You Get What You Pay For: Charging For Your Services

We've worked with numerous in-house creative groups around the world and have found that charging for services is an important component of success. Charging for services gives creative groups the flexibility to expand their teams as needed, promotes operational efficiency, and provides everyone involved with a vocabulary for discussing execution options.

Companies fund their in-house creative departments in diverse ways. Some allocate money in a lump sum to the department as part of the annual budgeting process; some charge potential clients a corporate "tax," from which they compile a budget for the department; and some create a hybrid system whereby clients receive an allotment of service from the department and then pay once they've exceeded it. However, wherever department funding is disengaged from usage, there is the potential for "abuse" in the form of unending revision cycles; jobs canceled at the last minute; or, with no inherent cap on the number of requests coming into the department, just a whole lot of work.

Instituting a system of charging clients for the services they use is the best way to avoid these pitfalls. When clients incur an actual cost for accessing department resources, it usually drives discussion of execution options. Paying clients will want to do things more efficiently and will consider reusing work originally created for other purposes; they will also understand that numerous rounds of revision will result in increased cost. And if a client ends up canceling a job, it won't feel like an immense waste of departmental resources, since the client will have paid.

Best practice recommends charging clients based on a per-project estimate. Estimating costs sets expectations for clients and, when viewed as a goal, provides the department with benchmarks for evaluating its performance. Estimates should be based on the number of hours normally consumed by the relevant project types. Establishing that number requires a comprehensive overview of the project types undertaken by the department, which in turn calls for ongoing, detailed time tracking. Automated project management systems are effective tools for capturing time and generating reports necessary for accurate project estimation and tracking.

We have seen charge-backs effectively implemented with numerous clients, with noteworthy results. For one of our pharmaceutical clients, charge-backs meant that jobs were completed with fewer touches, the creative team's internal clients recognized the value of reducing the number of revision cycles as well as the benefits of using templated design and existing artwork. The system also supplied account services and designers with a basic framework for discussing design and execution options. Finally, we've seen here and elsewhere that charge-backs generate "revenue" needed to grow headcount without increasing the budget.

In spite of the obvious benefits, there may be organizational hurdles that prevent implementation of a charge-back system; the company's financial infrastructure simply may not facilitate moving monies from one department to another. Even so, we work with clients in such situations that nevertheless operate as if their departments did charge for services. They estimate projects, track time, and monitor their own performance against estimate. These practices generate important metrics that can be used to manage the department to maximum efficiency as well as to demonstrate value to senior management.

Whether or not you actually charge for services, putting systems and models in place that would allow you to charge will have the effect of improving organizational performance and increasing the department's value to the company as a whole.

About Aquent Consulting

Aquent Consulting, a division of Aquent, provides companies with the expertise, data, and tools necessary to optimize the execution of marketing plans and programs.