



**FICPI 22nd
Open Forum**
Madrid
25-28 September 2024



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Win-Win Pricing of IP Legal Services

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Introduction

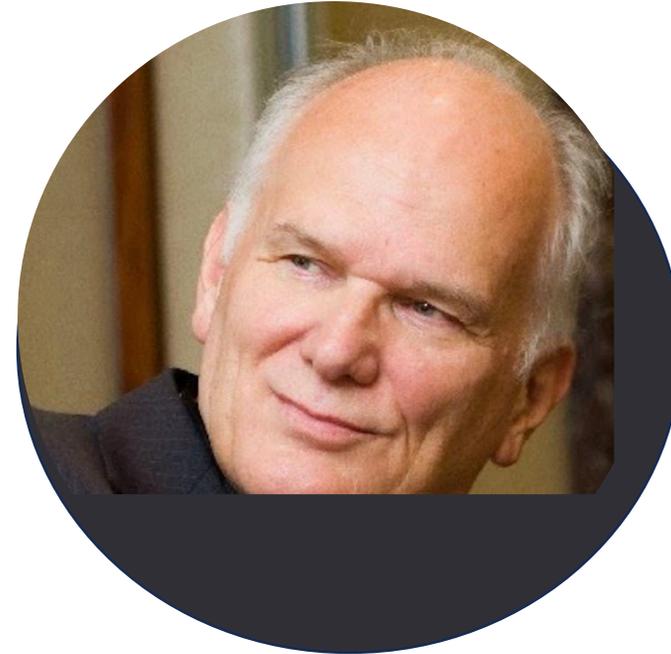
Louis Lagler
Rentsch Partner, Switzerland



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Louis Lagler
Switzerland



Norman Clark
USA



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Win-Win Pricing of Legal Services: *pricing legal services for competitive advantage and profitability*

Norman Clark

Walker Clark LLC

Fort Myers, Florida, USA



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Session Notes

Win-Win Pricing of Legal Services:
*pricing legal services for competitive
advantage and profitability*



Session Notes

22nd Open Forum
Madrid, Spain
27 September 2024



- agenda
- selecting the right fee structure
- constructing a fee
- information checklist for non-hourly fee models
- Are you ready?
- New Paradigms and Old Lessons for Law Firms
- summary of the FICPI Win-Win Pricing Survey tabulations



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our agenda

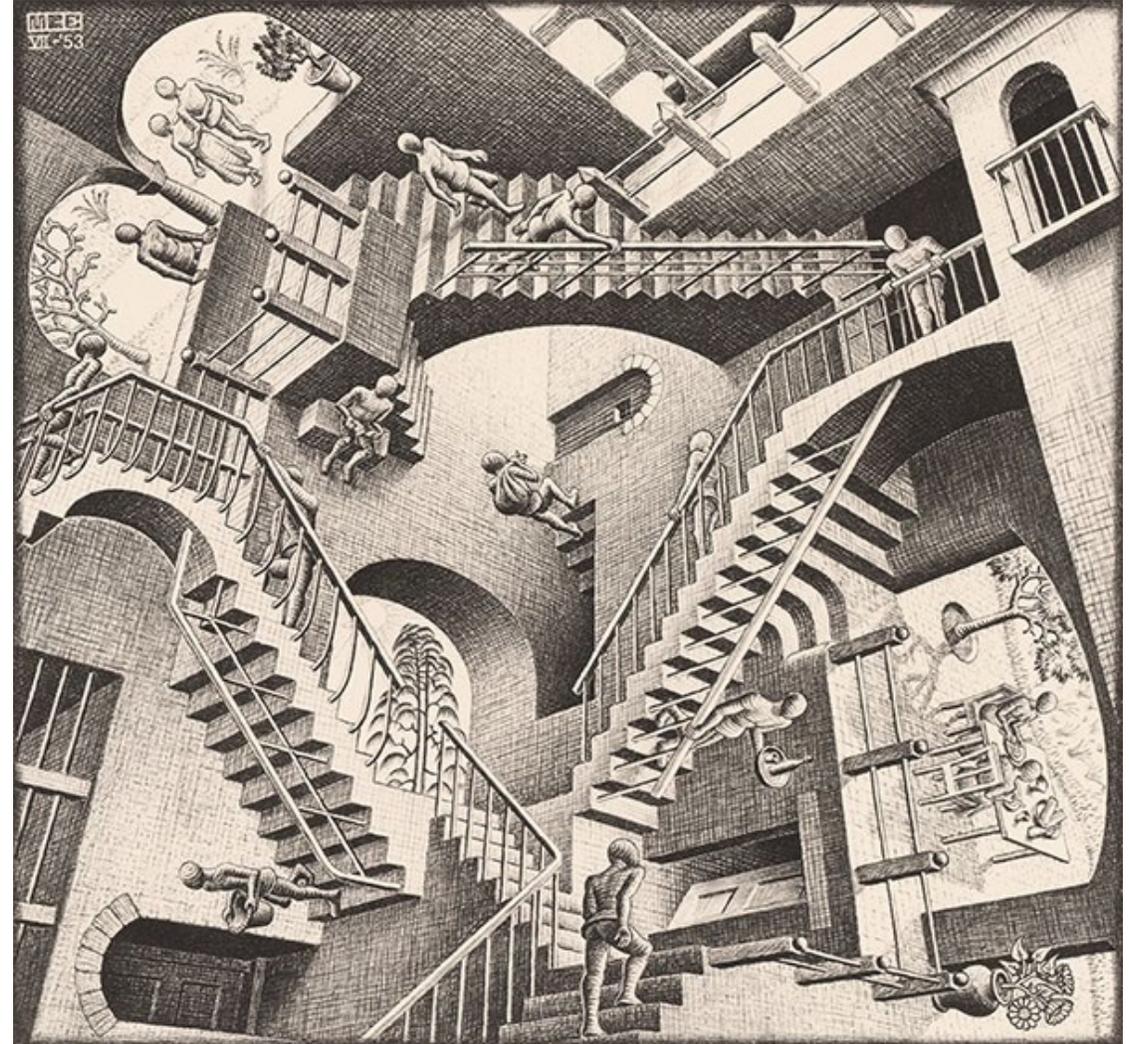


- benefits and risks common fee structures
- building a fee that is sustainably profitable
- shifting the focus from price to value



themes

complexity in multiple dimensions



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themes

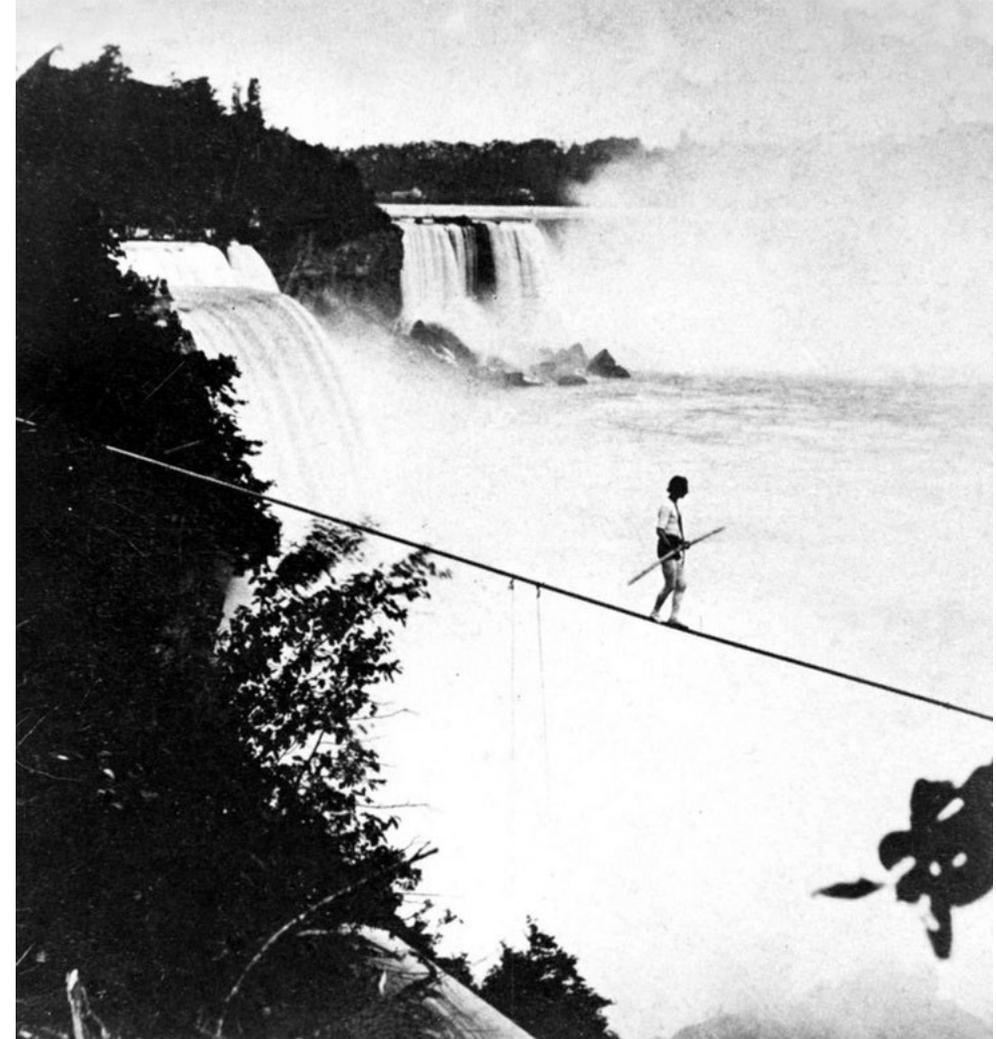


custom tailoring



themes

balance





fee structures

Session Notes, pp. 3-7



hourly rate

- including blended and service-specific rates

fixed fee

- including scale fees, contingent fees, success fees, etc.

hybrid fee structures



fee structures

Session Notes, pp. 3-7

the hourly rate



advantages	disadvantages
predictable revenue and profit margin for the law firm	unless capped, can be highly unpredictable for the client
more accurate time records	can produce unsatisfactory realization rates and costly write-offs
more accurate measurements of financial performance (usually)	competitive disadvantage for some price-sensitive services, clients, and markets



fee structures

Session Notes, pp. 3-7

fixed fees



advantages	disadvantages
can be more profitable than the hourly rate	can lose money for the law firm
deliver predictability to the client	might not allow for unforeseen contingencies
support highly persuasive sales discussions about the extent and value of the services to be provided to the client	require very accurate timekeeping to diagnose profitability issues



fee structures

Session Notes, pp. 3-7

hybrid fee structures



advantages	disadvantages
allow for foreseeable contingencies	require careful, usually matter-specific, anticipation and planning of each matter and its component services
“educate” the client about the risks and complexities of the matter	require significant experience, supported by accurate data, in the type of matter or service
adaptable to the client’s objectives in the matter	sometimes unattractively confusing for the client



survey insights



specialties most likely to use...

hourly rates	non-hourly fee structure	hybrid fees
trade secrets: 77.27%		
technology transactions: 76.00%		
IP litigation (any specialty): 74.32%		
licensing: 72.73%		patents: 71.43%
monetary valuation of IP rights: 65.91%		trademarks: 68.04%
		designs: 62.64%
	domains: 54.35%	



to begin our discussion ...



- Which fee structure has worked best for your practice, and why?
- How do you balance risk and reward in your chosen fee structure?



building a fee that is sustainably profitable

Session Notes, pp. 8-19



fully loaded operating cost

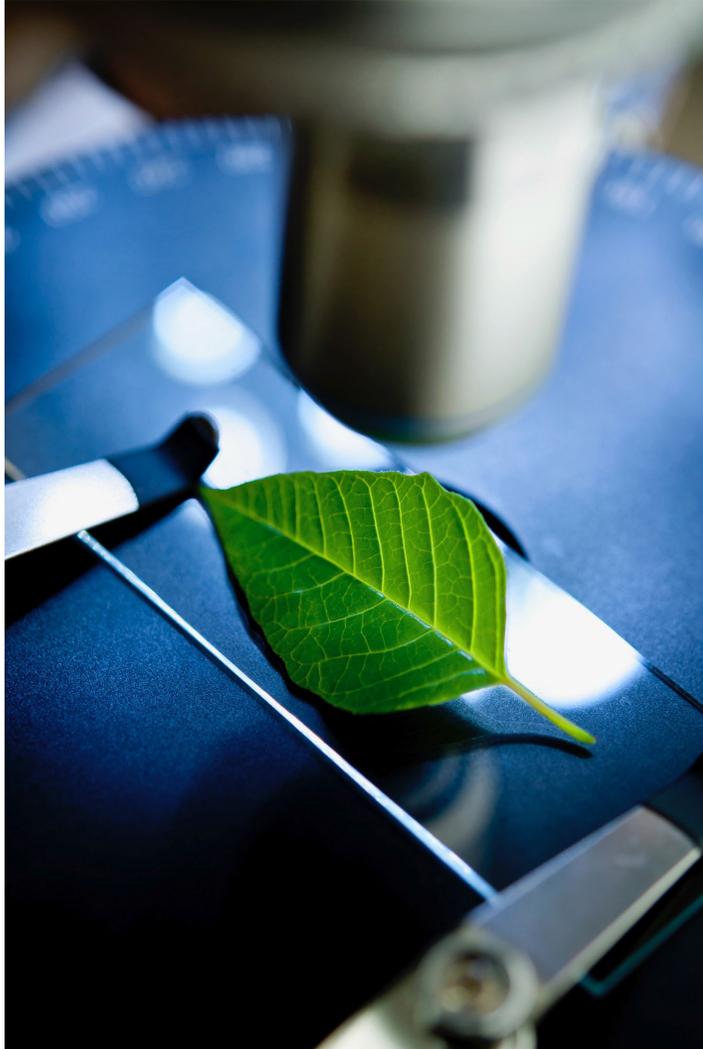
contingencies allowance

profit





fully loaded operating cost



How granular (molecular?) should your operating cost analysis be?



fully loaded operating cost



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accurate and
reliable
timekeeping



fully loaded operating cost

the diagnostic value of
fully loaded operating
cost





contingencies allowance

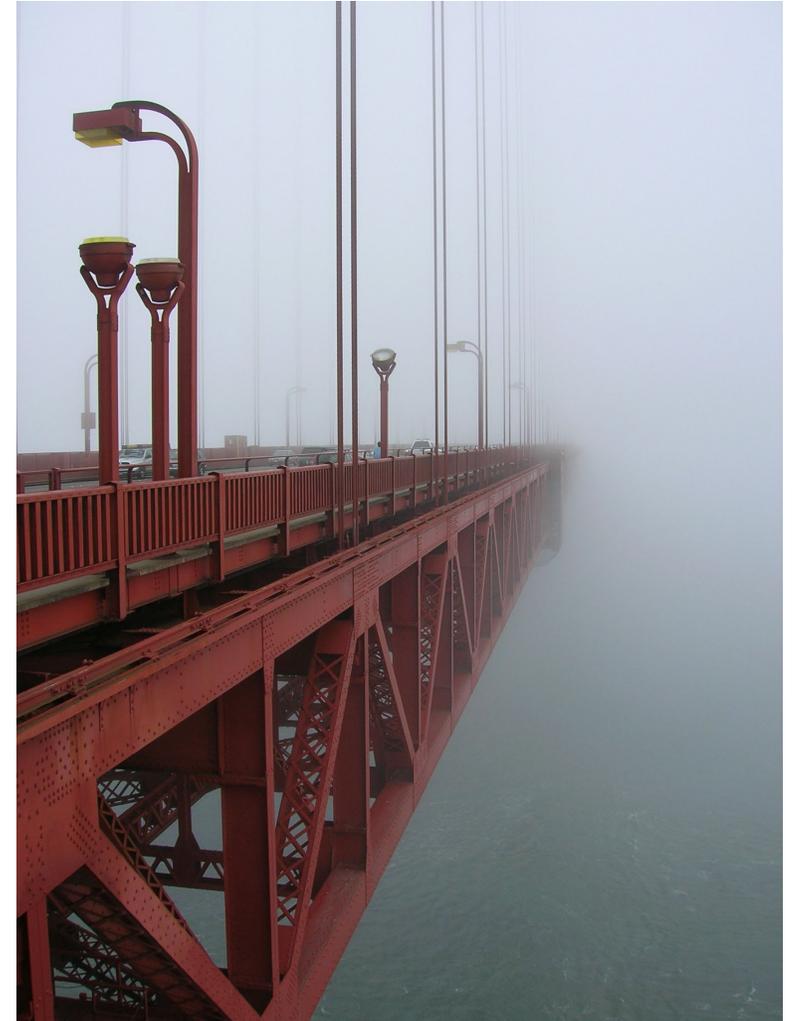


- variation
- *What if...?*



profit

- market intelligence
- Discounts, anyone?





survey insights

specialties for which clients most frequently request discounts

specialty	almost always or frequently
trademarks	33.33%
patents	31.91%
auxiliary services	20.00%
designs	19.0%



to begin our discussion ...



- How should an IP practice be organized to use the principles of Win-Win Pricing?
- What, if any, rules or guidance does your firm or practice group have concerning the setting and approval of fees?
- How does your firm collect “market intelligence” about the fees your competitors offer? How reliable is it?



from price to value

Session Notes, pp. 20-37



Paradigms are shifting.

Do you know what is most important to your clients?

Have you had a “value conversation” with your clients?



the value conversation



Clients value **efficiency in legal service delivery**.

Clients — especially corporate clients — expect **transparency about fees** and **reasonably predictable legal costs**.

Remember
that...

Clients expect their lawyers to **understand and address their individual business realities and circumstances**.

Clients expect their legal representatives to **understand their broader business or personal objectives and align their legal strategies accordingly**.



next steps

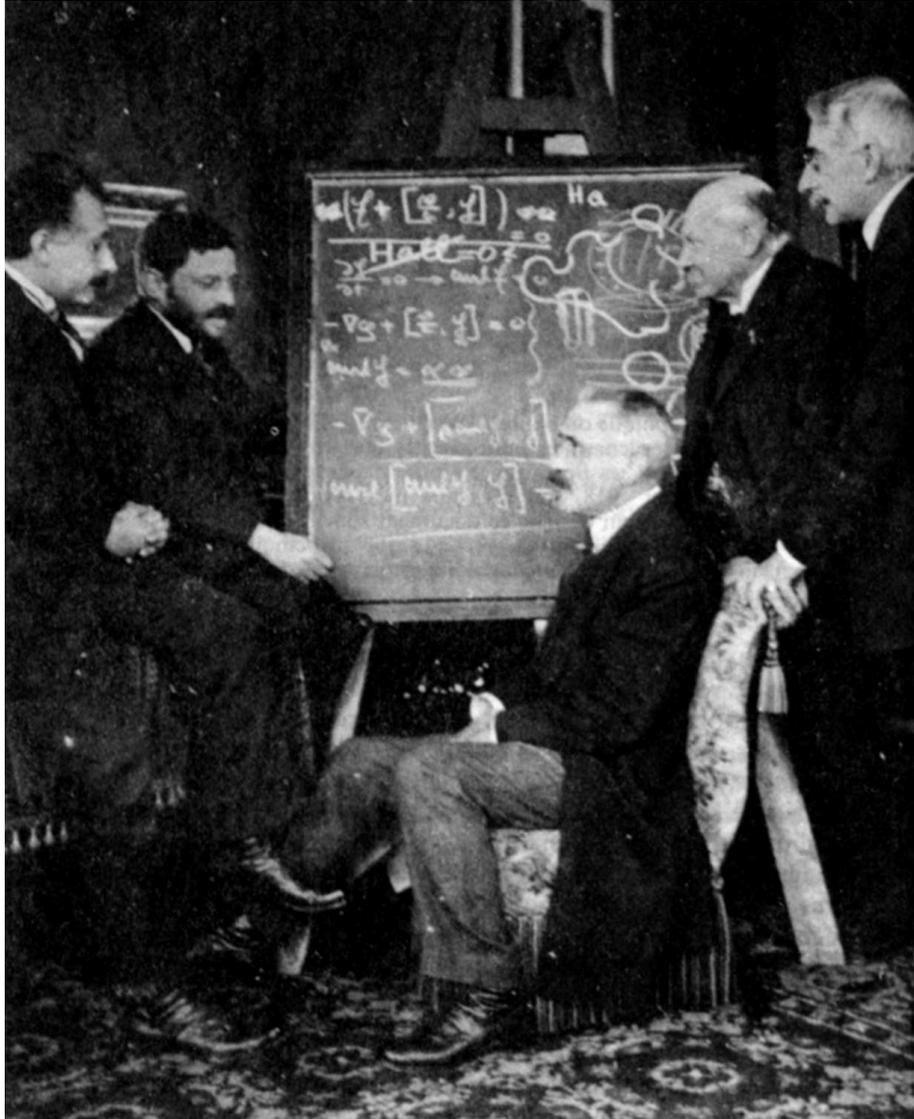
Session Notes, pp. 20-25



- Do you have what you need?
 - data
 - systems
 - documented procedures
 - client involvement



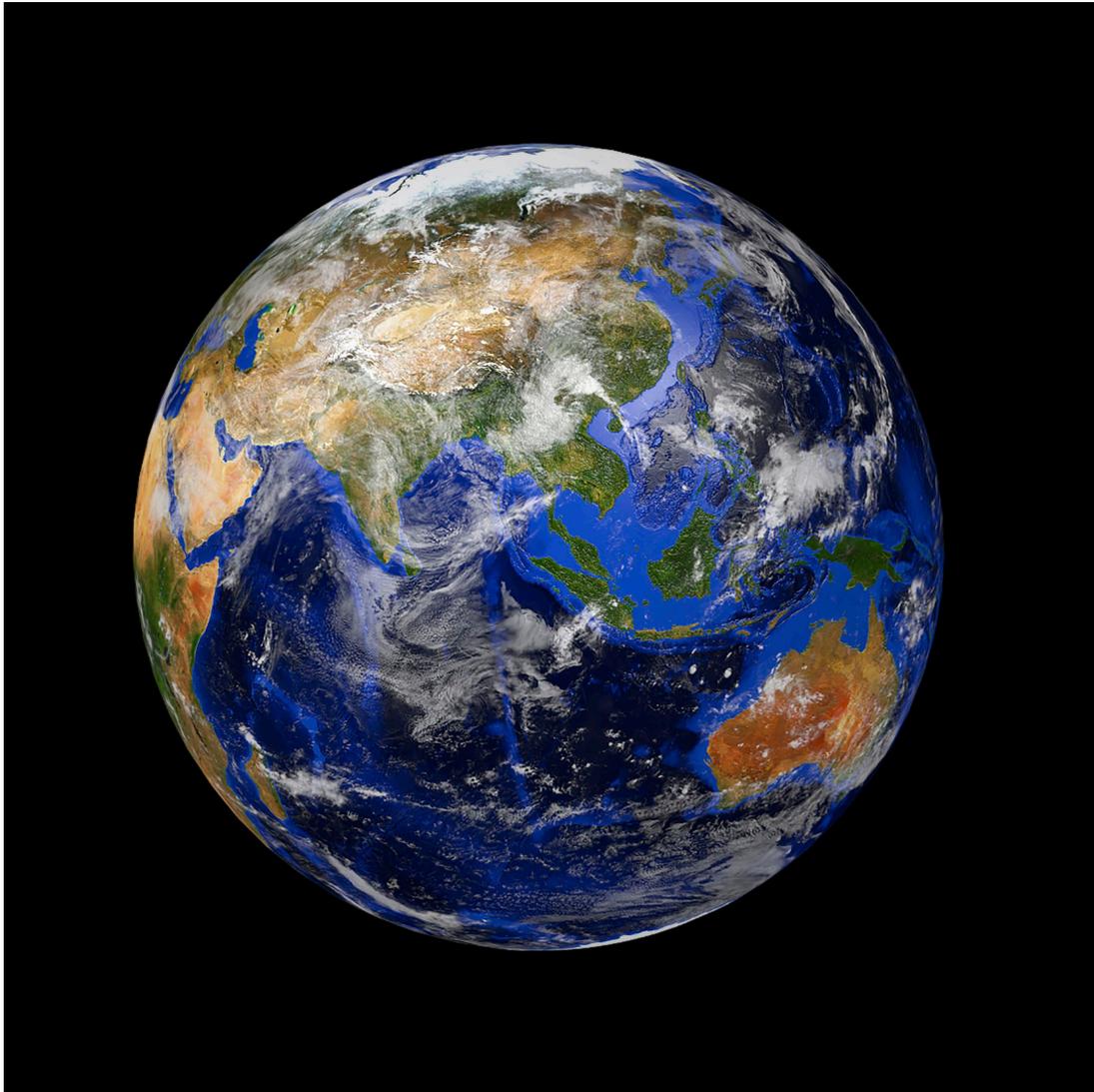
final thoughts



a thought experiment
about pricing



a pricing thought experiment



What if...
... you were
required to make
your sales pitch but
the client would set
the fee?



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closing thoughts



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2-5 April 2025
Jeju Island, Republic of Korea



FICPI World Congress & ExCo Meeting
12-18 October 2025
Naples, Italy

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