

## Breakout 2a



Jonathan Stark

DITCHING  
HOURLY FOR  
INDEPENDENT  
FIRMS

MYOB

MIND YOUR  
OWN BUSINESS

You didn't  
**DECIDE**  
to do hourly...  
you just did it.

### LEVERAGE

Making more money  
without working  
more hours



Can't increase  
profitability fast  
enough to keep up  
with expenses.

Repackaging your  
**EXPERTISE**  
(KNOW-HOW)



SELL YOUR  
**BRAIN**  
NOT YOUR  
**HANDS**



### VALUE PRICING:

VALUE TO BUYER,  
NOT COST TO SELLER.

• The Why conversion  
- THIS, NOW, ME

• 3 option proposal  
- INCREMENTAL

- Done for you
- Done with you

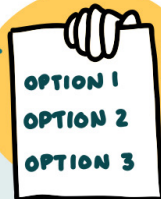
• Manage scope creep

**NO.**

Get victory on slated  
project first, then  
do other projects later.

Don't distract from the goal!

THEN  
you think  
about  
scope + deliverables.



THEN

Set the scope for  
the project...  
... Account for creep  
+ surprises!



Look for a  
Slam dunk

Start small!  
Get practice  
over time.

**NEW!**

Start fresh! No existing  
or new clients

MAKE the LEAP without  
BETTING the FARM

### DIGITAL PRODUCTS

- Ex. Courses
- Files
- Books
- Tools
- Themes
- Models
- Templates
- SaaS

MAKE IT  
EVERGREEN!



### PRODUCTIZED SERVICE

Fixed scope service at  
a published price

Ex: Consultation  
Roadmapping  
Oversight  
Advisory  
Support  
Training/Workshop



#### PROS:

- Immediate  
financial gain
- Easy proposals
- Partner, not  
Order-taker.

#### CONS:

- 180° mind  
shift
- Regular practice  
to be good at it
- Risky for people  
pleasers + yes men

### Launching a Productized Service:

- WAY HIGHER than hourly rate
- Don't focus on duration,  
but end results + next steps
- Promise: Increased clarity  
on next steps or \$ back.
- Pilot: pro bono test in  
exchange for feedback  
and testimonials

Do you think  
\$5,000 is  
fair for this?

WATCH EYEBROWS!



### Research a Digital Product:

- Answer in communities  
of ideal buyers
- Set up webinar on  
most engaging answers
- Optimize experience,  
add to the content.



★ 100% upfront keeps the  
negotiation on payment  
instead of pricing!

1 Client shares number or  
dollar amount of change  
needed or goal first...

2 ... YOU share the 3  
prices of what it  
will take to do it.

# **Ditching Hourly**

## **For Independent Firms**

**Jonathan Stark • October 2022**

**Let's Start  
With Leverage**

**“A lever amplifies an input force to provide a greater output force, which is said to provide leverage.”**

**— Wikipedia**

**Making more money  
without working  
more hours**

**What are some ways to increase profit margin in an hourly model?**

# Packaging Your Know-How

# 1. Value Pricing



**“Fixed project pricing that is based on the value to the buyer instead of the cost to the seller.”**

[https://jonathanstark.com/glossary#Value Pricing](https://jonathanstark.com/glossary#Value_Pricing)

# Value Pricing

## How-To / Process

- The Why Conversation
- Three Option Proposal
- Managing Scope Creep

# Value Pricing

## Pros & Cons

### PROs

- Potentially huge financial upside immediately
- Much easier to write compelling proposals that close
- Positions you as a partner, not an order-taker

### CONs

- Requires a 180° pricing mind shift
- Requires regular practice to get good at TWC
- Risky for people bad at controlling scope creep

## 2. Productized Services

**“A fixed scope service that you offer at a published price.”**

**[https://jonathanstark.com/glossary#Productized\\_Service](https://jonathanstark.com/glossary#Productized_Service)**

# Productized Services

## Examples

- Paid Consultation
- Roadmapping Engagements
- Project Oversight
- Advisory Retainers
- Support Contracts
- Training / Workshops

# Productized Services

## Pros & Cons

### PROs

- Easy to create
- Easy to price
- Easy to sell

### CONs

- Delivery is still high-touch
- Can leave money on the table
- Fear of boredom

# 3. Digital Products



**“Zero marginal cost products  
that sell while you sleep.”**

[https://jonathanstark.com/glossary#Digital\\_Product](https://jonathanstark.com/glossary#Digital_Product)

# Digital Products

## Examples

- Books/courses (e.g., Kindle, Teachable)
- Libraries (e.g., Tailwind UI)
- Tools (e.g., Omni Group, Panic)
- Apps/plugins (e.g., Shopify, WordPress)
- Themes/templates (e.g., Shopify, WordPress)
- Skins/models (e.g., Roblox, 3ds Max)
- Physical products? (e.g., Field Notes)
- SaaS? (e.g., Basecamp, ConvertKit)

# Digital Products

## Pros & Cons

### PROs

- Build once, sell forever
- Helps sell higher priced offerings
- Functions like an annuity

### CONs

- Can take a long time to create
- Has a risk of "launching to crickets"
- Updates can be painful

# Making The Leap Without Betting The Farm

# 1. Experiment with Value Pricing

# Experiment with Value Pricing

- Don't try with existing or past clients
- Look for a project that should be a slam dunk
- Start with VERY small projects to get practice

## 2. Launch a Productized Service

# Launch a Productized Service

## A. Set up a Paid Consultation

- Price it WAY more than your current hourly rate
- Prevent clients from booking more than one per quarter AT MOST
- Promise: Increased clarity about what to do next (or your money back)



# Launch a Productized Service

## B. Pilot a Roadmapping Engagement

- Draft a timeline of shared accountabilities so you can ballpark a price in your mind
- Post a preliminary sales page that describes on how it works and the benefits to the client
- Invite three beta clients to test pro bono in exchange for feedback and testimonials

# 3. Research a Digital Product

# Research a Digital Product

- “Answerbomb” in communities where your ideal buyers hang out
- Set up a free webinar on your most engaging answerbomb
- Optimize the webinar experience for maximum conversation

Questions?

# More Info

[jonathanstark.com/free](https://jonathanstark.com/free)