pricing also encourages open communication between attorney and client. Antigone Peyton of Cloudigy Law is of the view that Value-based billing "aligns the lawyers' incentives with the clients' interests, so both are focused on achieving the desired results, not how many hours it takes to get there." According to her in-house counsel can propose value-based fees to external counsel following these steps: 1) articulate to the

firm what value you place on the different types of work they perform; 2) determine whether the firm can provide services for a fee consistent with that value; 3) set the fee for the work and discuss the project scope; 4) expect the firm to request a retainer that is either a portion or the full cost of the project; 5) meet with the firm; 6) ensure that the firm is focused on delivering high-quality services.

Conclusion

Ed Poll the principal of LawBiz Management, a coaching and law firm management consultancy makes a compelling argument that "Value billing can only work through the kind of interaction that is best described as true lawyer-client collaboration. In such a relationship, client and lawyer work together to assess needs and develop a proactive, interactive law approach, making recommendations to each other about actions and decisions that are mutually beneficial. Collaboration in the context of providing greater value in legal services produces more effective representation at a lower cost to the client without discounting either the value or the per hour fee of the lawyer. "Value" should not be a vague concept. All lawyers can structure what they do to consistently encourage a high client perception of value by knowing their clients' business, understanding their concerns and providing solutions that meet client needs. Law firms that can partner with their clients, and can show their clients how they can reduce their legal costs (without reducing the lawyers' per unit fees) will have a strategic advantage in the marketplace as true value-added service providers. And the law firms that can do that are the law firms with a future in tomorrow's value-driven world."

PUBLIC NOTICE

NIGERIAN LAW SCHOOL ALUMNI ASSOCIATION CLASS OF 89

This is to inform the general public that the above named Association has applied to the Corporate Affairs Commission for registration under the Companies and Allied Matters Act 1990.

The Trustees are:

1. Dr. Babatunde Ajibade (SAN)
2. Prof. Andrew Chukwumerie (SAN)
3. Mrs. Dorothy Ulot (SAN)
4. Mr. Tunde Buzari (SAN)
5. Prof. Nwagwu Udohuna
6. Mr. Dede Oye
7. Mrs. Kezi Atamio (No Pepple)

Aims and Objectives include the following:

- a) To advance the cause of the Nigerian Law School Class of 89 Alumni Association by fostering networking and mutual support among members.
- b) To fraternise as people of same aspiration and class in the chosen career of law.
- c) To assist one another socially and professionally.

Any objection to this registration should be forwarded to the Registrar-General, Corporate Affairs Commission, Wuse Zone 5, Abuja within 28 days of this publication.

Signed: Osuala E. Nwagbara - Secretary