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Executive summary

The legal profession is undergoing a significant transformation in how its services are priced. The traditional billable hour model, which has dominated for decades, is increasingly being questioned by clients, firms, and legal professionals alike. The world of legal pricing is evolving rapidly, driven by shifts in client expectations, technological advancements, and new market dynamics. Law firms and legal professionals must adapt to these changes to stay competitive, ensure profitability, and meet the demands of a diverse and increasingly cost-conscious client base.

This book explores the evolving landscape of legal pricing, addressing the challenges and opportunities that law firms face in adapting to modern economic demands. From the traditional billable hour to alternative models such as subscription-based services and value-based pricing, our contributors examine the impact of client expectations, technology, and evolving business strategies. The chapters that follow provide insight into the tools, frameworks, and strategies necessary to create more transparent and efficient pricing models that align with both client needs and law firm profitability.

Our opening chapter, by Michael Roster, looks at the changing landscape of legal pricing and provides an introduction to what will follow. Chapter 2, by Jae Um, looks "beyond the billable hour", explaining the circumstances and scenarios that might finally end the centuries' old billing model, and what might come next.

Stephanie Hamon then follows this up in chapter 3, explaining why aligning client expectations with perceived value is essential to building trust, ensuring satisfaction, and maintaining long-term relationships. Legal service providers must move beyond traditional billing models and embrace approaches that prioritize outcomes, transparency, and collaboration.

Value is matter-specific. What one client values – speed, certainty, innovation – may differ entirely from another's priorities. This variability makes robust matter scoping indispensable. Effective scoping sets the foundation for accurate pricing, fosters mutual accountability, and reduces the risk of

misalignment. Historically, the billable hour has dominated legal pricing, but its limitations have become apparent. The shift toward Alternative Fee Arrangements (AFAs) and Effective Fee Arrangements (EFAs) reflects a movement toward pricing models aligned with client-defined value. EFAs – such as fixed fees, milestone pricing, retainers, and gainshare models – enable clients to control costs while incentivizing legal providers to deliver results.

Managing expectations requires continuous, two-way communication throughout the matter lifecycle. Legal providers must proactively communicate budget updates, flag risks early, and be transparent about deviations from the plan. Clients must articulate their evolving needs and provide timely feedback. This ongoing exchange is critical to preventing surprises and ensuring alignment. Ultimately, aligning expectations with value perception requires a cultural shift. Legal providers must move from billing hours to delivering impact. Clients must engage in open and ongoing communication. When both sides embrace this partnership model, pricing becomes a strategic enabler of trust, efficiency, and shared success.

Chapter 4 by Steven A. Lauer explores the concept of "value-related qualities" (or VRQs), which are useful to think about in terms of the ways that legal service can be addressed. They can be used to develop alternative fee arrangements, to develop and manage project plans for lawyers' efforts and to restructure the relationship between inside and outside counsel.

Chapter 5, by Tanbir Jasimuddin, looks at the role of data and analytics in modern legal pricing. We are in an era shaped by the most profound transformation in how legal services are priced and valued. This is driven by client demands for transparency and predictability, and the emerging power and accessibility of data analytics and artificial intelligence. As a result, clients are demanding a move away from the traditional billable hour model to more sophisticated, data-informed approaches. In this chapter, Tanbir examines how law firms can combine historical data, performance metrics, and client intelligence to build their pricing strategies. He discusses how AI can enhance pricing accuracy, predicting costs and automating tasks and workflows. Additionally, the chapter outlines implementation challenges, including data governance and change management. Getting this right will ultimately deliver increased profitability and client satisfaction.

Chapter 6 by the book's consulting editor, Richard Burcher, looks at behavioral economics in legal pricing, and how to understand client psychology. Richard explores the critical role of behavioral economics in shaping more effective, client-centered legal pricing strategies. As law firms move away

from rigid, input-based billing and toward models that reflect value and outcomes, understanding how clients *perceive* price becomes as important as how firms *calculate* it.

At its core, behavioral economics reveals that clients are not perfectly rational actors. Their pricing decisions are shaped by cognitive biases, emotional responses, and contextual cues. Principles such as anchoring, framing, loss aversion, choice architecture, and social proof are not abstract theories – they are powerful levers that directly influence how legal fees are received, evaluated, and acted upon. The chapter begins by challenging the assumption that pricing is a neutral, mathematical exchange. In truth, pricing is a form of communication – one that signals competence, confidence, and value. The way a fee is presented can determine whether it is perceived as reasonable or excessive, transparent or opaque, bespoke or generic.

Through practical illustrations, the chapter demonstrates how anchoring a proposal against a higher benchmark or framing an offer as a gain rather than a cost, can significantly shift client reactions. It also examines the decoy effect – where presenting a third, less attractive option can make a target fee appear more palatable – and the power of tiered pricing structures, which give clients a sense of control and comparative value. Importantly, behavioral economics also offers insight into the emotional dimensions of legal pricing. Clients seek not only value for money but also fairness, predictability, and reassurance. The chapter explores how law firms can use transparent scoping, menu pricing, and confidence-based guarantees to reduce anxiety and build trust – particularly in high-stakes or emotionally charged matters.

Another key theme is the role of perceived effort versus perceived expertise. Clients often conflate time spent with value delivered, unless the firm actively educates them otherwise. Behavioral science can help reframe this dynamic, positioning legal fees in terms of risk mitigation, strategic insight, or long-term savings, rather than effort alone. The chapter also addresses internal applications of behavioral economics. How partners price, discount, and communicate value is often shaped by their own biases – such as loss aversion (fear of losing the client) or anchoring to last year's fee. Firms that build behavioral awareness into their pricing training and governance structures will be better equipped to price confidently, consistently, and commercially.

In closing, the chapter argues that behavioral economics is not just a tactical toolkit – it is a strategic mindset. It equips firms to move beyond

transactional pricing and engage in pricing conversations that are empathetic, persuasive, and client aligned. In an increasingly sophisticated market, where clients evaluate not just what they pay but *how* they are made to feel about it, mastering the psychology of pricing will be a key differentiator.

In today's legal market, clients continue to demand more transparency in their legal engagements. Gone are the days when clients were loyal to just one firm – thus, they continue to shop for the most competitive price on legal services. As a result, firms must be transparent about scoping and put more emphasis on the value they bring to the market. They need to be ready to adapt to new strategies like AFAs and fixed fee engagements to mitigate write-offs and write-downs that undermine profitability. By leveraging the proper people, processes, and technologies, firms are able to increase communication and even educate their clients on how to be savvy while they pursue legal engagements, so the firm can attain its desired rates and realization. In chapter 7, Jack Kingston discusses how pricing departments can leverage relationships and transparency to remain profitable in the ever-changing market.

In chapter 8, Tim Corcoran explores how traditional law firm partner compensation models often undermine profitability and innovation due to misaligned incentives. He opens with an analogy from retail, illustrating how short-term revenue-focused decisions – like discounting without regard to profit – can lead to long-term business failure. Similarly, law firms often prioritize revenue through billable hours and origination credits, while ignoring more strategic metrics such as profitability, leverage, and client value.

Tim introduces the R.U.L.E.S. framework – Realization, Utilization, Leverage, Expenses, and Speed of collections – to explain how these factors affect a firm's financial health. Many compensation systems, however, incentivize partners to hoard work, underprice services, or pursue billing volume at the expense of profit margins and client relationships. This is exacerbated when firms focus internally rather than considering market value and external benchmarks, leading to distorted perceptions of partner contributions based solely on billing rates. He critiques outdated "cost-plus" pricing and tenure-based rate models, arguing they ignore client-perceived value and market conditions. Case studies highlight how innovation efforts, such as workflow automation, often fail to yield intended profit gains when partner compensation punishes efficiency by reducing billable hours.

Tim challenges firms to reassess whether partners are treated as high-paid employees or as true business owners. He advocates for rewarding behaviors

that enhance long-term firm value – like delegation, innovation, and client loyalty – over individual billing achievements. Adjusting compensation plans is politically difficult, but essential for firms seeking to thrive in a competitive, client-driven market. Ultimately, the chapter urges law firm leaders to shift from tradition-bound, revenue-centric models to incentive systems that align partner behavior with sustainable profitability, client satisfaction, and firm-wide success.

In chapter 9, Benjamin Viney looks at how compensation – for both partners and associates – should align with value, and the strategies that can be put in place to achieve that.

Richard Burcher returns in chapter 10 to discuss the intersection of technology and legal pricing. His chapter explores the profound dual impact of technology – particularly artificial intelligence (AI) – on the pricing of legal services. He argues that AI is not merely enhancing legal pricing practice, it is fundamentally reshaping both *how* firms price and *what* they are pricing.

The first dimension of this transformation is the use of AI within the pricing process itself. Here, technology serves as an enabler of unprecedented capability. AI-driven pricing tools support matter profiling, scenario modelling, profitability forecasting, and real-time budgeting.

These capabilities empower pricing professionals and lawyers alike to construct more accurate, competitive, and client-aligned fee proposals. Pricing becomes less reactive and more predictive – rooted in data, benchmarks, and behavioral insights. This gives rise to what the chapter terms "pricing enablement infrastructure" – a fusion of intelligent software, internal governance, and commercial capability that supports law firms in designing and defending complex pricing models.

The second and equally disruptive dimension is the impact of hybrid AI/human service delivery on pricing architecture. As law firms increasingly combine machine-driven tasks (e.g. contract review, document drafting, risk flagging) with human legal advisory, they face a fundamental challenge – how to price a service that is no longer purely based on human time and effort.

Traditional metrics – such as hourly rates or time estimates – are insufficient. Instead, firms must adopt new value narratives that recognize the interplay of machine efficiency, human judgment, and client-perceived value. This hybrid model necessitates alternative pricing constructs – fixed fees, modular pricing, success fees, and subscription arrangements – that reflect outcome orientation and service deconstruction. Crucially, the

chapter argues that this is not a future trend but a present strategic imperative. Clients are already expecting pricing transparency, technological leverage, and commercially progressive options. Firms that cannot articulate how technology influences both their service delivery and their pricing risk appearing outdated or opaque.

In closing, Richard calls for a reimagining of pricing as a core discipline – blending commercial acuity, behavioral economics, technological literacy, and strategic storytelling. Those who lead this transition will gain not just pricing sophistication, but competitive advantage in an increasingly commoditized and client-driven legal market.

Chapter 11, by Steph Hogg, looks at trends in legal procurement, including the rising influence of formal RFPs and panel reviews. Which is more important to clients – hourly rates or value? Are in-house legal teams and their procurement teams always aligned?

Tanbir Jasimuddin returns in chapter 12 to discuss how we can measure success in terms of metrics and KPIs for legal pricing models. How can firms evaluate whether their pricing strategies are truly effective in terms of both client satisfaction and profitability?

In chapter 13, Alex Hamilton looks at how legal services can be redesigned to optimize for value and efficiency before Richard Burcher concludes the book with a look at the future of legal pricing. This final chapter provides a five-year forecast of legal pricing, positioning it as a strategic capability at the center of law firm competitiveness and client value. As pricing evolves from an administrative function to a sophisticated commercial discipline, firms must adapt across three critical dimensions – technology, client engagement, and internal capability.

Technology's dual impact is reshaping both the mechanics of pricing and the nature of legal service delivery. On one front, AI-powered platforms enable smarter pricing – through data-driven modelling, profitability forecasting, and scenario analysis. On the other, the rise of hybrid AI/human service delivery is redefining what's being priced. Law firms must now account for a blend of automation and legal expertise, shifting focus from time spent to value delivered. The decline of hourly billing is accelerating – not through abolition, but through marginalization. Its misalignment with client expectations around efficiency, transparency, and risk-sharing has catalyzed demand for value-based pricing. Aligning fees with client-defined outcomes and strategic importance, this model rewards collaboration, results, and trust.

A key theme is the professionalization of legal pricing within firms. Pricing professionals are no longer back-office analysts – they are now strategic partners, embedded in client teams, guiding fee design, negotiations, and commercial planning. Their expertise spans behavioral economics, data interpretation, and stakeholder engagement, making them essential to modern legal practice.

Firms are introducing formal governance structures – pricing committees, deal desks, and approval workflows – while evolving partner incentives to reward pricing discipline and margin performance. Behavioral pricing techniques such as anchoring, bundling, and tiered options are becoming mainstream, supported by AI-generated fee narratives and guided scoping tools that facilitate better client conversations. The chapter also examines emerging pricing models such as subscriptions, outcome-based fees, and success arrangements. These are not simply innovations but responses to rising client expectations for predictability, partnership, and measurable value. They also offer firms opportunities to expand access to justice and scale delivery models sustainably.

Ultimately, pricing will be a defining capability for the next generation of law firms. Those that embed pricing into their strategic, technological, and cultural fabric – led by empowered professionals and enabled by intelligent infrastructure – will lead the market. Those that do not will be left behind.

About the editor

Richard Burcher, chairman of Validatum® and Virtual Pricing Director®, is a globally recognized authority on legal services pricing. A former practicing lawyer and managing partner in New Zealand, he has over 45 years' experience in the legal sector. Following postgraduate study in pricing science and behavioral economics, he established Validatum® as a leading consultancy in legal pricing, now having worked with over 300 firms in 30 countries, including 43 of the UK Top 100.

A prolific educator, Richard is a senior teaching fellow at the Australian College of Law and a fellow of the US College of Law Practice Management. He holds ALPP Platinum Plus accreditation from the True Value Partnering Institute and was named Pricing Educator of the Year in 2025.

In 2023, Richard launched Virtual Pricing Director®, a cloud-based legal pricing, profitability, and matter management platform, now being adopted globally and included in elite incubators such as Slaughter and May's Collaborate and A&O Shearman's Fuse. He has advised firms ranging from £10m to £3bn turnover on pricing strategy, governance, analytics, and education.

Widely published and cited, Richard's thought leadership shapes pricing practices across the legal industry, underpinned by his belief in a holistic "people, process, and technology" approach.

About the authors

Tim Corcoran is a former CEO who now guides law firm and law department leaders through the profitable disruption of outdated business models. Tim is a trustee and fellow of the College of Law Practice Management, former president of the Legal Marketing Association and a member of its Hall of Fame, an American Lawyer Research fellow, a past teaching fellow in the Master in Legal Business program at the Australian College of Law, a frequent presenter at lawyer retreats and legal conferences, and a writer whose articles are published regularly in leading publications. This is the tenth chapter Tim has contributed to a Globe Law and Business publication.

Stéphanie Hamon is helping legal functions to operate as an efficient business partner. She is changing legal service delivery, one step at a time and an expert in setting and delivering transformation programs and commercial management strategies for in-house legal departments, as well as broader legal operations strategies and implementation. She led the Barclays team that was named "Legal operations team of the year" at the 2019 UK Legal 500 Awards. She has also developed a new approach to law firm panels and engagement with the broader legal ecosystem. She promotes collaboration, relationship, and efficiencies. She has over 20 years' experience working with legal and financial institutions in the UK, Europe, and Asia Pacific. Stéphanie has considerable expertise in senior stakeholder management, business development, strategy formulation and execution, and client-focused relationship management. Most recently she founded a first-of-its-kind legal operations consulting practice at Norton Rose where she was recognized with an individual Band 1 ranking in Chambers. Clients have said about her: "Stephanie Hamon's one of the best in the business. I appreciate that she is not afraid to give tough advice or push back." "Stephanie is one of the top change leaders and collaborators in our sector." Stephanie has now rejoined the in-house side, working as global head of legal external engagement at HSBC.

Jack Kingston has spent over 20 years in the legal technology industry, driven by a passion for helping law firms boost profitability and achieve operational excellence through the strategic use of process and technology. Guided by his personal "why", which is to consistently thrive while building lasting relationships with loyal and ambitious people, Jack brings both vision and integrity to every partnership. Outside of work, he enjoys alpine skiing, spending time with friends, and following baseball. He has also dedicated 27 years as a Canadian football referee, demonstrating his commitment to leadership, discipline, and community involvement.

Steven A. Lauer consults with corporate law departments and law firms on the value of legal service and related topics. For several years, he consulted with corporate law departments and law firms on issues related to how in-house and outside counsel work together. He spent over 15 years as an in-house attorney in law departments ranging in size from one to 400 lawyers, in the real estate and compliance industries, and over two years as executive vice president, deputy editor and publisher of *The Metropolitan Corporate Counsel*, a monthly journal for in-house attorneys. Steve conducts benchmarking research for clients, designs evaluation processes for counsel selection, and researches and designs case-evaluation methodologies that incorporate clients' appetites for risk and goals, among other projects. He has consulted on alternative fee arrangements, task-based billing, and client expectations. He has written numerous articles on compliance, the relations between in-house and outside attorneys, the selection of counsel by corporate clients, the evaluation of legal service, litigation management, and other topics relevant to corporate compliance programs and corporate legal service and has organized and spoken at numerous conferences in respect of those subjects.

Michael Roster was formerly managing partner of Morrison & Foerster's Los Angeles office, co-chair of the firm's Financial Institutions Practice Group worldwide, resident in both LA and DC, and a member of the firm's policy committee. In 1993, Michael was appointed general counsel of Stanford University, Stanford Medical Center, and Stanford Management Company. He subsequently was executive vice president and general counsel of Golden West Financial Corporation. Michael has served as chair of the Association of Corporate Counsel (currently 45,000 in-house lawyer members worldwide), chair of the Stanford Alumni Association, steering committee co-chair of

ACC's Value Challenge, and chair of two start-up companies. Michael currently teaches Contract Drafting and Analysis at the University of Southern California's Gould School of Law and is also currently a director of MDRC in New York, a non-profit organization that evaluates the effectiveness of government and other programs affecting lower income families and individuals.