

Rewriting The Fee Formula

A Smarter Model for Pricing Your Services



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Why the Fee Formula Is Broken

Architecture and engineering firms face persistent pressure around fees, margins, and profitability, even as the quality of their work improves.

Teams gain experience. Processes mature. Decisions become faster and more confident. Problems are identified earlier and resolved with fewer missteps. In most professional services, those improvements lead to stronger financial performance. In architecture and engineering, they often do not.

This gap is not a question of talent or effort. It is a pricing problem.

For decades, professional fees have been shaped around inputs. Time, effort, and scope have become the primary ways firms explain and justify their value. These approaches are familiar and widely accepted, but they do not reflect how clients actually experience value.

Experience changes the nature of the work. Judgment reduces risk. Expertise prevents costly mistakes. Strong leadership helps clients navigate complexity with confidence. These contributions matter precisely because they make projects smoother and more predictable. Yet when fees are framed around effort, the value of that expertise becomes harder to see.

As firms become more capable, much of their best work becomes invisible. Problems are avoided rather than solved. Decisions are made before issues escalate. The absence of friction is mistaken for simplicity, not skill.

This creates a subtle but persistent misalignment. Firms are rewarded for activity rather than outcomes. Efficiency becomes something to give away instead of

“The gap between performance and profitability in architecture and engineering is not a talent problem. It is a pricing problem.”

Are fees primarily defined by hours, effort, or scope?

Do client conversations focus more on cost than outcomes?

Does the firm spend more time justifying fees than articulating value?

Does greater efficiency reduce revenue rather than increase it?

Is activity rewarded more than results?



“Under traditional fee models, efficiency becomes something firms give away instead of something they capture.”

something to capture. Over time, this disconnect shows up as fee pressure, margin erosion, and a growing sense that the business side of the firm does not reflect the value being delivered.

The profession did not arrive here by accident. Fee models

evolved in a different context, when projects were simpler and professional authority was assumed. Today’s environment is more complex. Risk has shifted. Expectations are higher. The consequences of design and engineering decisions are broader and more expensive.

Despite this, many firms still price their work as if effort is the product.

Clients do not hire architects and engineers for hours or deliverables. They hire them to reduce risk, clarify decisions, and achieve better outcomes. When pricing is framed around inputs, the conversation naturally shifts toward cost instead of value.

The challenge firms face today is not how to justify their fees more effectively. It is how to align pricing with the outcomes clients actually care about.

That alignment begins by understanding the cost of efficiency under traditional pricing models.

The Efficiency Penalty

The most expensive flaw in traditional pricing is easy to miss because it is wrapped in something every firm is trying to improve.

Efficiency.

In architecture and engineering, efficiency is treated as a core professional virtue. Leaders invest in better standards, better tools, better coordination, and better training because they want projects to run smoother. Teams learn how to spot issues earlier, communicate more clearly, and make decisions with less friction. Over time, the firm becomes faster and more reliable.

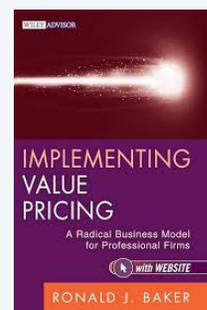
Under many common pricing habits, that progress creates a penalty.

The penalty shows up in a simple dynamic. As a firm becomes more skilled, the amount of visible effort required to produce a successful outcome often decreases. The work does not become less valuable. Delivering solutions in less time is more value! But it does become less obvious.

A senior engineer can resolve in ten minutes what a junior engineer might wrestle with for hours. A seasoned architect can anticipate a client concern before it becomes a redesign cycle. A strong project leader can prevent scope confusion from turning into weeks of coordination churn. These are not small improvements. They are the compounding effect of judgment. They are examples of experience saving time, reducing risk, and increasing value even though less time is spent.

The problem is that input based pricing does not reward judgment, experience, or efficiency. It rewards effort that can be counted. Effort that doesn't equate to value.

“When expertise makes work look easy, input-based pricing quietly turns excellence into a penalty.”



Baker, Ronald J. – Implementing Value Pricing: A Radical Business Model for Professional Firms

"That is the efficiency penalty. You do better work in less time, and the pricing logic treats that as less to pay for."

When fees are framed around time and task, the firm's best contribution is treated as a cost to minimize instead of a capability to pay for. The "smooth" project becomes the baseline expectation, and the expertise that made it smooth becomes invisible. Clients remember that things went well, but they do not see the problems that never happened.

That is the efficiency penalty. You do better work in less time, and the pricing logic treats that as less to pay for.

Firms try to solve this by filling the time savings on one project by taking on more work. That move feels rational. If efficiency frees capacity, then more projects should mean more revenue. But the math is unforgiving. You are still capped by the number of hours your team can put in. More projects also mean more complexity, more coordination, more risk, and more management overhead. The firm becomes busier without becoming meaningfully more profitable.

The penalty also distorts internal decision-making. Leaders push for higher utilization because utilization is easily measurable and familiar. Teams feel pressure to stay billable, even when the most valuable work is preventive and strategic. The business starts to reward busyness over effectiveness. The firm can be "at capacity" while still leaking margin.

This is why the efficiency penalty is more than a pricing nuance. It shapes culture.

It changes how teams think about time. It changes how projects are managed. It changes what gets prioritized. In an input-framed environment, the safest strategy is often to protect hours rather than protect outcomes. Firms may not say that out loud, but incentives teach behavior faster than leadership memos ever will.

The same penalty shows up when firms rely on familiar attempts to justify fees. Detailed scopes. Long proposals. Phase descriptions that try to prove effort in advance. Those documents may feel professional, but they often train clients to evaluate the firm through the lens of activity. If the proposal is written like a checklist of tasks, clients will negotiate the checklist. If the conversation is anchored on effort, the negotiation will focus on effort.

The real cost is not that firms cannot explain what they do. The cost is that the frame is wrong.



Clients are not buying a certain number of hours. They are buying risk reduction, clarity, confidence, better outcomes, and the results of your work. The moment a firm shifts the conversation from activity to impact, efficiency stops being a penalty. It becomes an advantage.

In a healthy pricing model, efficiency benefits the firm and the client. The faster and more accurately the firm delivers, the more it earns because the fee reflects the outcome, not the effort required to achieve it. And the faster you deliver the work, the more value your client receives. Experience compounds financially the way it does in other professions.

That shift is not theoretical. It begins with one practical change. Stop leading with what you do and how long it takes. Start leading with what changes for the client when you are involved.

Efficiency is not the problem. Pricing is.

And once you see the penalty clearly, it becomes much easier to see the path out of it.

"In a healthy pricing model, efficiency benefits the firm and the client"

What Clients Actually Buy

One of the reasons fee conversations stall is that firms and clients are often talking about two different things.

Firms talk about scope. Phases. Milestones. Deliverables. Tasks. Hours. Clients listen, but that is rarely how they think about the decision they are making.

Clients do not hire architects and engineers to produce drawings, calculations, or models. They don't buy for the work. They hire them to help make high-stakes decisions with confidence, and their purchase is for the results of your work. The outcomes the project will deliver to the client.

This distinction matters, because value does not live in the work product itself. It lives in what the work makes possible.

When a client brings a project forward, they are usually responding to pressure. A business challenge. An operational constraint. A timing issue. A risk they do not fully understand. An outcome they hope to make possible. The building or system is the vehicle, not the objective.

Professional value shows up in four consistent ways.

First is insight. The ability to see patterns, constraints, and opportunities that are not obvious to the client. A seasoned professional can look at a site, a program, a budget, and a timeline and immediately recognize what will matter most. That perspective shapes decisions long before anything is drawn.

Second is judgment. Every project involves thousands of choices. Materials. Systems. Layouts. Phasing. Coordination tradeoffs. Most clients cannot evaluate these decisions in isolation. They rely on professional judgment to steer them away from costly mistakes and toward better outcomes. That judgment is built through experience, not effort.

“Clients are not buying a set of documents. They are buying a future state that did not exist before.”

Third is confidence. Clients are making decisions that carry financial, operational, and reputational risk. A capable architect or engineer reduces uncertainty. They help the client move forward knowing that someone competent is anticipating problems, managing complexity, and protecting the larger objective. That peace of mind has real value, even though it rarely appears in a scope narrative.

Fourth is transformation. The most meaningful projects change something fundamental for the client. How a facility operates. How a business performs. How a community functions. How people experience a space or system. The client is not buying a set of documents. They are buying a future state that did not exist before.

These are not abstract concepts. They are the reasons projects get approved in the first place.

The challenge is that traditional proposals do not speak to them directly. When firms lead with activities and deliverables, they force clients to infer value on their own. When the connection between effort and outcome is not explicit, the safest comparison becomes price.

This is how capable firms end up competing as commodities.

Reframing what clients actually buy does not require exaggeration or salesmanship. It requires precision. It means talking about impact instead of process. It means explaining how decisions change outcomes, not just how work gets done.

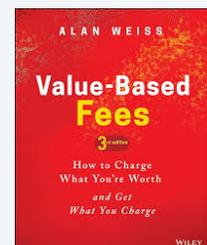
When clients understand that they are buying insight, judgment, confidence, and transformation, the fee conversation changes. Cost does not disappear, but it moves into context. Fees are evaluated against outcomes rather than activities.

That shift is what allows pricing to reflect value instead of effort.

The next step is understanding how that reframing changes your position in the relationship itself.



“Value does not live in the work product itself. It lives in what the work makes possible.”



Weiss, Alan – Value-Based Fees: How to Charge What You're Worth and Get What You Charge

Essential reading on shifting conversations from deliverables and effort to outcomes and client value.

From Vendor to Trusted Advisor

How a firm prices its work shapes how it is perceived.

When fees are presented as a list of tasks, hours, and deliverables, the firm positions itself as a service provider. The client evaluates the proposal the same way they evaluate other vendors. Who is cheaper. Who is faster. Who offers more for the same price. The relationship becomes transactional before the project even begins.

This is not because clients lack sophistication. It is because the pricing frame tells them how to behave.

Vendor relationships are defined by comparison. They are optimized for cost control. Scope is scrutinized. Changes are negotiated. Value is assumed to be interchangeable. Once a firm is placed in this category, fee pressure is almost guaranteed, regardless of the quality of the work.

Trusted advisors operate differently.

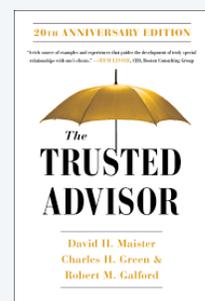
An advisor is brought in when the cost of getting the decision wrong is high. The advisor's role is not to execute a checklist, but to help the client navigate uncertainty. The advisor's value lies in judgment, perspective, and the ability to see consequences before they appear.

Clients do not compare advisors the same way they compare vendors. They choose them.

The distinction is subtle but decisive. Vendors are selected based on inputs. Advisors are selected based on outcomes.

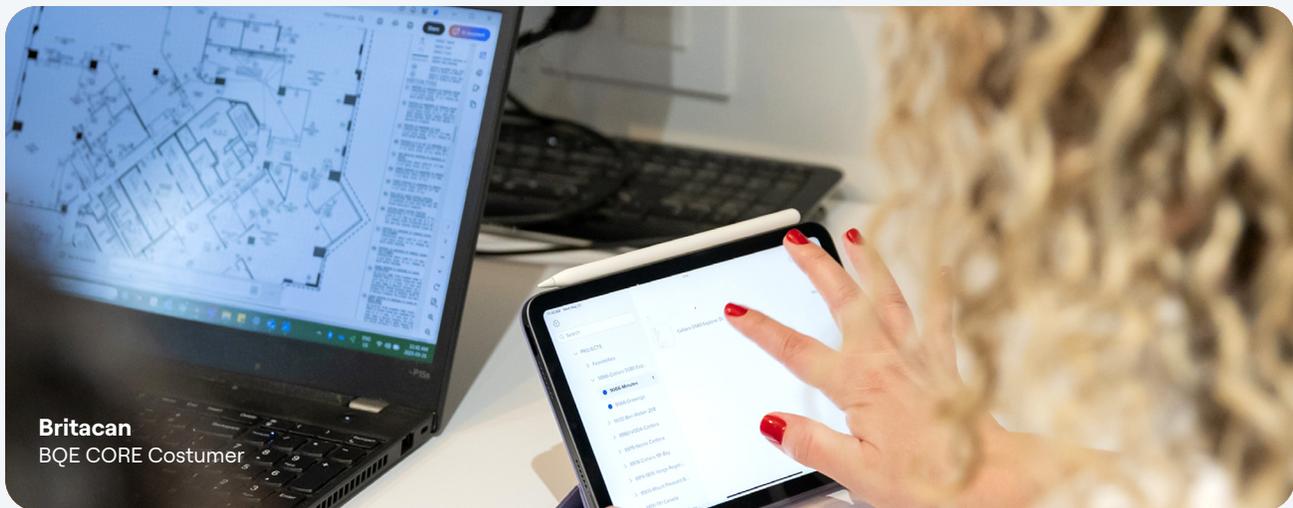
The mistake many firms make is assuming that technical excellence alone earns advisory status. It does not. Advisory positioning is created through how problems are framed, how conversations are led, and how value is articulated before any discussion of scope or fees.

“Vendors are selected based on inputs. Advisors are selected based on outcomes.”



The Trusted Advisor
– David H. Maister,
Charles H. Green,
Robert M. Galford

Explores trust-building and client relationships in professional services.



Firms that lead with deliverables are implicitly saying, “Here is what we will do.”
Firms that lead as advisors say, “Here is what will change.”

This shift requires discipline. It means resisting the urge to prove effort. It means asking better questions earlier. It means focusing on what is at stake for the client, not just what is required to complete the project.

Advisory positioning also changes how risk is shared. Vendors are expected to absorb uncertainty inside a fixed scope. Advisors help clients understand uncertainty and make informed choices about how to manage it. That distinction matters when projects evolve, priorities shift, or unexpected constraints emerge.

Importantly, acting as a trusted advisor does not mean ignoring cost. It means putting cost in context. Advisors talk about investment, tradeoffs, and consequences. They help clients see why certain decisions matter and what they make possible. Fees are understood as part of a larger outcome, not an isolated line item.

When a firm earns this position, the fee conversation becomes more constructive. Clients still care about budget, but they are less likely to reduce the relationship to price alone. They are choosing a partner, not purchasing a commodity.

This is not a branding exercise. It is a practical repositioning that starts with how firms think about their role. If you see yourself as a vendor, clients will treat you like one. If you behave like an advisor, many clients will respond accordingly.

The shift from vendor to trusted advisor is the foundation for everything that follows. It creates the conditions where value-based conversations are possible and where fees can reflect outcomes rather than effort.

What is truly driving this project?

How will success be defined once the project is complete?

What is the cost of doing nothing?

The Value Conversation

Before scope is defined, before deliverables are listed, and before fees are discussed, there is a conversation that determines how everything else will unfold.

Most firms skip it.

They move quickly into explaining what they do, how they do it, and how much it will cost. The intent is efficiency. The result is misalignment. The client and the firm end up discussing effort while the real drivers of the project remain unspoken.

The value conversation is different. It focuses on what the client is actually trying to accomplish and why the project matters now.

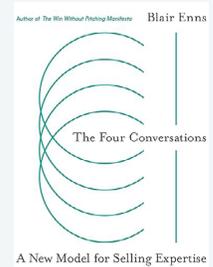
There are three questions at the center of this conversation.

The first is why. What is driving this project. What problem is the client trying to solve. What pressure or opportunity is behind the decision to act. A building, system, or renovation is rarely the goal. It is a response to something deeper, whether that is growth, risk, inefficiency, reputation, or change.

The second question is how the client defines success. What will be different when the project is complete. Is success measured in operational performance, financial return, speed to market, safety, compliance, user experience, or long-term flexibility. Many clients have not articulated this clearly before. Helping them do so creates immediate clarity.

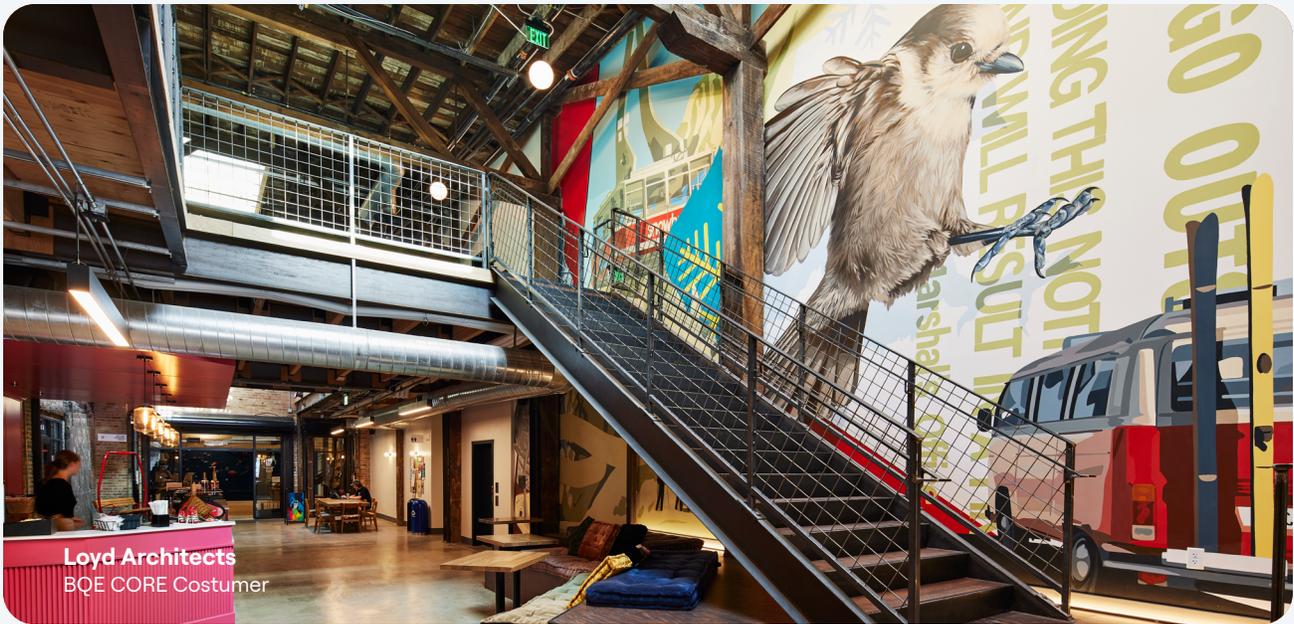
The third question is why now. What happens if the project is delayed. What is the cost of inaction. Urgency reveals value. It surfaces risk, timing constraints, and hidden consequences that do not appear in a typical scope discussion.

“The value conversation is different. It focuses on what the client is actually trying to accomplish and why the project matters now.”



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– David H. Maister,
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Explores trust-building and client relationships in professional services.



“The value conversation improves the quality of the work. When firms understand what is at stake, they make better decisions.”

These questions are not a formality. They shape how the client understands their own project. They also shape how the firm is positioned. A firm that asks these questions is not gathering requirements. It is leading.

This conversation often feels uncomfortable at first. Clients are not always used to being asked these questions by architects or engineers. The pause that follows is not resistance. It is reflection. That moment is where trust begins to form.

The value conversation also improves the quality of the work. When firms understand what is truly at stake, they make better decisions. Scope becomes more focused. Tradeoffs become clearer. Effort is directed toward what actually matters.

Most importantly, this conversation establishes the frame for pricing. Fees discussed after value is clarified are evaluated differently. They are compared against outcomes instead of activities. Cost becomes part of a larger decision rather than the decision itself.

Skipping this step forces firms to compete on price. Leading with it allows firms to compete on impact.

The value conversation is not a sales technique. It is a professional responsibility. It aligns expectations, improves outcomes, and creates the conditions where pricing can reflect the real value of the work.

What is truly driving the project?

What underlying problem, pressure, or opportunity is motivating the decision to act?

What outcomes will determine whether the project is successful?

What will be different once the project is complete?

What creates urgency?

What are the risks, consequences, or costs associated with delaying the project?

Pricing Outcomes Instead of Inputs

Once value is clear, pricing has to change with it.

As long as fees are framed around inputs, the conversation will drift back to effort. How long something takes. How many people are involved. How much scope is included. Inputs are easy to measure, but they are a poor proxy for value.

Outcome-based pricing starts from a different place. It asks a simpler, more practical question. What changes for the client because this work exists.

That change might be reduced risk. Faster delivery. Higher performance. Fewer downstream problems. Greater certainty in decision-making. Stronger alignment among stakeholders. In many cases, it may be financial. In others, operational or reputational. The form varies by project type, but the logic is consistent.

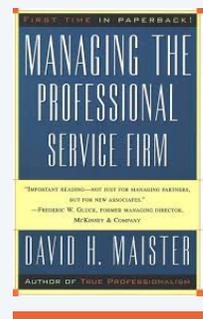
When pricing is built around outcomes, effort becomes an internal concern rather than a client-facing justification. Time is still tracked. Scope is still managed. Discipline does not disappear. What changes is what the fee is anchored to.

This is an important distinction. Pricing outcomes does not mean ignoring effort. It means separating how value is communicated from how work is managed.

Firms still need to understand their costs. They still need to know how long work takes and where margin is created or lost. That knowledge informs pricing decisions, but it does not define value in the client's mind.

Under an outcome-based approach, experience compounds in the firm's favor. Better judgment leads to better decisions, not fewer billable hours. Efficiency creates margin instead of eroding it. Preventing problems becomes economically aligned with the firm's success.

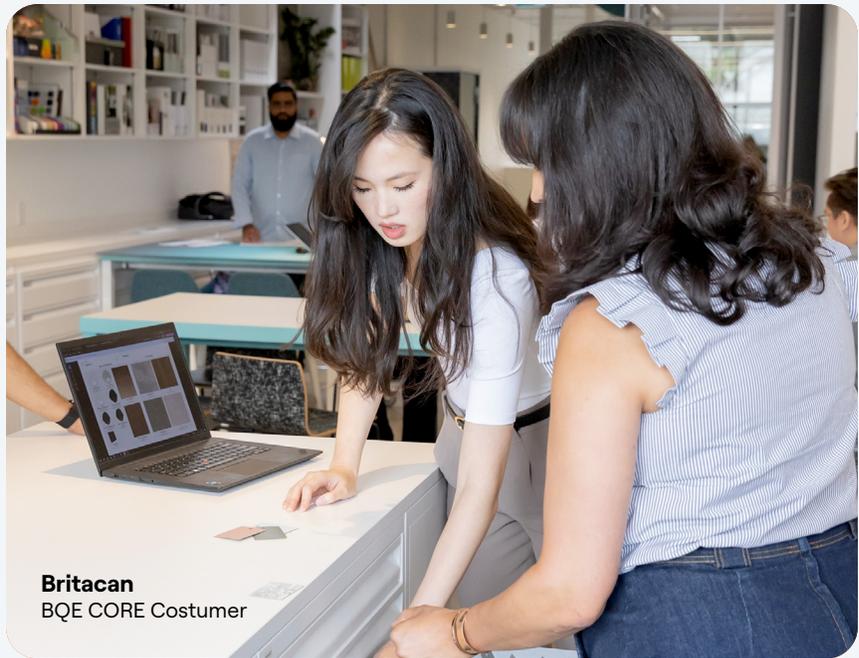
“Inputs are easy to measure, but they are a poor proxy for value.”



Managing the Professional Service Firm
— David H. Maister

Particularly applicable to architecture, engineering, and consulting firms.

“Outcome-based pricing starts from a different place. It asks a simpler, more practical question. What changes for the client because this work exists?”



This shift also changes how scope is treated. Instead of attempting to define every task in advance, firms focus on responsibilities and results. Scope becomes a framework for achieving outcomes rather than a checklist of activities. When conditions change, the conversation is about adjusting the path to the outcome, not renegotiating every line item.

Outcome-based pricing also brings clarity to tradeoffs. Clients can see what different levels of involvement make possible. They understand where additional investment creates meaningful impact and where it does not. Pricing becomes a decision about priorities, not a negotiation over effort.

Importantly, this approach does not require predicting the future with precision. It requires understanding what matters most. The fee reflects the importance of the outcome, not the certainty of the process.

Firms that make this shift often find that fee discussions become more direct. There is less defensiveness and less explanation. The conversation is grounded in value, not justification.

Pricing outcomes instead of inputs is not a philosophical stance. It is a practical adjustment that aligns compensation with contribution. It allows firms to be paid for what clients actually care about and what professionals are best equipped to deliver.

Once that foundation is in place, the next question becomes how to structure fees in a way that gives clients clarity and choice without reopening the door to input-based negotiation.

What tangible or intangible outcomes justify the investment?

Which dimensions of value — financial, operational, strategic, or reputational — drive the decision?

How can pricing support client choice without reverting to input-based negotiation?

Structuring Fees with Three Options

Once pricing is anchored to outcomes, the way fees are presented matters as much as the number itself.

Many firms still present a single price and brace for negotiation. That approach invites comparison and puts all the pressure on defending one number. A better structure gives clients clarity and choice without turning the conversation back toward effort.

That structure is offering three options.

Presenting three fee options shifts the discussion from “Is this too expensive?” to “Which level of impact do we want?” Instead of negotiating price, the client is choosing among outcomes.

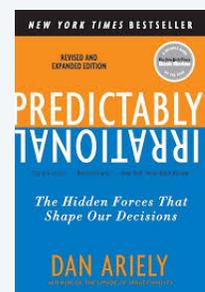
Each option represents a different level of involvement and responsibility, not a different level of competence. All three should be professional, credible, and aligned with the firm’s standards. The difference lies in how much strategic value the firm provides.

The first option is the baseline. It addresses the core need and delivers a solid outcome. It reflects the minimum level of engagement the firm is comfortable standing behind. This option exists to establish a reference point, not to win the work on price.

The second option is the enhanced engagement. It includes deeper involvement, more proactive leadership, and stronger support around the issues that matter most to the client. For many projects, this becomes the natural choice because it balances investment with impact.

The third option is comprehensive. It assumes the firm is fully embedded as a partner. Risk is actively managed. Decision-making support is broader. The firm takes on a more visible leadership role before, during, and after delivery.

“Presenting three fee options shifts the discussion from ‘Is this too expensive?’ to ‘Which level of impact do we want?’”



Predictably Irrational: The Hidden Forces That Shape Our Decisions

— Ariely, Dan

Essential reading on how cognitive biases, anchoring, and decision psychology shape perceived value, pricing judgments, and client choice behavior.

“With a single fee, clients negotiate. With three options, clients choose.”

This is the premium level of service, and the price should reflect it, being significantly higher than the other two options. This is both an anchor, making the other options appear more affordable, as well as the option that non-price sensitive buyers tend to lean towards.

The purpose of this structure is not to upsell. It is to make value visible.

When clients see three options side by side, they can understand what additional investment makes possible. They can see which risks are addressed, which decisions are supported, and which outcomes are prioritized at each level. Price becomes contextual instead of abstract.

There is an important discipline here. Options should never be created by arbitrarily cutting scope. Each tier should be designed intentionally around outcomes. Removing essential responsibilities to hit a lower price undermines trust and reintroduces risk.

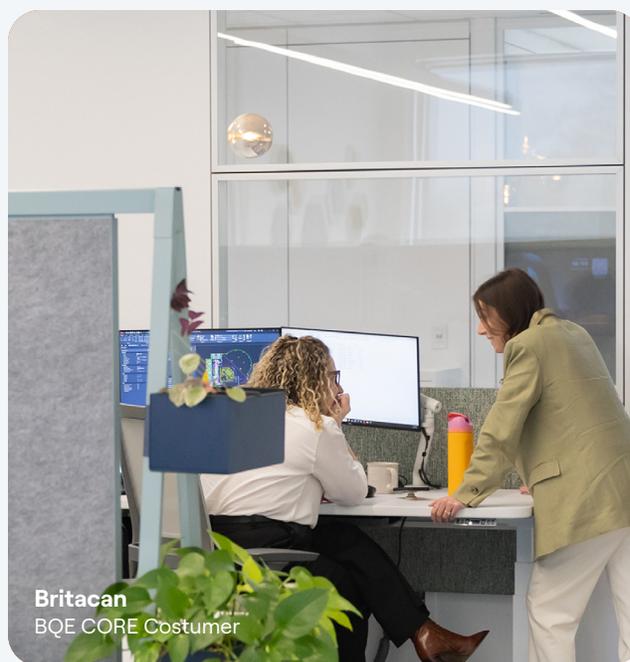
This approach also changes the power dynamic. With a single fee, clients negotiate. With three options, clients choose. That distinction matters. Choice creates agency without forcing the firm to justify its worth line by line.

Internally, this structure brings clarity as well. Teams understand what level of service is being delivered. Expectations are aligned. Tradeoffs are explicit rather than implicit.

Three-option pricing does not eliminate budget conversations. It reframes them. Instead of asking for a discount, clients decide which outcome aligns with their priorities and constraints.

When done well, this structure supports better decisions on both sides. Clients select the level of partnership they need. Firms are paid in proportion to the responsibility they assume.

With the options defined, the final step is presenting them clearly and efficiently, without overexplaining or overwhelming the client.



What tangible or intangible outcomes justify the investment?

Which dimensions of value — financial, operational, strategic, or reputational — drive the decision?

How can pricing support client choice without reverting to input-based negotiation?

The One-Page Proposal

Now that fees are structured around outcomes and presented as clear options, the proposal itself should reinforce that clarity.

Many proposals fail not because the fee is wrong, but because the document overwhelms the decision. Long narratives, dense scopes, and detailed explanations may feel thorough, but they often distract from what the client is actually trying to decide.

A one-page proposal forces focus.

Its purpose is not to replace a contract, document every obligation, or define all the terms and conditions. It is to help a client make a decision and commit to working with you. It should be clear, concise, and outcome-oriented.

At its core, the one-page proposal does four things.

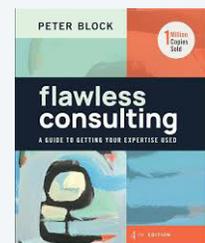
First, it states the desired outcome. This is not a description of the firm or the work. It is a simple articulation of what success looks like from the client's perspective. When this is accurate, clients recognize themselves immediately.

Second, it presents the three options. Each option is described in terms of impact and responsibility, not tasks. The client should be able to see, at a glance, what changes at each level and what additional value is created.

Third, it outlines responsibilities at a high level. This is not a detailed scope. It sets expectations without turning the document into a checklist. The goal is alignment, not exhaustion.

Fourth, it makes the next step obvious. How the client moves forward should be clear and uncomplicated. Decisions stall when momentum is unclear.

"A one-page proposal forces focus and helps clients make a decision and commit to working with you."



Flawless Consulting
– **Block, Peter**
Strong foundation on structuring client-facing documents and conversations around decisions rather than technical detail.



Britacan
BQE CORE Customer

“Once the client selects an option, formal agreements can follow. The one-page proposal creates alignment first. Legal precision comes second.”

This format respects how decisions are actually made. Senior stakeholders rarely want to approve ten pages of technical detail before they are confident in the direction. They want to understand the objective, the options, the investment, and the path forward.

The one-page proposal also protects the firm. By avoiding excessive detail upfront, it reduces the risk of overcommitting before value is established. Strategic thinking is demonstrated through clarity, not volume.

Importantly, this document is not the contract. Once the client selects an option, formal agreements can follow. The one-page proposal creates alignment first. Legal precision comes second.

This approach often feels uncomfortable at first. Firms are used to proving their worth through detail. The discipline here is to trust that value has already been established through the prior conversation. The proposal confirms that understanding rather than restating it.

When proposals are clear and focused, fee discussions become simpler. Clients are not searching for what to remove. They are deciding what level of partnership they want.

With the proposal framed correctly, the remaining challenge is how to respond when clients hesitate on price without undermining the value that has been established.

What decision is this proposal designed to enable?
Is the document helping commitment, or creating cognitive overload?
Is the proposal framed around outcomes or explanations?

Handling Price Resistance Without Discounting

Price resistance is inevitable. It does not mean the fee is wrong. More often, it means the client is uncertain.

Uncertainty can come from many places. Risk they do not fully understand. Internal stakeholders who need reassurance. Timing pressure. Budget constraints that have not been reconciled with priorities. When firms respond to that uncertainty by discounting, they solve the wrong problem.

Discounting reduces price, but it does not reduce risk. In many cases, it increases it.

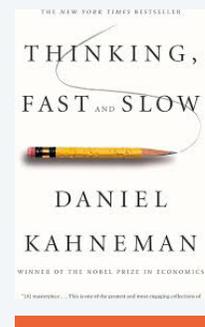
Lowering the fee signals that value is flexible. It reframes the relationship back to cost and invites further negotiation. It also compresses margin without changing responsibility. The firm takes on the same risk for less reward.

A better response is to reduce uncertainty, not price.

The first option is to adjust the structure of the engagement. Instead of asking the client to commit to everything at once, the work can be phased. A discovery, feasibility, or validation phase allows the client to experience the firm's approach and see value early. Confidence grows through evidence, not persuasion.

Another option is to clarify what is driving hesitation. When clients say a fee is higher than expected, they are often reacting to exposure rather than affordability. Asking what feels risky opens a more productive conversation. The firm can then address that concern directly through scope, sequencing, or decision support.

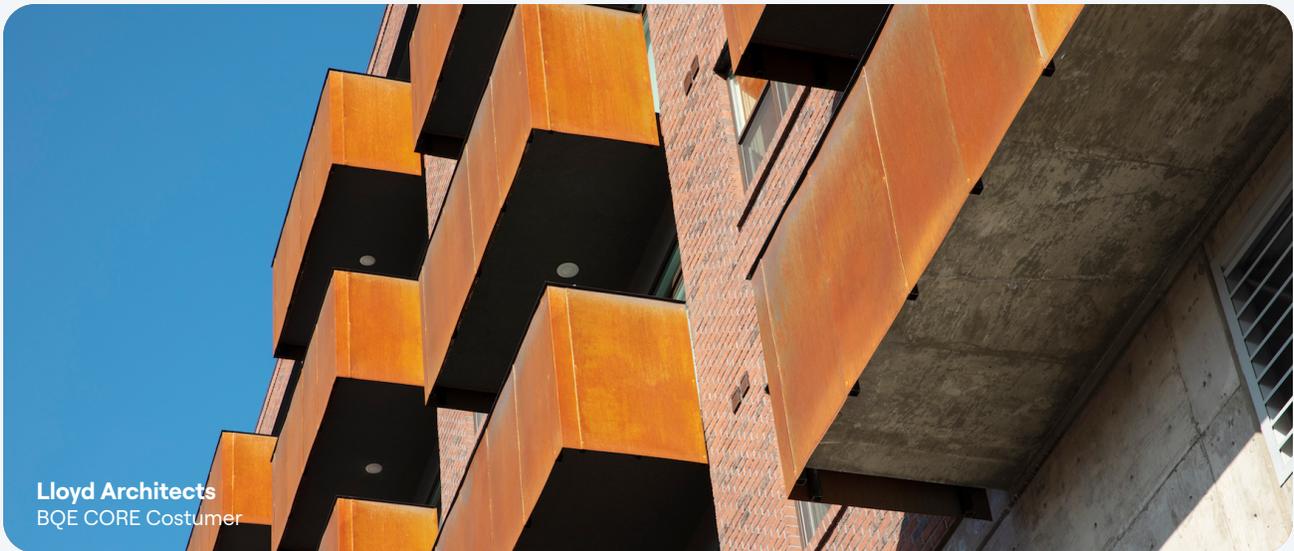
“Price resistance is inevitable. It does not mean the fee is wrong.”



Thinking, Fast and Slow

– **Kahneman, Daniel**

Deep insight into uncertainty, loss aversion, and decision-making under perceived risk rather than technical detail.



“Discounting reduces price, but it does not reduce risk.”

In some cases, aligning fees with milestones can help. Tying portions of the engagement to clear progress points gives clients a sense of control without changing the overall value of the work. The firm is not discounting. It is matching commitment to confidence.

What matters is maintaining the connection between fee and outcome. When resistance shows up, the conversation should return to what the client is trying to achieve and what is at stake if it goes wrong or is delayed. That context often reframes the investment more effectively than any price reduction.

This approach requires discipline. Discounting feels fast and decisive. Reframing takes confidence. But firms that consistently protect value build stronger positioning over time. Clients learn that fees are not arbitrary and that the firm is serious about the role it plays.

Handling price resistance without discounting reinforces advisory positioning. It communicates that the firm is focused on outcomes, not transactions. It also preserves the integrity of the pricing model, which matters long after the proposal is signed.

When firms stop using discounts as a default response, fee discussions become less reactive and more intentional. The work stays aligned with its value, and the relationship starts from a position of mutual respect.

The final step is making this shift practical inside a real firm, with real teams, real clients, and real constraints.

What is the source of the client's uncertainty?

How can uncertainty be reduced without altering price?

Is the fee still clearly anchored to outcomes?

Making the Shift Without Breaking Your Firm

Shifting how you price your work does not require a wholesale reinvention of your firm. It requires consistency, discipline, and a willingness to change how conversations are framed.

The biggest mistake firms make is trying to change everything at once. New pricing language. New proposal formats. New positioning. New internal processes. That approach creates confusion internally and skepticism externally. The shift works best when it is applied deliberately, one decision at a time.

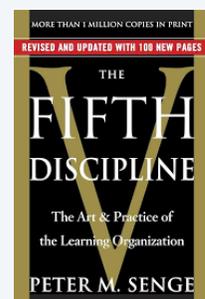
Start with where you already have leverage.

Apply outcome-based framing to a single project type. Use three-option pricing on one proposal. Introduce a one-page proposal alongside your existing contract process. These are not symbolic gestures. They are controlled experiments that allow the firm to learn without taking unnecessary risk.

Internally, time tracking still matters. Understanding effort, utilization, and cost remains essential for managing profitability. What changes is how that information is used. Time data informs pricing decisions instead of justifying them. It helps firms understand where value is created and where processes can improve, without defining what clients are asked to pay for.

This shift also requires alignment inside the firm. Project managers need clarity on what level of service has been sold. Principals need to resist the urge to absorb additional responsibility without adjusting expectations. Teams need permission to focus on outcomes rather than maximizing billable activity. None of this happens automatically. It has to be reinforced through leadership.

“The shift works best when it is applied deliberately, one decision at a time.”



The Fifth Discipline
– Senge, Peter

Deep insight into systemic change, organizational learning, and long-term adaptation.



"Do not revert to input-based language when conversations get uncomfortable."

Client expectations matter just as much. Firms that succeed with this approach are consistent. They do not revert to input-based language when conversations get uncomfortable. They return to outcomes, priorities, and tradeoffs. Over time, clients learn how the firm operates and what it stands for.

Not every client will respond positively. Some prefer transactional relationships. Some are optimized for procurement. That is not a failure of the model. It is clarity. Firms that commit to value-based pricing become more selective, often with better long-term results.

The goal is not to eliminate negotiation or ignore budget realities. The goal is to ensure that pricing reflects responsibility, risk, and impact. When that alignment is in place, efficiency becomes an advantage rather than a liability. Experience compounds financially instead of being discounted.

This shift takes practice. Early conversations may feel unfamiliar. Proposals may feel exposed. But over time, the approach becomes more natural, and the benefits compound. Fees stabilize. Margins improve. Relationships become more strategic.

Rewriting the fee formula is not about charging more for the same work. It is about being paid appropriately for the value you already create.

That work starts with how you frame the conversation.

Where does the firm already have leverage to test the shift?

How is internal information being used?

Is the firm aligned around outcomes and responsibilities?

Additional Resources:

Webinars:

[Rewriting the Fee Formula: A Smarter Model for Pricing Your Services](#)

[If Price Is the Problem, You're Telling the Wrong Story](#)

[Breaking Free from Hourly Billing](#)

Ebooks:

[Breaking Free From Hourly Billing](#)

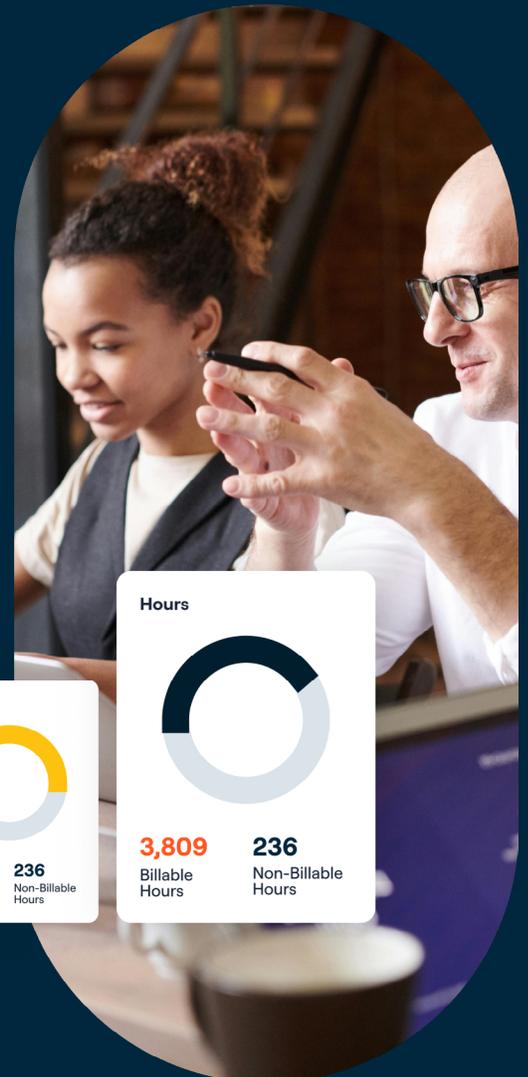
[5 Billing Practices That Are Killing Your Business](#)

BQE CORE

If you're serious about improving efficiency and profitability, you need access to technology that makes the process of tracking Key Performance Indicators (KPIs) straightforward. BQE CORE is an all-in-one firm management platform with integrated accounting and project management tools that's backed by a company with over 30 years of experience and countless end users worldwide. It was designed by an engineer and architect to give their firms the tools they needed to thrive. Thus all of the built-in features are designed to address the pain points A/E firms typically face.

BQE CORE can streamline your business processes, while simultaneously providing groundbreaking insights that will help grow your firm, all from the convenience of a desktop computer, laptop, or mobile device. BQE CORE makes it easier than ever to collaborate with both your team and clients.

Running your business should be exciting, not chaotic. That's why we're here, and most importantly, why we developed CORE.



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