pointerpro

The game plan to future-proof your consultancy

A case for project-based billing

The game plan to future-proof your consultancy
A case for project-based billing

In this mini-guide:

# Why should you pursue project-based invoicing (and automation)?

Strat-E-J Consultancy is a small - fictional - consultancy firm. In the rest of this mini-guide, we'll simply call it SEJ. The founder of SEJ is Jay. We'll simply call him... well, Jay.

The good work delivered by Jay and two co-workers he got on board a few years ago, Maira and Nathan, is helping them quickly gain traction and take on more clients. As a matter of fact, in two years' time, SEJ's client base has almost doubled.

Project after project, Jay, Maira and Nathan have been raising their game to a higher level. They are giving it their all to be hyper-productive and deliver the same quality of advice and support to each and every client. Now, even though we're talking about a fictional consultancy, **a day still counts the same amount of hours.** Finding, hiring, and training new consultancy talent has already proved to be very time-consuming and costly for Jay. To sustain the growth of his firm and safeguard the well-being of his employees, he realizes the **need to invest in automation tools.**

Strat-E-J
CONSULTANCY
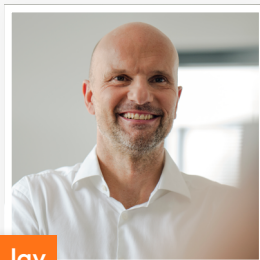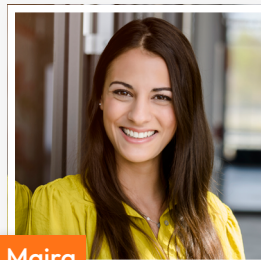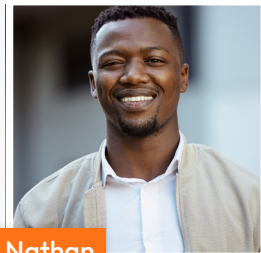
Jay **Maira** **Nathan**

If time = revenue, efficiency is penalized

Here's what bugs him: If he is going to invest in automation and continue serving more and more clients, how will he remain profitable? SEJ has always **billed clients by the hour.** If the firm continues to do so, and therefore revenue equals time, it'll continue to make the same amount, even though the team is delivering more work for more clients.

That's where **project-based billing** comes in. By billing for the entire **value** of each project, rather than the hours worked, the same team can complete **more work in less time without being penalized for** that **productivity.**

In this mini-guide, we'll show you how firms like Jay's and yours make the transition to smarter invoicing with project-based billing!

CLICK/SCAN HERE

Smart Asses(s)
Why you need to STOP charging by time

Too busy right now to read through the entire mini-guide? How about some snackable ideas to warm up? We interrogated our own Pointerpro CEO Stefan Debois about his past experiences with pricing services as a consultant at companies like PWC and DXC Technology.

Psst! About automation: Avoid these pitfalls

Through the story of SEJ, we've established a **winning combo** for a scaling consultancy firm to increase revenue without increasing payroll: **automation + project-based invoicing.** We'll get to the latter, right away. After all, it's the focal point of this mini-guide.

For your **project-based pricing strategy to pay off** to the fullest, there are two potential pitfalls to automating your operations you should steer clear of.

Pitfall 1: Over-looking front-end automation

Just to be clear: Unburdening yourself and your consultancy staff from repetitive and tedious tasks that cost time and energy - otherwise spent on helping clients - is good. It's very good. The more everyone in your firm gets to focus on meaning-ful tasks for clients, the easier you'll attract and retain consulting talent and the better the result for the client. So, automate your back-end, by all means. CRM software, project management tools, accounting software: the more, the merrier (to a certain degree of course).

But bear in mind one thing: **Clients are willing to pay big bucks** for your firm's applied collective know-how. They **don't feel the same way about your firm's administration.** The first is what diffe-rentiates you from competitors. Not the latter.

Therefore, look for ways to automate your front-end activity. Everything you succeed at making more efficient on that end is a net win.

Serving your client more efficiently is more profitable than serving yourself more efficiently. There's a reason the online communication and collaboration software business has kept booming after the pandemic. Consider all the things your front-end activity consists of. You'll find that there are more things to digitalize and streamline than client meetings:

✛ Strategy consultancies invest in analytics tools or data visualization software like Power BI

✛ Financial consultancy firms invest in forecasting and financial modeling tools

✛ Marketing agencies invest in content automation tools like Hootsuite

You get the picture.

Pitfall 2: Getting wrapped up in duct-tape or custom-developed solutions

The call for digital transformation and automation rings louder year by year. The **risk** that resides in that enthusiasm is to **precipitate into implementing one of two types of digital solutions:** either a self-made duct tape solution or a professionally custom-developed application.

The **duct-tape solution** is more of a semi-automatic one that chains together a variety of inherently independent tools. What starts out with a good intention to work more efficiently tends to become a tedious and time-consuming process.

One in which data gets moved around endlessly from emails to spreadsheets to word processing and other tools. In the process things get duplica-ted and and also lost.
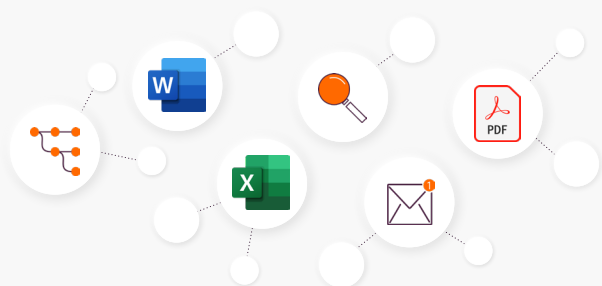
A more professional alternative is paying for a **custom-developed application.** At its best, such a system can be groundbreakingly useful for a firm to get ahead. However, the initial cost of development is, understandably, very high. In reality, the need to update things tends to occur inconveniently often, and the extra development needed generally proves to be complex and expensive too.

Smart Asses(s)
The limitations of custom-developed digital advice delivery

Speaking of duct tape solutions and the inconveniences of custom-developed applications. Pointerpro co-founder Mark Penson discusses them, applied to the case of advice delivery based on digital assessments, as part of our video series: Smart Asses(s).

CLICK/SCAN HERE

SaaS to the rescue

So, think and choose wisely. Look into possible solutions, but don't get wrapped up in them too quickly, either. With the increasing number of SaaS solutions available on the market, thanks to the adoption of cloud technology, there's a high likelihood that you will be able to find an ideal-fit solution for your company's specific situation - if you just look into it enough.

3 key steps to project-based billing

Step 1: Defining the types of projects to specialize in.

In business, it is often said that the scarcest resource is time. "Time is money," right? The case we're making here is that there is another resource, even scarcer and more valuable to optimize for: Focus. The good news: While time ticks away, no matter what, **you can control your focus**. The more you focus, the better the outcome, the more valuable the result. The more valuable the result, the more clients are willing to pay for it. The advice here? **Focus your activity on a narrow selection of service offerings.**

Make it easy: Use past experience and success as your guideline

From all the work you've been doing as a growing consultancy, what type of projects have you been doing the most?

In our fictional case of **SEJ** - the strategic consulting agency founded by Jay, remember? - the team has mostly been in touch with two types of projects during the last two years: market entry strategy and growth strategy. On top of that, Maira and Nathan both used to work for a growth marketing agency.

The result? Several happy clients who are more than willing to testify about their success thanks to the help of SEJ. The firm has also assisted a few clients with cost optimization and has even been involved in one merger project. But that experience for Jay, Maira, and Nathan has been more grueling than invigorating.

In other words, if SEJ were to specialize in specific types of strategy consulting projects, and come up with a slogan for the firm, it would more likely sound something like "Enter, Grow, Succeed!" than say "Cost Cutting Made Easy."

Make it concrete: Decide on your deliverables

Even though helping different companies enter or grow in a market involves highly similar points of focus for a consultancy firm like SEJ, the actual services or **deliverables** offered, can differ. Some clients just need an assessment of their readiness to enter a new market **(check out the bonus material*)**. Others may need advice with a step-by-step action plan and maybe even project management and follow-up to execute the steps.

To get the focus of their consultancy's specialization truly razor sharp for the future, Jay and the team should define the deliverables they specialize in. Why? It's much **easier to put a value - and ultimately a price tag - on an analysis or a full-fledged report** than it is on something that's ambiguously defined as "a project."

Activities vs. Deliverables

"It's great to think in terms of deliverables because it forces you to really see what's in it for your client. We continually do the exercise of distinguishing between "activities" and "deliverables." A useful rule of thumb? If what you are defining as a deliverable actually describes time and resources, it's almost certainly an activity. The result of that activity for the client is the deliverable."

Alizee Chatenoud (Senior Business Designer at Board of Innovation)

BONUS MATERIAL: HOW TO MEASURE CLIENT READINESS

A maturity model is a standardized framework to assess clients' current level of readiness or maturity in a particular area. The advantage? It makes it easier to target recommendations and develop a roadmap for progress.

A **quantitative maturity model** takes it a step further by using metrics to **measure clients' maturity level.**

3 advantages:
- It allows you to evaluate clients more objectively
- It allows you to build a database and provide useful benchmarks for clients
- It allows you and your client to track the impact of actions over time.

This Pointerpro resource explains how to develop a quantitative model, step by step.

CLICK/SCAN HERE

Professionalize your service with a quantitative **maturity model**

Step 2: Estimating the required time and resources.

Step 1 dealt with the wonderful things you will have on offer as a specialized consultancy or agency. An important change of dynamic to note here. You're steering away from clients shopping around with a budget to see where and how they can get the most out of it.

Now that you're specialized, you have something special. Something that clients want. It's up to you to put the right price on it. Before you do, be sure to take everything into account.

Make it all count

Even if a consultancy doesn't invoice by the hour, the ultimate price tag **should take into account the time** required to complete the project at hand. Beyond the hours, consider other resources, too:

Each team member's time and needs, including of course their salary and benefits, but also other resources needed for them to perform their work (e.g., office and travel expenses).

> Maira and Nathan get along really well with our friend Jay at SEJ, but that doesn't mean they'll work for free or in any condition.

The time required for project management and administrative tasks, such as scheduling meetings, preparing status reports, and managing project finances.

Any external tools or resources that will be used, such as software licenses, or third-party contractor fees.

PRO-POINT-OF-VIEW

No longer invoicing hours ≠ No longer tracking hours

"When you're working on numerous projects with a client-focused deliverable mindset, it's easy to forget about your own operations. But it's important to keep it on the radar. In order to learn and grow, you should continually assess the time and resources you and your team are spending on project tasks.

It's what will allow you to take the **measured risks that are necessary to grow**. Maybe a potential client that can open doors for you in a new domain of interest comes along. Following up on whether your project price covered the actual time and resources spent is what will allow you to take on the new challenge with peace of mind."

Alizee Chatenoud (Senior Business Designer at Board of Innovation)

Step 3: Determining and communicating a profitable project fee

So now we're getting to the actual price tag. It's one thing to note and substantiate how much time and resources are involved in providing a project service offering. Defining the right price tag requires you to think ahead, beyond that one project you deliver.

Make it profitable, durable and scalable

Start with the price you need to get the desired profit margin for your consultancy, rather than aiming low and hoping to attract and convince new clients that way.

Factor in potential risks or uncertainties that may impact the typical project timeline or budget and add a contingency amount to the project price.

Look at the market rate for similar consulting projects, as well as any industry-specific pricing norms, by keeping your finger on the pulse.

Remember to include cross- and upselling options, so you don't miss out on future opportunities, but also as a useful decoy that keeps prospects from negotiating the price of the project at hand.

At SEJ, Jay has noticed clients often don't have time to prepare attractive, visual reports or slides to keep internal stakeholders informed during projects. It just so happens, Jay and Maira are very good at it. So Jay always provides the option in his service offerings.

Make it convincing

It's time to communicate your project price to a client. A lot has been said and written about the art of negotiation. Whatever your negotiation style or experience, by this step, you have developed one fundamental advantage: **You no longer need to bicker back and forth about hours spent**, because you're no longer selling your time. You're selling value. So start there.

Demonstrate value: Explain how the project will add value to the client's business. How then? By understanding the business model of your client. That way, you're able to determine the return on investment your project will deliver.

Also, **demonstrating your understanding of your client's industry**, market, and business that way is a powerful persuasive element. Another recommended practice: Use concrete examples of results you've delivered on similar projects for other clients.

Highlight expertise: Your consultancy is as strong as the amalgamation of every single employee's know-how. Don't shy away from highlighting any experience or expertise that is relevant to the client's industry or market. Will you be consulting for an FMCG company and have your co-workers held a marketing position for an FMCG brand before? Point it out. The same goes for particular, individual skills that can help achieve a successful project.

SEJ's most recent client's headquarters, for instance, are located in Paris. Nathan just so happens to have grown up in a French-speaking family. It's something Jay did not fail to highlight. When SEJ eventually got the project, Nathan's ability to be in direct contact with stakeholders in Paris, proved to be very useful for everyone.

Be transparent but firm: Provide a clear breakdown of the **project price**. Of course, don't fall into the trap of breaking it down into the estimated number of hours needed. That would defeat the purpose of project-based billing. Rather, **break it down into sub-projects or project phases**. That way, you sensitize the client to the amount of work that goes into each deliverable.

Here's an example of how Jay broke down the first SEJ project for the Paris-headquartered client. The project entailed the delivery of a Market Entry Assessment.

Phase 1: Market Research

- Develop research objectives and methodology
- Collect and analyze secondary research data, such as market reports and industry studies
- Conduct primary research, such as surveys or focus groups, to gather customer insights and feedback
- Analyze research findings and identify key trends and opportunities
- Deliverables: Research plan, secondary research report, primary research findings report, market analysis report with key trends and opportunities identified

Phase 2: Competitive Analysis

- Identify and analyze key competitors in the target market
- Analyze competitor products, pricing, marketing, and distribution strategies
- Conduct a SWOT analysis to assess strengths, weaknesses, opportunities, and threats
- Deliverables: Competitor analysis report, SWOT analysis report

Phase 3: Customer Analysis

- Identify and profile target customers in the market
- Conduct a customer needs assessment to identify customer pain points and preferences
- Analyze customer buying behaviors and decision-making processes
- Deliverables: Customer analysis report, needs assessment report, customer buying behavior report

Phase 4: Market Entry Strategy Recommendations:

- Synthesize research findings and develop market entry strategy recommendations
- Evaluate different market entry options, such as partnerships or direct investment
- Develop a go-to-market plan with specific tactics and timelines
- Deliverables: Market entry strategy recommendations report, go-to-market plan report with specific tactics and timelines

Offer options: The reality of the matter is that sometimes, clients do have a real budget constraint. And in spite of that, it might still be a client you **want to have on your list of references**, because of its strong brand or because it's part of an industry you want to gain experience in.

You can provide clients like this with a range of pricing options based on different levels of service, timelines, or deliverables. This allows them to choose the pricing option that best fits their budget and needs while still feeling like they are getting good value.

What if the client explicitly requires a time-based breakdown?

"Once you've convinced a client of your project approach, it's possible the procurement team of that company still requires a time-based breakdown to make an objective comparison between you and other contending service providers. There's a good chance, you're dealing with a big company brand in that case - therefore maybe worth the exception.

One piece of advice I would give: Provide pricing options so that the negotiation is not about whether they want to work with you, but rather on which of the service levels you are proposing.

The other piece of advice is to bear in mind that as a consultant you will **build a relationship** with the people in this company. If they are really happy about the work you deliver, you will **have them hooked on your service**. In case you've been spending more time and resources than was foreseen in the agreed initial proposal - and you've been keeping track of this - you can afford to be transparent and let procurement know at some point that you need to adjust your price level."

Alizee Chatenoud (Senior Business Designer at [Board of Innovation](#))

The Point
An Expert Talk video

In one video from Pointerpro's "The Experts" series, our own Marketing Director Ine Wouters touches on several guidelines discussed in step 3.

CLICK/SCAN HERE

Pointing you toward professionalization

So, what should be the takeaway from this mini-guide - besides a fictional story about a consulting firm called SEJ? One way to summarize it is this:

Following the steps and guidelines on the previous pages puts you on the path toward **professionalization**. If you follow them diligently, you'll quickly arrive at the first big landmark, called: **projectization**. No longer offering your services at an hourly fee will get you to cease positioning yourself as a mere executioner of tasks for which clients don't have time or resources available in-house. It will position you as an expert.

Next stop: productization?

A projectized approach to your consulting not only puts you in the position of being an acknowledged expert. It also places you in the luxurious position of being able to **think about turning your service into a desired product.**

To conclude this mini-guide, the following pages are a testimony of someone who is on exactly that journey, using Pointerpro's digital assessment software platform.

The story of Ellivate: A boutique consulting firm "setting up shop" online

From successful background to specialization

Chris Ellis, founder of Ellivate Consulting, has 25+ years of senior executive experience in finance and tech, specializing in transformational change, growth strategy, people development, and leading global sales teams.

Chris and Ellivate are all about **helping growing businesses create repeatable and scalable processes** to reach their revenue goals.

Project success: An effective standardized framework

Scale-up businesses' maxim is often: Grow at any cost. Ellivate consults to make their growth sustainable. The key? **Creating consistency**.

Ellivate delivers that consistency through a **12-step framework**. Half of it focuses on **operations**: setting up the right processes, supported by data and analytics to measure success. The other half focuses on **enablement**: aligning the messaging between marketing, sales, and customer success teams, as well as putting the right training and coaching in place for them.

Project lead generation: assessments built with Pointerpro

In their effort to attract more clients for themselves, Ellivate Consulting was looking into creating more inbound marketing activity. One way was to translate the unique 12-step framework into a **digital assessment** to give prospects **a taste of the expertise** Ellivate has to offer, when taking on a project.

Scale Up Assessment

Are you ready to Go Next Level?

The Ellivate Scale Up assessment measures the maturity of your business and helps you identify if you are ready for hyper growth.

Start this short 3-minute assessment and receive a report and tools to set your business up for success!
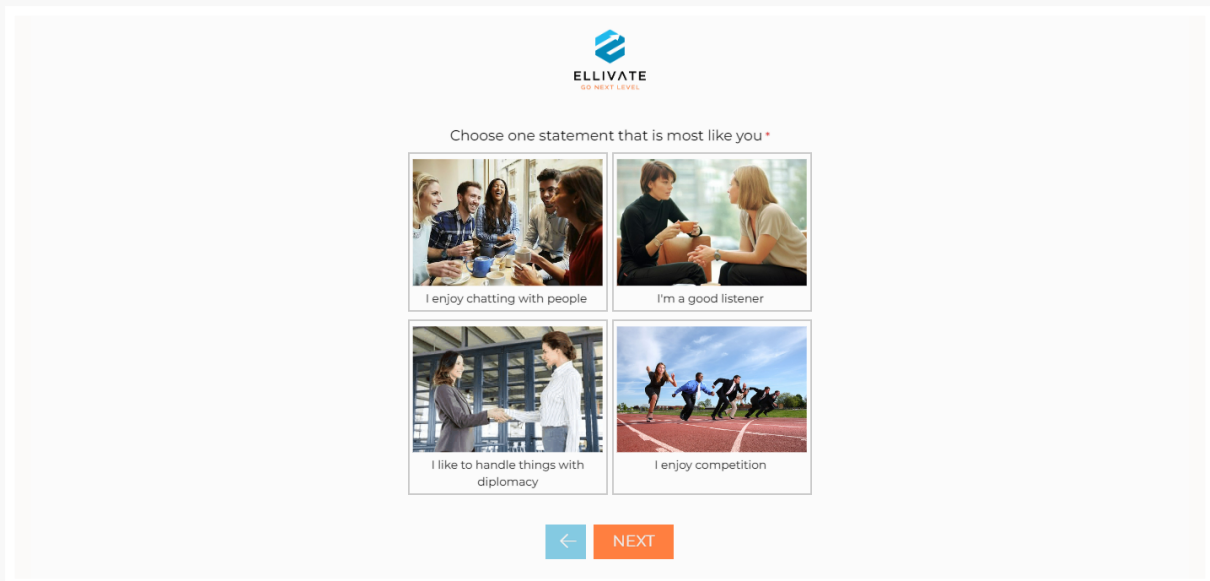
START

Thanks to Pointerpro's combination of a Questionnaire Builder and **Report Builder**, all respondents to the so-called "Scale Up Assessment," would receive an auto-generated multiple-page PDF report, tailored to their responses.

"It was really great. This created an 8-page feedback report, really specific to each organization, that brought our 12-step framework to life for them."

says Chris Ellis.

Further down the line, Ellivate has been going live with, and working on other digital assessments with auto-personalized advice reports. For instance, one DISC assessment (personality and behavior profiling assessment) and another specialized assessment for financial service organizations. Like the Scale Up Assessment, both lead respondents into specific consulting service offerings by Ellivate.

From jump-starting projects to a digital consultancy product

Having gained valuable experience with Pointerpro, Ellivate is now looking into transforming its lead generation assessments into a more advanced format. One that entails mapping out a much more detailed model based on the 12-step framework.

This will result in automatically generated, yet very **sophisticated, highly personalized and actionable advice reports** for clients. In a real sense, Ellivate "democratizes" its specialized consulting offering that way, **reaching and serving a broader audience**.

Chris explains:

"The goal is to charge a fee to an organization, providing them with access to our know-how and frameworks at a lower price than what us having to physically go into their business would cost."

The perks of project-based pricing models according to Ellivate

Given Ellivate is a firm that clearly looks beyond traditional ways of serving its clients, we asked Chris for his take on applying project-based pricing models:

"I think it's a great way of generating additional revenue for your organization. The great thing is that it is outcome-focused. It gets you to define a clear end goal together with the client and fix a justified price for the achievement of that goal."

Besides the obvious advantage for the client of being outcome-focused, Chris mentions that the project-based pricing approach is a great way to develop a frame of trust that can lead to repeat business. That frame of trust implies another great advantage for the consultancy firm: Flexible resource allocation.

"In an hourly-based model, clients tend to hold a more critical view of your use of resources. When there's a fixed price, it allows you to throw different resources at different rates at the project to achieve the goals."
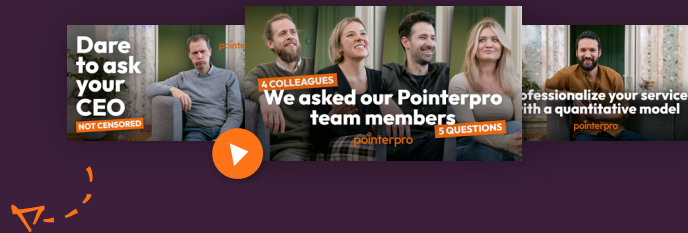
Stay in touch!

Find Pointerpro on **social media**

Follow our **blog page**

CLICK/SCAN HERE

Follow our **YouTube channel**

CLICK/SCAN HERE

Follow our **CEO**

CLICK/SCAN HERE

Stefan Debois · 1e
CEO at Pointerpro - here to help
you create your own online...