

PUBLICATION

Value-Based Pricing Options for Franchise Clients

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Baker Donelson's attorneys routinely collaborate with our clients to develop specific and meaningful alternative pricing models – compensation options that offer choices beyond the billable hour model and often involve sharing both risks and rewards with our clients. Alternative pricing models can reduce inefficiencies, increase productivity and improve the way we deliver legal services, while better aligning the cost of the engagement and value to the client.

One such model, well-suited to clients in the hospitality industry, is a phased fixed fee proposal that we offer for premises liability cases. This model, constructed as a "menu-style" offering, allows our clients to select the strategy that fits the particular matter at issue, and evaluate the projected spend for the combination of various "phases" or "tranches" that will be executed through the resolution of the matter. A sample of this offering is illustrated below.

The most important lesson we have learned in our experience with alternative fees is that they are truly a collaborative effort between the client and the Firm, particularly with regard to the determination of what type – or types – of model to use. The implementation of any pricing model requires a thorough evaluation of several key factors such as the type of matter, a reliable estimate of the work required, whether the matter involves repetitive or complex issues, the client's exposure to damages, the client's philosophy and approach to litigation or particular transactions and the historical cost of similar matters. By working with our clients to more clearly define "success" from the outset of an engagement, we are able to build pricing that focuses on results and outcomes. If there is an interest in this type of phased pricing model, we recommend a meeting between the client and our litigation team to confirm the client's objectives and strategies and clarify the scope and any limitations of this model.

Sample Phased Fixed Fee Pricing – Premises Liability Defense

PHASED PRICING PROPOSAL	
Phase One	Initial Case Analysis
Phase Two	Answer/Challenge Pleadings
Phase Three	Initial Discovery
Phase Four	Follow-up/Expert Discovery
Phase Five	Dispositive Motions
Phase Six	Trial Preparation

ADDITIONAL MENU ITEMS
Trial (Per Day)
Mediation/Settlement Conference
Each Expert Retained Over Two
Each Deposition Taken Over Two
Each Deposition Defended Over Two

