RETHINKING RETAINERS

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AGENDA

- In praise of retainers
- The ideal
- The reality
- A better, more complete pricing model
- Caveats
- Q&A

IN PRAISE OF RETAINERS

- Predictable revenue
- Resource allocation
- Relationship

The Ideal

RETAINERS AT THEIR BEST

THE IDEAL

- **Perfect Planning & Scaling**
- X# of clients
- Paying $Y/month
- Equals a predictable profitable business of $Z income

The Question:

HOW MANY FIRMS GET CLOSE TO THIS IDEAL?

The Answer:

I'VE YET TO MEET THEM

WHY?

THREE REASONS FOR FAILURE

1. The pursuit of scale pushes towards productization
2. Usually cost-based, not value-based
3. One party feels worse off

IF NOT RETAINERS, WHAT?

A MORE COMPLETE PRICING MODEL

- 12 clients
- MLOE
- Value-price the client
- Begin with a diagnostic
- Offer options
- Offer retainers for the most valuable strategic services
- And areas of ongoing responsibility (not tasks)
- Quote on projects within the relationship
- Demand exclusivity
- Consider 1-2 high-risk, high-reward engagements

REQUIRED SKILLS & ADJUSTMENTS

- Let go of solutions in the sale
- Learn how to have a value conversation
- Trade risk of uncertain cashflow for greater opportunity for impact and reward

CAVEATS

- The “lease-instead-of-sell” constraint
- Strategic counsel
- Any pricing model tied to value is a good model

IN SUMMARY

- Retainers are more likely to inhibit customer value & firm profit than enhance
- Appealing to risk averse firms
- Done properly (value-based) retainers can be effective arrows in your pricing quiver
- Get the focus of you, your solutions and your costs and onto your clients and their unique situations
- Beware of unintentionally productizing your firm

QUESTIONS?

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