

Stop Working for Nothing

Getting a Grip on Client Over-Service

Agenda

- Implications of Over-Servicing
- Acceptable Levels of Over-Servicing
- Controlling Over-Servicing

Over-Servicing by Date

- 10% - Thanksgiving
- 20% - Halloween
- 30% - Oct 5
- 40% - Today

Over-Servicing by Rates

- At 20-30% over-service essentially reduces each level's rate to the next one
 - VP -> Manager
 - Manager -> SAE
 - SAE -> AE
 - AE -> AAE

Staffing Mix

- Strive for a blend that yields 3.0-3.5 revenue over client service salaries – 1/3 of revenue
 - Juniors may be 4.5-5 times salary
 - Mid Level 3.0-4.0 time salary
 - Seniors – 2.5 or less

Pyramid

- Seniors – 6 – VP and Up
- Mid Level – 10 – SAE to Mgr
- Juniors – 25 – AE/AAE/AC

Ratios

- No O/S – 3.5 or 28%
 - 10% O/S – 3.2 or 31%
 - 20% O/S – 2.9 or 34%
 - 30% O/S – 2.7 or 37%
 - 40% O/S – 2.5 or 40%
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- If you are top heavy the ratios will be worse
 - If employees are below their targets the ratios will be worse

Implications

- If rates/salaries are set correctly and staffing mix is balanced you can withstand 10-20% over-servicing or missed billable targets
- Anything above will result in lower profit or additional time by staff

Controlling Over-Servicing

- Don't talk about retainers – talk about annual budgets
 - Different amount of work each month
 - Based on defined/specified activities
 - Retainer is a convenience
- Estimate spending each month based on activities/number of days each month
- Keep client apprised every month of spending levels YTD

Month	Billing	Spikes	Billable	Staffing
			Days	Levels
Jan	20,000	14,000	21	14,067
Feb	20,000	14,000	19	12,727
Mar	20,000	14,000	22	14,737
Apr	20,000	14,000	21	14,067
May	20,000	40,000	22	40,000
Jun	20,000	14,000	21	14,067
Jul	20,000	14,000	20	13,397
Aug	20,000	14,000	23	15,407
Sep	20,000	60,000	19	60,000
Oct	20,000	14,000	23	15,407
Nov	20,000	14,000	20	13,397
Dec	20,000	14,000	19	12,727
Total	240,000	240,000	250	240,000

Controlling Over-Servicing

- Use market rates/not blended rates to measure
 - Helps push the work to appropriate levels
- Push back on all non value-add time
 - Reports
 - Excessive meetings
 - Use it as alternative to raising the fee
- Replace people on accounts as they are promoted
 - Use it as alternative to raising the fee

Controlling Over-Servicing

- Fight scope creep
 - Requires well defined activities
- Build automatic rate increases into the contract

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