



**ESC of New England**

Consulting and Capacity Building  
for Nonprofits

# Recommendations for ESC's New Pricing Model

May 10<sup>th</sup> – Anne Beck

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# Agenda

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- Old Pricing Model
  
- Approach to create a new model
  - External Analysis
  - Internal Analysis
  
- New Pricing Model
  - Calculation
  - Application



# Old Pricing Model

2006 Pricing Model	Facilitation	Mentoring / Coaching	Strategic Management		Business / Operations Planning		Board Development		Fundraising	Marketing & Brand Development
	Facilitation	Mentoring / Coaching	a) Strategic Management	b) Implementation and monitoring	a) Analysis	b) Implementation	a) Assessment	b) Implementation	Analysis & Planning	External Analysis & Strategic Plan
Range	\$2-10K	\$3-6K	\$10-25K	\$8-12K, billed quarterly	\$10-25K	\$10-25K	\$10-15K	\$10-15K	\$8-12K	\$8-12K
Possible Fee	3,000	4,000	12,000	10,000	15,000	12,000	12,000	10,000	10,000	10,000
Multiplier										
< 250,000	0.25	750	1,000	3,000	2,500	3,750	3,000	3,000	2,500	2,500
250,001 - 500,000	0.5	1,500	2,000	6,000	5,000	7,500	6,000	6,000	5,000	5,000
500,001 - 1,000,000	0.75	2,250	3,000	9,000	7,500	11,250	9,000	9,000	7,500	7,500
1,000,001 - 2,500,000	1	3,000	4,000	12,000	10,000	15,000	12,000	12,000	10,000	10,000
2,500,001 - 5,000,000	1.5	4,500	6,000	18,000	15,000	22,500	18,000	18,000	15,000	15,000
> 5,000,001	1.75	5,250	7,000	21,000	17,500	26,250	21,000	21,000	17,500	17,500

- Created June 2006
- Fee:
  - categorized in project types
  - estimated consultants & hours per project build ranges
  - \$62.50 per hour
  - estimated possible fee
  - Multiplier based on revenue of client



# Approach to create a new model

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## ■ 1. External Analysis

- Based on “Non-profit Consultants Network”
- Focus on area of New England
- Interviews with 22 consulting companies (33.8% response rate)
- Questions about pricing, time commitment, deliverables

## ■ 2. Internal Analysis

- Based on Financial Years 2014 – 2016
- Consideration of previous charged fees
- Analysis of size of clients per project type



# External Analysis Results


Name	Projects per year		Pricing (in \$)					permanent consultants	Support Staff	years experience	Meeting Facilitation	Mentoring/ Coaching	Strategic Planning	Length of project				
	low	high	low/hour	fixed \$ /hour	high/hour	daily fee	flat fee							Business Planning	Governance	Fundraising	Marketing	Assessment
Amsden Consulting	10	15		115				5	0	9	2-8 hours			around 40hours	5-20 hours	around 80 hours		40 hours
Paper Crane Associates	n/a		100		150			1	4	10								
K. Weill Consulting	15	20					1,000-15,000	1	3	15						3-6 months		
Rollinsupton Consulting	5		50		150			2	0	22								1-6 weeks
Mendelsohn, Gittleman & Ass	10	15					15,000-18,000	2	0	29		2 hrs - yrs	6-9 months	2-6 months				
TDC		120	50		250			20	5	25		9-12 months	6-9 months	6-9 months				
Michael Jacoby Brown Consul	3	5				1500		1	2	30		2 days - yrs	12-24 months					
Tracy A. Corley & Associates	2	3	150		225			1	0	18								
Communicate! Consulting		8	50	75	125			1	0	8						6-12 months	3-4 months	3-6 weeks
Jeff Katz and Associates	4		100		125			1	0	17		9-12 months						2-4 months
Diane Gordon Consulting		16	150		170			1	0	20		2-3 months	3-6 months	2-3 months				
Tugboat 23 Consulting	8	12	50		80			1	0	6						6 months		
It's the Results, LLC	3	4					5,000-10,000	1	0	11			6 months			3-4 months		
Brenda Noel Consulting	10			80				1	0	12						5-100 hours		
Plazak Associates	3	5	100		130			1	0	14						9-12 months		
Claremont Consulting		50					20,000	1	0	8		1hour-3months	6 months					
Rowe Resources	10		n/a					1	0	22						2-12 moths		
Kris Willox	20	30		80				1	0	12						20-40 hours		
Good Egg Marketing		20	100		125			1	0	10								6-12 months
Lach Training and Consulting	7	8		170		1500		1	0	18	1 day	8 months	1 year					
Susan Egmond	12	15				33% of annual CEO salary		1	0	18							(4months)	
Annette Rubin	15	20	150		200			1	0	3		1 hr/ week, 3-12months						
<b>Average:</b>		<b>11.97</b>		<b>122.22</b>				<b>1.29</b>	<b>0.64</b>	<b>15.32</b>								
<b>Median:</b>		<b>10</b>		<b>125</b>				<b>1</b>	<b>0</b>	<b>14.5</b>								



# Internal Analysis

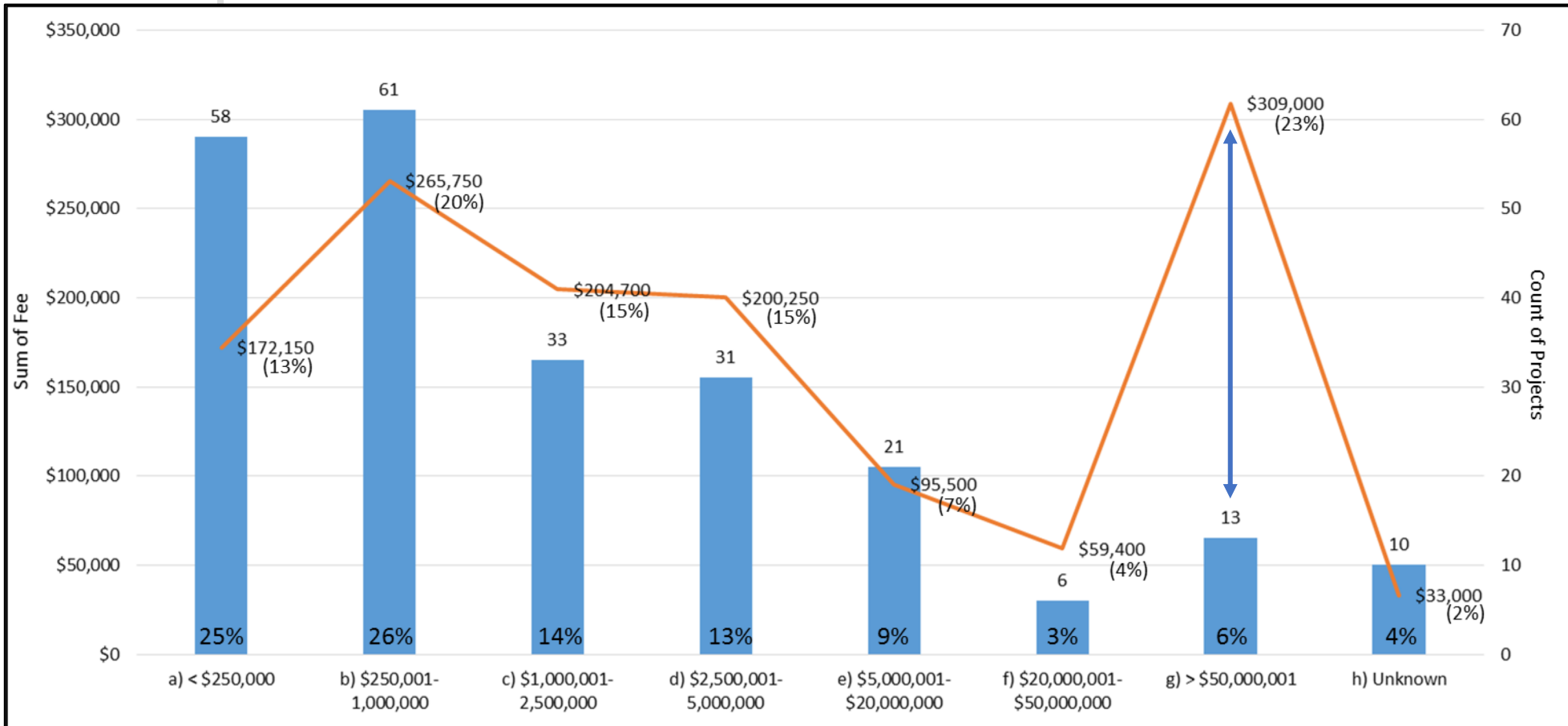
Project type	fee:	250	300	500	750	1000	1200	1500	1750	2000	2500	2600	3000	3500	4000	4500	5000	5500	6000	6500	7000	7400	7500	8000	9500	10000	12000	14000	15000	17000	20000	38000	40000	NA	Grand Total	% of total
Business Planning																	1		1																2	1%
Coaching						8		5	1			1	2		1																			10	28	12%
Diversity																										3									3	1%
Facilitation		1	1	3	2		4	3		2			2	2																			1	21	9%	
Finance					1					5			1	1			2																		10	4%
Fundraising								1					4	3	5		5		2		3		1			1									25	11%
Governance										2			3		1	1	1		1									1			4				14	6%
HR								1			4											1													6	3%
Marketing				1		2	2						1	5	1		4	1																	17	7%
Mentor/Program																	2									1									3	1%
OD												2		1				1										1							5	2%
Operations Planning													1	1							1														3	1%
Outcome				2							4					1			1					1		1								3	13	6%
program																	2																		2	1%
search															1																				1	0%
Strategic Planning						1							5	5	8		10		6	2	2		1	4	1	13	2	3	4	1	3	1	1		73	31%
sucession																																	3		3	1%
Tech										1																									1	0%
Workshops								1							1							1													3	1%
<b>Grand Total</b>		<b>1</b>	<b>1</b>	<b>6</b>	<b>3</b>	<b>11</b>	<b>6</b>	<b>11</b>	<b>1</b>	<b>10</b>	<b>8</b>	<b>1</b>	<b>21</b>	<b>16</b>	<b>20</b>	<b>2</b>	<b>27</b>	<b>2</b>	<b>11</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>19</b>	<b>2</b>	<b>3</b>	<b>6</b>	<b>1</b>	<b>7</b>	<b>1</b>	<b>4</b>	<b>14</b>	<b>233</b>	<b>100%</b>

Financial Year	2016	2015	2014
Number of Projects	71	102	60
Fee (Average)	\$6,072	\$6,203	\$6,025
Fee (Median)	\$4,250	\$4,000	\$3,500
Budget Size of Clients (Average)	\$24,208,505	\$3,399,948	\$4,223,206
Budget Size of Clients (Median)	\$1,465,540	\$841,531	\$614,393

- 55% of projects are: Strategic Planning (31%), Coaching (12%), Fundraising (11%)
- Pivot Tool to dig deeper into data: 



# Internal Analysis (FY '14-FY'16)



- 51% of projects within the last three years were from clients with a Budget  $\leq$  1m
- 23% (\$309,000) of the total charged fee is made with clients with a Budget  $>$  50m
- **ESC made 23% of its 'revenue' with 6% of its projects**



# Calculation

ESC Service	Time Commitment & Duration	Staffing	Min. hours	Max. hours	Min. # consultants	Max. # consultants	Consultant # discount	Hourly rate	Hourly rate discount	Min. Fee	Max. Fee	Typical Fees
<b>Fundraising</b>												
Analysis & Planning	3-6 mos (2 mtgs/mo = 8 - 12 workdays / person)	2 people	64	96	2	2	1.00	\$ 62.50	1.00	\$ 8,000	12,000	\$8-12K

ESC Service	Time Commitment & Duration	Staffing	Min. hours	Max. hours	Min. # consultants	Max. # consultants	Hourly rate	Min. Fee	Max. Fee	Assumptions	Deliverables
							\$ 125				
Facilitation	1/2 day	1 person	8	10	1	1	\$ 125	\$ 1,000	\$ 1,250	includes pre call, prep, post call	agenda, debrief call
Facilitation	Full Day	1-2 Person	16	20	1	2	\$ 125	\$ 2,000	\$ 5,000	includes pre meeting, prep calls/interviews, post meeting	agenda, preliminary interviews, debrief
Mentoring / Coaching	6 months	1 person	20	30	1	2	\$ 125	\$ 2,500	\$ 7,500	meetings every 2-3 weeks	Guideline handbook, learning milestones
Strategic Planning	6 months	2-4 people	80	100	2	4	\$ 125	\$ 20,000	\$ 50,000	4-6 hours a week. Meeting approx every other week	environmental assessment, mission/vision/position, goals, strategies, tactics, plan to implement
Governance Assessment	2 months	2 people	62	74	2	2	\$ 125	\$ 15,500	\$ 18,500	kick-off, interviews, recommendations, wrap up	interviews and recommendations
Governance Implementation	4-6 months (after assessment phase)	2 people	40	90	2	2	\$ 125	\$ 10,000	\$ 22,500	3-6 hours a week, meetings every 3-4 weeks, coaching, providing templates	revised by laws, position descriptions, handbook, onboarding plan, recruitment plan
Opps (tech, outcome, HR, OD)	2-4 months	2-4 people	50	100	2	4	\$ 125	\$ 12,500	\$ 50,000	kick off, interviews, doc review, recommendations, review, strategy development	Assessment, recommendations, strategies to implement
Fundraising	3-6 months	1-2 people	64	96	1	2	\$ 125	\$ 8,000	\$ 24,000	(2 mtgs/mo = 8 - 12 workdays / person)	Fundraising plan (action plan) with mentoring
Marketing & Brand Development	4-6 months	2 people	50	90	2	2	\$ 125	\$ 12,500	\$ 22,500	(2 mtgs/mo = 8 - 12 workdays / person)	Marketing Plan, brand blueprint (int./ext. language), social-media strategy

- Keep old calculation theory
- Reevaluation of hours and required persons
- \$125 per hour
- Application of range to pricing model
- Creation of new assumptions & deliverables





# New Pricing Model

2017 Pricing Model	Range	Facilitation		Mentoring / Coaching		Strategic Planning		Operations		Governance		Governance Implementation		Fundraising		Marketing & Brand Development	
		1000	5000	2500	7500	20000	50000	12500	15500	15500	18500	10000	22500	8000	24000	12500	22500
<i>Budget of client</i>	Multiplier	(1/2 Day) (Full Day)															
< 250,000	0.2	200	1,000	500	1,500	4,000	10,000	2,500	3,100	3,100	3,700	2,000	4,500	1,600	4,800	2,500	4,500
250,001 - 1,000,000	0.25	250	1,250	625	1,875	5,000	12,500	3,125	3,875	3,875	4,625	2,500	5,625	2,000	6,000	3,125	5,625
1,000,001 - 2,500,000	0.5	500	2,500	1,250	3,750	10,000	25,000	6,250	7,750	7,750	9,250	5,000	11,250	4,000	12,000	6,250	11,250
2,500,001 - 5,000,000	0.75	750	3,750	1,875	5,625	15,000	37,500	9,375	11,625	11,625	13,875	7,500	16,875	6,000	18,000	9,375	16,875
> 5,000,001	1	1,000	5,000	2,500	7,500	20,000	50,000	12,500	15,500	15,500	18,500	10,000	22,500	8,000	24,000	12,500	22,500
> 20,000,001	1.1	1,100	5,500	2,750	8,250	22,000	55,000	13,750	17,050	17,050	20,350	11,000	24,750	8,800	26,400	13,750	24,750
> 50,000,001	1.2	1,200	6,000	3,000	9,000	24,000	60,000	15,000	18,600	18,600	22,200	12,000	27,000	9,600	28,800	15,000	27,000

- New:
  - Project types
  - \$125 per hour
  - Multipliers scale
  - Budget size sections
  - Range for each category

- Combine pricing model with timely assumptions

Weeks	8	16	24	48	\$/hr
Hours/Week	2 months	4 months	6 months	12 months	\$ 125
4	\$ 4,000	\$ 8,000	\$ 12,000	\$ 24,000	
6	\$ 6,000	\$ 12,000	\$ 18,000	\$ 36,000	
8	\$ 8,000	\$ 16,000	\$ 24,000	\$ 48,000	
10	\$ 10,000	\$ 20,000	\$ 30,000	\$ 60,000	



# Application of new pricing model

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- Orientation for Ulea to find the appropriate fee
- “sales strategy”
  - Tell customer in which range the prospective project would be on the pricing matrix
- Publish it on the website? (for whom accessible?)



*Thank you for your participation!*

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