



GUIDE TO PRODUCTIZING YOUR SERVICES

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GUIDE TO PRODUCTIZING YOUR SERVICES

For service providers like content marketers, SEO and web design agencies, bringing gross profit margins above 40% can [become more challenging](#) as they scale. In fact, businesses that sell products achieve much higher gross margins, at 60 to 90%.

If you're a service provider, does that mean you're in the wrong industry?

Not at all. By joining the growing wave of agencies that are productizing their services, you'll reap the rewards that have traditionally belonged solely to companies that produce physical products.

The best part:

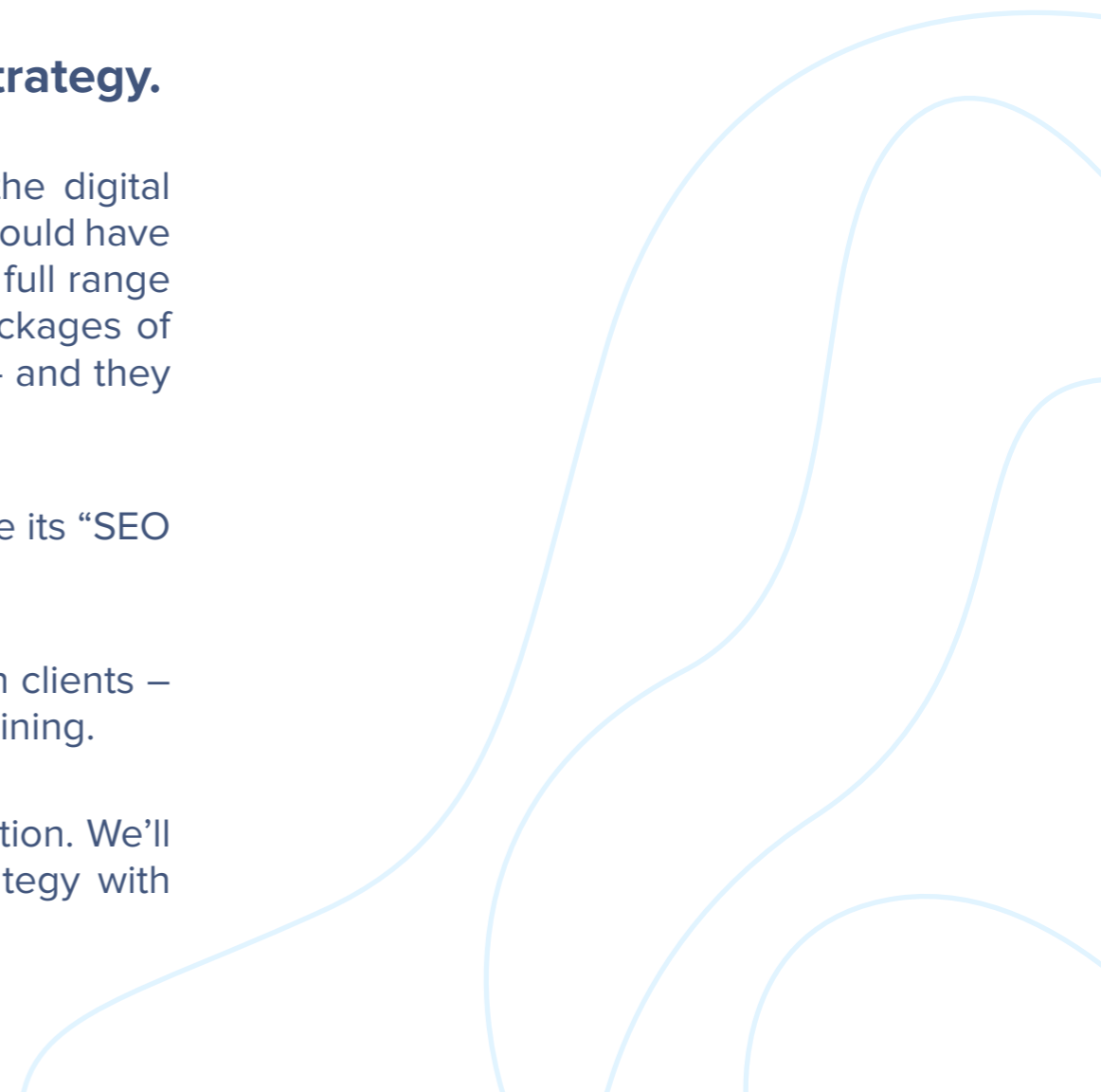
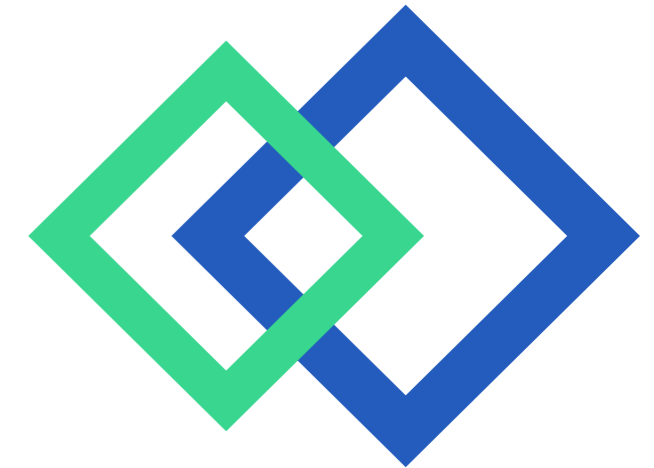
A lot of your competitors are completely overlooking this strategy.

Take the example of Justin Gray, [founder of LeadMD](#). When he started the digital marketing agency, which provides software that clients can license, the firm would have to reinvent itself for every client, he says. Clients also didn't understand the full range of services that were available. A year later, the agency began offering packages of clearly defined software products that clients could easily browse through – and they never looked back.

[Connex Digital Marketing](#), an SEO agency, realized that product offerings like its “SEO Audit” pack a much stronger punch than generic “SEO services.”

Other agencies have found offering a free product very helpful in drawing in clients – branding company [WorstofAll Design](#) gives clients a free one-hour online training.

This guide will walk you through the whole process of launching productization. We'll cover everything from technical decisions to how to share your new strategy with existing clients!



HOW IT WORKS

Say you offer SEO services. Maybe you typically determine what you'll do for a client, and the price of your services, after a phone consultation. You're creating a new plan from scratch each time, and that takes a hefty chunk of time.

If you shift to productization, you might begin offering a set price for blogger outreach, a set fee for a certain number of pages optimized, and a set price for an 800-word blog post.

Face it; if you're in the SEO business, your clients don't know the rules of the game as well as you. Asking what they want won't necessarily get them to where they want to be – offering standard services based on *what works* will.

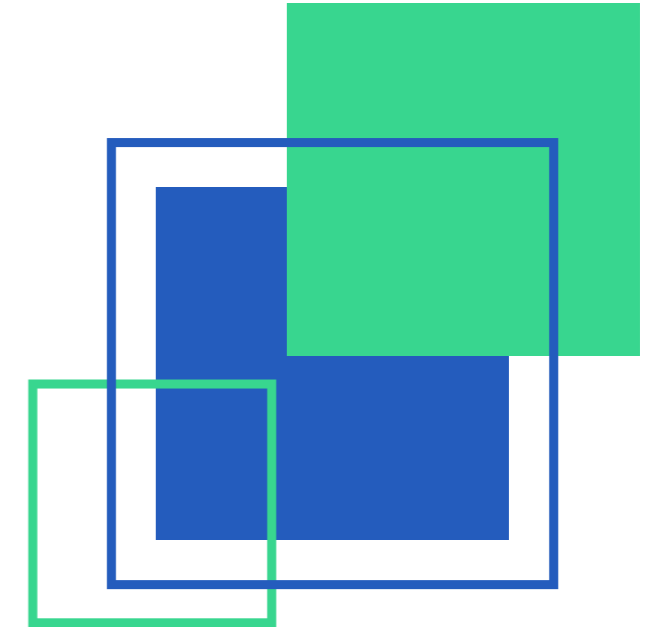
You may still need to offer an element of customization, depending on how similar your clients' needs are. Starting with a basic product model that you can expand on as needed will still boost your efficiency and simplify your initial conversations with clients.

[The key idea Tilo Böhmann outlines in his book, is this:](#)

Standardization captures learning curve advantages and economies of scale. It allows you to create high-demand products over and over, without reinventing the wheel every time.

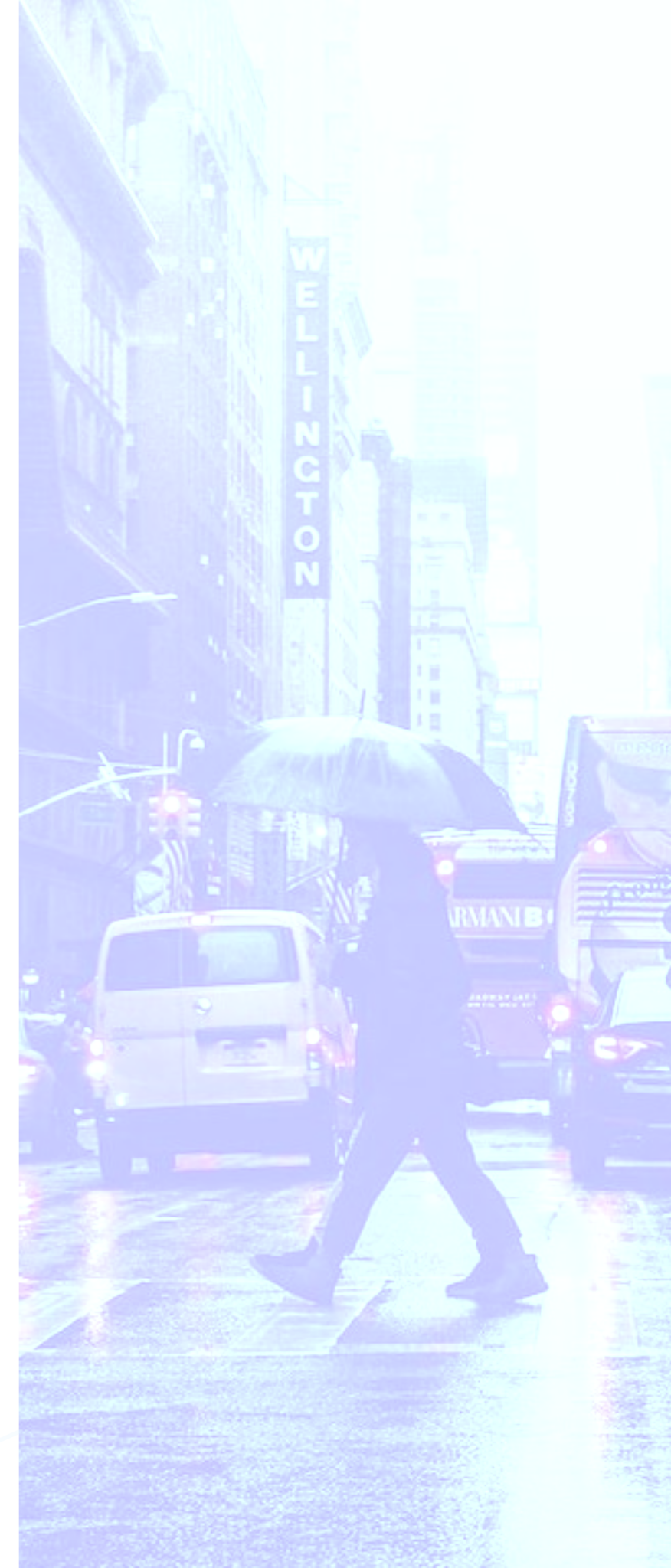
It's all about looking at trends in what your clients need and putting that into a service package that makes sense. You may tweak the offer a little for particular clients, but the results you're offering are clear from the outset.

Likewise, many agencies are productizing their services while still creating custom solutions for higher value clients. In doing so, they've greatly simplified their consultation and design process, but nothing prevents them from picking up the phone and talking to a client as well.



Major Benefits

- ◆ From the client's vantage point, productization makes a service more concrete and tangible by clarifying outcomes. When clients first visit your website, they immediately know what you're offering them. They're investing in a specific result that they can purchase over and over again in the future. This greatly [simplifies your marketing](#) as well.
- ◆ Clients know exactly what a service costs upfront without having to go through the rigamarole of getting a quote. Because services standardized, you can [list their prices](#) on your website. Estimating what a service will cost takes much more work and time on your part, as each case may be different, which is an added burden for both you and the customer. Productization gets rid of time estimates, quotes and proposals.
- ◆ Productizing positions you to earn recurring revenue. Having clearly defined offerings and packages encourages clients to purchase from you regularly, increasing their lifetime value dramatically.
- ◆ Productization helps streamline processes so your team can deliver work more efficiently. [Using software](#) you can automate your processes and delegate tasks to your team, all while ensuring a smooth workflow.
- ◆ Hiring and training new employees or contractors is a breeze when you have clear offerings, prices, and workflow processes.
- ◆ It's easier to get paid upfront when you've clarified outcomes. You can include upfront payment as part of your standardized, automated process rather than trying to collect invoices weeks, even months after project completion.
- ◆ You minimize the problem of [scope creep](#) – when a client asks for a favor in the form of a “small” additional service without paying more – because deliverables are clearly defined at the outset.
- ◆ If you want to sell your business one day, it will be much more marketable, because others can easily fill your shoes.



Here are a few ways of enhancing productization:

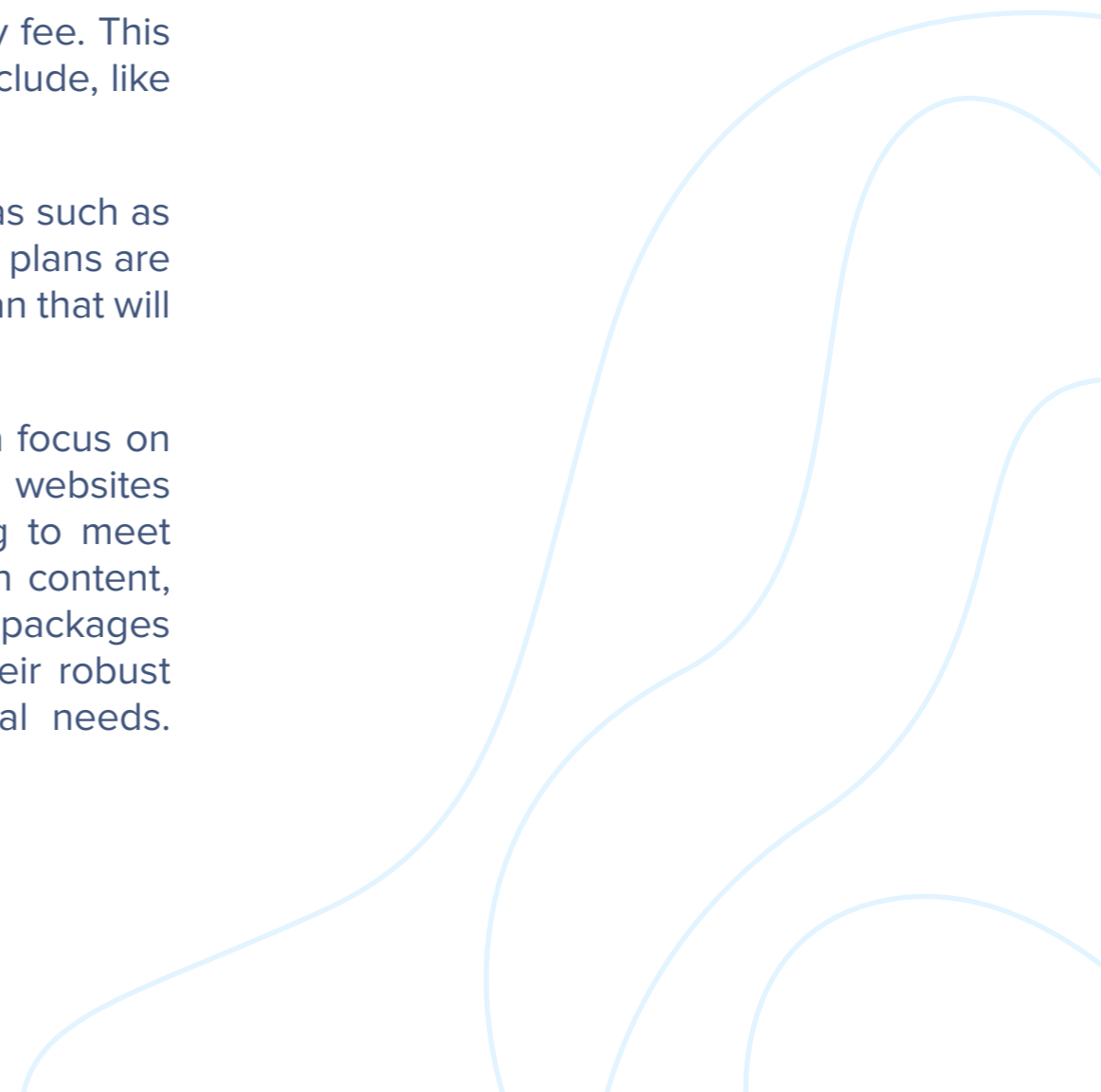
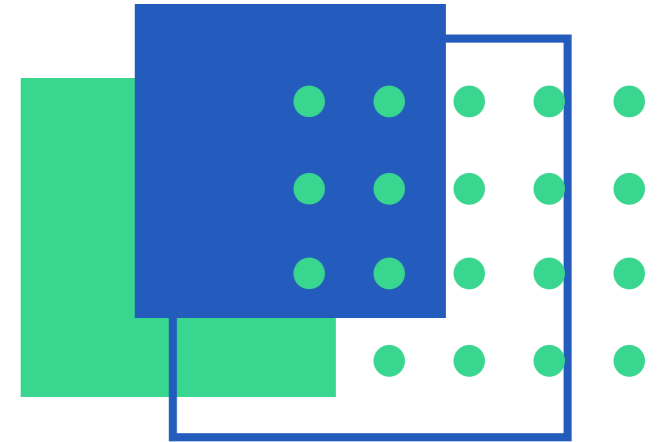
- ◆ **Packaging or bundling services together** can show clients how they'll receive greater value by investing in several services together. The package might give them a discount over purchasing each product alone. Better yet, modeling a package after best practices in your field (like optimum frequency and length of posts) ensures clients get maximum value for their purchase – and keep coming back.
- ◆ Offering several packages at **different fee levels** lets clients test the waters at a cost they're comfortable with. Each tier should spell out the exact services clients will receive for the price.
- ◆ **Subscriptions** can allow clients to gain unlimited access to a certain type of service, or a range of services, for a set monthly fee. This allows them to pay a lower price per service in exchange for predictable revenue.



INDUSTRIES THAT ARE PRODUCTIZING

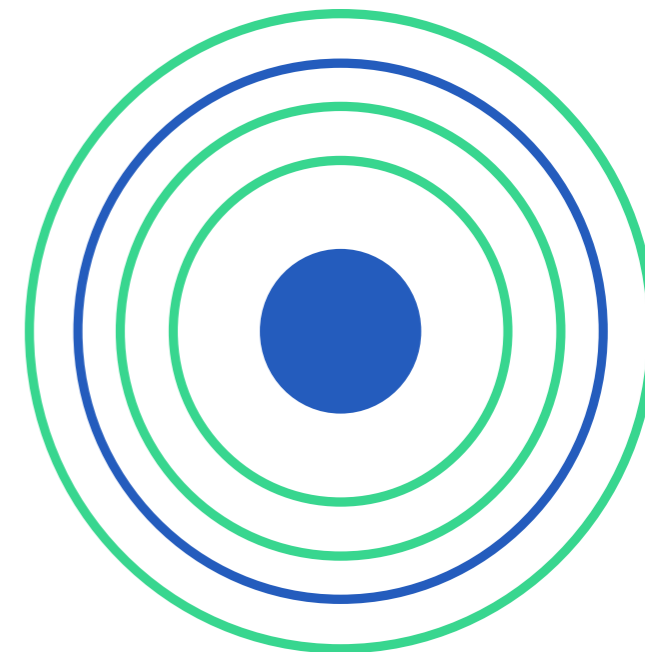
A vast range of service agencies is productizing, although in many industries, it may not be the norm yet. The following are just a few examples of how agencies are implementing this sales strategy:

- ◆ [Restaurant Engine](#) builds websites through an easily replicable process. Founder Brian Casel initially set out to create a DIY website builder, but soon found clients asking, “How much for you to set up my site for me?” When he offered a fee for setup, his cancellation rate fell to almost zero. Casel quickly realized that clients needed a combination of clear, replicable outcomes and hands-on service from professionals, and his business took off from there.
- ◆ [Undullify](#) offers unlimited “small graphic design tasks” for a set monthly fee. This subscription service offers four plan tiers priced by the features they include, like turnaround time and the client’s number of brands.
- ◆ Growth Geeks offers “[pre-packaged digital marketing solutions](#)” in areas such as lead generation, cold emailing, and social media management. Specific plans are offered for an array of areas. For example, an agency can purchase a plan that will provide “[100 Hand Crafted B2B Leads](#)” per month.
- ◆ [Content Pros](#), which provides a subscription for writing services with a focus on blog articles, began as a full-service agency offering everything from websites and content to consulting services. It soon became clear that trying to meet each client’s every need wasn’t scalable – so they began focusing on content, particularly blog posts. They now offer monthly subscription blog packages to some of the biggest names in SaaS and digital marketing, and their robust writing and editing team tailors each post to the client’s individual needs.



- ◆ [Data Stories](#), which handles analytics, helps companies make sense of data they've already collected. Companies send them the data, and Data Stories produces a report that helps them understand it.
- ◆ [Rev](#) offers fast-turnaround transcription augmented by software, which makes production more cost-effective. Captions and translation are other product offerings.
- ◆ [Cashflow Podcasting](#) creates polished podcasts for clients, editing recordings that clients make themselves. It offers monthly plans that provide a weekly edited podcast, which includes a complete transcript and "tweetable" quotes.
- ◆ [Custora](#) optimizes AdWords spending to maximize customer lifetime value. It offers predictive value customer lifetime models to help agencies decide where to spend their advertising dollars, among other products.

Plenty of other types of service providers are productizing as well, such as bookkeepers, accountants, and copyediting agencies. If you haven't jumped on the bandwagon yet, this might be the moment.



MAKING THE SWITCH

– FIRST STEPS TO SUCCESS

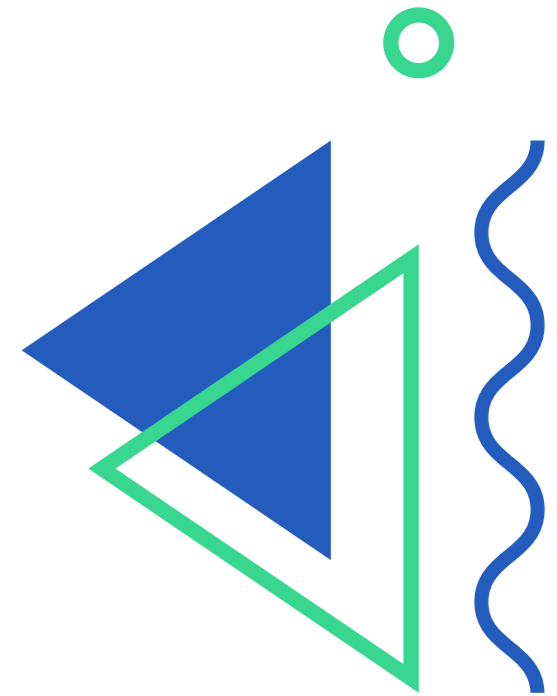
Ready to start productizing the services you sell? Start by looking at the types of clients you're attracting already, and their projects.

Check if you have customers who tend to purchase particular clusters of services – these might be good candidates for packaging. Alternatively, ask yourself if clients would benefit from something they're not thinking about. By including it in a package, you might encourage clients to try something new that will help their business take off – making them loyal customers for years to come.

With your productized offerings in mind you can start figuring out the optimal way to deliver those services, whether it includes heavier automation, re-training your team or bringing on outside contractors.

At the end of the day customers will gain confidence when they know exactly what they're getting and how much they'll pay for it. As you begin productizing, you may get [fewer initial inquiries](#) but a higher percentage of clients who are serious about purchasing what you offer. That just means you're sifting out those who aren't really serious, and only spending your valuable time on those who *are*.

As you work to productize, [Service Provider PRO](#) can help. We're equipped to handle productized services from sales and invoicing all the way to order delivery.



The background is a dark blue field with a grid of small white dots. Large, vibrant green shapes, including a triangle in the top-left, a circle in the top-right, and a wide arc at the bottom, are scattered across the scene. Thin, white, wavy lines meander across the background, and a green cross-like symbol is positioned on the right side.

AUTOMATING YOUR PRODUCTIZED SERVICES

AUTOMATING YOUR PRODUCTIZED SERVICES

While productization often relies on technology and processes, it doesn't mean you'll be able to create fully automated services that require no attention on your part.

Much of your products' value will still come from the high-level skill you and your team bring to each project. That means your employees probably aren't about to lose their jobs to robots anytime soon.

In fact, your people will likely end up with more meaningful work because they can focus on the *really* important stuff.

Software and processes can help you scale up exponentially by serving more customers with a smaller team.

Let's discuss the next phase of the implementation process: leveraging technology to turn your service into an easily replicable product.

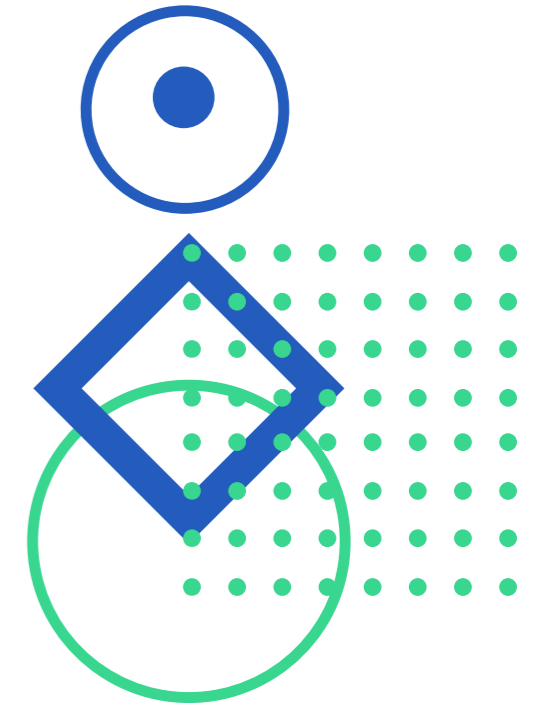


HOW COMPANIES ARE AUTOMATING THEIR PROCESSES

Using technologies to organize, market, and manage your processes is a core part of productized services. The following are just a few examples of how companies are using technologies to automate:

- ◆ **Web Canopy Studio** provides comprehensive [inbound marketing](#), and relies on automation for many components of its products, which include SEO, social media publishing, lead generation, and more. For example, the platform helps them determine if the content they've produced targets the right audience and is web-ready, which automates the review process.
- ◆ **Content Pros** employs a [user-friendly interface](#) in which clients, managers, writers, and editors can all interact. The platform, which we created, streamlines the production process from idea generation to client review. Intake of client information, needs, and preferences is automated at their end. Our system also eliminates the confusion of email threads and makes it clear which team member is up to bat.
- ◆ **DesignPac** offers [graphic design as a service](#) by automating elements of the process such as intake. However, it emphasizes that customers have a one-on-one relationship with their designer.

In short, technology doesn't *replace* real relationships with customers following company Productization. It *enhances* them.



STEPS TO LEVERAGING TECHNOLOGIES

If you're going to be implementing software to automate your productized services, you should already have a clear idea of all the steps involved from start to finish...

List all key tasks

Make a list of all the activities you perform during each of the three phases of the product cycle. Then break each activity down into smaller tasks.

- 1. The offer phase:** This phase extends from getting the client set up in the system to sending your first invoice. Tasks might include collecting the client's payment information, ascertaining their unique needs, and requesting payment.
- 2. The delivery phase:** This includes all of the work you do for the client. Activities might include holding meetings with the client, producing the product, and reviewing the product internally before delivering it to the client. Again, break each activity down into smaller tasks.
- 3. The follow-up phase:** This involves checking in with the client after payment for the product to find out what else they might need. Tasks might include making a call, sending an email to the client and following up with product suggestions.

This list serves as your blueprint for reproducing the product. By putting even the smallest tasks on paper you get a birds eye perspective on what needs to be done and how those tasks can be restructured.

For example, you might have had one person handle a particular step in product delivery, but after breaking it into smaller actions, you find that some of them are great candidates for automation.

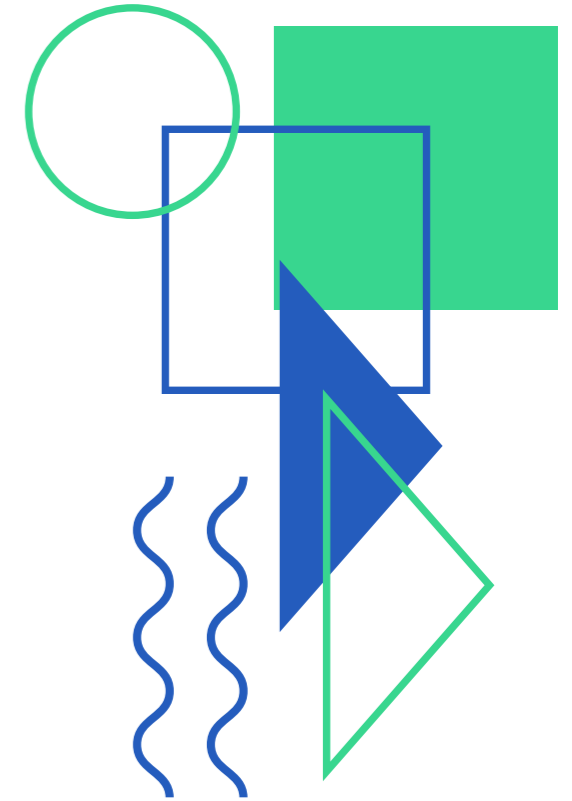


Group tasks by level of sophistication

Put all tasks into one of two categories, based on their level of complexity.

- ◆ **High-complexity tasks:** These require creativity and insight. For example, the design of a book cover or the editing of a manuscript. They're the areas where you don't want to smother creativity by making everything routine.
- ◆ **Low-complexity tasks:** These are repeated for different clients with little variation. Things like data entry, invoicing, or reporting.

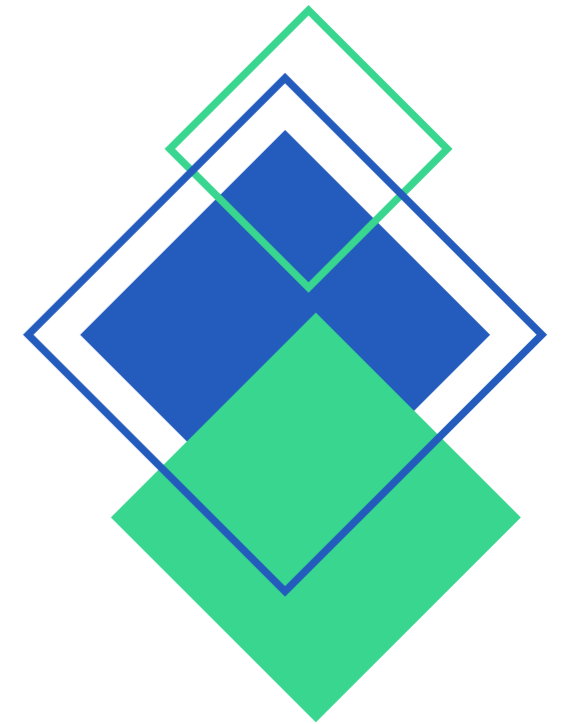
With SPP, for example, your website could automatically send customers an intake form not only to collect their payment information but also to assess their needs. This can cut your consultation time to a fraction of its current length. Customers can also be automatically prompted to pay upon purchasing the product rather than receiving an invoice after the work is completed.



DESIGNING OR CHOOSING THE RIGHT SYSTEM

Great work! You've determined which elements of your product cycle you'll need to automate.

Now you're ready to either find existing systems that can carry out those processes, or to work with a software developer to create brand new ones. You may want to use different platforms or apps to handle different components of your product cycle and connect them together through custom APIs or tools like [Zapier](#).



Determine if existing software can work for you

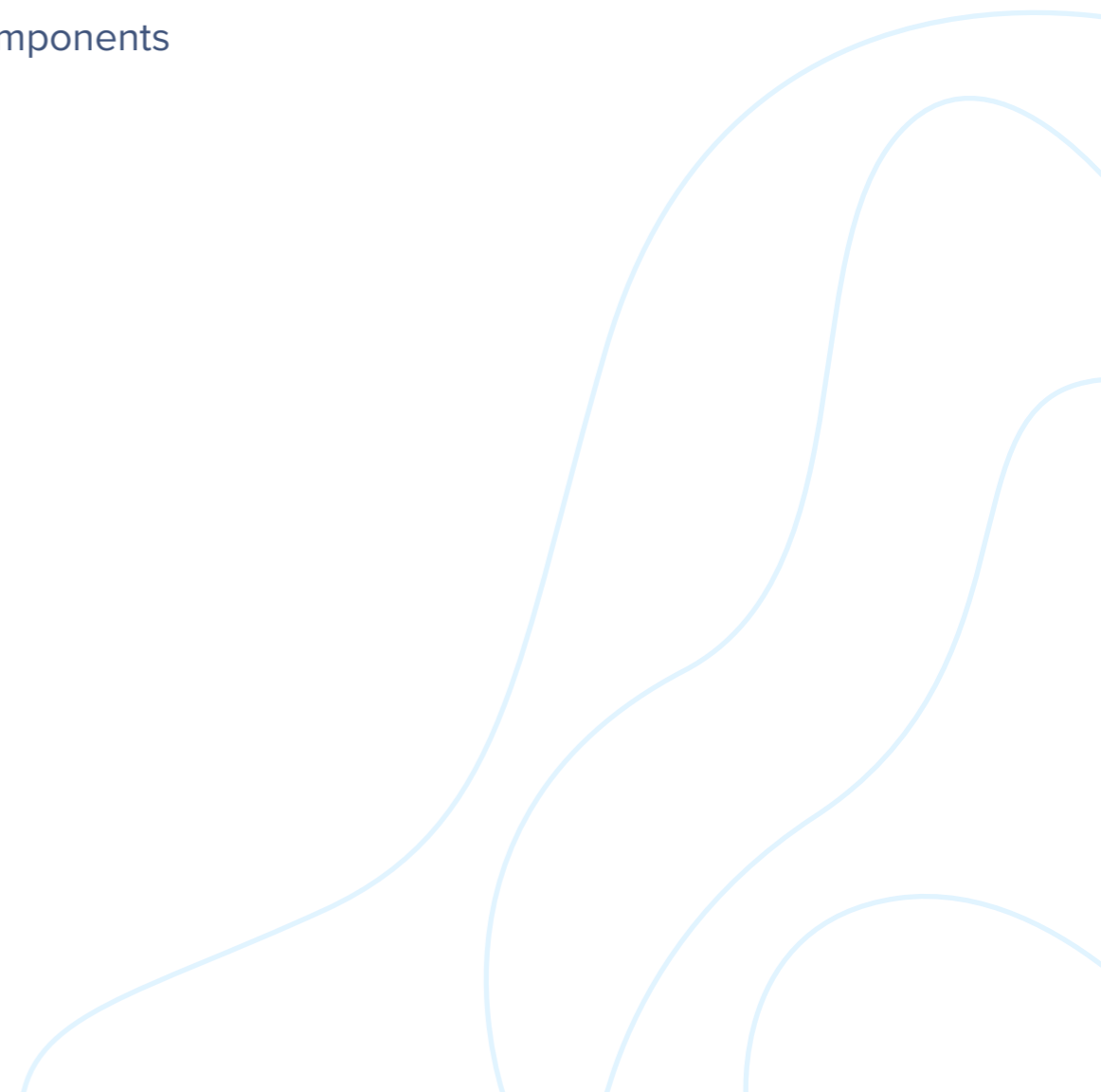
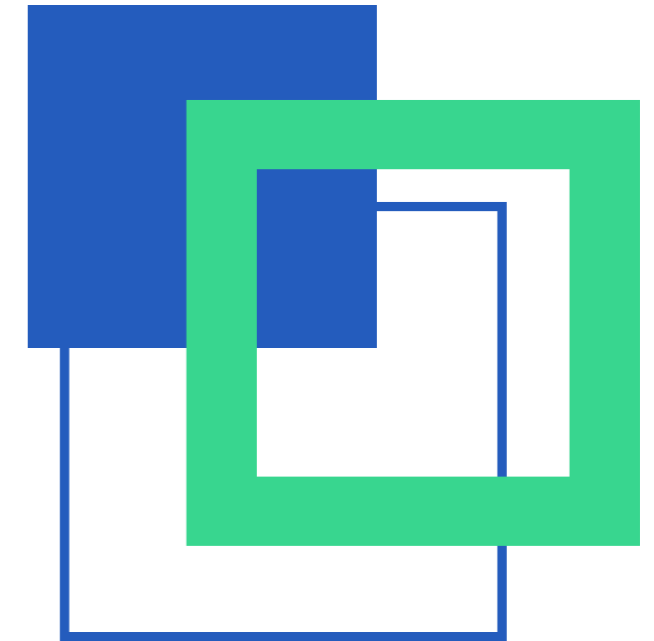
Here are just a few examples of what's already out there:

- ◆ **Service Provider Pro** creates dashboards that [streamline the workflow](#) process and communication between customers and the team. That means you don't need to pay a developer to design one from scratch *and* you can get started today.
- ◆ **Asana** is a [project management](#) software program that helps you easily manage a team throughout the product life cycle. It helps a project manager organize the workflow process and then allows the whole team to visualize what stage you're in at a glance. Features include a shared calendar and the ability to create templates based on processes used for past projects.
- ◆ **Moz Pro**, an [SEO management tool](#), handles a broad range of SEO functions. For example, the "crawling" feature automatically checks for problems on the customer's website on a regular basis.

- ◆ **HubSpot** provides marketing automation software with an intuitive user interface. The [suite of tools](#) for managing the sales, marketing, and customer management processes includes a free customer relationship management (CRM) program. The CRM program automatically generates insights about new leads that help sales personnel decide how to approach them, allows users to create and schedule emails using a template, and instantly logs sales and shares them with the team via the platform.
- ◆ **Datapine** offers reporting software that helps companies gather and [make sense of their data](#). Reports cover a broad range of areas, from human resources to market research.

Don't assume the right platform isn't out there already just because of your complex needs. For example, many analytical platforms on the market can be customized enough to meet most companies' requirements.

And remember, you can use different platforms or apps to handle different components of your product cycle.



Consider a customized solution

Perhaps you've decided to implement a system that helps carry out the bulk of your work, and none of the existing options fit the bill.

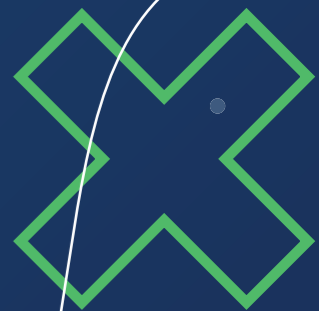
If so, you may need to work with a software developer to create it, or to adapt an existing open source solution to your needs (such as building a custom plugin for WordPress).

At the end of the day, for most businesses it's better to have a solution that handles a few important tasks well, as opposed to something that's supposed to do it all but falls short on delivering the core features.





**LAUNCHING
PRODUCTIZATION -
MARKETING STRATEGY**



LAUNCHING PRODUCTIZATION - MARKETING STRATEGY

By following everything we've discussed up until now, you should be well on your way to implementing productization. You may have conceptualized your core products and researched technologies you can use to streamline your processes.

No longer are you trying to be everything to everyone. You've narrowed your focus to your target customer base, and you're gearing up to launch some big changes.

Now it's time to set your pricing structure and marketing strategy. You'll also need to decide how you'll introduce your new model to current clients.

Hang on tight. You're almost there!



A NEW PERSPECTIVE ON PRICING

With productization, you'll be pricing outcomes instead of inputs. It's the *value* you create that matters, not how much time or effort you put in. That's the whole point, after all - to make your business much more scalable by getting paid for your results instead of your time.

While time is obviously finite, there's no cap on the value your product can provide.

Assess the value you're adding to your product by streamlining your processes and results. The technology you've decided to adopt probably adds value, for instance. Here are a few specific ways productization can increase value:

- ◆ Adding analytics that assess customer needs or track results will bring obvious benefits. An SEO company that adopts a more sophisticated algorithm to choose keywords is increasing the value of what it delivers, for instance.
- ◆ A more intuitive user interface will create a better customer experience. If you're updating your platform, factor that in.
- ◆ Guaranteeing specific results gives your clients peace of mind. They're taking much less of a risk by purchasing from you.

Look at what other companies are charging for products like yours, so you don't overprice or underprice yourself.

Factor in the time you'll be saving, too. If you're saving a pretty hefty chunk of time, you may actually want to offer your product at a lower price than before. Giving customers a discount for multiple purchases, or subscribing over a period of time, is a win-win. This also happens to be a great strategy for keeping current customers.



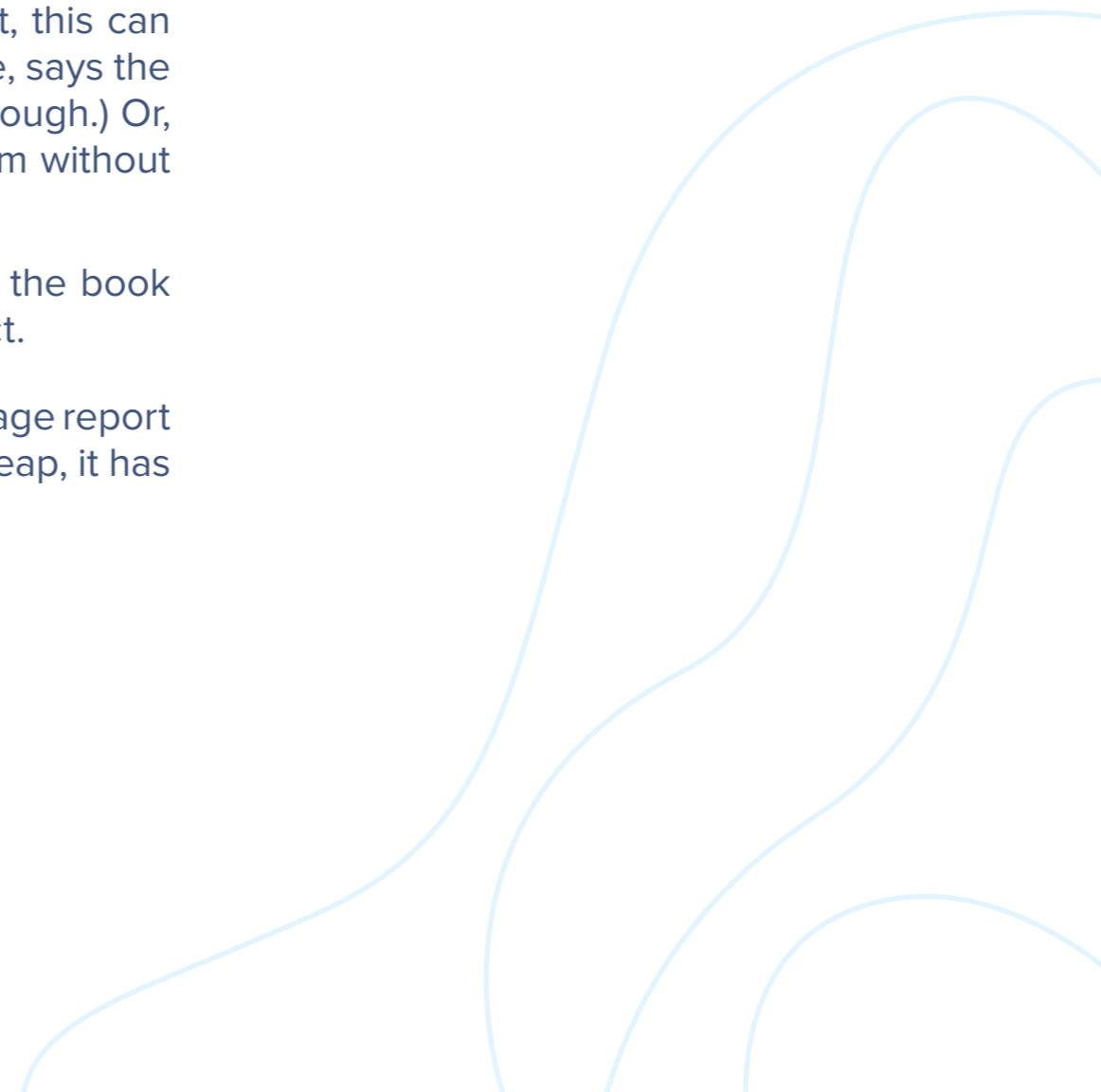
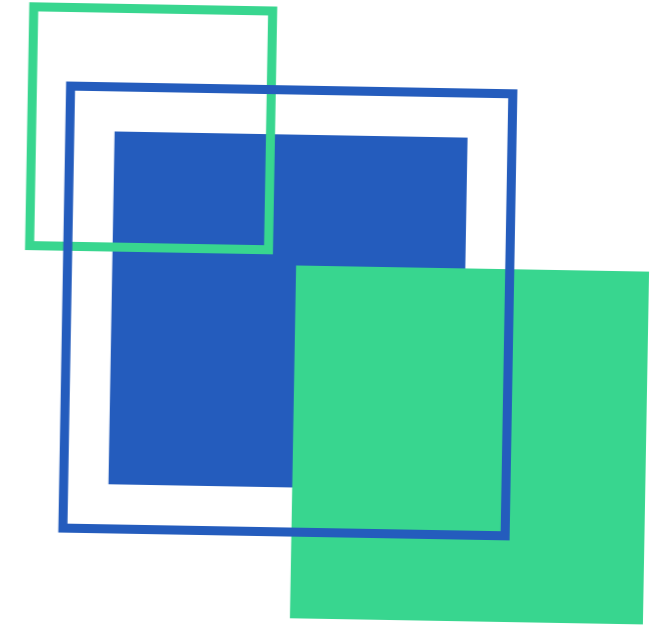
THE PRODUCT LADDER

Offering a robust product mix will help draw in new customers and encourage them to upgrade to more valuable products. Here are the key elements of the product ladder.

Offer a “foot in the door” product. This could be a free offer that will encourage potential customers to come back. It’s all about lead generation. It builds trust and establishes your expertise. The free product can be created once and automatically sent to prospects who sign up to your mailing list.

Create an entry-level product. This product has a lower price tag than others you offer, letting people test the waters with little risk. Like the free product, this can be a product that earns you passive revenue, like an eBook or a crash course, says the Multiplier. (It might take a little more work to create than the free product, though.) Or, it can be a product that gives customers a taste of what you can do for them without stumping up big bucks.

- ◆ The productized consulting firm [UI Breakfast](#) offers a book for \$34 (or the book plus worksheets for \$39) to give customers a clearer idea of the product.
- ◆ [Goby Savvy](#) provide UX reviews for websites. They offer a one-time 35-page report describing a customer’s issues and solutions for \$325. While not dirt-cheap, it has a much lower price tag than the \$550/month subscription.



Use a three-prong strategy. This means creating a product mix with several pricing tiers. A huge number of companies are creating three different packages of services, which each include a different bundle of features and a different price tag.

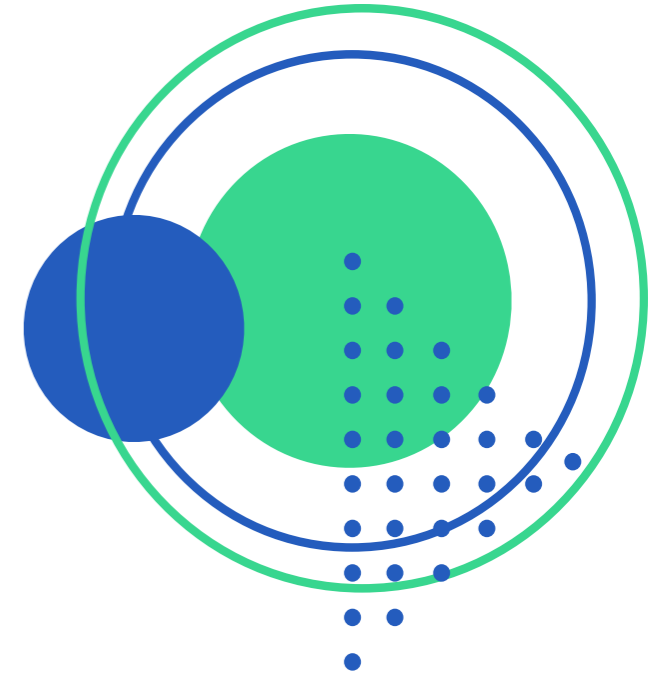
“The mere presence of more expensive packages elevates the perception of your product line and makes entry-point packages look more affordable,”

says Jane Portman, who owns UI Breakfast and practices productized consulting for SaaS companies, in a [Forbes interview](#).

- ◆ [Bean Jungle](#) handle Instagram management, and offer three package tiers, ranging from basic posts with images to more advanced posts with videos.
- ◆ [Data Stories](#) provide data services such as predictive modeling, and give customers a free trial of its first-tier package.

Offer a recurring subscription. A subscription is a no-brainer for customers who need to keep using your product to get results, like SEO clients, content marketing or those who need ongoing support, such as help with WordPress, for example. If it takes some time for your product to deliver value, you should be offering a subscription.

- ◆ [Kudu](#) offer four tiers of subscription plans for Adwords planning and management, which range from \$399 to \$999 a month, depending on how much clients are spending on Adwords.
- ◆ [LeapIn](#) provides a company setup and bookkeeping service for a monthly subscription that ranges from €59 to €99, depending on the type and size of the business.
- ◆ [Undullify](#) offer four monthly subscription packages for unlimited graphic design services, ranging from \$149 to \$699.

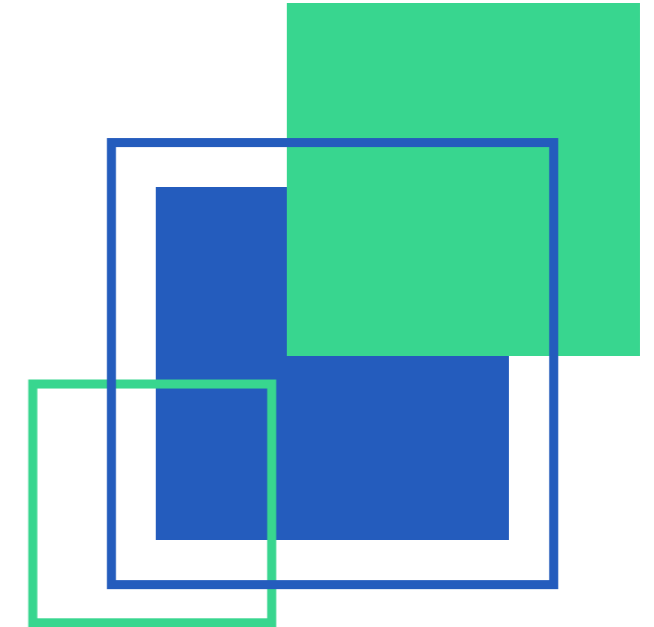


Offer one-time purchases where it makes sense. If your product is completely self-contained - a website audit, for instance - clients probably won't be looking for a long-term subscription. Don't force them to buy a subscription if it doesn't make sense for them.

- ◆ [Rev](#) transcribes, translates, and creates captions for podcasts. These services are charged by the minute and by the word.
- ◆ [WP Quickie](#) brands itself as handling those small WordPress tasks that occasionally require help from a pro. It charges a flat rate of \$50 for a single task.

Create an “extended product.” This simply refers to all the extra features that come with the product itself, like the satisfaction guarantee or ongoing support. These are key factors in convincing a potential customer to purchase, [a 2017 study](#) on productization found.

- ◆ [Page in a Day](#) build customers a website in one day and offer ongoing training on managing the website.
- ◆ [Growth Geeks](#) spell out exactly how customers can get in touch with them for support, encouraging them to chat, call, or email. It also offers a 30-day money-back guarantee.



TELLING THE PRODUCT STORY

Now that you have a concrete product, you can tell a clear story about how it will benefit customers:

- ◆ Describe your target client's problem.
- ◆ State what the customer dreams of achieving, and how your solution will help them get there.
- ◆ Outline and respond to potential objections, then wrap up with a clear call to action asking them to try your service.

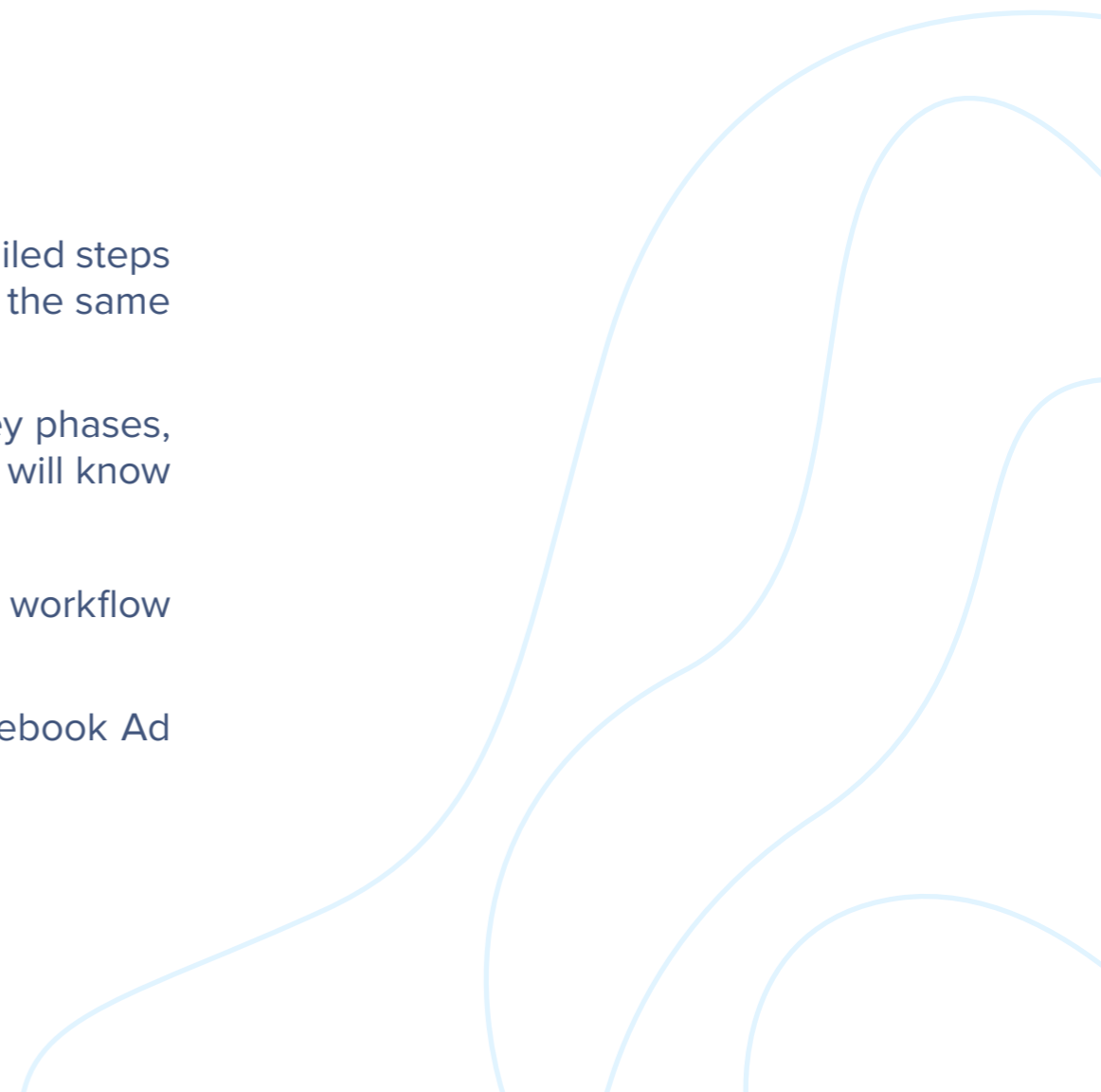
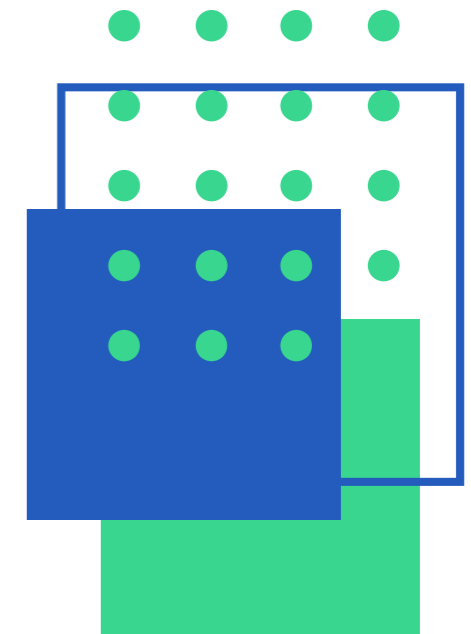
This story will appeal much more strongly to your target audience than a vague offer to help them with their website.

OUTLINING YOUR PROCESS

Since what you deliver is so well-defined, you can outline the process in detailed steps on your website. The clearer you can be, the more you can avoid answering the same questions over and over again by email or phone.

- ◆ [RankBOSS](#) link-building service break down what they do into three key phases, describing each in depth. Even customers who are clueless about SEO will know exactly what they're signing up for.
- ◆ [Bean Jungle](#) spell out what happens in each of the first few weeks of its workflow process.

Providing a demo will help you show people what you do even better. Facebook Ad service [Clicks and Leads](#) offer a demo for all three of its product tiers.



PREVENT SCOPE CREEP

It's important to describe what you *won't* do as well. If you look at the websites of companies that sell productized services, they often assert that they won't handle a certain task even though it's related. They know there's a limit to how far they can push themselves while keeping up their level of productivity.

If you think you'll keep getting certain types of requests that just don't fit into your product package, add a disclaimer to your website to explain where your scope ends.

If you score a big client who wants something a little different, can you bend the rules a little? Sure. But that doesn't mean you should do it for everyone. Don't let yourself get tugged in every direction by all your customers.

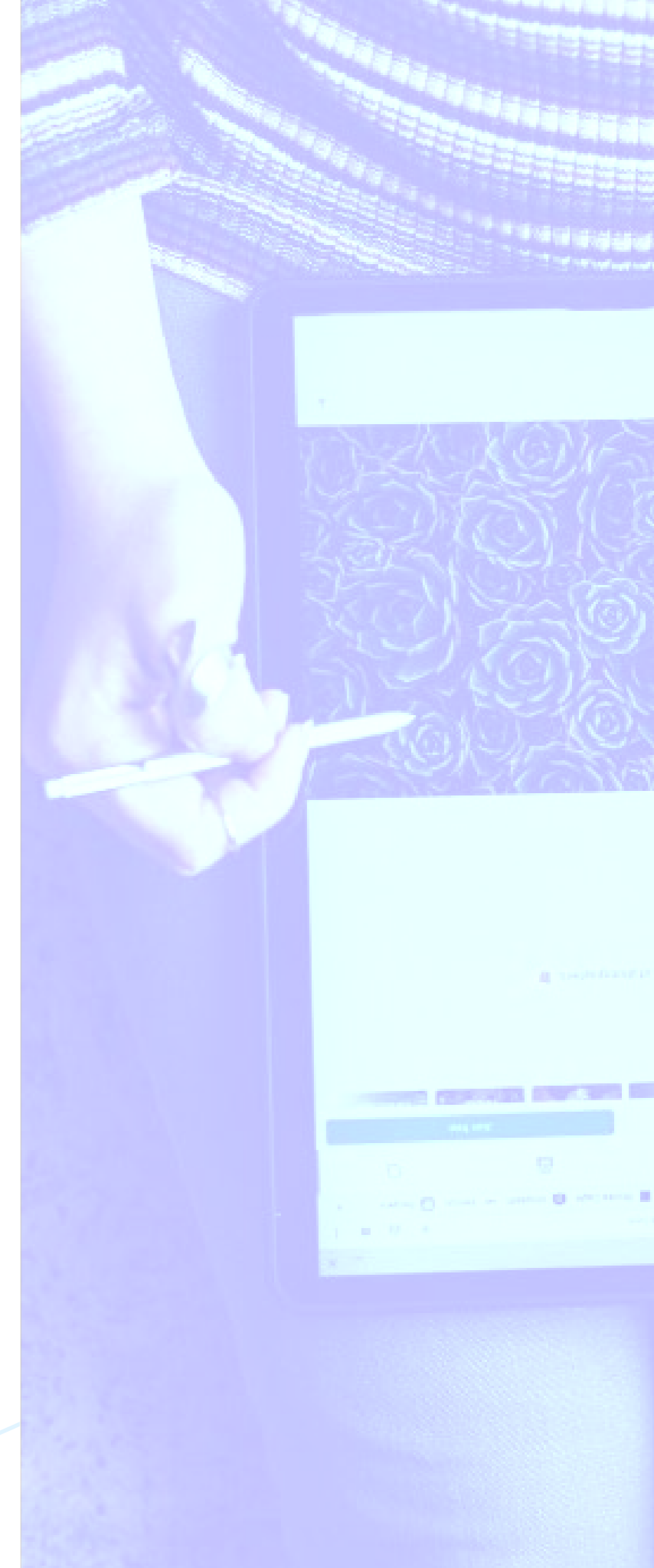


APPROACHING EXISTING CLIENTS

You may be afraid of scaring off current customers with sweeping changes. But they should be as excited as you are, because you'll be giving them more bang for their buck!

Here are a few key ways to ensure they remain loyal throughout the transition and beyond.

- ◆ Give them a reward, such as a loyal customer discount for a new package you're offering.
- ◆ Seek their input. That way, they'll feel like the product is being tailored to them rather than feeling like they're being slammed with higher rates. Plus, you'll get free developmental help!
- ◆ Assure them of the added value they'll be getting. After all, streamlining your workflow and guaranteeing outcomes means they'll get a quality product every time - all without a price hike. (Again, you may even opt to lower their prices since you can produce the product more efficiently.)
- ◆ Give them a discount for testing the product in the beta phase.
- ◆ If you have existing contracts, let them play out over the transition period.
- ◆ If you've been providing a particular service to a loyal client for years and can practically do it with your eyes closed, you don't necessarily need to stop. If the client feels the product doesn't meet his or her needs, it may be worthwhile to give them the same service they're used to.



 **Service Provider**^{pro}

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