



# Value-Based Fees

## How to Charge What You're Worth

Presented By: James D. Nadeau  
September 16, 2022

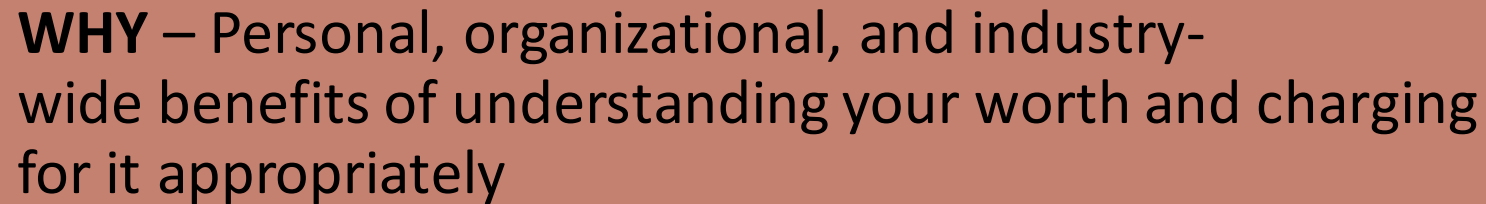
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# Course Topics

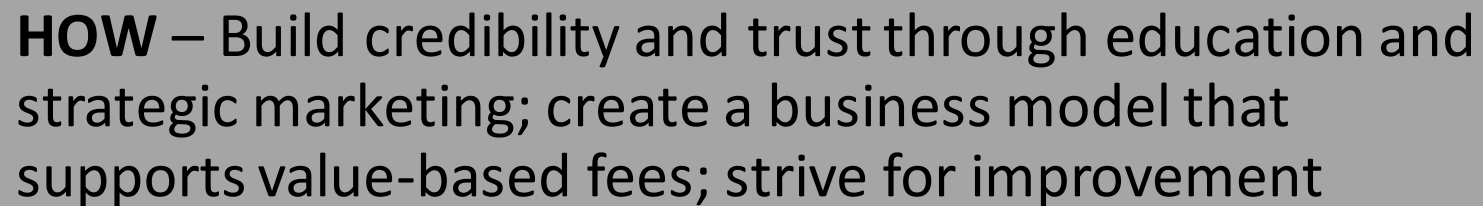
**WHAT** are value-based fees and how do they compare to hourly rates?

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**WHY** – Personal, organizational, and industry-wide benefits of understanding your worth and charging for it appropriately

A brown rounded rectangular box containing the text 'WHY – Personal, organizational, and industry-wide benefits of understanding your worth and charging for it appropriately'. A large, light-brown downward-pointing arrow is positioned to the right of the box, pointing towards the next box.

**HOW** – Build credibility and trust through education and strategic marketing; create a business model that supports value-based fees; strive for improvement

A gray rounded rectangular box containing the text 'HOW – Build credibility and trust through education and strategic marketing; create a business model that supports value-based fees; strive for improvement'. A large, light-gray downward-pointing arrow is positioned to the right of the box, pointing towards the bottom of the slide.



I've learned that people will  
forget what you said, people  
will forget what you did, but  
people will never forget how  
you made them feel.

~Maya Angelou

# Consultant Licensing Statistics

<b>Surveyors</b>	<b>NCEES</b>	<b>34,725</b>
Attorneys	ABA	1.1 Million
Real Estate Agents	ARELLO	3+ Million
Engineers	NCEES	512,958 (2022)
Architects	NCARB	116,242 (2019)



# Land Surveyor Licensing Statistics

NCEES, 2022

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Licensees Nationwide (In-state only):

- 2011: 45,581
- 2021: 34,725 (24% decrease)





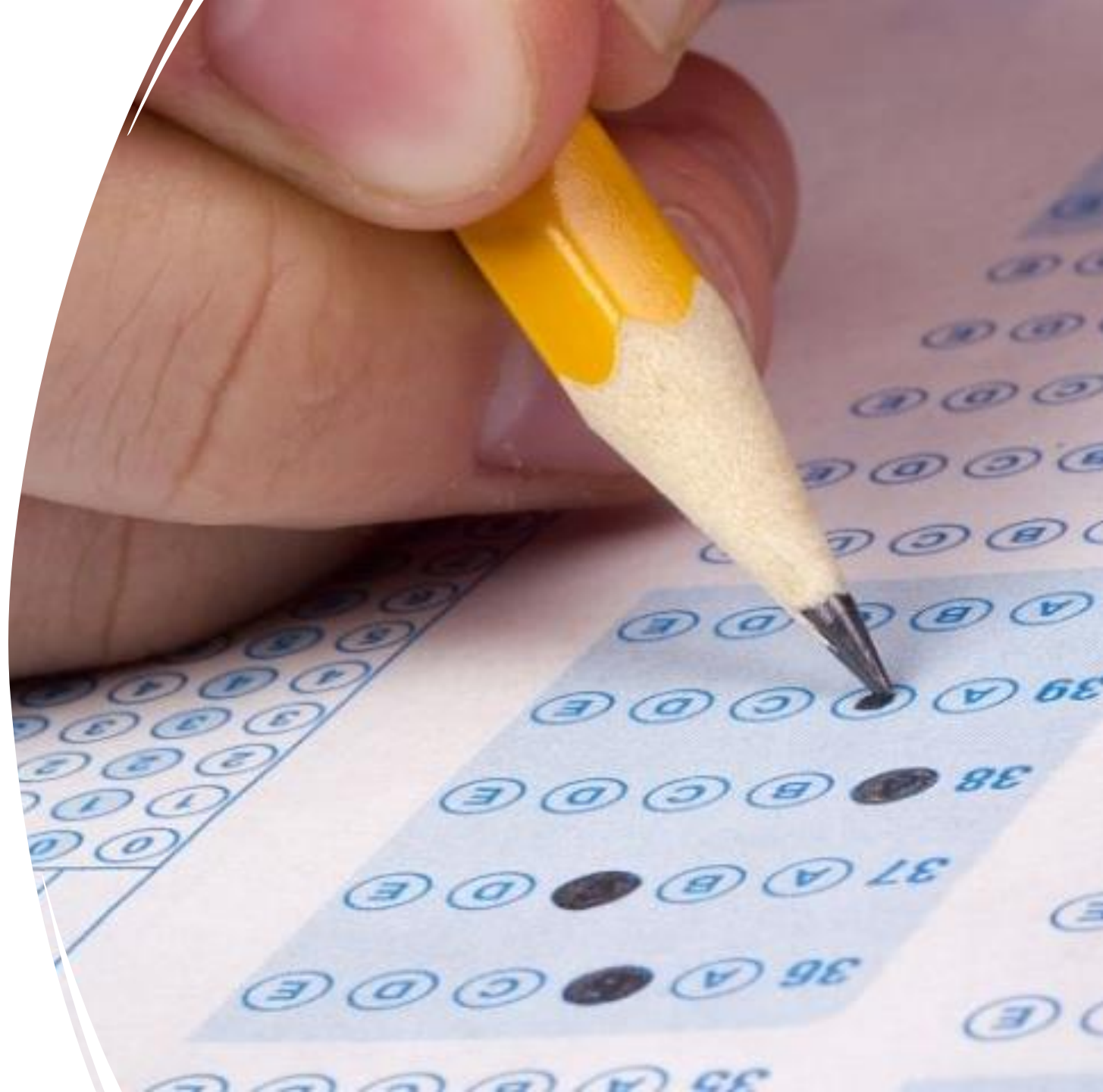
# Land Surveyor Examination Statistics

NCEES, 2022

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The National Council of Examiners for  
Engineering and Surveying

- FS Exam: Pass rate 56% (1st time), 44% (2nd time), 46% overall
- PS Exam: Pass rate 45% (1st time), 40% (2nd time), 45% overall



# Vermont Society of Land Surveyors Membership

VSLS, 2022

	2000	2010	2022
Full	157	113 (-28%)	76 (-52%)
Associate	22	19	19
Out of State	25	24	33

Excludes Sustaining/Life/Emeritus/Honorary/Student Memberships

NCEES, 2022

	Resident	Non-Resident
Vermont Licensees	128	97

# Our industry is really good at:

OVER-delivering

OVER-working

UNDER-charging

## The result:

Consumers have a poor perception of a surveyor's value as an expert and consultant in their field.

Fees for similar services range dramatically among different surveyors and in different regions.

The value of land surveying becomes diminished, and cheaper, quicker options become the status quo.



# The Solution...

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<b>CHANGE</b>	Change public perception through education and strategic marketing
<b>INCREASE</b>	Increase self-worth by exercising strong professional boundaries and choosing clients who value your expertise
<b>INTEGRATE</b>	Integrate Value-Based Fees into your business model to earn income that matches your worth as a professional consultant
<b>CREATE</b>	Create a work environment that reinforces your business model
<b>CULTIVATE</b>	Cultivate relationships that form broad referral networks and repeat clients

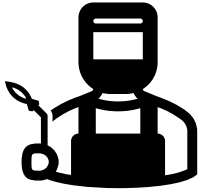


# Perception is the key to conveying value

How do you view yourself?

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- ☐ Land Surveyor
  - ☐ Business Owner
  - ☐ Service Provider
  - ☐ Consultant
  - ☐ Expert
  - ☐ Educator
  - ☐ Team Builder
  - ☐ Project Manager
  - ☐ Problem Solver

# What is an Expert?



Webster defines an EXPERT as a “person having, involving, or displaying special skill or knowledge derived from training or experience”



Black's Law Dictionary defines an EXPERT as "one who by reason of education or special experience has knowledge respecting a subject matter about which persons having no particular training are incapable of forming an accurate opinion"



So an expert is a person who has a comprehensive and authoritative knowledge of or skill in a particular area.



# Consultant or Service Provider?

## Consultant

- A person who provides expert advice professionally
  - Advise, Guide, Educate, Instruct
- Strategic problem solving to offer unique solutions to client
- Knowledge and application of best practices within a certain industry

## Service Provider

- A person or organization that provides specialized services rather than an actual product
- Narrow focus and customer base
- Often uses hourly rates

# Change public perception through education and strategic marketing

- Create the perception that you want others to have by sharing your expertise, your experience, and genuine desire to help
- Education can be:
  - **Direct** through a conversation with a prospective client, or during a seminar/event
  - **Passive** through printed or digital resources
- **Outcome-based, client-centered** marketing helps consumers understand the benefits of your services *without* a sales pitch



# Gaining trust and credibility through marketing

- Make the sale to yourself first...*what would prepare you to pay a higher cost than expected, for a service you know little about?*
- Informative website
  - This is often the first place people go to learn about an organization, let it make a good impression!
  - Use educational content to teach the public about the benefits of our services
  - Enhance credibility and professionalism with client testimonials and project examples
- Educational newsletters for diverse audiences (real estate and mortgage professionals, municipal CEOs, etc.)
- Offer educational instruction
- Attend industry vendor events
- Social media posts about relevant topics



# Creating and Conveying the Value of Your Service



Educate your  
client/prospective client



Build a relationship with emphasis on  
working as a team



Define the scope of services



Prepare a contract

# The Initial Consultation

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- Listen to their needs...do they *want* a survey or do they *need* a survey?
- Politely clarify and correct any misconceptions
- Temper urgency and emotion by setting expectations
- Explain how you can help - describe the process *and* the outcome
- Add value by listing multiple ways the service can benefit them
- Don't quote a fee before project objectives and value are discussed
- Create trust and loyalty by conveying your client privilege and confidentiality policies
- Build a relationship by offering to answer questions throughout, and invite them to review your findings when the project is complete



# The Service Proposal

- Further defines your worth and sets you apart from others
- Emphasizes exactly what is included and **NOT** included in your scope.
- Always focus on the value, not the fee
- Don't include an hourly rate table

*...more on hourly rates later!*





Prospective clients often try to reduce project time and cost by requesting lesser services...*don't let them!*

- You know what services are needed to complete the job properly, **educate them**.
- Inform them of the risk and liability involved if a complete and proper effort is not performed (municipal violations, title issues, disputes, etc.)
- If you agree to charge less, you are agreeing to do less – is it worth it?
- Explain what it means for services to be "qualified"
- You may not be able to change everyone's perception of value but there is always benefit in educating the public on what we do

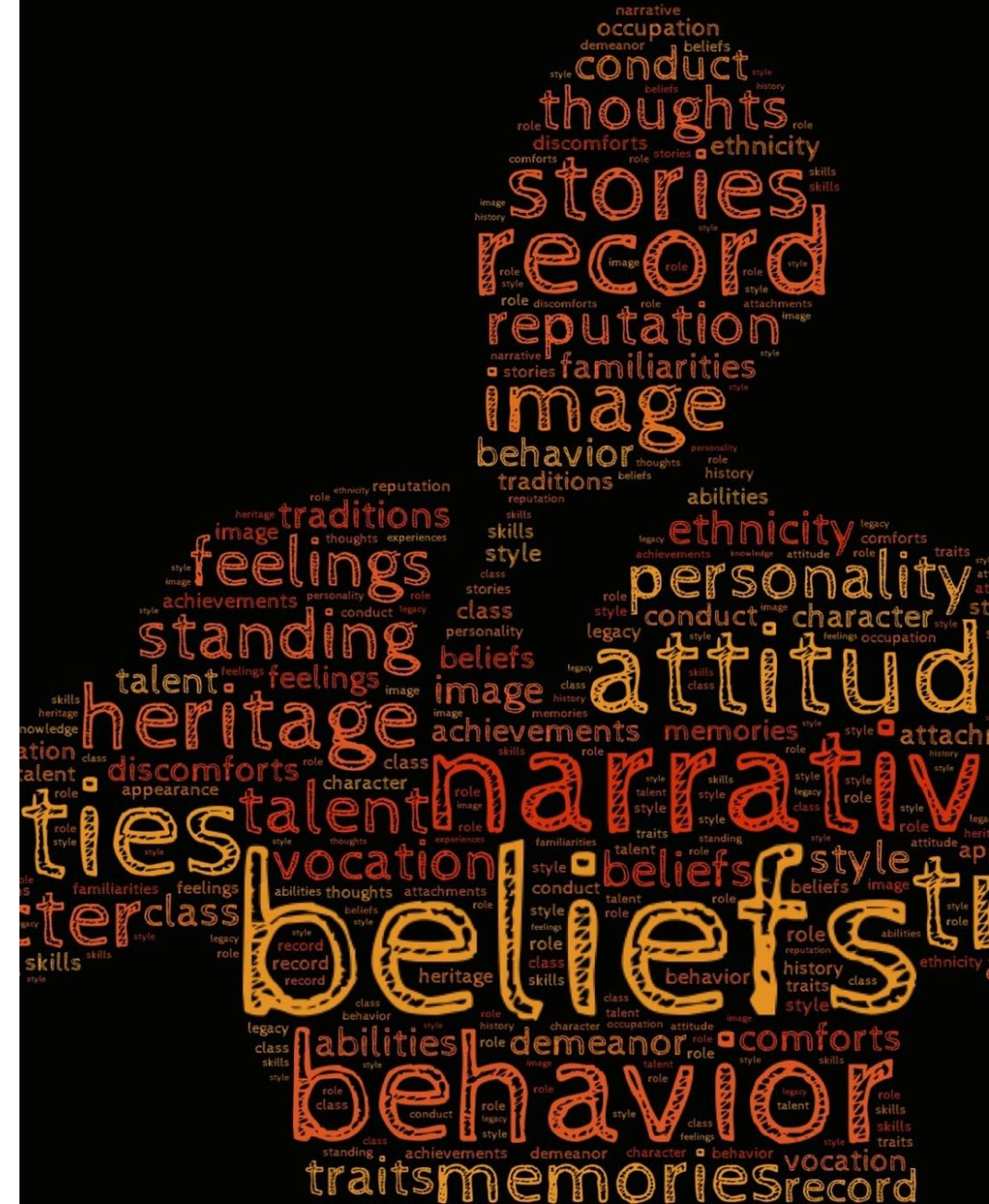


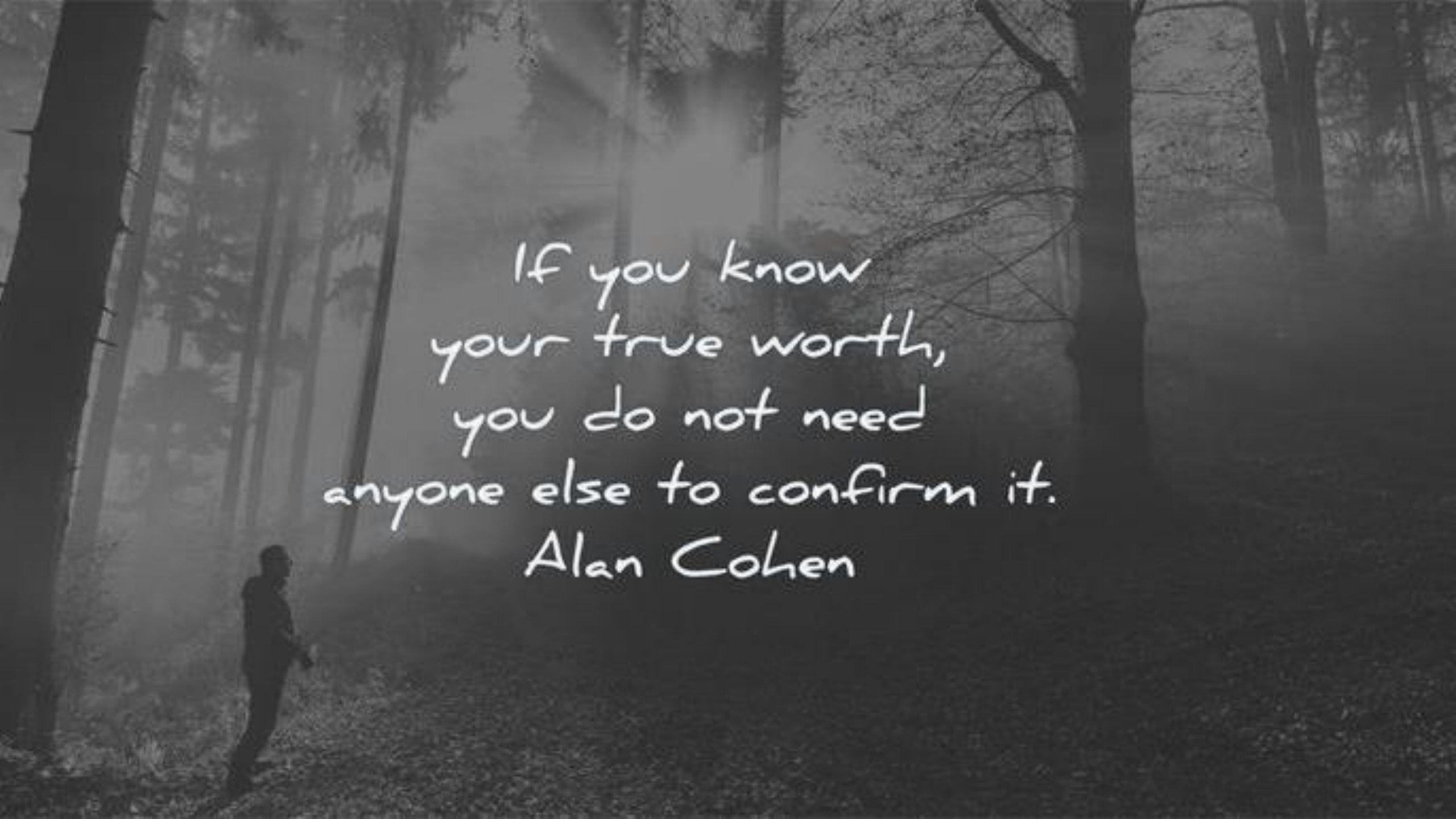
Image from [surveyorconnect.com](http://surveyorconnect.com)

Increase self-worth by exercising strong professional boundaries and choosing clients who value your expertise and experience

## Strong boundaries might look like:

- Not reducing your fees because the customer believes it should cost less
- Not building your scope of service around a client's budget
- Not squeezing in a new project to meet the demands of a customer when your work schedule is already tight
- Not comparing yourself to others in the field
- Always having a formal contract in place to define the scope of service and protect your liability.
- Others examples?



A black and white photograph of a person walking away from the camera on a path through a dense forest. The trees are tall and thin, and the air is thick with mist or fog, creating a somber and contemplative atmosphere. The person is a small silhouette in the lower left foreground.

If you know  
your true worth,  
you do not need  
anyone else to confirm it.  
Alan Cohen





# Professional Self-Worth

Share the **value you provide as a land surveyor** to other consultants and the public by utilizing your unique skills, knowledge, and education. (Nadeau, 2022)

If you don't know your value, you will always settle for far less than you deserve.

# Understand your prospective client base and choose them wisely



## **Know who you're dealing with**

The type of client and their need often determines how they will see your value and respect your boundaries (homeowner, contractor, attorney, etc.)



## **Red flags**

Know when explaining the value of your services is a waste of time  
Are they just price shopping? Do they need it done yesterday?



## **Remember your worth**

You are less likely to let a prospective client modify your business model for their benefit  
Sometimes you have to say "no"



*Image from surveyorconnect.com*

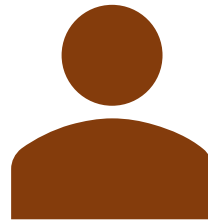
# Perception of Fees

Who Defines Them?

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Potential Clients



Consultants



Land Surveyors

# Integrate Value-based Fees into your business model to earn income that matches your worth as a professional consultant

- Requires a personal commitment to growth and a willingness to step outside of your comfort zone
- Value-based fees go beyond the time/materials fee structure
  - Negative aspects of hourly rates
  - Employee cost multiplier
  - Why value-based fees?





# Comparing Fee Structures



## Time/Materials Fees

- Compensation based on time spent on a project
- Product based – cost/time to produce
- Does not set you apart from other surveyors
- Rigid structure, based on market caps



## Value-based Fees

- Compensation based on the **value you create** for your client
- Outcome-based
- Flexible structure, based on individual client need

# Origin of Hourly Rates



Lawyers, attorneys,  
engineers, architects,  
designers, plumbers,  
electricians, carpenters...



All parties agree on how  
long an “hour” consists  
of

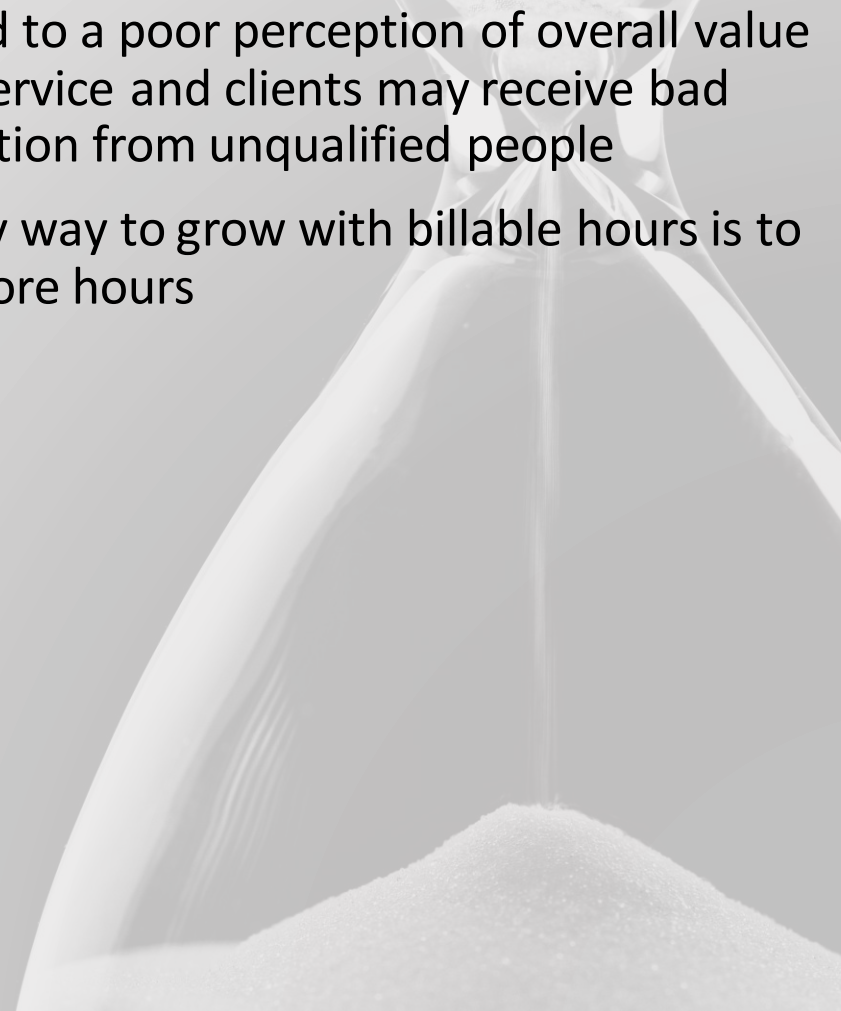


Consultants have a  
ready-made lever to  
increase sales by  
increasing time spent



Self-worth is based on  
showing up

# Negative Aspects of Hourly Rates

- Quotes are often too low
  - Easy to go over-budget due to unexpected obstacles
  - No reward for providing exceptional service
  - Experts not paid for value added, just time spent
  - No margin for error or inefficiency
  - Can lead to over-paying for employee inefficiency and poor productivity, and under-paying for good performance
  - Rate tables make it easy for customers to make generalized comparisons among land surveyors and projects types
  - Can be a barrier to good communication
  - Doesn't account for use of advanced technology and equipment
  - Can lead to a poor perception of overall value of the service and clients may receive bad information from unqualified people
  - The only way to grow with billable hours is to work more hours
  - Others?
- 
- A large, faint, grayscale image of an hourglass is positioned on the right side of the slide, serving as a background element. The hourglass is oriented vertically, with sand visible in both the upper and lower bulbs, and a thin stream of sand falling from the narrow neck in the center.



# Creating Survey Fees using Employee Multipliers

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Multipliers	Profit	Benefits	Bonuses	Cont. Edu.
2x	-	-	-	-
3x	Break even	Minimal	-	-
4x	Small	Moderate	-	-
5x	Moderate	Full	Yes	-
6x	High	Full	Yes	Yes
7x	Expert-level			

Add a percentage to more complex, time-consuming, time-sensitive, high liability projects

# Why Value-based Fees?



Additional value to the product and service delivered



Improved communication



Builds relationships



Builds trust ...increased referrals, strong reputation



Reduces liability



As your reputation grows, so will your fees!



# Create a work environment that reinforces your business model

- Make a personal commitment to learn the craft of business development
- The highest form of business development is delivering quality in everything you do
- Include project managers in the initial service/fee proposal process to get their input on project scope and scheduling
- Include self-improvement and continuing education in your budget
- Encourage learning new skills and becoming more diverse
- Offer flexible hours for personal life and needs, when appropriate
- Reward your staff for delivering on the value you sell



# Defining Your Value as an Organization

## Mission Statement

An action-based statement that declares the purpose of an organization and how they serve their customers.

*To deliver efficient and accurate service to our clients with great emphasis on thorough communication, ethics, integrity, public safety, and exceeding technical standards. It is our intention to produce quality results that reflect the client's best interest.*

## Vision Statement

An organization's statement of objectives which align with its mission, strategic planning, culture, and core values.

*To support each project with extensive knowledge and experience unique to the industry.*



# Standards of Practice to Consider

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- Get liability insurance
- Have a contract in place for every project
- Don't over reach your qualifications. *Keep the correct hat on.*
- Don't make promises you can't keep
- Don't give free advice
- No delivery without payment
- If an employee does not fit your ideal business model, don't keep them.
- Evaluate your business model annually



# Cultivate relationships that form broad referral networks and repeat clients

- Increased growth is a by-product of creating sound and respectful professional relationships
- It's not the number of relationships you have, but the quality of those relationships
- Engage with your network in a meaningful way
- Share your strengths, knowledge, and your skills, and you will become the "go-to" consultant



# Closing thoughts...

- Denial is part of the growth process toward achieving value.
- "Expect change to be messy" ~ Nelson Mandela
- Having a strong business model creates a solid client base.
- Make your value personal to your client. Match your strengths to their needs.
- Believe in your own value. Respect your knowledge and experience.
- Don't compare yourself to other surveyors.
- You are responsible for conveying value – you are the expert.
- Set a professional fee based on your professional services!

