

SMALL BUT MIGHTY Webinar Series

- ◆ Part 1: Getting Started - Your Mission, Value and Differentiators - July 20th, 2016
- ◆ Part 2: Getting Customers- December 7th, 2016
- ◆ Upcoming - Part 3: Getting Help – Lean Recruitment – January 11th, 2017
- ◆ Upcoming - Part 4: Get Growing – March 8th, 2017



Getting Customers

Gary Romano



Overview



Some key points to remember...

- Sales vs. marketing
- Time to conversion
- Customer vs. consumer

The Toolbox

Pricing

Structuring and
Estimating Projects

Finding Your First
Customer

Creating a Customer
Pipeline

Poll #1: Do you have a logo?

Basic Branding – Logo Design & Business Cards

| | | |
|--|---|--|
| <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> GraphicSprings </div> <div style="background-color: #00AEEF; color: white; padding: 10px;"> <p style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin: 0;">Self Design</p> <ul style="list-style-type: none"> Graphicsprings Inexpensive </div> | <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> </div> <div style="background-color: #00AEEF; color: white; padding: 10px;"> <p style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin: 0;">Graphic Artist</p> <ul style="list-style-type: none"> More expensive than self-design Opportunity to talk through the ideas you want to convey </div> | <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> 99designs </div> <div style="background-color: #00AEEF; color: white; padding: 10px;"> <p style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin: 0;">Crowd Design</p> <ul style="list-style-type: none"> 99Designs Reasonably priced Opportunity to engage peers and clients </div> |
|--|---|--|

Getting the Word Out - Company Bio

| | | |
|---|---|---|
| <ul style="list-style-type: none"> Who you are? What you do? Who you have done it for? | } | <ul style="list-style-type: none"> Put it on paper! Attach it to every proposal |
|---|---|---|

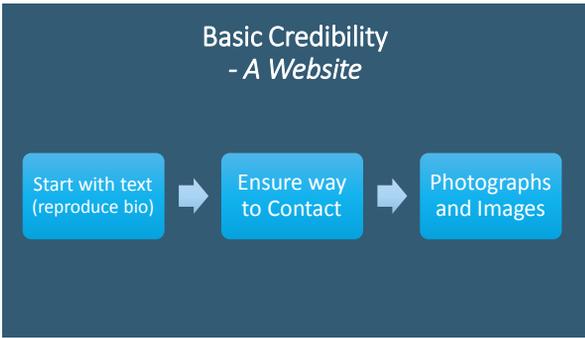
Bio Example

Who you are? Gary Romano, President and CEO of Civitas Strategies will lead the team. With more than 15 years of management and consulting experience, Gary has the expertise and skills to help public serving organizations move from vision to implementation. He treats clients as true partners by establishing realistic strategies that connect to communities' needs and strengths.

What value do you generate?

Who you've done it for? Gary has consulted with a wide array of organizations including: the [W.K. Kellogg Foundation](#), [The Annie E. Casey Foundation](#), [Taka Stock in Children](#), [The University of Florida Lastinger Center for Learning](#), and [SmartStart Georgia](#). Gary has also been a line manager in science and engineering firms, (the [Battelle Memorial Institute](#) and [Shaw Environmental & Infrastructure](#)) and [WestCare, Inc.](#), a regional substance abuse prevention and treatment agency.

Gary has lectured on human services project management at Boston College and the [future of early childhood education](#) at the W.K. Kellogg Foundation. Gary is an active member of [The American Evaluation Association](#), [the Alliance for Nonprofit Management](#), [BoardSource](#), and the [Association of Fundraising Professionals](#).





Poll #2: When determining a market rate, most consultants in the nonprofit market typically make a guess that is...

The BIG question... How much?



Costing Your Cost



Step #1 - Calculate Your Total Overhead

(costs that apply to the overall operation of your company, not just one project)

(Estimate - \$55,000)

Office Space
~ even the rent you may pay yourself for your home office

Utilities
- electric, gas, telephones, internet

Equipment
~ computers, printers

Consumables
~ paper, printer, ink

Professional Fees & Development
~ training, conferences, association memberships

Sales and Marketing
~ travel to meet with clients, cost of materials like brochures

Business Taxes

Step #2 – Calculate Your Billable Hours

(how many hours in total everyone on your team will be actually consulting and billing)

You and your employee work 40 hours a week and get 3 weeks' vacation and one-week sick leave per year.

52 weeks/year x 40 work hours/week = 2,080 hours
 3 weeks/year x 40 work hours/week = 120 hours
 1 week sick days/year x 40 hours/week

2,080 hours – 120 hours – 40 hours = 1,920 potentially billable hours per principal and employee

*Consultants are typically only occasionally engaged (e.g. 10 hours/week = 520 hours/year)
 **only 70% of your hours, 80% of your employees and 90% of consultants hours will be billable

Principal
 $1,920 \times 0.70 = 1,344$ hours

Employee
 $1,920 \times 0.80 = 1,536$ hours

Consultant
 $520 \times 0.90 = 468$ hours

1,344 + 1,536

+ 468 = 3,348

BILLABLE HOURS

Step #3 – Calculate Your Hourly Overhead

TOTAL OVERHEAD
Estimate - \$55,000

TOTAL BILLABLE HOURS
 Principal = 1,344 hours
 Employee = 1,536 hours
 Consultant = 468 hours
TOTAL = 3,348 hours

INVOICE

HOURLY OVERHEAD COST
Estimate - \$16.43

$\frac{\text{TOTAL OVERHEAD}}{\text{TOTAL BILLABLE HOURS}} = \text{HOURLY OVERHEAD COST}$

Step #4 – Calculate Your Personnel Cost

Principals/Owners

\$80,000 Salary + \$15,000 Benefits + \$10,000 Net Profits =
\$105,000 BASE

1,344 Billable Hours = **\$78.13/hour**

Employees

\$65,000 Salary + \$13,000 Benefits + \$5,000 Taxes = **\$88,000 BASE**

1,536 Billable Hours = **\$57.29/hour**

Contractor

\$40/hour x 10 hours/week x 52 weeks = **\$20,800 BASE**

468 Billable Hours = **\$44.44/hour**

Step #5 – Create Your Total Hourly Cost



From Cost to Fee



The Toolbox

Pricing

Structuring and Estimating Projects

Finding Your First Customer

Creating a Customer Pipeline

Identifying Your Fee Structures

Hourly Agreement

- Upper limit to signify a stop
- Advantage-mitigates risk
- Disadvantage-client treats you like a 'light switch'

Pay-One-Price

- Agree to scope and set fee
- Advantage-fewer surprises & chance to increase profitability
- Disadvantage-possibility of 'scope creep'

Value Pricing

- Fee is based on how much benefit is derived
- Disadvantage-hard to quantify a direct cost savings in nonprofit world

Estimating

- With the hourly fee and fee structure, estimating will be relatively easy
- Use average historical hours to estimate how many hours each activity will take
- No historical data – don't hesitate to ask peers for help with this



Unknowns, Unknowns

- Contingency mitigates risks by building in a little extra time to address unforeseen activities
- 0% - simple, short projects with clients I know well
- 10% when I don't know the client well or I think there could be a lot of risk







Poll #3: What is the number one capacity gap for startup and small consultancies?

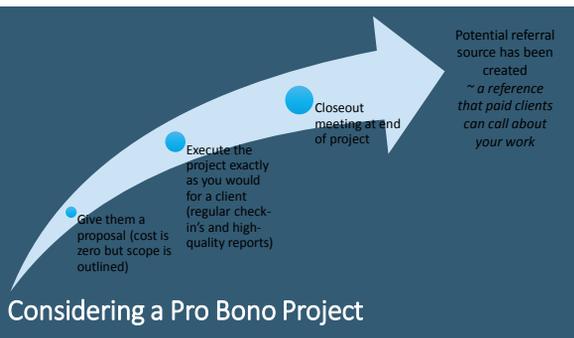
The First Ones in the Door

- Greatest barrier to gaining momentum is getting your first few clients
- Confidence of prospective clients is gained when they know someone else has engaged you
- Ideally, I would try for at least five clients in the first six months



How to Find Your First Clients





REMEMBER!!!!
~ No matter how hard it may be to gain momentum don't succumb to the Three Temptations

PROFIT LOSS

The Toolbox Pricing Structuring and Estimating Projects

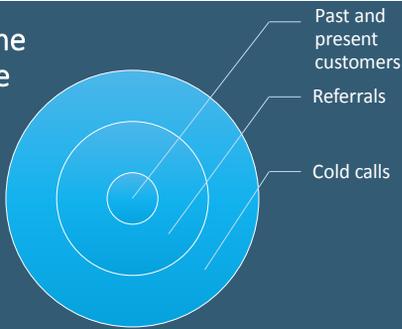
Finding Your First Customer Creating a Customer Pipeline

Poll #3: What is the typical conversion rate for nonprofit consultancies?

How Big is the Breadbox?



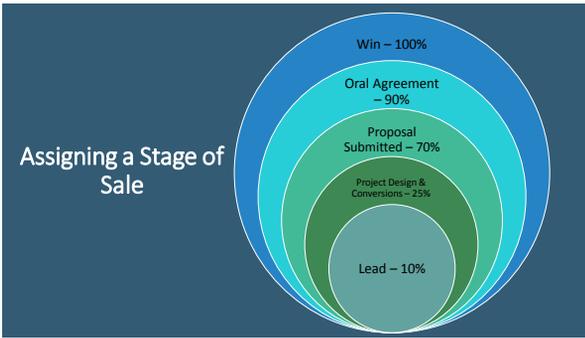
Hitting the Bull's-Eye



How to Sleep Well at Night

Pemberton Method

- Organization/Prospective Customer
- The Last Step
- The Next Step (due date & who has the action)
- Estimate of Total Project Sale
- Current Stage
- Adjusted Sale (based on Current Stage)



Example of Pemberton Model

| Organization/Customer | Last Step Completed | Next Step | Target Sale | Current Stage | Adjusted Sale (based on Current Stage) |
|--|------------------------------------|--|-------------|--------------------------|--|
| Living Island Foundation - H.R. Puffenstuf | Introductory call placed last week | Send examples of reports by Friday (Betty) | \$50,000 | Lead (10%) | \$5,000 |
| Kangaroo Community - B. Keeshan | Sent proposal yesterday | Circle back in two weeks (Grant) | \$25,000 | Proposal submitted (70%) | \$17,500 |
| Institution for Easy Reading - M. Freeman | Received oral go-ahead today | Reach out to purchasing tomorrow (Alex) | \$34,000 | Oral Agreement (90%) | \$30,600 |

You're Ready

- You know what you want to do & how to do it
- Resources - <http://bit.ly/29omR29>
- Get some clients – register now!

Help and Questions?

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www.smallbutmightybook.com

www.civstrat.com

gary@civstrat.com | 617-858-0006
