

Drew McLellan

All right, so let me try that again. Hey, everybody. Drew McLellan, Agency Management Institute.

01:29

Drew McLellan

I apologize for the ugly background. I was supposed to be in London, but our flight got canceled last night. So I'm in a random Marriott lounge until our flight later today. So sorry for the weird lights.

01:43

Drew McLellan

But anyway, super excited to be here today.

01:45

Drew McLellan

Super glad to have Casey Brown with us.

01:48

Drew McLellan

Many of you are familiar with Casey.

01:50

Drew McLellan

She keynoted for us a couple years ago at the summit. She's been on the podcast a couple times, did a webinar for us earlier this year. So I'm super grateful of how much.

02:00

Drew McLellan

She pours into the AMI community and.

02:03

Drew McLellan

Her desire to help all of us get this right, because this is certainly a challenge.

02:07

Drew McLellan

So here's how today is going to go. We sent a poll to all of you. Thank you. For those of you that participated in that poll, that was super helpful, and it gave us some insight, and it also suggested to us that there were.

02:21

Drew McLellan

A couple questions you were asking that.

02:23

Drew McLellan

Were specifically about what other agencies are doing. And so I'm going to take those.

02:29

Drew McLellan

At the top of the hour here really quickly and walk through some of those. And then I'm going to hand the reins over to Casey and then let her walk us through her strategies around best practice pricing.

02:41

Drew McLellan

So, all right, I'm going to share.

02:42

Pricing in turbulent times with Casey Brown and Drew McLellan

Drew McLellan
A deck, and then. Oops.

02:47

Drew McLellan
So you guys seeing that full Screen.

02:49

Drew McLellan
Or no, probably not, right?

02:54

Drew McLellan
You would think this new technology, since.

02:56

Drew McLellan
COVID you'd think I would have it down pat. Give me just a second.

03:06

Drew McLellan
All right. Now, are you seeing at full screen, Casey? All right, so let's talk quickly about pricing strategies for turbulent times. So in case we haven't met before.

03:21

Drew McLellan
Drew McLellan, I've owned AMI for about.

03:24

Drew McLellan
15 years now, have owned my own agency for a long time. And we have the good fortune of.

03:30

Drew McLellan
Working with lots of you every day.

03:34

Drew McLellan
And a lot of our intelligence and insights and also the ideas of what we need to talk about next come.

03:40

Drew McLellan
From all of you. So I don't need to belabor that. Must be familiar with who I am.

03:45

Drew McLellan
Kasey. I'll let her introduce herself when it. When I hand her the mic. But many of you are familiar with.

03:52

Drew McLellan
Her company is called Boost Pricing.

03:54

Drew McLellan
She just launched a new book earlier.

03:56

Drew McLellan
This year called Fearless Pricing, which is brilliant. All of you need to read it.

04:00

Drew McLellan

She's got a great TED Talk if you want that.

04:03

Drew McLellan

And obviously she has earned her stripes over many years, so I'll let her tell you more about that one.

04:07

Drew McLellan

It's her turn to talk. So one of the questions you all.

04:11

Drew McLellan

Asked was, how are other agencies setting their prices?

04:15

Drew McLellan

And honestly, the way you're doing it is based on a nirvana day that doesn't exist.

04:22

Drew McLellan

So here's how it works.

04:23

Drew McLellan

So client asks for a thing, you walk around. Literally or figuratively.

04:28

Drew McLellan

You walk around the office and say.

04:30

Drew McLellan

Hey, how many hours is it going to take you to write this thing?

04:32

Drew McLellan

How many hours is it going to take you to design this thing? How many hours of account service do you think this is going to take?

04:37

Drew McLellan

And everyone guesses. And the reality is as human beings, we go, oh, well, gosh, I can.

04:42

Drew McLellan

Do that in two hours.

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Drew McLellan

Well, that is probably true.

04:44

Drew McLellan

You could do it in two hours.

04:45

Pricing in turbulent times with Casey Brown and Drew McLellan

Drew McLellan

If it was two hours of uninterrupted time.

04:48

Drew McLellan

You had just gotten eight hours of sleep.

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Drew McLellan

The baby didn't keep you up all.

04:51

Drew McLellan

Night, your mom's not texting you while.

04:53

Drew McLellan

You're working, and all the other things that are the reality, your slack's not pinging. So by our very nature, and this.

05:01

Drew McLellan

Has been true, by the way, for.

05:02

Drew McLellan

Agencies since the beginning of time, we gotten this wrong. And so you literally start your pricing wrong. Your number is too low every single time. And so if any of you have been to Money Matters, you know that the estimating hack is if you take.

05:21

Drew McLellan

That, if you let's.

05:22

Drew McLellan

So let's say you went around the room, literally.

05:24

Drew McLellan

Literally or figuratively.

05:26

Drew McLellan

And you got to 12 hours, that 12 hours is off by 1.3 or 1.5. And every agency is a little different. So if you just take those hours and multiply it by 1.3, that's how much it's actually going to take you to do the work. So I'm. I'm showing you this because I want you to understand that you already start yourself in a deficit, and then it has nothing to do with value. It has nothing to do with what.

05:51

Drew McLellan

The client is going to perceive the value of.

05:54

Drew McLellan

This is just how long it's actually.

05:55

Drew McLellan

Going to take to do the work.

05:57

Drew McLellan

And so, but this is how most of you estimate. But you don't do the hack. So you just go, you know, it's going to be 10 hours. Most of you are billing at a blended rate of 150 to \$175. PR firms are higher, maybe two and a quarter, typically. But you just multiply that 10 by your. Your average billable rate or your blended billable rate, and then you go, I wonder what the client will bear. And then you just add a number. And some of you don't even do that.

06:28

Drew McLellan

You just give them that number.

06:29

Drew McLellan

So right now, unfortunately, that's how most agencies are. And then what happens is you put that number in front of a client, and the client goes, well, that's exactly what I wanted.

06:41

Drew McLellan

Unfortunately, I don't have \$10,000.

06:44

Drew McLellan

And then the client's smart enough to be quiet, and then you. And normally it's you.

06:49

Drew McLellan

The agency owner goes, well, we could do it for eight.

06:54

Drew McLellan

And there you go. So you've set your. You started with a number that was in the hole, and now you've just.

06:59

Drew McLellan

Put yourself deeper in the hole. Unfortunately, that's how most of you are doing it.

07:03

Drew McLellan

On average.

07:04

Drew McLellan

Some things you're faster at, better at whatever.

07:07

Drew McLellan

So most of you are netting out.

07:09

Drew McLellan

Somewhere in the middle, where sometimes it's profitable, sometimes the work is profitable, sometimes it's not.

07:14

Drew McLellan

But there, your methodology is flawed from the very beginning.

07:19

Pricing in turbulent times with Casey Brown and Drew McLellan

Drew McLellan

So you have to understand that, Right? All right.

07:25

Drew McLellan

The next question was, okay, so how.

07:27

Drew McLellan

Are agencies dealing with AI and pricing and ads? So we've got a flawed methodology, and now we have a new technology that is suggesting to the world that everything we do can be done faster and therefore cheaper.

07:40

Drew McLellan

Although really, it's interesting. So, you know, many of you know.

07:43

Drew McLellan

We did agency Edge Research in 2025. We unveiled it at the summit this last May.

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Drew McLellan

One of the things that clients told Us loud and clear, is they do.

07:53

Drew McLellan

Not believe that AI is going to make us less expensive. In fact, they believe it's going to make us even more valuable to them because they don't know how to drive. They don't know how to drive the car. They know the car is powerful and.

08:05

Drew McLellan

They want what the car does, but they don't know how to drive it. So they are more than.

08:10

Drew McLellan

Willing to pay us to take the.

08:12

Drew McLellan

Lead on that and for us to be sort of the guide or the Sherpa through the AI world. And, and if you didn't get the executive summary of that research, ping me.

08:22

Drew McLellan

After the webinar and I'll send it to you.

08:24

Drew McLellan

But actually, what. It actually opens up opportunities for us to sell even more. They want you to be their guide with AI. But here's what AI does.

08:36

Drew McLellan

Allow us to do.

08:36

Drew McLellan

It allows us to go deeper with.

08:38

Drew McLellan

Data, numbers, research, and connecting the dots. Clients understand that they don't know how.

08:42

Drew McLellan

To do it, but they understand that.

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Drew McLellan

It's going to make us stronger and.

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Drew McLellan

Better in terms of being able to guide them with more clarity, with more data backup. And we can crunch those numbers in.

08:57

Drew McLellan

Ways that we couldn't do it before manually.

09:00

Drew McLellan

They understand that part of what AI does is it allows us to do the same with more variables or options. So in other words, today, whether it's creative or something else, you can show clients more choices because AI allows you.

09:17

Drew McLellan

To replicate and create modifications faster. They know that.

09:24

Drew McLellan

They do know, and this is, I.

09:26

Drew McLellan

Think, where some of you in your questions were asking.

09:28

Drew McLellan

They do know that there is some creative magic that will save clients time and money.

09:34

Drew McLellan

So, for example, we have an agency.

09:36

Drew McLellan

Where that does a lot of work with consumer goods, and they wanted to shoot photography of some waterproof watches underwater, right. To show it in its environment. In the old days, they would have had to set up a photo shoot and actually bring a photographer in. And they were able to actually create with AI, they were able to create backgrounds that put the watch underwater. They took a static photo of the watch.

10:06

Drew McLellan

They were able to combine it with that background.

10:09

Pricing in turbulent times with Casey Brown and Drew McLellan

Drew McLellan

So clients do know that there are going to be some things that we can do differently that save them money so they can put that money someplace else. And I think that's the key.

10:20

Drew McLellan

So they can put that money someplace.

10:22

Drew McLellan

Else, but they don't know how to do it. So again, the value we bring is in understanding how to do it and.

10:29

Drew McLellan

The value that we bring to it.

10:32

Drew McLellan

AI is not for those of you that have never sold strategy, that have never sold your smarts, that have always.

10:39

Drew McLellan

Sold the stuff that you make. AI is a threat. Absolutely.

10:43

Drew McLellan

Because AI can make stuff. Is it as good as the stuff you'd make?

10:47

Drew McLellan

No.

10:48

Drew McLellan

Do clients know the difference? Not always. But for those of you that are.

10:53

Drew McLellan

Selling smarts, and this is where AI, I think opens up a huge opportunity for us.

10:58

Drew McLellan

So I love this analogy.

10:59

Drew McLellan

AI is like a high powered telescope.

11:01

Drew McLellan

It does let us see further, faster and in more ways than the naked eye.

11:06

Drew McLellan

But without the skilled astronomer to point.

11:09

Drew McLellan

It in the right direction, interpret what the images mean, it may aim at.

11:13

Drew McLellan

Empty space or mistake a speck of dust for a new planet. This is your value proposition with AI, is that you understand it.

11:21

Drew McLellan

Your clients are never going to dig deep like you are, like you're willing to understand it. And we'll talk in a minute about some things where agencies are making money and one of them is selling AI beta tests inside organizations. It's a whole new opportunity for agencies to get in to their clients, not just in the marketing department, but across a much wider landscape. So what's working for agencies today?

11:48

Drew McLellan

That was another question you asked, like.

11:50

Drew McLellan

What, what are agencies selling? So as you know, we call it countable work. So I give you a dollar, I.

11:56

Drew McLellan

Get \$3 of leads.

11:58

Drew McLellan

Things like PPC and SEO, where you can do an attribution model that shows them exactly what they're getting. Strategy and planning, PR and thought leadership is still selling very well. This idea of AI beta tests, which.

12:13

Drew McLellan

I'm happy to answer questions during that.

12:15

Drew McLellan

Q and A, but agencies saying, I think we can do, I think we can build a bot that answers this question. We have an agency that built a bunch of bots.

12:26

Drew McLellan

They work with colleges, and they.

12:28

Drew McLellan

Build a bunch of bots that were replicating how college kids or high school kids were thinking about where they wanted to go to college and they were able to query them in a way that they could change the copy and sort of the value based messaging and things like that based on what the.

12:46

Drew McLellan

Bots were telling them.

12:47

Drew McLellan

So they gathered all this research, all this data, loaded it in, created this bot that was able to mimic focus groups and things like that. So is AI going to change the way we work?

13:00

Pricing in turbulent times with Casey Brown and Drew McLellan

Drew McLellan
Absolutely.

13:01

Drew McLellan
Does it need to diminish the way you work?

13:03

Drew McLellan
Absolutely not. Does not need to do that.

13:05

Drew McLellan
We're seeing a lot of money being spent on loyalty programs and community building right now. Clients just like you are struggling to find new clients with the economic Weirdness.

13:15

Drew McLellan
That is happening right now.

13:16

Drew McLellan
Clients are. So they want to make sure they.

13:18

Drew McLellan
Keep the clients they have.

13:19

Drew McLellan
We're seeing a lot of agencies leaning.

13:21

Drew McLellan
Into events, both virtual and live.

13:23

Drew McLellan
Research has re. Has gotten a nice resurgence in popularity. CR management, CRM management list growth, first party data.

13:33

Drew McLellan
All of those things are places where agencies are making good money right now. So. Okay, I think that's my last slide. Yep.

13:40

Drew McLellan
All right, I'm going to stop sharing, Casey, and then I'm going to let you share.

13:46

Casey Brown
Great.

13:48

Drew McLellan
Then again, I. You guys will get this deck and the recording and all of that.

13:52

Drew McLellan

And I'm. We're. Casey and I are happy to answer questions at the end, so.

13:55

Drew McLellan

All right, Casey, you now have the helm.

13:57

Casey Brown

Thank you for teeing all that up, Drew. And I think it. It pairs nicely with the data I'm going to share. The first thing I'm going to pop up on the screen is the results of that survey. 30 people responded. Again, really helpful. As I was crafting slides and Drew and I were kind of pinging back and forth saying, how do we make sure that this webinar serves the up to the minute needs of this community? And so with that, I'll get these slides up. So the most interesting. So this is a question, and you could check all that apply. So that's why the numbers are way more than 100%. But these are the kind of challenges you said you're dealing with in the realm of pricing and deal flow and sales.

14:37

Casey Brown

And the most interesting thing to me here is the disconnect between the first two. In other words, the demand is softening for less than a third of you, but clients are more price sensitive for 80% of you. So that kind of disconnect means that a lot of you are getting much more price pressure from customers even as demand remains steady. And I think this is in part the AI effect. Customers still need the solution, but new tools make generating that solution faster, less expensive, which is driving pressure. Again, some of that, as Drew kind of hinted at, this is perception or opinion. And the reality is that there is still. You know, this does speed us up, but it also requires a lot of human oversight. I think that there's the. The high powered telescope. I wrote that term down.

15:22

Casey Brown

That high powered telescope analogy is really helpful. We can get more done, but that doesn't mean we can, we can or should be cheaper. All the rest of the numbers on this slide, you know, certainly the AI effect could be playing a role, but there are other explanations. AI isn't the only thing going on for agencies serving clients in the manufacturing and distribution space. Space budgets are being curtailed as a lot of those clients are navigating a lot higher cost because of tariffs. And just generally broad economic uncertainty is causing clients in all sectors to reevaluate spending, pause planned investment, and they have to do more with less. And they're asking their creative partners to do the same. And so this is what you're experiencing. This was your data, your information, you're telling us.

16:07

Casey Brown

But this is what's important to note is that this can really cause a confidence death spiral. And it's. And I think one of the things I took away from Drew's opening is there's still a lot of reason for optimism. This is a moment to grab the baton and run, not a moment to panic. Next slide is, you know, even is around. Like how often do you think you might be leaving money on the table with pricing? And even as you're facing so many challenges from the prior slide, over 90%, it's almost 95% of you still think you're leaving money on the table, at least sometimes, if not a lot. So there's pressure, there's probably some fear, but there's also some awareness that we are leaving some of the value on the table and letting some of that money sit in our customer's bank account.

16:52

Casey Brown

Some of that could be from the. You know, Drew's very first library talked about the planning for perfection, the nirvana day and the reality that we get interrupted. So our capacity planning has a piece to play in this, but also I think our confidence in the face of customer pressure. And then this is how's AI impacting your business today? And I was really fascinated to see that only third of respondents are seeing a definitive pressure, negative impact on their business from AI, which is the sum of the red and orange, which is losing work to AI powered alternatives and clients using it to push on you. Over half of you aren't sure yet. Fair enough. I think this chart's going to look a lot different. So six months from now and a year from now, if were to re ask that.

17:36

Casey Brown

So how are agencies responding to this pressure? I think there's two paths that emerge and it's tempting to sort of hunker down and wait, especially as nearly 60% of you respond to that. You don't know what AI impact is going to have on your business yet. And that uncertainty makes it tempting to just try to sort of keep our head down, work hard, grab projects as they come along, try to control costs and hope for the best. But if anything, we have learned in history, the hunker down method when things are challenging is not the best way to thrive into next week, next month, next year, next decade. The best companies a year from now will be the fastest at adapting and willing to take a risk like the quickest to pivot are going to be the biggest winners a year from now.

18:21

Casey Brown

And so many businesses I talk to right now, not just in the creative space, but across other industries as well, are facing what Andy Grove, who wrote *Only the Paranoid Survive*, he called this a strategic inflection point. And whether, you know, kind of going back to what it was like during COVID or these big tariffs or AI or any other economic macroeconomic disruptor or external force working on us, anything that might be cause going on that causes price pressure. In recessions and in times of great economic turmoil, there are always winners and losers. The organizations that can adapt the fastest to deliver value to their customers are in the winner's column. You know, I was hearing, you know, Drew tried out some examples of really jumping on the AI bandwagon, not shying away from it.

19:05

Casey Brown

I think that's an example of, you know, moving quickly and adapting. The question to ask yourself is how you can always create value in the midst of bad news in the market. How can you create demand? And yes, price is a lever to pull if you find yourself under a tremendous amount of price pressure or your sales pipelines are evaporating. But I see companies too quickly pull that discount lever. They're too, they're seduced into believing it's the best or maybe the only way to address a volume issue. And I see this as being, you know, this really seductive first choice. We have a team to keep busy and we get kind of panicky and we think, oh my gosh, we're losing opportunities. Let's throw some lower pricing at it. Let's see if we can get our team busy.

19:45

Casey Brown

But I would always, always encourage you to have price and discounts be the tool of last resort when you're experiencing a lot of pressure. If you have excess capacity in the organization, don't ask yourself, how low do we need to raise the. How much lower do we need to drop the price? Ask yourself, how can we change how we deliver value such that we're still the choice, even at a premium? And this takes some creativity. Maybe you lock yourself and your leaders in a room for a couple of hours with a mandate that we're going to figure out how to fill the pipeline without discounts. And look, you will run out of ideas and be climbing the walls after the first 30 minutes, but you got to push through the boredom and the certainty you feel that there just aren't any more ideas.

20:23

Casey Brown

And the creativity that will come out of your team to drive volume with existing customers, win new customers, it will shock you. And grabbing at that discount lever too quickly, it tends to blind us to the creativity that the. That is possible to solve this problem in other ways. So this is an opportunity? Yes. It's. It's stressful? Yes. It can be kind of tough. Yes. Some of your data told us that some of you are feeling some real pain. One respondent even said that they've lost every single opportunity in the past three months to price pressure. So I don't want to argue with the reality or feeling, but I think the key to this, again, is not to. Is not to hunker down. It's to buckle up. It's to. It's to pivot. It's to get bold in your choices.

21:05

Casey Brown

And that's how you're going to be a thriving agency a year from now and five years from now and ten years from now.

21:11

Drew McLellan

Hey, Casey, Hang on just a sec. So those of you that are podcast listeners or get the newsletter, you know that last week. So not today, Monday, but last Monday, my solo cast came out. It was all about strategic planning.

And there are some really great exercises that I think push you beyond the old SWOT analysis to do exactly what Casey's talking about, which is imagine the future in the future state where you are adding so much value and you are reinventing yourself in ways, and you're moving up the food chain in terms of being more of that strategic partner that they do want to pay a couple hundred dollars an hour to, like McKinsey or somebody else, because you have answers they need as opposed to you can make stuff. And so I just want to remind you that those resources are there.

21:59

Drew McLellan

There's a whole sheet of strategic planning workshop exercises that may help you with.

22:04

Drew McLellan

What Casey's talking about. Sorry, Casey, go ahead.

22:06

Casey Brown

No, no, thank you. Please appreciate the interjection. And it's nice to know that tool exists. We need to get out of the box here, and any tools that help us do that are really helpful. So I think there's both a defensive play here and the current economic uncertainty and AI disrupted and tariff disrupted times that we're living in. And I think there's an offensive play. So I think the defensive Play is really protect the core and take another hard look at our segmentation and really parse and pull apart what we offer and how we offer it in ways that we understand where the value still resides because it's being eroded in some pieces, but there's other places where it's even more important. And so we'll talk about that.

22:48

Casey Brown

And the first place to kind of look from a defend the core perspective is with the protecting the core customers. And you know, this is a time to kind of consider what might your segmentation look like, how sectors of your customers or services might be affected by what's going on. And I think it's a moment to concentrate on the core and hone in on them. And this is sort of like, you know, these folks are to me like the earning early warning system. These are the folks for whom your service is the direct hit in the center of the bullseye of their knees, for whom you're the perfect fit, the best fit. And they often are a large part of your revenue.

23:22

Casey Brown

And I would be talking to those folks, I would be asking them, I would be not just operating as usual because they're happy, I think. Drew posted on LinkedIn a few days back, I saw that he said some agency owners are getting surprised by canceled contracts and canceled customer arrangements and they were not giving enough. I think it was customer love time, you called it, Drew. It's really like, are we close enough? Are we spending enough time? Are we proactive? We can't just do the stuff we've been hired to do.

23:55

Casey Brown

I don't think really ever, but certainly not when things are, there's going to be greater scrutiny and attention on the expense of a service that they're hearing from everyone that can be done for cheaper with AI so reaching out to those customers, understanding what's really important to them, making sure you're giving them the extra love. Now, regarding the non core customers, maybe the outer ring of the bullseye, maybe some of the customers that are the lowest profit customers or customers for whom your excellence is not the perfect best fit. A lot of times these are the folks that suck up disproportionate resources. They can be difficult to serve, costly to serve in your standard model. And if your organization, particularly if you're one of those folks who's, whose business is being pretty substantially disrupted and, and sales are really soft.

24:43

Casey Brown

See the ship is low in the water, you're in stormy seas. And when we're in stormy seas and the ship is low in the water, it's time to think about what we can throw overboard. So anything that's not essential and it's time to take a look at that. And I'm not saying don't serve these folks or stop, you know, stop caring about them or stop serving low profit customers. But make sure that your efforts and your service and your attention and your strategy on your core customers is really honed and then do the best you can to pick up the rest of the chips. And

if some of them fall, let them fall where they may on the non essentials because you can't afford to lose that core. I want to talk a little bit too about the services that you sell.

25:22

Casey Brown

So here's a framework. This idea of sun and shadow and shade services and sun is where the full glare of the customer's focuses is on your services and maybe in a new way exposed because of the AI focus. So there's maybe a lot of focus, a lot of attention, a lot of objections. Hey, can't that be done by AI or hey, my budget is really constrained because of tariff. So I really need you to do this differently. There's a lot of precision required here to do a good job of this. And we'd like to have as much detailed competitive information as possible. We'd like to have all the data at our fingertips about what other agencies are doing if possible. And there will be more price sensitivity here and more risk and less opportunity.

26:10

Casey Brown

That's likely where some of the price concessions might be necessary. If you're facing. So like there may be some really commoditized end of your offering. This tends to be the case stuff that's quote unquote easy for other firms to do. That is that is not as strategic, not as complex. And that's where the customer is really focused. The other end of the spectrum, you've got the shade. This is where there's just less scrutiny, less attention, less focus oftentimes because it is the more complex it is, the more strategic it is, the more valued it is, the more differentiated and as always is the case the biggest opportunity opportunities here. Now of course there may be less opportunity here than there are in times of economic strength when there's plenty of work to go around and not enough people to do it.

26:55

Casey Brown

But if there's price pressure because of recession or economic turmoil or AI, it's true across the spectrum. But this bucket still has the most opportunity. This is the place where we can afford to increase price a little bit or certainly can see the least. So if you're trying to figure out how to focus strategic efforts and limit resources on the sun services. Given the need to be highly strategic there. We can afford to move a little faster here because the customers aren't as price sensitive there. And then there's sort of the middle ground, this sort of shadow of services. There's some moderate risk there, so we want to be careful, but there isn't as much risk, there's not as much opportunity either. So, so this is my request not to think of one size fits all pricing.

27:38

Casey Brown

So if you say, well, we're going to do all our, raise all our prices by 5% like that is generally recipe for underpricing and losing volume for your most price sensitive customers. If you have one rate card across the business, that's often an opportunity to lose volume where the customer is very sensitive and lose margin where the customer is less sensitive. So how do we get the more granular that we can get? Because the riches are in the niches. The more granular we are, the more money we make. The less granular are the less money we make because all of our decision making tends to settle around the most price sensitive customers and the most price sensitive services that we sell.

28:14

Casey Brown

So I want to reframe this sort of broad sun shadow shade concept through the lens of AI and what's happening in AI for many of your businesses. So the sun and I don't know, I, I, I am not an expert in your industry. It's going to be obvious when you see some stuff on this chart that's in the wrong place. But I hope to just sort of plant the seeds that you guys could do essentially an AI vulnerability audit in your own business and say what are the types of services that we provide that are the most vulnerable to being replaced, outsourced or sped up by AI? And it might be, you know, the more basic stuff, the more straightforward stuff that customers and you know, and I know that even in this bucket, really smart human oversight is still essential for exceptional results.

29:03

Casey Brown

So don't let them push you off your moorings with what you know there. But the reality is that the work can be sped up. More and more iterations can happen. You know, Drew kind of told that story about the underwater photograph. There are ways to make ground up and we've got to understand where the AI makes us the most vulnerable. You know, the, the strategy here where it's very, it's perceived or actually much more commoditized

is to you Know, to resp. To, to be aligned with the reality of how that's being valued today. And sometimes that could be, meaning pricing a little bit more aggressively. Another way to do it is to really just bundle it in with the shadow and the shade services. In that, in that yellow, in that akc.

29:50

Drew McLellan

Hang on a second. So, so everything you have under the red is absolutely correct. But every one of those, to your point, is. So for example, we all know that AI created content looks and sounds like AI created content. So you might use it to create a list of topics or thought starters. But you need a human. And I could do that for each one of these. The data entry. Yep. You can do the reporting, but understanding what that data means and what it suggests for next steps. So in that where the task is like you say, easy for AI to do, AI can do it faster, in some cases frankly better, some of these not. But like the data crunching, probably better and faster.

30:35

Drew McLellan

How do we talk about that in a way, or how do you recommend we talk about that in a way where we're saying to the client, absolutely, this part of that work, the crunching of the numbers, we are using AI tools for that. However, here's the part, here's the human part, the oversight part. And so when we price it, how do you, when you talk about the pricing, how do you separate the manual labor part from the smart part?

31:01

Casey Brown

Yeah, I think. Great question. I've got a couple of slides on this in a little bit, but let me just give a short answer right now and then I'll dive into that a little bit more. One is to make sure that the customers understand and anybody who's played around with AI for, for @ all recognizes the truth of this, which is that AI is a very, very valuable tool. However, if you don't have the right work, like I have a friend, Tracy Beck, who's runs a company called 60 Minute CFO and she calls it the HA method. H a H. So it's human AI human. If it doesn't have a human prompting the AI in exactly the right way, you're going to get gay garbage out.

31:39

Casey Brown

And even if you have a human prompting it exactly the right way at the beginning and you get solid content out, it has to be validated, has to be vetted, and it has to have, especially in the realm of this, you know, the folks out on this call that make their living and creativity and innovation. AI is not capable of anything truly novel. It's literally not programmed for it. It regurgitates what's already out there. And it's great at drawing insights. It's great at a lot of things. But this space in particular, I think that HA model, even on the more commoditized end, so to speak, or where AI can play a role. I think we've got to help the client understand that if you've got. It's very much a garbage in, garbage out. If you do not have an expert human curating that process.

32:23

Casey Brown

The other thing I think you can lean into is how that can help you generate more value for them. So in other words, yes, AI can generate content. That's why we use it to amplify our process and deliver 10x more value in the same time frame. You know, the questions whether you want random AI output or strategically directed AI that actually serves your business goals. So it's about like helping them. Like, I think it's a mistake at this point to deny that AI has a role to play. It's a question of how do we make it clear that AI on its own is not going to help them. It's going to be, it's going to be AI slop. We've all read it, we all see it, we see it all over the Internet.

32:59

Casey Brown

And they're not going to be able to accomplish their business goals with that kind of content. All right, so then the yellow again, I. You may look at this stuff and say that's in the wrong column. Fair enough. You know your industry, you know your business better than I do. But these might be some things where there's a little bit, a little more complexity to the work. There's a little bit more strategy to the work, but maybe not all the way over towards that shade list. In that case, we want to be able to. And this is kind of that ha pairing H A H that we want to emphasize that we've got the human oversight to maintain the strategy and maintain the creative integrity that we're after and the creative vision, but that we're able to kind of pick up some speed here.

33:45

Casey Brown

And maybe it's, you know, instead of two iterations, it's six. I mean, we can accomplish more with the same resources. And then on the green, this is the most differentiated, the most specialized, the most strategic, the most human. A lot of times, like, you know, in pr, for example, like, relationships are so important in that industry, right? It's the media contacts, it's the influencers. It's not just what a machine can Churn out it's the human connection.

34:11

Casey Brown

So how do we emphasize and monetize and remind the clients of that value Even as a we become and maybe an AI powered organization or we incorporate AI into our processes that we are able to help the client understand completely the difference that we can bring because of our expertise in the industry, our years of experience, our creative lens, our mastery over our craft and the pricing strategy there that's where we have the biggest opportunity for premium pricing and maximum margins.

34:44

Drew McLellan

And again, another green spot based on our research loud and clear is clients want you to actually help them wrap your arms around AI and how it can help them in their organization far beyond their marketing. So it's a whole new and they want you to spec it out, they want you to train them, they want you to coach them on it, they want you to help them. So it's new revenue opportunities for all of you.

35:07

Casey Brown

100% and I will give you a personal story here to that tune Drew. So we do, I do a lot make a lot of. I don't know if it's a lot. I make videos. I put them on YouTube and LinkedIn and share my pricing expertise with the world. We have a video partner we've worked with for years and we have been operating at a certain speed and I, we spend a certain amount of money doing that. I have just as much appetite to spend that money with that firm going forward. But I think if we can bring AI into it, we can get I don't know if it's 2x or 10x the video output. I'm not sure but you know I was playing around with this tool yesterday. Alex knows this.

35:42

Casey Brown

I was to text slacking with her about it playing with this tool and it generates all these video clips and they're perfectly captioned and they look great, but there are some. There still needs to be a human because there's still a bunch of clips that picked that are wrong. It didn't caption everything right but I don't want to do that. So if I can give that partner that I already work with all the same money I've always given her and she can use a tool for the purse that's least strategic and least important, just the tech side that can be done by machine learning then she can make just as much money, maybe more hopefully improve her margin while we get more output. And I think this is how AI can be a win and win.

36:16

Casey Brown

You can make more money and your clients can get a lot more output. Okay, the, the next is this idea of a. Where the value comes from in the work that you do. And this is, and the role that AI is playing in this. So relationship value. This is the human connection. The, this is the trust and the partnership that comes from working with real people who understand your business and care about your success. And I kind of already mentioned this sort of successful PR is about relationships and not just pr, but I'm using that as my example here. And so this is something AI is incapable of replicating. This is monetizable, this is valuable, this is where we can really lean in. The second is strategic. Oops, sorry, strategic thinking.

37:02

Casey Brown

This is of course the ability to understand complex business problems, connect the dots across industries, develop code custom solutions that your specific situ, you know, fit that client specific situation and goals. AI can mimic this and it even can do a passable job of it if prompted well but it struggles with it on you know, kind of unaided. So this is somewhere where you know, AI plus human make a huge one, two punch and then the third which is the most disruptible is the technical execution. This is the hands on creation of some deliverables, the you know, following established processes and templates that you know that produce the actual work. And so you know, the key insight is that you know, layer that bottom layer, use AI to make this more efficient.

37:50

Casey Brown

Use it as your thought starter, your partner, your editor, your, you know, poke holes in this approach. Use it as your. But, but then really where you can charge a premium, oops, sorry is this layers two and three? This, you know, that's where we can really price for unique value. And this value stack allows you to increase margins while decreasing costs. So you know, for example, like that, you know the example I just gave for my business like before AI I can create x social posts for \$2,000 and with AI I can create 3 x social posts plus some performance optimization for \$3,000. So the revenue could go up for the agency, I as the client get even more value.

38:33

Casey Brown

There's ways to like play this such that it is a win and so the value, the client gets more value to savings and selective strategic use of AI lowers your cost and allows you to produce more and to price to increase profits.

38:46

Drew McLellan

Kasey, leave this slide up for just a second. I just want to remind all of you that even pre Covid were talking about this exact same thing, only it wasn't AI, it was freelancers and upwork and all of that. So We've always been threatened when it comes down to making the stuff that technical expertise. AI is just the latest of the threats. So this is. In some ways, this is not a new challenge for you. And all of you have been hungry to be seen as more of a strategic thinking partner to help clients build better relationships with their customers and their prospects. So you can sit at that C suite table. So this is no different than what we've been talking about for the last five years, is just a new player in the mix.

39:25

Casey Brown

That's all 100% to. To. To put an exclamation point behind that point. Drew, my starting point for putting the slides together for this webinar was dusting off some slides that I'd put together in Covid for companies that are experiencing a lot of disruption. Created a bunch of new stuff here and put a different spin on it. But the challenge that were facing five years ago feels a lot like this one. And it. Look, it's the, you know, the flavor's different, but it's still, how do I maintain relevance and value? And the customer's eye, even as, you know, these external forces are really creating a lot of pressure. So I think that's a really important reminder. I think we can use that reminder to mine some confidence. We got through that. We can get through this again.

40:09

Casey Brown

This isn't like, oh, my gosh, this guy's falling. AI is destroying my industry. No. There will be agencies who are better, who are more profitable, who are more valuable, who produce the better work than they were able to before this. This happened. And the key is to be in that list. Be in that list. Grab. Grab a hold of it. Grab hold. Because this is opportunity. It is challenge and challenges. Opportunity. And all the millionaires and billionaires in the world are made during the tough times, not there, during the easy times. Okay, a few other defensive structural ideas for the emergency pricing playbook. If you're feeling like that sky is falling in on you, I would say if. If you do get more price pressure now, how can you present options instead of dropping price?

40:53

Casey Brown

One of the other questions that I didn't show the results for from the poll was, you know, what do you do when you get price pressure? And about a quarter of you are saying, I'm presenting other options or I'm changing scope. When I'm getting price pressure, I'd like to see that number grow. As you get more price pressure, how can you present, you know, sort of, you know, gold, silver, bronze kind of thing? Like, how can you use Packages to offer some lower priced options while still presenting the higher touch, high value options that many of your customers still want and need.

41:23

Casey Brown

If you are that person who said, I've lost every deal in the last three months because of pricing and you feel totally backed against the wall and all this confidence that Drew and I are trying to inspire just doesn't hit, I would say that if you feel truly backed against the wall, some hourly pricing might be something to look at. I

don't love selling time. I think that fixed fee is a generally a much better way to go. But for customers who are maybe terrified that they're overpaying you because you're using AI to gain efficiency, that if you have an hourly model with them, that might be a way to help them understand that you're sharing that efficiency with them, I don't love it. So it's a last resort defensive strategy. And then, oh, whoops, that's the visual for that.

42:10

Casey Brown

And then the, the other one is to explore new revenue streams. Drew, hit on this a little bit like AI tool training, implementation consulting. AI strategy is a standalone service performance optimization using AI insights. Now, admittedly this last one is on the offensive, but it fit on the slide. So I used it. But what else is possible? What new things exist in the world that you could be leading your clients? You are already their trusted advisor. They are already your, your, they're already in your category of fans. So how do you lead those people that are, they're worried they're disrupted, they're, they don't want to throw their money away?

42:48

Casey Brown

You can have a really big role to play in furthering their trust and generating a lot more value by being a fan thought leader and not just waiting for AI to come and take your business. So that's the first of the offensive positionings is the new revenue streams. The other is really about messaging and positioning. I think this is an opportunity to position for strength and how you can use AI to your advantage. You know, 50% of getting pricing right is the number itself, and 50% is how you make people feel about it. I can I confess as an entirely made up statistic, but I'm a consultant, so I'm allowed to make up numbers.

43:26

Drew McLellan

But it's ballpark, right?

43:28

Casey Brown

Yeah, yeah, it feels right. It feels right. What I would say is that it's the context we create that gives number meaning. In other words, if I said to you, is 500 a lot of money? Well, it's a lot of money for, you know, a pack of gum. It's, it's bargain of a lifetime for a brand new car. So a naked number means nothing. It's only the context that we create around it. And so the question I would ask you as you're facing this kind of AI world is how can you turn AI into an advantage for you and for your clients and message and position accordingly? So this is, you know, means like rewriting service descriptions using the AI + human framework, the HA framework, the human AI, human use value based lesson language. In all your proposals, you're already doing this.

44:10

Casey Brown

I mean you are messaging experts. Sometimes though, I think our own story is the hardest one to tell. So sometimes it's really easy to help other people with their message messaging, harder to figure out our own positioning. But it's worth thinking about how we shift messaging for how our services can meet the pressing short term needs of our clients. You know, I mentioned we've been talking a lot about AI, but I mentioned at the outset of this isn't all just about AI. There's, there's a lot of client companies, particularly in the manufacturing and industrial and distribution sector that are being really hit hard by tariffs and that's really doing a number on their margins. And sometimes when margins get thin, marketing spend can be one of the first discretionary cuts.

44:50

Casey Brown

And so how do you create urgency around the spend such that they see that not only is this not discretionary, that it's absolutely essential for them to win more business, to keep the customers they have to replace lost customers that they've churned over this period of economic uncertainty. So they're looking to conserve cash. You can understand that, you can operate in that process, but how do you distinguish and sharpen the need that your services are more important than ever and emphasizing all the ways that your work is essential to the customers, holding onto their, to their customers and revenue, finding ways to replace lost revenue and add new. So you want to prepare for objections. What are the things you are going to hear?

45:33

Casey Brown

I am a big fan of sitting down for an hour or so before well in advance of your client presentation, or when you're getting ready to share your proposal with them and say to yourself what is everything? I hope they don't say what is every question. I'm terrified they're going to ask me what is like the worst thing they could possibly say and then prepare responses for that. I think it's really important to know what we're going to say and we can clarify the unique value that can only be brought by humans. And these are some of the kind of ones I was sort of citing before.

46:06

Casey Brown

How do you help them understand that the creativity and the innovation and novel thought that is unique to this industry is impossible by a machine that only knows to mimic by recycling the stuff it already found out there. Highlighting the critical role of relationship building and collaboration as a competitive advantage. Share how AI amplifies your output, making you faster. It can position you as position AI as your competitive advantage. Not a threat. You know, if you can iterate faster, you've got more time to focus on strategy. If you can iterate faster, they get more choices. If you can iterate faster, speed to market for this new campaign or this new website or this new video is faster. So there's also, you know, the better data analysis, clear ROI demonstration. How do we message for this makes us a better partner to you.

47:00

Casey Brown

This does not erode our value. It amplifies it. It does not. It does not weaken our story, it enhances it. Besides the value of your offering and the messaging that you wrap around it, I think that this is also, and this came very directly from the presentation that I made in Covid because I think this is very true right now. I think we have to think a lot about how we sell and how we engage with customers at this time. So this is a chance to extend some empathy, especially if your customers, businesses are challenged, if they're seeing an erosion of demand, if they're seeing softening, if they're seeing tight margins. It's a chance to extend some empathy. We know that you are facing this and you want to spend the dollars that you have as carefully and responsibly as possible. I hear you.

47:48

Casey Brown

We always want to think about how to remove friction from the buying process. So how do we make ourselves the easiest to buy from, the easiest to justify the buy, the easiest to implement? How can you save them two hours? Extremely valuable. How can you save them time, effort, hassle, headache? There is a way to be the preferred agency by not just the quality of the work that we do, but how easy is it for them to do it? How seamless? How good is the communication? This is kind of back to that thing about Drew said about customers being blindsided by unhappy cat clients canceling. We should not be blindsided if our clients are unhappy. We've got to be super duper focused on that customer experience.

48:30

Casey Brown

You know, so many things that go into value that extend beyond the price tag and Your worth to your customers is not just about the service you sell, but all the things you wrap around that demonstrates or, sorry, that determines that customer experience. So this is a time to be laser focused on excellent service and excellent communication. You know, and I know there's never a time that you can not focus on that. But, but if there's ever a time to double down, this is it. Something I want you to keep in mind, not just during this webinar, but as you go about your day and your week and your month. Is that, and this is true, by the way. Now, during this AI thing. It's true five years ago during COVID It's true during recession. It's true during times of great economic plenty.

49:14

Casey Brown

There's no such thing as a perfect approach. There's no such thing as perfect pricing. There's no silver bullet. There's no way out. There's not some super secret pricing nugget that I or Drew or anybody can give you that's going through a tough time right now and turn that magically into a perfect situation. And if I had that, by the way, I would be living on my own private island in the Pacific. I, I don't have it. I don't think anybody does. It's not going to be an easy fix. But you already know that as leaders of companies who have lived through a lot of ups and downs before, and I believe you're capable of the strategy, refinement and the leadership required to mobilize and execute to help your businesses thrive beyond this crisis.

49:53

Casey Brown

I have just a couple more things to add and then we'll move to some questions. We are together so AMI and Boost. We are partnering to offer a 10 week interactive program specifically for the AMI community. Non members get 10% off to standard pricing and members get an extra 30% off and above and beyond that. And most clients see a payback on their investment in a single deal. It's just an hour a week for 10 weeks. Just an hour a week because I know you're all Busy. We have one coming up starting October 14th on Tuesdays every other week and one starting on Thursday the 23rd at noon Eastern every other week. You can find the information and Register there@boostpricing.com I have two members of my team on this call today.

50:39

Casey Brown

Alex Hayes, who is my business partner and president and our coach for this program is Pam Rodifer and she is phenomenal at weaving together the expertise that we as a company have with pricing with an industry and the challenges and Opportunities and customers and products and services and competitive landscape and an external force like AI and putting that all together in a way that helps people recoup their investment very quickly. So if you want some more help with pricing, we'd love to have you in that program. And then the last thing I will say, I will leave you with this. You've heard a lot of discussion that, about some confidence and I think you know as juice. Drew's piped up a couple times during my talk and his opening comments and some things I've said. This isn't, this isn't time to panic.

51:25

Casey Brown

It's, it's a time for optimism. It's a time for opportunity. It's a time for seizing the day. There's a really interesting research that came out of Forbes about 10 years ago that bravery is a skill. It can be learned with practice. So it's normal to feel fear. It's reasonable to feel afraid about everything that's changing around us. It's just a terrible reason to not make more money. So remember that premium pricing attracts premium clients and confidence as a practice, not a feeling. And with that, I will turn it back over to Drew.

51:56

Drew McLellan

All right, thanks Casey. All right, the chat is open. If you have questions, pipe away. Casey, I don't know how tight your time is. I know you have to get to the airport, but I can stick around for a little longer than I'm also top of the hour, so ask us questions. You can also unmute and ask us a question if you want to do it that way. And we're here to answer any question you might have around packaging, pricing, what clients are saying, any of that. So hang on, I'm, I'll watch the chat. So can you tell me a little more about the program? What will owners walk away with?

52:35

Drew McLellan

Casey?

52:36

Casey Brown

Sure. So it's a 10 week program. In the, during the course of that we pull back the curtain on the tactics that customers use and then arm you with the methods, messaging tools and confidence to win more deals at higher prices. It's a lot about self limiting beliefs and blind spots that we sometimes have. But there's also a lot of opportunity for live coaching. So you're bringing your selling situation into the session. So you know this price objection I heard yesterday or this proposal I'm preparing for tomorrow, those are the raw materials for the discussion. So this isn't just training and you listen. It's very crowdsourced and co created. So if there's, and we keep the groups really small so say there's 10 folks on there, all those folks from inside this community.

53:18

Casey Brown

You can be collaborating and learning from each other, sharing wins and hearing what other people are doing that are successful. Also, our coach is able to kind of unpack where you might be struggling. You can learn from each other's progress as well.

53:33

Drew McLellan

Okay. Sharon asked, would love to hear more about the selling AI beta test. So what a lot of agencies are doing is they are creating programs or they are creating new ways of doing things. And they're saying to their clients, hey, we want to test this new analytics reporting, or we want to do this, and here's what we think we're going to get from it. Would you be willing to do a beta test with us for three months? And here's what you get out of it. You get, if it works, it's going to be great. You're going to get all this insight and whatever. We're going to do it for you at a fraction of what we would normally charge for it. If you're one of our beta testers, we'll honor that price for a period of time.

54:11

Drew McLellan

So again, it's not doing it for free. It's not doing it for nonprofit, but it is getting them. You need, when you're experimenting with AI, you need case studies, you need proof points. And so it's getting clients to lean in and partner with you on some of those. It's a new, it's a new revenue stream for you. It's a new way for clients to spend money. So a lot of agencies are having.

54:34

Drew McLellan

Great luck with that.

54:34

Drew McLellan

Clients are. We used to think that we had to have all the answers and that we kind of went behind the curtain and did all the things and we'd come out and ta da to clients. And agencies now realize that with the way technology is changing and all of that, clients expect us actually like us to be experimenting with new things and.

54:52

Drew McLellan

They like to participate in that.

54:54

Drew McLellan

So it's an opportunity for them to pay to participate and be kind of on the cutting edge of something they want to be on the cutting edge of.

55:03

Drew McLellan

All right, we've got more questions. Hang on.

55:05

Drew McLellan

Are agencies using AI to benchmark pricing for specific services? If so, are they finding it accurate?

55:12

Drew McLellan

No.

55:13

Drew McLellan

First of all, it wouldn't be accurate because as Casey pointed out, everything. So for many years, people have asked.

55:20

Drew McLellan

Us to do like a pricing guide.

55:22

Drew McLellan

And before the FTC told us that.

55:24

Drew McLellan

That was actually price collusion, we started it.

55:27

Drew McLellan

And what I found is I could say to you guys, hey, how much do you charge for a 10 page website? And I would get everything from \$500 to \$500,000. Agencies are so different. Your clients are so different. There is no such thing as a standard price guide for the work we do. I wish there was, but given that there's no standard for the price guide, AI is going to have no idea what normal is or what average is because it's just going to take the.

55:55

Drew McLellan

Data that it gets. So, no, I would not count on AI to help you set pricing. Hang on, I see more questions. Sorry, it's scrolling faster than I can.

56:07

Drew McLellan

Adding 1.3 to 1.5 to your estimate for retainer hours, are you then giving your team. No, no, you're not giving your team the extra time because here's the deal. They, they got it wrong to begin with. It is already going to take them 1.5 times. So no, you're not adding that to their. You're baking that in as profit because what you haven't taken into account is that.

56:30

Drew McLellan

So, no, do not give them the.

56:32

Drew McLellan

Extra time because you're so. Parkinson's law says that any task we're.

56:35

Drew McLellan

Given will grow to fill the amount of time we have to do it.

56:38

Drew McLellan

So do not give them more time.

56:39

Drew McLellan

To get it done. In fact, if anything, give them less.

56:41

Drew McLellan

Time because I, you know, honest to God, they'll get it done in less.

56:46

Drew McLellan

Time if they have a tight answer. Right? Yeah. Yeah.

56:50

Drew McLellan

All right, more questions for us.

56:53

Josh

I just had one real quick question.

56:55

Drew McLellan
Sure.

56:55

Josh
If taking into the 1.3, 1.5 ratio, where does AGI play in that?

57:01

Drew McLellan
Right.

57:01

Josh
Like, if you're looking at a number that you're trying to grow and your threshold is, well, I gotta drop this to get the job, but it's a \$30,000 job that puts my AGI over for the year.

57:12

Drew McLellan
Well, hopefully you're not dropping it to get the job. That's I think, the point.

57:15

Drew McLellan
But understand that if I'm.

57:17

Drew McLellan
Taking, let's say it's 10 hours and.

57:19

Drew McLellan
I'm multiplying it by my blended rate of 175. That 175 should already have 20% profit built into it.

57:26

Drew McLellan
Right.

57:26

Drew McLellan
My, my overhead burden and expense burden should be no more than 140 bucks because I've built in that profit. So now I'm saying I get this wrong every time I have too few hours. So I'm going to buy myself, I'm going to hedge, I'm going to fix.

57:44

Drew McLellan
My math error basically by doing the 1.3 or 1.5.

57:48

Drew McLellan
But it's not about giving you room.

57:51

Drew McLellan
To drop the price.

57:52

Drew McLellan
That's just getting you closer to what.

57:53

Drew McLellan

It's actually going to take to do the work.

57:57

Drew McLellan

Making your math less bad, basically. Yes. Casey, please.

58:00

Casey Brown

I just want to add on, because I think the very first thing you said, Drew, is the most important part of that, which is, why are we dropping price to win the work? Now, what I would say to that is, it is. It is. We all believe it because we all saw the demand curve once upon a time in an econ textbook, that if we raise the price, we'll lose volume, and if we lower the price, we'll win volume. But every person on this call has experience knowing that you have won more business when you've been the most expensive. Some of the time there was a cheaper option out there and you still got chosen. So this, like, this thing we all know is wrong. Which is the best way to win more work is to drop pricing.

58:33

Casey Brown

And I would argue that it is exactly opposite, especially in knowledge work, which is so rooted in deep expertise. And sometimes the best way to win more work is to raise your prices. So. So I would say, like, if you have to absolutely have to price, concede to win work. And as long as that's still profitable for you, fine, do it. But I challenge the premise that it's even necessary in the first place, which is the first thing Drew said. And I agree wholeheartedly.

58:58

Josh

I agree. So then the. The idea of AGI is irrelevant.

59:02

Drew McLellan

Really?

59:02

Drew McLellan

No, no. AGI is the. I don't. I. I'm not understanding what you're saying. AGI is the money that. So you have gross billings minus your cost of goods. AGI is the money you have to spend on people, overhead and profit. Why in the world would that be irrelevant?

59:19

Josh

Well, if our goal at the end of the year, for. For me specifically, I look out to. To generate as much AGI for the company as possible. And if we've got a job on.

59:28

Drew McLellan

Hang on, hang on. Define AGI, because I think maybe we're.

59:31

Drew McLellan

Not using the same term, annual gross income.

59:36

Drew McLellan

So you're talking about profit.

59:37

Pricing in turbulent times with Casey Brown and Drew McLellan

Drew McLellan
Yeah.

59:38

Drew McLellan
Yeah.

59:39

Drew McLellan
No.

59:39

Drew McLellan
AGI is adjusted gross income. It's gross billings minus cost of goods is AGI. 20% of that. AGI is EBITDA. So it's profit before taxes. So, okay, so your goal is to create as much profit as possible.

59:54

Drew McLellan
Now, I'm tracking your question. Keep going.

59:57

Josh
So if. If there's a job on the table that says, well, we'll pay you 30 grand. That pushes our AGI over what our projected goals are for the year.

01:00:05

Drew McLellan
We're all happy.

01:00:05

Josh
We make a ton of money for the year. The agency does good. But we had to come down 5,000 bucks to get the job. Like, where's that threshold?

01:00:12

Casey Brown
If you had.

01:00:14

Drew McLellan
But, but the problem is that the \$30,000, if it costs you \$40,000 of people time and overhead to get the work done, that's. So we as agency owners often confuse cash flow, which is money in the door, with profit, which is money.

01:00:30

Drew McLellan
Left on the table.

01:00:32

Drew McLellan
Those are very different things. So if you have to capitulate on price and your pricing already is flawed so that you. So let's say you've agreed, you put a project price in front of a client for \$30,000, odds are it's going to take you a minimum of \$35,000 if you're a typical agency to get it done and you're squeezing people to get it done faster.

01:00:53

Drew McLellan
To get more profit. Right.

01:00:55

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Drew McLellan

So if you capitulate to 25, you're literally paying for the privilege of doing that work. Are you getting \$25,000 in? Yes. But \$30,000 is going out in overhead and payroll. Right. That's, that's the problem. So that's why, that's why we push on. Thinking about our version of AGI adjusted gross income, how much money do I have to run the business? 55% of that money should be spent on people. 25% should be spent on overhead, and 20% should be profit. If I can hold my overhead to less than 25, great, I can pay more of my people. But where I shouldn't steal it from is profit. That's, that's the financial metric I want.

01:01:34

Drew McLellan

You guys to track.

01:01:35

Josh

I see, Right.

01:01:37

Drew McLellan

That help?

01:01:38

Josh

Yeah. Yeah.

01:01:39

Drew McLellan

Okay.

01:01:40

Josh

Thank you.

01:01:40

Drew McLellan

Hang on, let me scroll back up.

01:01:43

Casey Brown

And drew while you're scrolling.

01:01:44

Sharon's iPad (2)

I just wanted to weigh in a little bit. I know the cohort that you guys mentioned. So just so everybody hears this, and.

01:01:50

Casey Brown

I was not asked to say this.

01:01:52

Sharon's iPad (2)

I met Casey a couple years ago when I was at Baba and loved her so much. When she spoke, I was so ridiculously blown away by this new perspective. I hunted her down, cornered her, said, we need to connect. I believe it was Doug who did it in person at my agency here in Jersey.

01:02:09

Drew McLellan

Phenomenal.

01:02:09

Sharon's iPad (2)

Because the biggest challenge with this is this value minded perspective and mentality. We're so busy doing, you know, cranking out the work and wanting to get it all Done. And please the clients. And sometimes that's personal. You don't want to charge more to your clients. You've known them forever. So it's changing that shift. And you know this cohort, I'm going to look to do it. I just highly recommend, as you said, Casey, it'll pay for itself. But you were phenomenal, Casey. And I just wanted to say that.

01:02:35

Casey Brown

Well, thank you very much. And I didn't tell her, say that. I will tell you. Anybody on the call who has a team of folks that need this, a larger team than maybe one or two or three people. We have some team programs. So you can reach out to us and let us know if there's any way we can help you. We love to help companies command the prices they deserve. Thank you, Sharon.

01:02:50

Drew McLellan

Yeah, sure.

01:02:51

Drew McLellan

Yeah, Sharon, I felt the same way when I heard Casey speak for the first time. The other thing I want to say is understand that we're not a volume business. That, that should not be your goal unless you do. Unless you're. For example, we have some agencies that have 300 clients because all they do is PPC for them. And that's a, that's one agency model. But for most of your model is not a volume model. It's about. I want to have. The ideal scenario for an agency is 20 clients. Each of them are 5% of their.

01:03:21

Drew McLellan

AGI, which, by the way, no agency has exactly that. But.

01:03:24

Drew McLellan

And that you're getting more and more value out of those 20, because all of you know that every client takes a certain amount of time, attention, and energy. And if you can't monetize that, it's harder and harder to be profitable. So this is not, for most of us, this is not a volume game. This is about finding the right clients who really value what we do and getting them to pay what we're worth. That's really what we're talking about.

01:03:50

Drew McLellan

All right.

01:03:50

Drew McLellan

What other questions do you have for Casey and myself?

01:03:56

Josh

I just have one comment. One more comment for Casey. I was curious. You mentioned something, Casey, that you still have the same amount of money that you would put into the video production today, except you would challenge them to bring AI to the table and expect 10x out of it. Well, 2 to 10x. You didn't set the actual thing.

01:04:12

Casey Brown

Yeah, I don't know. I don't know what's possible.

01:04:14

Josh

And in the case of the agency's response to you, isn't the 10x return worth 2x at least cost?

01:04:24

Pricing in turbulent times with Casey Brown and Drew McLellan

Casey Brown
Well, for sure.

01:04:24

Josh
If they charge you double what you're paying today?

01:04:28

Casey Brown
Well, in a vacuum, yes. In a, in a competitive landscape, if somebody else, like. So I, I don't know what X is. You know, 2x10x is possible. I don't know what the price tag, that is the right one to go with it. You're making the point that higher value should merit higher pricing, which I 100% agree with. What I would say is as tools like this democratize lower cost across an industry, it's going to be very hard to justify that's actually higher value because the other folks in the industry are going to be using those tools. And so I think it's going to reset expectations about what you get for what kind of money. So as a general rule, does more value equal more money? Yes. I just think what more value looks like in the AI world is different.

01:05:12

Josh
Very different. Yeah.

01:05:14

Drew McLellan
Yeah.

01:05:15

Casey Brown
That's a great question though. Loved it.

01:05:17

Drew McLellan
But, but I do think, Casey, in this example now, rather than them spending 80% of their time on the production, they can spend 40% of their time on the production agency can actually make more money. So this is the way we have.

01:05:29

Drew McLellan
To start thinking about it. Right.

01:05:31

Drew McLellan
Is, is what is the value we bring and how do we scrape more profit and margin out of that and still honor the client's expectation of more when more doesn't cost us anything more. So I, I've been in the business long enough. I could, I can remember when I, when we didn't create mock ups or spec work on computers, we had to send it out for type and all of that kind of crap. And the clients had to pay for that. Well, you know what? We didn't in the beginning, a lot of agencies charged them for PDFs. I can remember agencies making great money charging clients for PDFs and type when it was coming off their computer. But pretty soon clients were like, I don't think so. So we had to come up with a new way to make money.

01:06:14

Drew McLellan
And this is exactly the same thing. We're going to have to find new.

01:06:17

Drew McLellan
Ways to make money. That's it.

01:06:20

Casey Brown
Yeah.

01:06:21

Drew McLellan

What other questions do you guys have for us? All right, so let me just tell you. Well, and you can still ask a question afterwards. In the next couple days we will email you a link that'll have the decks that Casey and I shared this video, a link to the course, the transcript of this video. So you'll have all the things, just.

01:06:44

Drew McLellan

Give us a day or so to get it all produced. And done. And get it out there for you. Okay.

01:06:48

Drew McLellan

All right. What questions? Any more questions for us?

01:06:53

Josh

I have one more if no one else can ask.

01:06:55

Drew McLellan

Sure, Bring it, Josh.

01:06:56

Josh

All right. So Casey, you mentioned you had your red, which was the sun, and your green, which was the shade, I believe. And I saw on the red that there were content and blogs and social media posts and etc. Etc. Video editing, light video editing, stuff like that. And I totally agree. That's where it should be. Problem is that in your green was brand integrity or branding. Now, how do you make sure that the crap that the client wants to put out cheaply in the red column.

01:07:24

Casey Brown

Is following brand protocol with respect, that is you guys expertise, not mine. So in other words, like, they, you have to help them see that this does not tell their story. There's less a pricing concern and more of a like help. Like, and by the way, you know this and I know this, not all clients value their own brand the same way. Some are okay sending out okay content, not everybody is, but some are. And let's. This is again back to sort of segmentation. And the more we pull these folks apart and say, like, what do you actually value and what's really critical to you? And if a sterling brand representation is critical to you, this is not going to work.

01:08:09

Casey Brown

But if, but if you are okay with, like, this is 80% good and 80% representative and we can move fast, that's going to be great for some of your clients. And I think we got to understand what they really value.

01:08:21

Drew McLellan

Josh. I think part of that is our job of helping clients understand the value of brand and brand integrity, number one. And number two, it's sort of like helping them decide. You know, there are some nights when ordering something, you know, pizza from Domino's is a fine dinner plan. Thanksgiving, that is not a fine dinner plan. So helping them sort of look at the landscape of meals and go, okay, well, for this kind of a meal, I'm okay with letting ChatGPT, right? Most of the content we go in, we do a little light editing, and out it goes. But for our annual report, heck no. That's got to be crafted language because going in front of the board or whatever.

01:08:58

Drew McLellan

So I also think part of what we bring to the clients is helping them know when AI is an appropriate substitute for human intelligence and effort and when AI is going to embarrass them or make them look like everybody else. And the danger of that, I think all agencies at the core part of.

01:09:19

Drew McLellan

Our job is to be educators, helping.

01:09:20

Drew McLellan

Clients understand really, the nuance of marketing and brand and all of that, because.

01:09:25

Drew McLellan

Let'S face it, most of our clients.

01:09:26

Drew McLellan

Don'T really get that to the depth.

01:09:28

Drew McLellan

And level that we do.

01:09:29

Drew McLellan

So I think it's an opportunity, again, for you to level up and be more. More of that strategic partner and selling them something and helping them actually say, you know what, you're right for this blog post. It's probably.

01:09:40

Drew McLellan

Probably fine.

01:09:42

Drew McLellan

Right? But for here, I don't think we.

01:09:44

Drew McLellan

Want to do that.

01:09:44

Drew McLellan

So I think it's about. I think it's about nuance and context.

01:09:48

Casey Brown

Yeah. Yeah. I don't mind if there's a. There's a typo and a caption in a video of 100 that I. That I publish. I don't like it, but it does. It. It's not catastrophic to me, but if there's. If there's something like that in our core marketing material on our website, I blow a gasket. So, yeah.

01:10:04

Josh

What if somebody produced a reel for you for social media that went viral that.

01:10:08

Casey Brown

That had a typo in it?

01:10:10

Josh

Follow your brand at all?

01:10:11

Casey Brown

Oh, I wouldn't put anything out that doesn't follow my brand at all.

01:10:14

Drew McLellan

You wouldn't.

01:10:15

Josh

You're smart enough.

01:10:16

Casey Brown

Well, yeah, that. But I'm educated. I have a brand partner that does a great job.

01:10:21

Drew McLellan

But, but, Josh, that's. Our job is to make sure our clients are smart enough or honestly, they're probably in general going to be a crappy client. Because if we. If we have to help a client understand the basics like that, after we've already educated them, talk to them, and they're still like, I don't really care. I can save \$500 and I'll put that out there, then that's a battle we are never going to win. I think one of the most. I think one of the most powerful things in the world is to say to a client, I'm sorry, I just don't think we're the right fit for you. I don't think we are. I don't think our vision and values align. And I'm happy to introduce you to a freelancer who can. You would say this nicer than I'm about to.

01:10:58

Drew McLellan

Who can crap that stuff out for you in a hurry. But you know what? That's not. That's not what we do.

01:11:04

Drew McLellan

We.

01:11:05

Drew McLellan

We protect our clients brand integrity because it's so important. And let me tell you one more time why I think it's so important. And then if they don't buy that.

01:11:12

Drew McLellan

Then you know what?

01:11:13

Drew McLellan

They're going to be a horrible client.

01:11:14

Casey Brown

In general, we can't customer value something they don't value. We can help them understand and we can help them see something they don't see. But once they see it, if they don't value it, we can't make that happen. And we're wasting a lot of calories in organizations trying to convince them of that. And we could put those calories to customers that are a better fit for us and make boatloads of money.

01:11:36

Drew McLellan

Another question, Casey. What's the best way to communicate pricing to account service members in my agency who are concerned with providing the most value to their clients based on the existing budget?

01:11:45

Drew McLellan

I haven't thought about this too.

01:11:47

Drew McLellan

Fear of some clients being too profitable or value billing too much. Within my organization, not every client, but on. So in other words, the employees are more dedicated to the client than they are the agency.

01:11:58

Casey Brown

Yeah. Well, there's. This is very common. And I say, I would say it's even more common in creative spaces because nobody gets into creative work because they're like, you know what? This is the best way I can think of to make the most money possible as fast as possible. They get into the creative space because they have that's on their heart to do it. They love the work, they love the creative, they love the craft. And, and then the selling part is the sort of necessary evil part of it. And I have a whole series and I will send them to you drew blogs and videos that I wrote for this industry specifically for people that feel guilty if they're asking for too much money from the client. And I would just say that, like that mindset, I understand where it comes from.

01:12:35

Casey Brown

It comes from a humility and a dedication of the craft and a deep connection to customer service. But it's actually robbing your organizations of the resources that you need to grow, to innovate, to add new lines of business to pay yourselves and your people better. Like our ability to be the best partner to that customer tomorrow requires us to ask for enough money today.

01:12:55

Drew McLellan

Yeah.

01:12:56

Drew McLellan

So I will apologetic about it for sure. So we'll include whatever Casey sends me. We'll include that on the links with the downloads. But I will also tell you that it's because your employees do not connect their compensation, their salary, their bonuses and things like that to profitability of the business and to hitting your AGI goals. So we have a bonus program that will completely change the way they think about it. I'll include a link to a very long document that describes how to work that. And happy to talk to you about.

01:13:24

Drew McLellan

It offline as well. So I'll include that in the. In the downloads.

01:13:29

Drew McLellan

Other questions for us.

01:13:33

Casey Brown

While we wait for another question to pour in. I'll just say, Pam, sitting here on this call, and I see her writing so many notes, so she's ready to really tailor a cohort program very specifically to this group and their challenges and the questions you're asking. So thanks, Pam, for being on. It's not generic.

01:13:51

Drew McLellan

All right, last. Last shot at asking us questions. Otherwise, we're going to let Casey go so she can get on her plane. All right, thank you guys very much. If you think of a question later on, feel free to shoot me an email and I'll pass it on to Casey and we'll get you more information about this cohort. But hopefully this has been helpful. If nothing else, hopefully it's reminded you that the work that you do matters and has value and you should not.

01:14:16

Drew McLellan

Give it away for free. It's. It's.

01:14:18

Drew McLellan

I know. I know it's harder right now. I have no doubt about it. We're struggling when. When your clients struggle, you guys struggle. We feel the pain of it. I totally get it. I. I feel it every day. I'm right there with you. But the reality is, what we do matters, and we have to keep remembering that and holding ourselves accountable to getting paid what is what we're worth, because otherwise, we can't pay our people, we can't pay our mortgage, and, you know.

01:14:46

Drew McLellan

We might as well dig ditches.

01:14:47

Drew McLellan

So hold. Hold tight to your pricing. Take the cohort. I think you're going to love the content, and we will get you this replay very soon. Casey and crew from Boost Pricing, thanks.

01:14:57

Drew McLellan

So much for being with us today.

01:14:58

Drew McLellan

Always grateful for your partnership and all the good smarts that you share with us.

01:15:02

Drew McLellan

Thank you.

01:15:03

Casey Brown

Delighted. Thank you. Thanks, everyone.

01:15:06

Drew McLellan

All right, guys, have a good rest of your day. Bye.