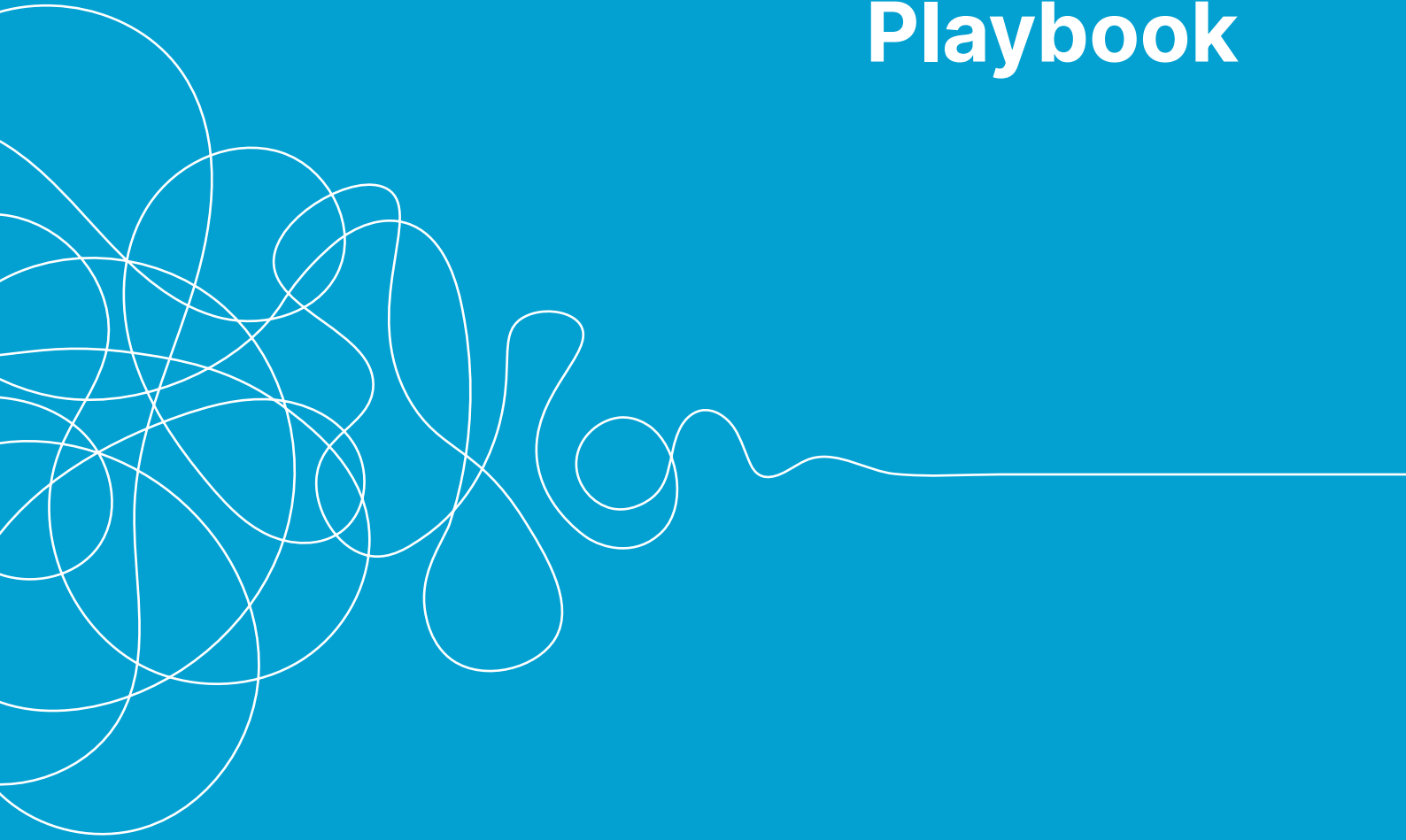


The Agency Success Playbook



“The book I wish I had
when I started my first agency .”

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Introduction.

To New Beginnings.

This is the book that I wish I had when I first started my business.

Starting a business was a major challenge for me. Looking back, I realize I could have made it much easier if I had made wiser decisions.

Making better choices requires having the right framework for decision-making. This framework should be built on both experiences and insights, including those gained from mistakes.

Learning from other people's mistakes is often better than making your own. That is why this book exists.

I have run MäD, a strategic consultancy, for the last seven years. In this book, I will explore the fundamental principles that enabled me to succeed despite my initial lack of knowledge.

I'll share some of the ideas and processes I use to ensure I make the right decisions more often than not. The key idea is to run a calm business that has solid fundamentals.

Perfection, after all, is not required to be successful!

If you're starting out, the advice here will save you significant headaches. It will also lead you to a successful business with sustainable growth.

By sustainable growth, I mean building a firm that:

- Turns a reliable profit each year.

- Provides everyone with a sensible balance between work and free time
- Creates a culture and working environment that you can be proud of.

If you already have a business, you will gain value by discovering new ways of doing things.

This book is structured in three parts:

- 1. Start Building Momentum** - How to drum up business and set a strategy to ensure that you are consistently approached by new potential clients.
- 2. Working With Humans** - How to deal with both team members and clients. How to treat people like human beings, not cogs in a machine.
- 3. Run Things Effectively** - Once you have clients and team members, how to keep everything humming along nicely and ensure that the business is stable.

If you can do these three things - build momentum, learn to handle people, and get organized, - you'll be well on your way to having a successful firm.

So, learn from my mistakes, and then get out there and make your own!

Enjoy reading,

Emanuele Faja.

How It Started.

I was hesitant to include my own story in case I ran the risk of inflating my ego. That said, understanding some context always helps build a fuller picture.

My decision to write this came around my 30th birthday. It is a strange age because it means you're now "an adult", whatever that means.

I was born in Venice (Italy) and spent my formative years growing up in London.

At 22, I took the plunge and moved to Asia. Ten years on, I have achieved something to be proud of. I have built two businesses with clients from all around the world. They generate enough profit to give me financial freedom, and the ability to live wherever I choose.

This book explains how this came to be.

I had no previous experience in running any type of business. This lack of experience meant that I made many mistakes along the way.

In my first few years, I freelanced as a brand/web designer, working for very small amounts or even for free. In hindsight, this was the right strategy because it allowed me to build a solid foundation. I worked long hours and understood the fundamental issues that I would encounter again in the future.

I decided I wanted to build my own professional service firm and asked one of my clients if they would invest. They agreed to do so for reasons beyond me and cut me a cheque for \$75,000.

This was more money than I had ever seen — and Mād was born.

I started to build a team. I had this somewhat idealistic notion that I could make a company with no rules and lots of freedom — a place where everyone would work well together and do incredible work.

Within a year, I had to fire almost all my twenty-five team members.

Everyone pretty much hated me, and I had little money left in the bank. The Monday morning after I had fired most of my team, a delivery (and invoice!) arrived at my office for several dozen expensive office chairs. I used the last funds available to cover these chairs, which we still have today! All these chairs sat unused and wrapped in plastic on the far side of the office. This served as a lovely daily reminder of my complete failure as an entrepreneur.

Nowadays, I like to joke that this was the year I earned my MBA: this was by losing enough money to pay for an entire MBA course in a year.

Yet, not everyone and everything was gone, and we still had a handful of clients and a few core team members. After about a month of indecision on whether to just stop, I started working again. We started building momentum again.

Within six months, we moved to a new office, and things seemed to be going well. We managed to grow the team to over 30 people and had many clients and retainers, which helped keep us afloat. Then, I got complacent concerning the quality, and again things went sideways. We had many cancellations in a short period, and most of the team had to leave again.

At the time, I blamed various individuals for not doing their job. In reality, it was my fault for not building a resilient organization with high-quality standards.

And so, after this second large failure, I decided that I would try to do everything. I took on each functional role to understand what needed to be done — and how to do it. I wanted to understand everything from finance to project management to sales and marketing. My idea was that as soon as I could understand a functional area well, I could start to delegate it or automate it.

While somewhat stressful, this was educational. I started to question why certain things are done in specific ways. I asked myself, how can I radically simplify and even automate critical processes?

At the same time, I also decided to build my own project management system, now called Blue. The core idea was to create a system that was easy to use, affordable, and powerful. Something that could run complex and nuanced projects.

As Blue started to gain features, these were battle-tested by Mād. This kickstarted a virtuous circle where more usage meant more feedback. This, in turn, made us more thoughtful and organized. Blue now has thousands of organizations using the platform across the world. I'll speak more about Blue when we discuss effective project management.

I do not consider Mād a startup any longer. We've had a significant amount of time to work out how to do things right.

We've learned processes to deliver high-quality work on a repeatable and scalable basis. We have an excellent reputation, and

almost all our work comes via word of mouth. The choices of dozens of leading brands and innovative organizations that work with us testify to this.

Throughout all these experiences, I took a lot of notes. Some days, I wrote thousands of words about what I was thinking. This includes notes on critical decisions as I made them, and then an analysis of what went wrong vs. what went right. This is a habit that I keep to this day and something I encourage you to start doing.

This book leverages and condenses all these reflections.

It gives you access to a full seven years of experiments, failures, and successes. As mentioned in the introduction, this is the book I wish someone had given me when I first started. I could have avoided a lot of the problems I encountered.

That said, I am also, in some ways, happy that I experienced everything that I did because it has helped me be who I am today.

If you have any questions while reading this book, feel free to email me at manny@blue.cc, and good luck!

No Rules Here.

Everything you read in this book is not a hard rule or the only way to do things. I am not trying to claim ultimate authority on anything. Lots of the advice I give will be entirely wrong for you and your organization.

You must be smart enough to figure out what's right for you. Use these ideas as a springboard to create your own structures, as I did.

This book is what has worked for me in the last seven years, and what is working right now. Based on the facts I observe, I will continue to experiment, try new things, and replace what stops working in the future.

The best way to think about this book is as a starting point to try new experiments in your organization. Much like a scientist, follow this simple process

- Build a hypothesis and try something new.
- Review the results. Update your working theories with a new hypothesis.
- Try again.

There will undoubtedly be considerable differences between what works for you and what works for others — this should not be surprising.

A professional service firm often mirrors the personalities and quirks of the founder. This is because these types of businesses, more than any other, thrive on people and culture. This is because the people, culture, and processes are the products you sell to clients.

This comes down to the fact that your clients are hiring you because of you and your team's expertise. They want to achieve something that they cannot achieve by themselves.

This is a crucial point to remember.

While you should take important things seriously, ensuring that you and your colleagues are having fun is essential. We're all going to spend quite a bit of time at work, so it's worth making that time both meaningful and enjoyable.

Remember, we're not running a hospital or operating in a war zone, where decisions are life or death. The worst possible thing that can happen is that you waste some money or a project is late. It's not the end of the world — even if it might appear that way in the heat of the moment.

This doesn't mean everyone should be overly happy or falsely joyous at work. That will depend on the culture you develop. What it does mean is that, on balance, most people are enjoying most of their work, most of the time. You don't need to aim for maximal results to be the absolute best place to work for everyone. Make a place on the better side of things, and don't hesitate to invest in your environment and people.

Often, you can create a better workplace by doing things that don't need money — only effort. Run engaging workshops, invite speakers, ask team members to share experiences, and so on. These things, over time, add to a better work environment.

No one is claiming that life in a professional service firm is easy, and by no means should it be. Being challenged regularly is excellent for personal development. You gain experience 3x to 5x faster in a

service firm than on the client side.

So as you navigate through the rest of this book, remember that having fun is essential. Loving what you do helps to make any difficult times worth it, and it stops you from giving up.

Let's start!

Start Building Momentum.

You might be asking yourself: why is this first part of the book called Start Building Momentum?

The reason is that the key aim of all your efforts as a professional service firm leader is to drive momentum to your organization. This will require spending a significant amount of your time on sales and marketing.

This means attention from prospective clients and an increase in requests for proposals (RFPs). This assures you that there is always more work coming soon. You can use these RFPs to test new formats, services, and pricing models. It also increases your confidence, as not every single proposal is critical to your success because you are sure that there will be more RFPs coming in the near future.

You are in the driving seat when it is not critical that you win or lose any particular proposal. You have a strong negotiating position. You don't need to rush to close a deal. You can take the time to push back on requests, review the scope of work, and so on.

This is the first part of the book because, without momentum, you have nothing.

Momentum is the foundation of your firm, and everything else builds from this. This is a crucial point to remember and something that you should keep track of.

When you have momentum, many mistakes don't matter or can be forgiven because you always have the next deal. You'll feel excited waking up in the morning and pushing forward; this energy will be passed on to your team.

But, if you don't have momentum, it is very difficult to get started or to keep going when things get tough. Every deal counts, and the pressure and stress are high.

This is not how we want to run our businesses — or our lives.

CHAPTER 1

The Ideal Scenario.

Let's start at the end.

I have reflected on this extensively, and it has come down to one core concept:

Independence.

After all, you started your own business because you did not want to work for someone else. You wanted to set your own rules. So, I am sure that you value your independence as much as I do.

Independence in work means having the ability to say no. Never having to take work you do not want. To work on your terms as much as possible.

There can be many reasons for rejecting work:

- You will not enjoy working with the client.
- The specifics of the project or industry are not attractive to you.
- There is simply not enough budget available to make the work feasible.

Independence means that running a professional service firm is more joyful.

You are working with the right caliber of clients. You surround yourself with colleagues you enjoy working with. Your work has meaning, and you leave the office with more energy than when you arrive. This creates better results for your clients, more enjoyable work, and reduces turnover in your team. It also has significant spill-over effects on your personal life as well.

We can break down independence into its fundamental components:

1. Being Already Busy with Work.
2. Not Having “Key Client Risk.”
3. High Recurring Revenue.
4. Plenty of Cash In the Bank.
5. Lots of Enquiries.

Being Already Busy with Work.

You likely won't have financial pressure to find new clients if you are already busy. Ensure that you and your team are at capacity for the next thirty to sixty days. Doing so gives you plenty of time to review new potential clients and decide who you want to work with.

Ensuring you are always busy is a great way to ensure a steady income — **these are two sides of the same coin.**

You must communicate with your clients that you want to create long-term relationships. This way, they know you are not looking to make one-off project fees. You show that you care about the long-term outcomes — aligning your incentives with theirs.

When you are busy with existing clients, it gives you the freedom to be selective with your future clients and focus. You can pick and

choose the ones that you want to work with instead of having to take on whoever comes your way. You do not have to worry about the distractions and bullshit of dealing with difficult and highly demanding clients.

Not Having “Key Client Risk.”

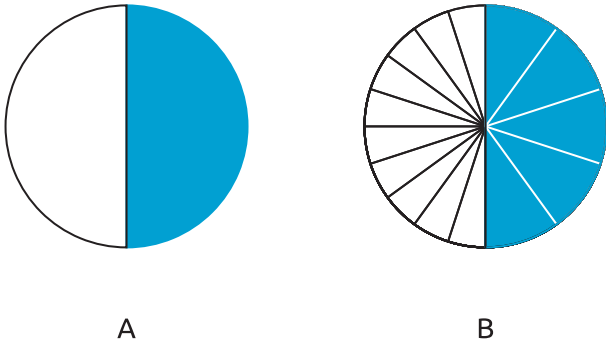
This is counter-intuitive, as one would imagine that the bigger the clients, the better. But, this is not true.

Let’s set up a hypothetical scenario where we have two businesses in which everything else is equal, except the distribution of revenue between their client base.

Company A has two clients, each accounting for 50% of the total revenue.

Company B has fifteen clients, five of which have 50% of the total revenue, and the ten share the remaining 50% of revenue.

Which company is more resilient and has fewer risks in its business model?



Company A cannot afford to lose a client because that would mean a revenue reduction of 50% and likely significant cutbacks to team members and general business expenditures. Company B can afford to lose multiple clients, which would not have a significant impact.

And these are real scenarios. MäD has previously been Company A, where we had one customer representing 70% of our billings, and now we are Company B, where we have a much more equal customer base. No single customer can take our business down.

And this is really what defines key client risk:

It is when no individual client is too big or important. If they canceled their contract, would they bring your business down? If the answer is yes, you've got key client risk.

There are also other advantages to not having key client risk. It makes you more comfortable having strong opinions on your work with clients. This is because you're not worrying about the relationship with the client. It's fine to have heated debates with clients about the work, as long as the relationship is on a solid foundation.

This is a subtle but important point.

You need a solid foundation with clients before having heated debates about the work because it allows for open communication and a better working relationship. If there is a strong foundation in place, then both parties are more likely to be respectful of one another and have productive discussions about the work. This can lead to better results for everyone involved.

A final point on key client risk. If you have key client risk, your client will often be acutely aware of this. They know that they are your biggest customer, and they can use this against you to extract better pricing and terms during contractual negotiations or just generally have unreasonable expectations in the project, putting pressure and stress on your team.

High Recurring Revenue.

Another component of independence is to have a high degree of recurring revenue. This means long-term retainer-based agreements, where clients pay the same monthly amount. This smoothens cash flow, encourages long-term thinking, and naturally develops long-term client relationships. It also makes planning much easier compared to only having individual project revenue.

Revenue from long-term contracts can help to offset the fluctuations that are common in businesses that only have project-based revenue. This type of stability is especially important for small businesses and startups.

The ideal scenario is that you have plenty of recurring revenue, so you never really need to consider cash flow as more than a passing problem, not something you battle with every month. This means not having to chase every invoice and worry if a slippage in a project deliverable will result in late payment.

I'll discuss some tricks in Chapter 7 about structuring the payment terms in your contracts, even for fixed-price projects, so that all your income "feels" like recurring monthly revenue. This is perhaps one of the most significant yet simple changes you can make to your professional service firm.

Plenty of Cash In the Bank.

Having a minimum of three full months of operating cash flow available in the bank is essential. This shields you from short-term variations in cash flow based on payment delays.

The ideal scenario is to build a full six months of operating cash flow in the bank and keep it there. This creates a huge safety net and gives you a psychological edge — which you should take advantage of and communicate to your team and your clients.

When you have extra cash flow on top of this reserve, you can reinvest it into the business, take profits, pay down debt, or negotiate upfront payment with vendors you trust to receive a discount. This is a great position to be in and gives you flexibility.

You need to take immediate action if you don't have enough cash flow. This may include reducing expenses, renegotiating payment terms with vendors, or decreasing prices to attract more customers quickly. You can also have lines of credit already set up with your bank, so you can easily access them in times of need.

The other key point about having plenty of cash in the bank is that you do not need to take projects you would rather not take just because you need the money. In the early years at Mād, I had to constantly accept projects that I knew were likely to fail, with clients I didn't want to work with, purely because I had this constant pressure to make ends meet every month.

Fast forward to today, and at Mād, we keep more than six months of operating cash flow available in our checking account. Then, we have a further three months of operating cash flow available as an instant loan via our payment provider. If things were to start going

wrong, there is plenty of time to turn things around before we run out of cash.

This is about ensuring you can sleep well at night and focus on running your business — not chasing invoices.

Lots of Enquiries.

You should be getting lots of inquiries per month about new work. You can then spend time evaluating these inquiries and pick the best potential clients to work with. If you only have a low number of inquiries, this then means that you cannot be as selective with who you work with. This is because you cannot be sure that new potential clients will be knocking on your door any time soon.

You need to aim for at least one proposal per week or fifty-two requests for proposals per year!

However, getting this number of requests for proposals per year does not come by accident.

You need to focus on it.

If you ask business leaders what they want to spend more time on: sales and marketing would often top the list. After all, this is the engine that drives the business forward.

Without consistent sales, a business cannot function. So, you have a choice. You can be in a position where money is essential versus where money is everything. I would rather that money be “just” essential. In other words, a position where money is important, but

not so urgent that it overpowers everything else.

It should feel like you have the wind in your favor regarding sales. This means that new business comes naturally and regularly. Sales cannot be an activity done in-between projects when you have spare time. This approach would spell disaster.

Think about it, when you've got time (i.e., when you don't have as much work!) is precisely when you need to have new sales coming in. Consider that often, many sales take two to three months to close. You may end up with a lengthy quiet period while chasing leads. And trust me, potential customers know when you are hunting the sale.

So instead of selling from a position of power, you're now selling from a place of weakness. You should be selling when you're very busy. This demands that you find time to slot your new clients in, instead of chasing clients to fill up all your free time.

You're in trouble if you've got time pressure because you must ensure that you meet your numbers and stay afloat. This means you won't negotiate and deal as hard as you might otherwise. One terrible thing that can happen here is that you rush the scoping of a particular project. You quote a fixed price to close the deal and get some cash in. A few months later, you find yourself working for free to complete a project.

Remember, there is never a moment in your life when you're making more money than when you're negotiating. If your client is under time pressure and you're busy, this can play to your advantage — ever heard of rush fees?

Some businesses charge a “rush fee” for expedited service. This additional fee is charged on top of the regular price for the service. The purpose of the rush fee is to compensate the business for the added cost of a rushed production, which may include overtime pay for team members and just the general headache of working in a rush. You can, and should, charge rush fees if a client has time pressure because working under tight project deadlines does cause extra stress, and it is not sustainable if every client has rush requests all the time.

So, there you have it: the key components to achieving independence.

If you are able to position your firm as being in high demand, you can significantly grow your customer base, while continuing to be busy all the while.

Then, once you get into a flow that gives you freedom and predictability (especially in regards to cash flow), you can focus on running and eventually expanding your business. Remember that stability gives you the power to choose projects and be confident in your team and its abilities.

But to be able to act on these steps, you will need to rely on other factors: to ensure that you have a steady stream of clients and therefore profits, you need to actively work on sales and marketing.

Think about your customer and their journey.

So, what does it mean to “make Sales and Marketing a priority”? For starters, you need a plan and a team to execute that strategy.

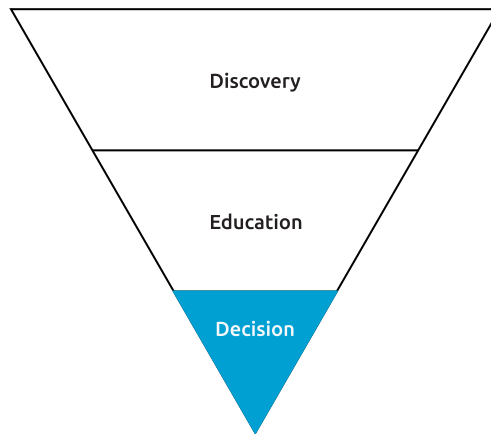
Each industry is different, so it's difficult to give a precise plan that will work for everyone. That said, I can provide you with a framework that you can use to create your plan. Spend time and think of the buying journey of your customers. Map it out, put yourself in their shoes, and imagine the type of questions they might have. Think of the problems they might see ahead, what they worry about, and what they care about.

Don't just do this yourself, but ask your existing or potential customers to find out! Over time, you'll have a more accurate picture that maps well onto reality. You will have in-depth knowledge of your customer's journey to buy your services.

Then, think about how you can make this journey easier. How can you be relevant to your potential customers even before the project?

At a high level, most customer journeys will go somewhere along these lines:

- **Discovery.** How are your clients looking for solutions to their problems? How can they then find you?
- **Education.** How can clients learn more about you and your product and services?
- **Decision.** What decision-making framework will clients use to choose a firm? Why should they choose you over many other firms?



This introspection will lead to a list of activities to help with this customer journey.

One key thing to remember is that you should not think in a short-term manner here but look a few years down the line.

For instance, having a large number of industry resources could be excellent for prospects. They could spend their time getting lost in your archives and discovering new ideas and, naturally, want to work with you. If that sounds interesting, you've then stumbled on a multi-year project.

The idea is to get the right balance of short-term execution and long-term planning. You need to be able to leap forward two to three years from now. Understand what the key things are that will make a difference.

Then, start working on these differences right now.

Break significant actions into smaller steps that you can complete and ship out. This makes long-term projects manageable, because you'll see immediate benefits while working towards a long-term

goal. It will also keep motivation up, as you can observe and track weekly progress.

Projects that take six months to see if they are impactful are wasteful in a small organization — the risk is too great.

CHAPTER 2

Be Wildly Different.

We don't live or work in a bubble. Other people are trying to do the same thing and want your clients. With that in mind, you need a strategy not only on how you will survive but how you will thrive.

The fundamental idea behind the strategy for B2B professional service firms is differentiation and building strong, clear value propositions. The key question to ask yourself is:

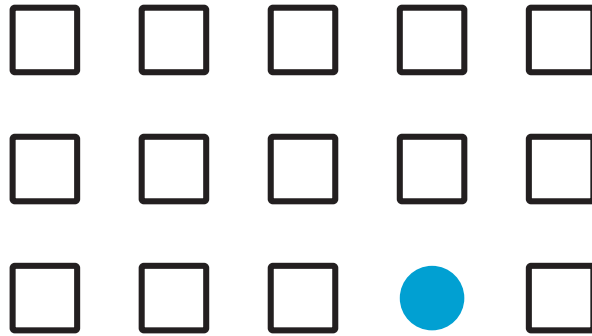
Why should someone pick you?

Because you are different from everyone else, in a better way!

The critical thing with marketing is to have a clear set of value propositions and to be able to communicate these effectively to your target audience. Ideally, these value propositions need to strongly differentiate you from everyone else.

Make an enemy of "business as usual" in your industry — without naming specific competitors.

And the best way to showcase differentiation? Actually be different!



I know this sounds obvious, but you'll be amazed at how many companies talk about being different. Yet, if you just glance at the website or step into their office, it's the same as everyone else.

I've seen examples of professional service firm owners talking about User Experience Design, and I visit their website only to see a carelessly put-together template with blurry photos, confusing navigation, and significant misleading information.

Don't do that.

Actually make an effort to discover how you can be different from others. This is not something that will happen overnight: you'll have to do a significant amount of research and experimentation with your approach and processes, but eventually, you'll stumble upon some degree of success. You must then analyze and understand **why** you succeeded in that particular instance. Then, work out how to make this success repeatable and predictable.

Stepping back, there are really only two ways to do business.

You can extract economic rent. This means that you're providing useful services that the market needs and expects, but that's it. The maximum you can expect to grow is at the pace of inflation or the growth rate of your specific industry.

The second method is to focus on standing out from the crowd. Personally, I think the second method is key for B2B professional service firms, because it is a **highly** competitive field.

For instance, we have more competitors for MäD in the local market than Blue (our online project management system) has across the entire world!

Let that sink in.

This is because starting a professional service firm is not significantly capital intensive, and you can often fund startup costs and growth purely on the back of large project wins. This means that although it is an attractive startup business for many people, most firms fail within their first couple of years because they do not discover how to operate — the precise problem that this book is trying to solve.

However, the good news is that, unlike in the technology industry, professional services are not a winner-takes-it-all market. No firm can possibly service even a fraction of the entire market, so it is about fighting for the right clients with the right budget. In reality, your main competitor is not other firms in your industry, but your **own** ability to run the business well and showcase differentiation.

You need a clear answer to that right now, and you need an answer that will evolve as well.

A discussion on a strategy and differentiation without a discussion about time is irrelevant. Everyone competes in different time frames. In the short term, you might be trying to win a particular bid against another competitor. You need to have a strategy to try and win this in the timeframe of days or weeks.

You can compete in different ways on the higher time frame side of things. What I love about building a long-term strategy is that if one manages to execute it well, it is essentially the equivalent of a checkmate in the game of chess.

For instance, if you have a five-year strategy about your company's professional brand that you will have thought leadership developed over the years with lots of white papers, educational content, and so on, then this is not easily replicated. Once your competition notices this is working, they cannot wind back the clock and do five years of work. It's too late — by the time they catch up, you will have already moved on.

That said, executing on a five or ten-year strategy is something that almost no small or medium business does. This is because it is a risky endeavor. If you mess it up, it will be an enormous waste of time and energy. This is why I believe a strategy should not be something that is unveiled at a particular time or place but is an evolving and ongoing process of change.

The other key thing to take away from the above is that many clients have seen many firms come and go over the years. Once you reach the 5+ year mark, things get significantly easier because you have a lot of goodwill from previous projects and clients, but also, new clients are reassured that you're not another one of those operations that will disappear overnight and leave them in a mess.

If you're a new professional service firm, you have to fight against this perceived risk that clients see, and the best way to do that is to play one of your most decisive advantages: **your lower cost base.**

Because you will likely have significantly lower overheads than established companies, you can afford to underprice them enough to win work you normally wouldn't. However, you need to understand that clients often see pricing as a barometer of quality, and there is such a thing as pricing too low.

So how do we move from where we are to where we want to be? How do we build a bridge to that five or ten-year vision of success?

Well, instead of one huge plan or action, my advice is to look for small 1% improvements.

Everyone is fascinated by that apparent and sudden leap forward: Steve Jobs announcing the iPhone. The team at SpaceX crying as their multi-stage reusable boosters land back to earth in one piece.

And so, most people assume that this is how progress is made. In reality, this couldn't be further from the truth.

Large leaps forwards are years in the making. You can see Neil Armstrong land on the moon and discount the work of 500,000 people that collaborated at NASA (and their suppliers!) to make that happen in the previous ten years.

Progress looks like fixing a minor software bug, an accidental discovery on how to make something better, and insight gleaned from years of thinking about a specific problem and trying hundreds or thousands of possible solutions.

Progress is made in iterations: taking two steps forward and then one step back, accepting and embracing failure, and seeking to improve every day.

This is why we recommend that business leaders ask themselves the following question every morning:

How can I make things 1% better?

While 1% does not sound like a significant performance improvement, this is where the magic of compound interest comes into play. Einstein called this the “eighth wonder of the world” - those who understand it earn it, and those who don’t, pay it.

A 1% improvement each day for a year leads to a 37-fold improvement. It doesn’t matter if you are improving 1% a day or 1% a week; what matters is that you are always looking for opportunities to make small wins that will add up in the long term.

Conversely, if you get 1% worse each week, you’ll get significantly worse over just a year. And what’s scary is that a 1% reduction in performance or quality is hardly noticeable.

Forget overnight success - most entrepreneurs and accomplished individuals will tell you that their “overnight” success was ten years in the making. Eight of those years are spent working in obscurity; then, everyone notices the leap forward once all the hard work has been mostly done.

The key to compounding 1% gains in organizations is to focus on things that are both urgent and have a long-term impact because it is impossible to compound if you focus on tasks that are only of

short-term importance.

Something as menial as documenting the way a particular process is made can be counted as a 1% improvement if you can be confident that this documentation, or a version of it, will be used and valuable in five years.

It's also worth regularly looking back on how the organization was a few years back to notice the real tangible improvements in how things work and the results that have been achieved.

We took this approach with our own office, for instance, taking the time to invest in small but meaningful changes that compounded over time. After two years, it was barely recognizable, and visitors would be excused if they thought we had moved office - **forgetting that our business address had not changed.**



February 2019 vs. August 2022

The key thing to realize here is that complex things are actually on the same scale as easy things, but the actions required to accomplish the difficult things take a lot more time and repetition.

Indeed, complex things are more challenging in the interim — but they also result in significantly better long-term returns. On the other hand, easy things are simple enough to tackle immediately, but then their outcomes are usually short-lived as well.

So then this forces you as a leader to define what is truly important to your organization, and then obsessively focus. For instance, if you are a fast-moving startup, then having late-night working sessions and prioritizing the speed of shipping a feature may be more important than the stability and reliability of your product. Bringing more people on board may be more important than a coherent culture.

This is fine, as long as this is a conscious choice.

However, you cannot build a reliable product over time without focusing on these small 1% improvements that have long-term payoffs vs. the short-term hacks that are not optimized for the long term.

So if you build a product and believe that your customers value reliability, you need to slow down and bake that into your culture, 1% at a time. This means sometimes missing shipping dates to ensure that things are done properly. When this happens, you should secretly celebrate inside, because it is a solid way to show that you care about your organization's values.

A leader that allows a shoddy product to ship to the world just to hit a deadline is only paying lip service to reliability.

We have noticed that, at times, focusing on 1% improvements feels really inconsequential. Going through our corporate website to ensure that images are well-optimized, reviewing older projects to see if they make good case studies, changing our design software to something that is more collaborative, or watering the plants in our office.

By themselves, none of these actions change anything in the slightest. A slightly more optimized 'about' page will not win us any more customers or make our team happier. Yet, if each page is given small improvements regularly, by the end of the year, our website would be remarkably better.

We use this approach because the difference begins to show when you consider tens of thousands of these actions chained together over the years. There is never a particular moment that can be pinned down where you say, "that is when it happened."

In the end, there is a choice to be made about what you believe. You either believe that things can always be done better and make it happen, or you believe in the status quo, stagnate, and watch while the world improves.

This is why we water the plants in our office.

CHAPTER 3

Writing Winning Proposals.

Writing proposals is the most critical activity in any professional service firm. After all, without any new work, the firm will stop existing. And without any of the **right** type of new work, the firm will stagnate.

So, ensure that you take writing proposals seriously. You'll never make more money per hour than writing proposals or negotiating with clients — remember that!

The purpose of writing a proposal is two-fold:

- **Provide clarity to the client about the proposed project.** You might find this strange if the client contacted you. After all, why should you explain the project back to them? Well, remember that we want to position ourselves as experts. You've done more projects than they have, so you should be the one providing clarity.
- **Educate the client on why your organization has the best people and experience for them.** Why should they pick you instead of anyone else? Why is your firm **specifically** suited to their industry, their problem, and their organization?

This means that you need to be razor-sharp in your thinking. You need to clearly showcase what makes you different from everyone else. You need to explain your methods and why they matter. You need to show the actual value of your work - and what it can do for them.

It is best to start collaborating with the client right away, even before the project has started and you are in the proposal phase. Work in a collaborative manner with the client to narrow down the precise scope of work of the project, providing advice along the way. This gives them a taste of what it is like working with you (and vice versa).

This is important because if you see that they are already challenging to work with at this stage, you know what to expect during the project. You can then use this information to price your proposal more accurately, or even decide not to take the project at all.

Once you've agreed on their needs, you can move on to the next step. This is where you add pricing to your document and formalize the proposal with all the terms and details. Some clients will often want to skip this process and jump right to the proposal. Refuse to do this; the win rate for this type of work is low — it's not worth your time.

The reason for working on the scope with the client before the proposal is that you don't want to attempt to hit a moving target. If the scope constantly changes, you'll need to adjust your pricing for each proposal version. This starts to focus the discussion on the cost per line item instead of overall value. The client will ask for precise justifications on why the price changed between each version. You'll be fighting a losing battle.

Also, it's a lot more work on your side!

If you only give the pricing once the scope of work has been confirmed, you avoid this problem. You also encourage the client to review the scope of work in detail.

So, let's dissect what makes a good proposal. A good format that I have found to work is to use the following sections:

- Introduction.
- Scope of Work.
- Out of Scope.
- Timelines.
- Investment.
- Suggested Contractual Terms.
- Team CVs.
- Case Studies & References.
- Professional Service Firm Profile.

I'll go into the details of each section below, but you should also know when to break this format. If you are responding to RFPs from large organizations, they often specify the exact structure for your proposal. I've written RFPs for large banks and international organizations, and I absolutely hate it when vendors send their proposals back and fail to follow the suggested format because it creates a significantly larger amount of work to compare the different proposals. It also showcases a lack of care and attention to detail from the vendor — something which I'll often score them down for.

So if that's the case, and there is a required structure, make sure you follow the instructions. If you don't, you might be disqualified.

At M&D, we write proposals in a long-form manner. Whether you do slides or long-form, this is up to you. For larger projects with significant details, a long-form document is almost always preferable.

Learning from each proposal and adding this information and sections into a master document is also helpful. This means that for every project that you write a proposal for, if there are any improvements in the proposal, you feed those back to the master version so you can reuse them again in the future.

This master document is then the starting point for each new proposal. This can save you a significant amount of time and effort than writing each proposal from scratch. But, you need to be careful that you don't fall into the trap of sending out templated proposals.

I can promise that many clients can see through a template proposal, and you'll lose work.

The reality is that you will not win every single project proposal you send. But you can build a great business even by winning only a minority of the proposals you send! At Mäd, we reject a third of the RFPs that we receive, we lose another third, and finally, we win a third. So with just a 30% win rate for every prospect that requests a proposal, we can build a healthy and long-lasting business.

But, because we don't know which ones are going to be the winning ones, we need to put our best effort into each proposal.

This is especially true if you think of the lifetime value of a potential customer: not necessarily the investment for this particular project, but also the future projects further down the line. This could result in more work, great case studies, references, and testimonials. Also, don't forget that people will move jobs in the future. If you keep the relationship going, you'll also have the possibility of having a new client once they join a new organization. Over time, this can become a significant source of new business, although it does take several years to build up.

So, you can see how vital proposal writing is, not only for the immediate project win but for the long-term health of your firm.

The Introduction.

This is often called the “Executive Summary.” This is the section that the key decision-makers will read, apart from the pricing.

So, this is not the place to be long-winded or shy. State your case, and explain why you’re the best organization for the project. Think carefully about your key messages:

What do you want the person reading to take away from this introduction?

This section will also be the first impression that stakeholders will have of you. Make it a good impression! Show that you understand their pain points and what they are trying to achieve.

If you reach a scale where you do not have to write every proposal yourself, try to write the introduction at least. This will give it a personal touch that’s hard to replicate.

With this in mind, ensure that you have a signature block at the end of the introduction with your personal phone number and email address - this showcases to the client that the leadership of the firm is easy to reach and accessible, which provides them with peace of mind.

If you receive a direct message from the CEO or any other top management member via WhatsApp, iMessage, Telegram, or any

other platform, it is a strong indication that you are likely to win the proposal. I have never lost a proposal when this has happened. It shows that these busy people consider you an essential part of their upcoming work.

Project Objectives.

Let's remember the first of the two objectives of any proposal:
Providing clarity.

Stating the project objectives and the critical success factors goes a long way to clarifying why the client should invest in this project. This means that you showcase how the project can have a significant impact on the client's business.

This can be a very concise part of the proposal, but it can really put the client at ease - they will understand that you are a good listener and that you have understood what they care about.

A great trick here is to ask about key success factors during the initial meeting with the client. Take notes of the **precise** wording that they use. If possible, use these very same words, phrase by phrase, in this section - this will strongly resonate with the client, and you'll be surprised by how much weight and importance this relatively small section of the proposal can have.

When possible, have qualitative goals.

Scope of Work.

At the **heart of the proposal**, this is where you discuss, in detail, what you'll be doing for the project. The best idea here is to get into depth about your processes and explain **why** you will be doing what you are doing.

It's important to ensure that this section does not feel generic. For sure, many scopes of work across different proposals may be similar, but you need to take the time to fully understand what is unique about this client and project.

If you are doing anything related to digital products or IT, you might need to split this section into two. The first section discusses the features and functions of the product that you will build, and the second section describes the actual stages of the work required, such as design, scoping, development, testing, and so on.

A common problem within the scope of work section is that if there is a lack of specificity, it opens the possibility for clients to disagree on deliverables. You should therefore aim to make your scope as clear as possible to avoid any ambiguity or misinterpretations. For example, if you include writing reports in your scope of work, you should indicate what these reports will consist of and how often they will occur.

A good way to test that your scope of work section is clear enough is to run a thought experiment. Can this section be used by the project manager to easily go through and tick off each and every item at the end of the project to ensure that the project has been completed? If yes, then you have the right amount of clarity and granular detail in your scope of work section. If not, then you need to go one level deeper in terms of detail. This can sometimes feel

like a lot of work, but it is worth it to have peace of mind that you will not have trouble signing off on the project at the end.

Out of Scope.

This is a really important section that is often overlooked by many professional service firms, but it is actually a good thing to clarify exactly what you will **not** be doing as part of the project.

This is because it forces the client to truly think carefully about the scope of work. They will see a list of exclusions and be aware that they will need to change the scope (and thus pay more) if they need additional services or deliverables.

It's important that when you list things out in this section, you take the point of view of the client. For instance, if you are doing web development, it might be obvious to you that the website hosting is not included in your project price and is a separate cost that the client needs to consider and pay for. However, for a client that is redoing their website for the first time in 15 years, this may not be obvious at all. In fact, they might not have even considered the fact that they need to pay for the hosting!

The same goes for additional features in the creative industries like production, printing, fonts, licenses, and so on.

Personally, I like to bundle in local travel costs and make it clear that we will then refund travel expenses outside of a certain geographic area, normally the city that you're based in.

You may also want to use catch-all phrases, such as stating that all third-party costs are out of the scope of the project and will be billed separately, and even that work over a certain amount of hours or after a certain date has passed is automatically out of scope.

This last point is quite interesting because it means that the client also has some degree of time pressure to ensure that they do all that is required on their side to complete the project within the allotted time if they want to stay within the initial budget.

Key Deliverables.

To expand on your scope of work, it is useful to map out what the client should expect to receive in the form of deliverables. This section will summarize the expected goals and targets that must be achieved during the project and will include supporting information to help the client clearly understand what is being agreed upon.

This section varies from project objectives as it focuses on tangible or intangible accomplishments to be completed within a specific timeframe.

To be considered a key deliverable, certain criteria should be met:

- The items should help accomplish your objective(s),
- They should be agreed upon by the client and your team at the beginning of the project,
- They should be achieved through meaningful work, and
- They should, of course, be within the scope of work outlined from the beginning of the project.

It is helpful to use your key deliverables as a reference point for the project manager and team to refer to throughout their work to help them visualize a distinct finish line. Without clear deliverables, your team may work in circles and potentially begin deviating from their goals.

Remember, well-defined projects ensure that everyone is on the same page. Clients know exactly what to expect, and your team is aligned with what they're working towards.

Timelines.

Defining your timelines is another crucial part of the proposal. Not only are you estimating how long the project will last, but you are also setting expectations for the duration of each of its parts.

While timelines don't necessarily have to be incredibly detailed in your proposal, they should at least give the reader a broad overview of the project. Timelines will change - that is just the nature of the business - but try to be as realistic as possible with your estimations.

If desired start and end dates aren't known, you can simply organize your timeline by the length of time you estimate tasks will take. You don't need to include every single task in the project with an assigned beginning and duration length, as this will make your timeline difficult to read and give your team little flexibility - instead, you should focus on key milestones.

It is worth noting that some projects may include 'inactive' time periods, whereby work cannot be progressed until another event takes place. These periods of inactivity are useful to map out from

the beginning to solidify when your team will be active and what will be necessary at given times to continue the project: for example, a seasonal campaign or a period where the client will need to curate their own content.

With regards to feedback time or sign-offs, it is even worth asking the client what their typical process looks like and how much time they have historically needed for sign-offs on other projects - you can then use this information to build a more accurate model for your overall project timeline.

From experience, I've learned that even the most educated estimations can hit road bumps. When you're calculating your timeline, you're attempting to predict potential risk and reduce surprises, but this is never entirely possible. There will always be unknowns, and you have to factor in a degree of flexibility to solve unforeseen problems within a realistic timeframe.

I've found that there is a balancing act between your planning time and your 'doing' or working time. Simply, the bigger the task, the bigger the planning efforts for that task. Aim to dissect how complex each task might be and consult with your relevant team members for practical advice on how long certain activities may take them. Getting your estimations wrong could turn a six-month project into a one-year project, which would result in team members being double-booked in the future or simply unavailable, and worse - risking the reputation of your company and the profitability of the project.

With smaller project tasks, you can afford to make quicker estimates, as any small mistakes will be cheaper and speedier to fix. We've found that running a quick team meeting can help you speak through potential issues and map out a realistic project plan that

everyone is on board with.

As a side note, no matter how organized you and your team may be, clients can derail timelines massively, so be sure to highlight when you may need their assistance, resources, or approvals. As mentioned before, putting some healthy time pressure on clients can ensure they do their part to keep the project on track.

Investment.

By the way, **never** say “price.”

You should always be framing any money that is spent directly or indirectly on your services as an **investment** from the client that can earn them a return.

There are also a few key things to mention in this section, including the payment schedule (more on that in **Chapter 7**) and also making sure to clearly state if your fees are inclusive or exclusive of tax. If you don't specify this well, sometimes you will encounter some crafty procurement people in large companies that will use this as an excuse to negotiate a significant discount — they will always claim that they assumed your fees included tax, even if you usually quote NET, but didn't state it clearly.

Where possible, try not to provide granular line-by-line item breakdowns of your pricing. If you break it down by major area, this is fine, but if you're getting into price-per-deliverable or anything along those lines, then this is a red flag. It means that the client views you just as a vendor to outsource some items to, not a true partner that can help them in the long term.

Suggested Contractual Terms.

Sometimes, large clients will have their own default terms and conditions that you need to agree with. However, you should always include your suggested contractual terms in your proposal, along with an area to sign off on the entire proposal. That way, you make it as easy as possible for the client to accept and move forwards.

While this is only a small example of reducing friction in your sales process, if you have this attitude towards everything, you make it significantly easier for clients to buy from you — and they will appreciate it by buying more!

When I first started out, I paid a large law firm a fair bit of money to write a lengthy 25-page contract that covered almost all possible eventualities and things that could go wrong in the project. However, what often happened is that I ended up spending a lot of time with the clients, or their legal teams, having to discuss each and every point and ensure that we agreed on everything. This often caused significant delays in starting projects, and I felt it was truly a waste of everyone's time.

If the client is a large enterprise, they will likely have their own standard contracts that you will need to review and agree to. Two things that you want to be aware of:

- **Penalty Fees.** Some clients will want to place penalty fees for late projects, but this is something that you should negotiate out of the contract. This is because, often, timelines are out of your control regardless of the level of effort or goodwill that you put into the contract. This can be as simple as things being more complex than initially expected, or that there is a feedback delay, or that one of your key staff becomes ill. You

don't want to have the stress of a late project and having to pay late penalty fees. Additionally, you should also think about how you generally want to structure the relationships with your clients. Starting a contract with each party holding a gun to their head is not a good long-term strategy.

- **Non-Competition Clauses.** Sometimes, clients will put in their contracts that you must only work with them and no other companies in their industry. You must not agree to this because it will significantly reduce your potential future sales, and if they want this level of exclusivity, then they should be paying separate fees that are above the project fees to compensate for the potential lost work in the future.

Nowadays, when clients ask us to provide a contract, we have a simple one-page contract that clients can review in a few minutes. I'd say that 95% of clients simply accept it without any changes. Feel free to review it and change it for your specific needs:

1-page Contract

- This agreement is between [professional service firm Legal Name] (“[professional service firm Name]”) and [Client Legal Name] (“Client”) on _____.
- The representatives are [professional service firm Rep Name] for [professional service firm Name] and [Client Rep Name] for the Client.
- This contract is the only agreement. There are no other agreements, oral or written.
- The Client wishes to purchase the services from [professional service firm Name] described in “Scope of Work” and “Key Deliverables”.
- This contract can only be modified or amended by mutual agreement of [professional service firm Name] and the Client, in writing.
- This contract is governed by the laws of [Your Country].
- All official project communication will be via [Insert official project management system name or email]
- The client will provide feedback on any mid-project deliverables within x working days. If feedback takes longer, [professional service firm Name] may requote the timeline and price of the project.
- Invoices are to be paid within x days of being received by the Client.
- [professional service firm Name] will stop working if the invoices under this contract are not paid within x days of being received by the Client, and may terminate the agreement.
- [professional service firm Name] has full permission to use any non-confidential deliverables in their portfolio and marketing materials, including but not limited to a case study on the [professional service firm Name] website once the project is completed.
- The liability of [professional service firm Name] to the Client under this contract will be limited to the payments actually received by [professional service firm Name] from the Client under this contract.
- All intellectual property created by [professional service firm Name] under this contract will be the property of the Client, after all payments have been received by [professional service firm Name].
- [professional service firm Name] will treat all Client information as fully confidential. [professional service firm Name] will only disclose confidential Client information to pre-approved employees and subcontractors.

- This agreement is between [professional service firm Legal Name] (“[professional service firm Name]”) and [Client Legal Name] (“Client”) on _____
- The representatives are [professional service firm Rep Name] for [professional service firm Name] and [Client Rep Name] for the Client
- This contract is the only agreement. There are no other agreements, oral or written.
- The Client wishes to purchase the services from [professional service firm Name] described in “Scope of Work” and “Key Deliverables”.
- This contract can only be modified or amended by mutual agreement of [professional service firm Name] and the Client, in writing.
- This contract is governed by the laws of [Your Country].
- All official project communication will be via [Insert official project management system name or email]
- The client will provide feedback on any mid-project deliverables within x working days. If feedback takes longer, [professional service firm Name] may requote the timeline and price of the project.
- Invoices are to be paid within x days of being received by the Client.
- [professional service firm Name] will stop working if the invoices under this contract are not paid within x days of being received by the Client, and may terminate the agreement.
- [professional service firm Name] has full permission to use any non-confidential deliverables in their portfolio and marketing materials, including but not limited to a case study on the [professional service firm Name] website once the project is completed.
- The liability of [professional service firm Name] to the Client under this contract will be limited to the payments actually received by [professional service firm Name] from the Client under this contract.
- All intellectual property created by [professional service firm Name] under this contract will be the property of the Client, after all payments have been received by [professional service firm Name].
- [professional service firm Name] will treat all Client information as fully confidential. [professional service firm Name] will only disclose confidential Client information to pre-approved employees and subcontractors.

Team CVs.

Remember what we said about being a people-based business? By adding the details of your team, their roles in the project, and their CVs, you're positioning yourself not just as service providers but as trusted experts. It shows that you're confident enough to show off your team.

It's common advice to tailor your CV to the job you're applying for, and this advice carries over to project proposals, too. It can be useful to have prewritten team bios/CVs, but you should never simply copy and paste them into new proposals. Take time to show that you understand the clients' problems and display the team members' direct suitability to address their needs.

When you're displaying your team, you're focused on conveying value - both on their credentials and on the way they work. This latter point is of particular interest: in a crowded professional service firm market, it can be advantageous to leverage your team culture. Think of it this way, multiple agencies could possess talented individuals with the same qualifications, but if the way you work and think is aligned with the client, then it'll lead to a harmonious arrangement and meaningful work.

Working With Humans.

If you are running a professional service firm, your level of success will be directly linked to your ability to deal with people. The more effectively you can communicate with your team members and convince clients, the easier it will be to run your firm.

One mistake that I have often seen, especially when people are starting out, is that they want to try and appear like a large organization, even when they are a two or three-person team. They place multiple email addresses on their website as if they are different departments, and they attempt to keep clients at arm's length.

This is a shame because they are neglecting one of their key advantages — the fact that they are a small firm and can provide highly personalized services!

So if you are small or just starting out, use your size to do things that large organizations simply cannot do. Be much more informal with regard to your communication and be much closer to your clients.

Use this advantage!

Don't try to sound like a big company. Instead, be... human! Use your unique personality to sound like a real, honest person. This is refreshing, and clients love it. Instead of feeling that they are emailing a random suit in a five-thousand-person organization, they are actually speaking with a real person.

There is a long-term trend now that smart managers and leaders are often turning to smaller boutique firms. This occurs for several reasons:

- 1. Attention.** If you pick a 20-person professional service firm and you're a large company, you're likely to be one of, if not the largest, customers. This means that you are going to get a significant amount of attention - far more than if you go for a multinational consultancy or professional service firm where your account is just a number.
- 2. Quality.** It's a known fact that smaller teams outperform larger ones, and you don't need huge teams to achieve big results, especially with regards to knowledge work and technology.
- 3. Less Bullshit.** The owner of the firm is reachable and responsible, things move quickly and with less paperwork, and more actual work gets done!

With that in mind, if you are running a smaller professional service firm or even just starting, try to communicate these value propositions to your current and potential clients — it will work!

There is also a fantastic bit of advice that I read in a book called **Better** by Atul Gawande, which deals with various problems and opportunities in modern health. The author advises doctors to ask at least one question during a patient visit that has nothing to do with their health problems. It could be something as simple as asking if they saw the game last night or anything else that's trivial.

This advice works just as well when working and dealing with clients. During meetings, especially at those moments before the meeting officially starts or at the end when everyone is packing their stuff away, use that time to strike up a conversation or ask a question that's not related to the work. But don't think of this as a strategy; just be genuinely interested in connecting with your clients as real human beings. Marvin Bower, one of the historical leaders of the global consulting firm McKinsey, was a fan of tight client

relationships, and he often used lunches and dinners as a way to stay close to clients and top of mind.

Treat your clients as human beings: you might just find out that they are!

CHAPTER 4

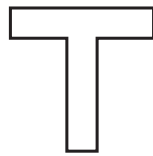
Nurturing Top Talent.

The importance of carefully sourcing and hiring talent for your business is immeasurable.

One key consideration you should reflect on is the type of person you want to hire. For example, at Mād, I've adopted the concept of the 'M' shaped person. These individuals are typically skilled in more than one area of work and can apply their knowledge to a variety of tasks — versus an 'I' shaped person who is an expert in only one specific function or skill. This is of particular importance if you are running a professional service firm and want to keep your team 'lean'.



'I' shape



'T' shape



'M' shape

So the first thing you should determine is what kind of qualities are you looking for in a team member? What sort of personality traits should they have, and which hard and soft skills align best with your company?

You should have a clear idea of the ideal type of person that you want on your team. Much like qualifying potential clients, you want to do the same with candidates and team members.

I've hired close to one hundred people, and can highlight common themes that I've seen across the top team members that have been successful.

The first thing is that you want people that are both energetic and enthusiastic. Generally speaking, there is often a lot to do in a consultancy, and you don't want people who are sluggish or do not have enthusiasm for the work at hand. They should be excited about your company's activities, and a good barometer of this is to ask yourself whether new ideas are constantly bubbling up to you. If they aren't, then perhaps your team is not as enthusiastic about work as you are, and this is something that you need to fix.

However, these two traits of being energetic and enthusiastic can actually be damaging if they are not tempered by both organization and conscientiousness. Being able to delegate effectively is such a vital part of leading an organization that you need people who can handle the work themselves without constant supervision, including managing their own timelines and striving to reach the standards that are set by the organizational culture.

With all that said, you do also want to have team members that are somewhat different from each other. The reason cross-functional teams work so well at finding creative and innovative solutions is that people who have chosen different disciplines tend to think very differently, and when you bring these different types of thinking together, that's when the magic happens.

Differences between people are good as long as they are channeled into constructive debate with a solid framework for both decision-making and disagreements. Knowing when to disagree and yet to commit to a decision regardless is an important skill.

The other important thing to remember is that you shouldn't look for people who are perfect. You should hire for strengths, not weaknesses. For instance, it is likely that the very creative designer you hire is not the most organized person, while a skilled and talented software engineer may not have the best communication skills. This doesn't mean that they should not be considered to be team members, just that you need to work around their weaknesses and highlight their strengths.

I have made a significant amount of hiring mistakes, and I have also learned that my gut feeling and instinctive judgment about people cannot always be trusted.

The key idea behind a good hiring process is:

- Hire the best talent while reducing the risk of false positives and false negatives.
- Hire as quickly as possible while keeping the above point in mind.

Firstly, you want to avoid as much as possible what are called false positives. This is when you hire someone, but they turn out to not be very good. What normally happens with false positives is that their CVs look great and that they interview really well, but their performance is not of the same quality. Then the situation becomes untenable, and you have to let that person go. The expense, both in terms of time and money, is significant and should not be underestimated. You can often also take a reputational hit if client projects are also affected.

Secondly, you want to avoid false negatives, where you miss out on hiring good people that would have really helped your organization. This is a significantly easier problem to avoid because if you have a

clear idea of the type of people that you want in your organization, they should be relatively easy to recognize.

So, the strategy to handle false positives and false negatives is to have several rounds of interviews with different team members, and create a test brief that will mirror some part of the work that you expect the candidate to do as part of their job responsibilities.

While I strive to know all job roles within Mād, there are undoubtedly gaps in my knowledge for which I can refer to experts within the relevant departments, such as lead UX designers, graphic designers, or even back-end coders.

Your main qualifying tool will be to set a test brief. If a prospect is impressive during their interview, you should put their skills to the test. We always then ask the prospect to return to our office and present their work to a varied selection of team members.

Including team members in the interview process allows you to build up varied opinions and get a broader view of the applicant's suitability. During the presenting stage, we invite our team members to assess and score the quality of the work in a shared Google Sheet. Evaluating each candidate as a team provides a significant amount of clarity as well as objectivity, as some members may not have met the candidate before.

With that in mind, consider believability-weighted decision-making on your team's scoring of the candidate, especially if some of the team members are not in the same functional area as the candidate. This may seem obvious, but it's surprising how many organizations tend to equalize everyone's opinions, even when there are clear experts in the room.

	Max Scores	Average Score	A	B	C	D	E	F
Presentation Ability	30	16.2	18	15	15	15	18	15
Quality of Work	30	23.6	20	26	25	25	22	23
'Likeability' / Culture Fit	20	18.2	19	17	18	18	19	16
Understanding of Brief	15	13.2	14	13	13	13	13	14
Response to Questions	12	13.2	12	13	13	13	14	12
Unweighted Total			83	84	84	85	86	80
Decision Making Weight Multiplier			1.5	1.5	0.9	0.5	0.9	0.7
Totals			124.5	126	75.6	42.5	77.4	56
Average					83.67			

For instance, if you have a candidate for your marketing department presenting, your Head of Marketing should have more say than an engineer who was also invited to the test brief presentation as an additional pair of eyes. If the candidate was for the engineering department, then perhaps the Head of Marketing's opinion would not be weighed as much.

Aside from being capable, it's vital to vet prospects for their ability to fit the culture of your professional service firm. Sometimes incredibly talented individuals can be a hindrance if they don't believe in your structure or direction. The easiest example of this tends to come from work structure: at M&D, we have a loose structure that focuses on output rather than the way the work is achieved. We champion remote work and flexibility, but some may thrive in a 9-5 office scenario and have difficulty readjusting to a structure with extreme accountability and self-management.

The other key thing is to dig deep into the details of their work experience. Have frank discussions about challenges, previous issues at other workplaces, and how they resolved them. CVs are

only conversation starters; the candidate should be excited to discuss their suitability, and you should be inquisitive with a want to understand if this person is right for your organization. It is often a red flag if a candidate does not go into lots of detail about previous projects and work experience.

As a final point, references aren't always as important as some employers will argue. The candidate gets to choose their referees, so you should expect that they'll be sensible enough to select peers or line managers that will give them glowing reviews regardless of their actual performance. In some countries, it's even illegal to give a bad review. But, I'm not saying references are useless. A great tip is to check the job titles of their chosen references — and to double-check that they're giving you references from their most relevant (and recent) positions.

I once had a candidate apply for a fairly junior role, but they had C-Level references prepared. In contrast, a senior-level candidate might provide odd reference choices by including a parallel member of management as their referee rather than a direct supervisor. This would be a red flag and something to press on.

I'd like to end this section by saying that hiring new team members should be an exciting process.

Adding talent to your professional service firm is a sign of progress and growth. As M&D is human-centric, we're always enthusiastic about bringing in great people to help contribute to our vision and mission. So yes, proceed with caution, as making mistakes can be a time-consuming and fund-draining process, but keep your focus on the bigger picture — what new talent can do for your professional service firm. And remember, even the best hiring process will not give you perfect results. Sometimes you'll hire people, and it just

won't work out — and that's what the probationary period is for, as a last line of defense.

I couldn't begin to guess how many organizations would claim that their team is a 'family'. I'm sure you've seen that cliché before, and perhaps it's something you aspire for with your own organization. However, at Mäd, we firmly state that our team is not akin to family; it's more like a competitive sports team.

Now, you might be wondering why we would ever compare our team to a sports team. The reason is simple — because it works. Just like any good sports team, everyone on our team has a specific role to play. And, just like any good sports team, we are constantly striving to improve and win.

We've found that treating our team more like a sports team than a family has led to substantially better results

You're in a business environment with goals and responsibility. If a soccer player were terrible in their role, they'd be put on the bench or let go from the club. The team wouldn't simply say:

"They're not performing well, but they're part of this **family**, and we stick by family."

That'd be crazy. It'd turn a competitive club into an amateur or hobbyist group.

Likewise, I advocate for ditching the family cliché and reimagining your team like sporting professionals. You're on a team with collective goals, and you collaborate well — but everyone has to perform and earn their place. You may find that some strong team

members have dips in performance occasionally, but that can be normal, and it's up to you to figure out if they need help to recover their form.

So with that being said, how do you approach issues with your talent?

Well, firstly, if you think it's an issue — **then it's an issue.**

This might seem contradictory to how I pointed out I don't always trust my gut during the hiring process, but when it comes to issues, you should definitely have faith in yourself as a leader to spot worrying signs. If something feels off, or if you're considering raising an issue, then it's absolutely worth broaching the topic.

But — **and I can't stress this enough** — don't use a sledgehammer.

The concept of PIP and DIP states you should Praise In Public but Discipline In Private, and this is a good starting point for dealing with talent issues. Arrange a time to meet with whoever you believe is causing the issue(s) and give them a fair and honest opportunity to talk through whatever might be causing the situation.

Your goal is to fix the issue for the better, so keep an open mind rather than arriving at the meeting with a fixed outcome already chiseled in stone.

Depending on the severity of the issue, it may be helpful to have at least one other senior team member present at the meeting, purely as a witness. You'll also want to summarize the outcome of your discussion within an email so that you have a written copy of any key points or decisions for all parties to refer to.

As a transparent and honest leader, you should have laid out clearly your expectations for the company, team, and each team member. If the team member is likely unaware that there is an issue, you should take the time to openly communicate where the lines are and the direction they should be following.

Remember, if you haven't been communicating clearly enough, then it may be yourself to blame for any issues that arise — which is also how I view project work. If you're not in sync with what really needs to be done, client expectations, and what research suggests... then you'll head off in the wrong direction.

Many issues can be resolved simply by highlighting them under a magnifying glass. Let the team member(s) know there's an issue and discuss how it can be solved in a positive manner. Remind them of the assets and support available to them, and encourage them to speak freely about any factors that might be blocking them from success.

Solving blocking problems is one of the key areas of leadership. You jump in where you're needed, unblock the problem, hand it back over, and then focus on the next blocker.

I like the concept of 'healthy pressure', which usually manifests in tighter deadlines or adding extra (but fair) tasks to team members. Often, just bringing up an issue causes this feeling of pressure for the individual to raise their game and not let standards slip again.

Some problems might feel more severe and may require immediate strict action.

Again, you need to communicate what is and isn't acceptable. This should ideally be done during the onboarding process, perhaps by

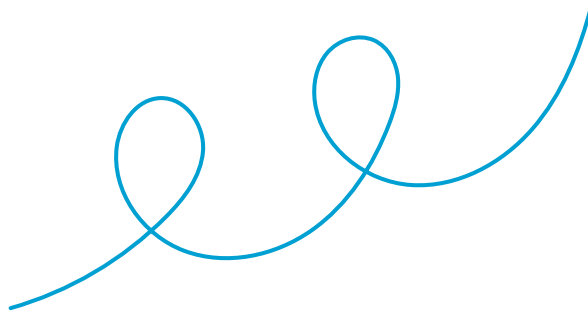
clear language in employee contracts that set firm rules.

For professional service firms, a common problem can be conflicts of interest. This is something I include in contracts to set my expectations from the get-go. At MäD, we have strong ambitions and hire talent to drive forward our goals with their full attention; as such, we demand that our employment is their sole employment, and therefore freelance or consulting work is strictly prohibited.

There are multiple reasons for addressing conflicts of interest. The most obvious one is that you want team members to be just that — part of the **team**. Creative projects can be time-consuming, and the last thing you need is some of your key talent being distracted by external work.

Here's a hint: if a team member is still freelancing and making money off the same skill set that you've hired them for — you'll eventually face an issue over it. This could be a deal-breaker for your talent, so it can raise a tough decision for you to make. There are always consultant opportunities, but your team members should know the difference between being full-time or being a consultant and freelancer available for hire.

If you reach a point where you need to dismiss a team member, ensure you handle the situation ethically. Be aware of the correct process for doing this in whichever country you are based. Typically, you should give the employee a fair warning of any issues, with clear steps of what needs to change.



At Mäd, the journey has felt like a roller-coaster at times, with our team expanding at speed... but also falling sharply at times. Getting rid of team members is never easy, yet sometimes it's a necessary part of the business.

My final advice here is to remember team morale. Losing team members can promote job insecurity or sadden those who see their workplace team as a friends. Addressing dismissals honestly and respectfully can let your team know they're important to the organization while reiterating that the organization is not a social club, but a professional team.

CHAPTER 5

Delegation is Entrepreneurship.

Have you ever stopped to consider what a professional service firm actually is?

A common definition is:

“A business or organization providing a particular service on behalf of another business, person, or group.”

Yet most firms start out with one person and their laptop. A freelancer with aspirations. A person going beyond themselves to start a brand with a higher purpose.

So let's think about that further.

Even if you have strong skills that reflect your professional service firm offerings, you can only build a business and be an entrepreneur if you are able to delegate actions and achieve results consistently. Time is finite and valuable; as a leader, you need to protect your time for the most important business functions related to your role. You need to be working at the point of constraint, which is whatever is stopping the organization from getting to the next level.

For a professional service firm, the point of constraint is usually generating new leads and selling to those leads. The business will not grow if no new clients are being brought in. As the leader, it is your job to make sure that the sales pipeline is full and that consistent sales are being made.

The other common point of constraint is the effective management of multiple projects and the hiring of new talent.

To do this, you need to delegate other tasks to employees or outsource them altogether. This can be a difficult thing to do, as you may feel like you need to be involved in every aspect of the business. However, if you want to grow your business, you need to let go of some control and trust that others can handle certain tasks just as well as you can.

There's often the temptation to do things yourself because you can trust yourself more than others. You know you'll do it exactly as you want it to be done, and also, you might even do it much faster. It can be time-consuming to brief others on the problem, fill them in on your thinking, discuss solutions at length, then await their work and possibly feedback for further changes.

Yet, this process is crucial. It is the **only** way to build capacity in your team.

If you've surrounded yourself with capable talent, you simply need to ensure you can give clear instructions. Delegation will empower team members with responsibilities and build trust. Delegation is not, and should never be, micromanaging someone to do your work.

You need to define quality with clarity. Make the outcomes you expect explicitly clear. Once your team is aligned with your expectations, they'll eventually begin to predict what you want.

This also has the added benefit of allowing others to upskill themselves and take responsibility. I'd go as far as to say that professional service firms offer some of the finest capacity-building for individuals out of all potential organizations they could work for.

The fast-paced life and varied clients require them to think on their feet and readjust, readapt, and recalibrate often.

It's good practice to hold appraisals for team members to keep them on track, and perhaps, as a leader, you'll eventually be answering to a board, investors, or silent partners. But even so, I still recommend scheduling self-appraisals for your role. The benefit of this thought exercise is that you will analyze what you are doing on a day-to-day, week-to-week basis and compare it with your expectations of what a great leader should be doing for their professional service firm.

You may find that you're spending too much time on client pitches, legal admin, or slow onboarding processes. Perhaps business development or brand positioning is suffering as you simply don't have the time to focus on these tasks. You might even realize that you're unnecessarily trampling over your own social life and health by taking on an excess of tasks that could be simply delegated.

Delegation is one of your best weapons.

Anything that you have to do repeatedly should be examined under a microscope. Is there a better way to accomplish this? Can it be delegated? What happens if we just stop doing this completely?

However, there are things that you should not delegate, and it is worth discussing the framework to use to decide what to delegate and what not to delegate. The art of entrepreneurship is, in part, knowing **when** to delegate.

Delegation is a tricky thing. Generally speaking, if you're a leader, you'll be able to do most, if not all, of the responsibility of your subordinates at a higher quality than they can.

But, you cannot do ALL the work of your subordinates. There is simply too much to do.

And, if you try to do all the work of your subordinates, you will quickly become bogged down, and your business will suffer.

You need others to be able to do work required to a specific standard — it doesn't have to be your standard; it just has to be good enough to be acceptable and move things forwards. And sometimes, you may get even higher quality work than you could achieve, especially if you hire the right people.

It is important to remember that delegation is not abdication. You are still responsible for the work being done — you are just delegating the actual work. Before we get into the mechanics of delegation, it is worth pausing to discuss the role of deep work. Suppose anyone on a team has technical responsibility, and I mean anyone who is supposed to generally do one thing (i.e., an accountant, a software developer, a designer, a data analyst, and so on). In that case, the critical thing is that they spend as much time as possible working on the right thing without disruptions and changes to the direction of their work. This ensures that they can regularly get into deep work, which is where the highest quality work can be achieved.

To make this happen, it is the leader's responsibility to protect their time and work. This may mean saying no to requests for help or delegating tasks to others on the team. But, whatever the case may be, the leader needs to ensure that each individual on the team can get into deep work as much as possible.

Managers (not leaders) often fail to understand this, because the role of a manager is almost diametrically opposed to the role of a

technical worker. The manager is there to align, coordinate, unblock, and report. This, if done badly, can mean a significant number of meetings. After a long enough career, the number of meetings themselves is seen as progress, and this thinking is extended to technical workers themselves, who should actually be protected from meetings as much as possible.

So, back to delegation.

The key thing a leader needs to identify is what work they should be delegating and which tasks they should handle themselves. This is often not as straightforward as it may first appear, especially if one does not have a model or framework in place to evaluate work.

The key point to remember is this:

Leaders should spend the majority of their time working on the point of constraint; everything else should be delegated to someone else.

And if we extend delegation not just to handling work but to making decisions, then another way to see this is that anything that is highly consequential and irreversible should never be delegated, and anything under a specific amount of consequentialism (with an arbitrary cap of, say, 50%) should always be delegated.

So, what is left? A sweet spot of sorts, in which the leader needs to use their judgment to decide if they should delegate a task or not.

A leader needs to remember when delegating that they are delegating work, not responsibility. The leader is still responsible for the work being done; they are just not doing the work themselves. This means that the leader needs to be clear about what is expected from whomever they are delegating to, and they need to be clear about what the standards are.

The leader also needs to be available to provide support and answer questions, but they should not be expected to do the work themselves.

Delegation can be difficult for many leaders, especially those who have come up through the ranks by being “go-getters” and taking on everything themselves. But, it is a necessary skill for any leader and a skill that can be learned.

The critical thing is to start small, with tasks that are not too important and not too consequential. And, as one gets more comfortable with delegation, to delegate more and more.

So that is all about **when** to delegate; the next question becomes **how** to delegate. There is a continuum between giving clear instructions and getting precisely what you want out of people, and being a suffocating micro-manager that does not let individuals use their brains and initiative to tackle work and decisions the best way they see fit based on the unique circumstances at the time.

I generally prefer to try and let individuals I trust to figure out as much as possible by themselves, but that requires trust, which is not something that is gained immediately but is built up over time.

So, I tend to be closer to the micro-manager with individuals I have not had the chance to work much with, and far looser with

individuals I have worked with for an extended period of time.

When it's the latter arrangement, I like to focus my brief of the work on some of the key risks, the key expectations of results, and specific hard timelines. I always let the individual know that I am a resource they can access at any time if they have questions or get stuck, and I trust them not to abuse that level of accessibility. If the specific task or decision is something I am an expert in, I may also give general pointers towards the "how" of the execution. Still, I think it is generally best to let people figure things out themselves and build their skills in this manner.

On the other hand, when it's the former arrangement, and I am working with someone new or on something highly consequential, I tend to be much more specific in my delegation. I will go over not just what I expect as an outcome but **how** I want that outcome to be achieved. This level of detail can lead to micromanagement if one is not careful, but it can also help avoid major disasters.

The key here is always to keep communication open so that the leader knows what is going on and can provide guidance without stifling initiative and creativity. This is good because it can enable discussions to center around outcomes, not just inputs. Delegation becomes far more about providing clarity about the long-term outcomes than the short-term inputs.

I've found that the primary problem for businesses (and their leaders) is that there will always be too much to do. Startups often lack the resources to achieve many things in a short time, but so do large organizations — unfortunately, work will always catch up with how much resources you have.

This is also precisely why it is important to learn how and when to delegate work.

If you are just starting out as a leader, you will be working on things you are not good at and doing unfamiliar tasks for the very first time. Within your business, you might have to take on all the roles of CEO/CFO/CTO/Head of Marketing/Human Resources — and more! And although startup founders often have a background in some disciplines — CEOs might have marketing experience, and if they are in tech, will more often than not have coding skills, — they will still be dealing with uncertainty in other areas, making tasks take much longer than they should.

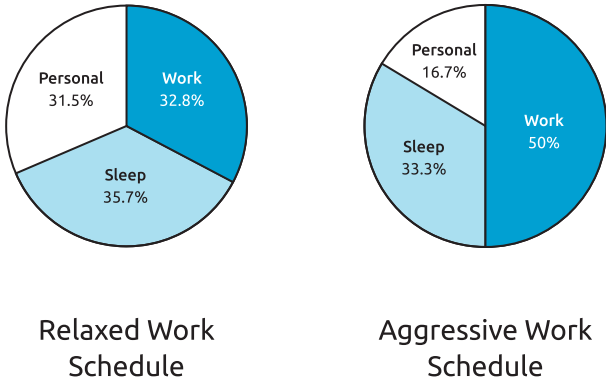
Not only will you have an overwhelming number of responsibilities, but you will also have many different stakeholders whom you need to dedicate your time to. These could be:

- Investors
- Board of Directors
- Advisors
- Clients
- Partners
- Suppliers
- Staff
- Press
- Family & Friends!

So how can you divide your time among all these people and tasks?

Well, let's start with the fact that there are **168 hours** in a week. Everyone who has ever existed has had this same amount of time each week. A week will always last a week regardless of what you do.

As a leader, you can utilize these 168 hours to follow a relaxed schedule, or you can take on a more aggressive approach. You'll allot some time for work, sleep, and personal life. Within your working timeframe, you will also have to dedicate time to various stakeholders.



There's a simple equation you can use to calculate how much time you can make for each person or activity:

- Count up your working time
- Divide by all your stakeholders
- Simple: You are now giving everyone the time they need!

$$\frac{84 \text{ working hours}}{25 \text{ stakeholders}} = 3.36 \text{ hours / stakeholder}$$

But, this is not a very good way of thinking, because it ignores a few fundamental factors.

Unfortunately, many leaders fall into the trap of uniform time allocation, where they try to please all stakeholder groups with attention. They will make time for everyone.

The problem here is that by diluting their attention across so many groups, they are not able to spend much time on the point of constraint.

Also, humans will inevitably have different working habits and varying levels of patience and tolerance for how long they can wait. It would not be a very good idea to give each stakeholder or task the same amount of time: after all, some people are more independent, others need more of your attention, and some topics of discussion with these stakeholders will have higher stakes than others.

So, my key point here is that you need to be mindful of diverse stakeholders and their characteristics. In the same way, you must also evaluate the tasks on your list.

Not all the things on your to-do list are equally important or equally urgent. The outcomes of completing different tasks will have varying degrees of impact. As a leader, it is up to you to set your priorities straight — that is also where you should find the point of constraint. Ultimately, your main responsibility should be to **only** focus on the point of constraint.

All this is to say that there will eventually be a pressing need to delegate work. Now the question is: how do you know which work you should handle yourself, and what could be done by someone else?

Generally, there is a pretty obvious and simple approach to tackling issues that are points of constraint:

- Find what is a point of constraint.
- Fix it!
- Give it to someone else to manage, and move on.

But before that last step of handing over the responsibility to someone else — delegation — a leader's task is to find and fix the point of constraint first.

In the context of running your business, as a leader, you can (and will have to) take on different roles, just as I mentioned earlier. This could be anything from keeping track of finances as CFO, recruiting and hiring team members as Head of HR, or coming up with a strategy for Sales and Marketing.

Similarly, when dealing with issues that are standing in the way of progress, a useful skill to have is the ability to switch between different hats (figuratively, of course).

When I say that someone should wear different hats, what I actually mean is having different mental models in your toolbox to deal with different situations. There are five mental archetypes that can be used whenever you find yourself working at the point of constraint:

1. The Learner
2. The Architect
3. The Engineer
4. The Coach
5. The Player.

Let's go through each of them in detail.

The Learner Hat.

I consider this a fundamental role, and I think that everyone, not just leaders, should never take this hat off. Having a learning mindset as a leader is perhaps one of the most important things that you can do, for multiple reasons.

Firstly, it sets a great example for the rest of the organization, encouraging your team members to always seek knowledge both from you and from other sources. This can be invaluable when you start delegating tasks to others.

Secondly, the world is constantly and rapidly changing, so the expiry date of knowledge is becoming shorter and shorter. So, whatever you know and learn right now will likely become outdated quickly and may well be useless in a few years' time. This also applies to business knowledge and will be more prominent in some industries more than others.

Tip: you can (and should try to!) also learn a lot from listening to other people and their experiences by asking the right questions.

The Architect Hat.

With the Architect hat, your goal is to identify things that you should and should not be focusing on with regard to the point of constraint. It's about thinking of the long-term vision and connecting what you are doing right now to the results that you want to see a long way

down the road — just like an architect makes decisions for the design of a structure based on the purpose of the final building.

The key point here is that you can waste tremendous effort on a bad strategy and get nowhere, and conversely, you can have a moderate effort on a great strategy and get superb results without too much sweating. After all, if you're going the wrong way, it doesn't matter how fast you're going: lots of effort will not overcome a bad strategy that has already been executed!

In terms of business, when you wear this hat, you should be thinking about:

- **How to be different?** It's unlikely that you'll have no competitors, so think about how you can create and clearly communicate what makes your business different from everyone else.
- **What won't change in the long term?** It is tempting to always focus on new stuff, but ensuring that you understand what the stable factors in your industry are and continuing to invest in them is something that is often overlooked. After all, nobody is going to wake up in ten years time and wish that your product was harder to use, took longer to deliver, or was more expensive.
- **Developing an irresistible offer.** Essentially, building offers for your various stakeholder groups that are difficult to refuse — not because of extortion, but because the offer is so good.

The Engineer Hat.

If you are wearing the Architect hat, you are asking, “What?”. But when you are wearing the Engineer hat, you are asking, “How?” — specifically, how can you make things better?

My main advice here is to set up systems and constantly find ways to improve workflows. At Mäd, we have an entire system dedicated to building SOPs (Standard Operating Procedures) that has helped the team create consistently high-level work.

SOPs are high-level instructions on how processes should look like and how to execute them, so they are especially helpful when delegating work to other people to guide them through tasks step-by-step.

Basically, anything that has been done more than once, and will likely be repeated again, should be written down.

An SOP system sounds complex, but it can really just be a simple Word doc. I strongly encourage you to make your own set, and your business will reap the benefits right away.

The Coach Hat.

In **Chapter 4**, I discussed the analogy of a business as a professional sports team (versus a family). Here, the leader is the head coach, with the key responsibility of finding and developing the best talent while keeping track of the non-performers.

In this kind of culture, the most important thing is not always what **you** are doing, but what the **team** working on your business is doing. There will never be a totally perfect team member, and when you wear the Coach hat, your job is to build up their strengths and cover their weaknesses.

This also applies when delegating tasks to other people. Don't expect everyone to immediately know what to do — guide and support them through the process until you see that they're capable of doing things the way they should be done.

Also, always have a human approach, but don't be afraid to call out issues as they happen. The reality is that as a business evolves, certain people end up being bad fits, and would probably do much better elsewhere.

The Player Hat.

Often, a leader is a great individual performer, which is what led them to become leaders in the first place. So it's only natural that they should occasionally jump in, get their hands dirty, and actually do the core work that their business requires — that is, wearing the Player hat.

This is a fantastic way to gain additional insight, as well as develop empathy with the people who actually do the work each day, and find how both their work performance and overall lives can be improved. It can also be great in an emergency if there is suddenly a large workload, or someone is absent.

However, leaders should be careful not to overuse their Player hat, especially if it is to cover underperforming team members. The

priority, in this case, would be to fix the performance issue, not cover for the team member.

The best situation for a leader to be a Player is at the point of constraint. This is when you should **really** focus on doing things yourself.

If you don't know where to start in terms of finding and fixing points of constraint, then this might mean that the point of constraint right now is you — and so the most important thing for you to do is to improve and learn as much as possible.

If you suspect that you have business model problems, then the Architect hat is the most appropriate. The following points are worth exploring:

- **Lack of momentum.** If you're not growing above inflation year on year, and growth is difficult, then you're probably suffering from a lack of momentum.
- **Capital-intensive.** If you're buying revenue (i.e., spending \$1.50 to get \$1 from customers) or if you need to go to the bank each time you get a new large order, then this is definitely a point of constraint.
- **Low gross margins or profits.** If your gross profit is less than 50%, or if your profits are less than 20%, then this is holding you back.
- **Low recurring revenue.** If 50% of your revenue is not recurring, this may be a serious point of constraint.

If you believe that team issues are what is holding you back, then put your Coach hat on and consider the following:

Would you rehire a current employee right now? If not, then they should go.

- Would you fight to keep a current employee if they told you that they were going to leave? If not, then they should go.
- If, as an organization, there is little commitment to learning, then this is worth investigating.
- If individuals are putting themselves or their departments above the company, then often this means that there is little alignment
- If ideas and energy don't bubble up to you all the time, and if you ask for feedback and get little in return, then this means that your team doesn't care that much, and that's something to also address.

If you think you might have process problems, then wear the Engineer Hat, and start by asking:

- Are we delivering our products or services at the quality our customers expect?
- Are our processes streamlined enough? How can we improve them? If you have a recurring need to hire superstars for every position, this might also be a cause for concern. Great process allows even moderate performers to do good work. Think of McDonald's, who have managed to build a global multi-billion dollar brand by mostly employing rather unmotivated, paid-by-the-hour teenagers.

So, as a business founder, you should expect to work on different functional areas of your organization throughout the day and also be able to change mental hats whenever needed.

Flexibility and adaptability are invaluable skills for a leader because you will have to do much more than just boss people around. You will often have to learn how to do most of their work, too — sometimes even before they do.

That said, even though it's crucial to find a productive flow that will produce high-quality results, I also strongly believe that work should be fun.

We inevitably spend quite a lot of time at our jobs, and having a dynamic, fun environment where truly great work is accomplished should not be overlooked. This is what will help you keep a talented team of high achievers who share your goal of driving the business and seeing it succeed.

CHAPTER 6

Qualify Your Clients.

Your ability to work well with clients will be one of the deciding factors of whether you are successful in the long run.

Ideally, clients need to be comfortable placing a significant amount of trust in you, and so they need to view you as an expert that they can rely on.

That said, you're not their employee, and you'll need to be professional enough to be able to push back on requests and opinions that you don't agree with. If you learn to do this properly, you'll gain **even more** trust and respect from them.

When you're first starting out, the fact that someone may actually trust you enough to open their wallet and pay you to do anything might seem quite incredible.

I still vividly remember my first-ever project, which was worth \$1,200. I remember going home, telling my brother, and being completely overjoyed... I never really managed to recreate that peak of excitement, even for projects which were orders of magnitude larger than this original freelancing job.

However, as I grew and scaled my business, I realized that not all clients are the same. Sure, they all pay us with the same thing — money — but everything else is different.

Some clients are from interesting backgrounds and industries and are a pleasure to work with. Others are demanding, take up a lot of time, and change their mind every single week. The difference

between good clients and bad clients is huge. If you have good clients, going to work is going to feel great, and your team will be happy and do great work, and the opposite will happen if you have rude, micro-managing, and hard-headed clients.

So, it starts to make sense to ask ourselves, what's the ideal client, and why? What framework do we use to decide whether we should take on a particular project or not?

At a very basic level, you need to take on new work because the business needs to bring in cash to pay for the expenses that are incurred. However, there are also other motivations for taking on new work:

It gives you a new challenge. This is often overlooked. It's easier to become stagnant and be the big fish in a small pool by taking on projects that you're entirely competent in, but this can lead to complacency, and slow growth and development.

Stepping out of your comfort zone to tackle new industries and new problems allows you to increase your knowledge base and opportunities. As long as your toolbox of methodologies is agile enough, you'll be able to navigate through unknown areas. The key thing with these types of projects and clients is that while they may stretch your skills, they are still within a level of being achievable.

The client is a global or well-known brand. This can be a game-changer. Having a leading brand on your client list can turn heads and attract a steady flow of work. It is also a great experience to discover, firsthand, the inner workings of such organizations—you may gain some great new working practices from them, too, making the project mutually beneficial.

To this day, we still have clients intrigued (and convinced) by some of the very first projects we took on purely because of the brand names of those original clients.

The client is an organization or cause that you strongly believe in. Earning money is great, but making a difference can feel just as good, if not better. CSR isn't just a check box on a marketing plan, but a chance for you to be the change you want to see.

And finally, you just genuinely like the client team members and want to work with them. Will it be good for business? Maybe. Your happiness is certainly likely to improve, and feeling good at work is always advantageous. When you click with a client, you're likely to produce some of your best work and be fueled with positivity.

The business landscape can be cut-throat and disingenuous, so it's always refreshing to create meaningful relationships and output for people—not just for money. We're human-centric at Mäd; after all, relationships matter more than transactions.

For now, let's put aside the discussion of money, as we will discuss that at length in **Chapter 7**. If a client is willing to pay enough to make it worthwhile, it is sometimes fine to take on difficult clients and ensure that you can hit your financial objectives, but this should be a conscious choice, not just a mistake.

So, let's answer the two points we asked ourselves above about what makes the client 'ideal', and how we can decide whether to take on the project.

The ideal client is one that allows you and your team to do their best work, and moves your organization forward in some way.

Ideally, they should pay well and on time, understand where their expertise ends and yours begins, give directional, not executional, feedback, and not micromanage.

Aside from this, there are some other key considerations. Ideally, your client will be easy to service; by this, I mean that they won't drain your time unnecessarily. For example, creating content for a client can be incredibly straightforward, whereby your team will research, draft, and present the usable content. But it could equally become a time drain if the client wishes to work reactively and nitpick on every word used. The best clients commit to structured project management agreements—such as a weekly project meeting, or specific feedback loop geared towards efficiency.

Next, and this may seem obvious, they should pay **well**. Higher paying quality clients allow your business to be pickier with other clients, and a healthy cash flow opens up opportunities to say no to well-paid jobs that aren't an ideal client fit.

Speaking of higher quality, great clients open up ideal referral opportunities. Word of mouth is still the best way to gain new clients. By letting your work and your clients do the heavy lifting for your communication strategies, your team can focus their effort more on continuing high-quality client work.

We also find that some of our favorite clients come back time and time again for future projects. It is much easier to sell to someone already engaged and invested in your brand and services or products. As the COVID-19 pandemic showed, businesses need to be prepared for the unexpected. Having long-term clients gives an extra layer of security. Also, the 'pitch' stage becomes much easier as you don't need to stress about first impressions or cold sales. If the client knows you, likes working with you, and is happy with your

previous work, you're the baseline, and it will be difficult to beat.

Many professional firms talk proudly about 'firing clients', which also sounds a little odd. Yet business relationships are akin to everyday relationships and friendships too. Some people simply clash. A perfect client will be aligned with your values and be open-minded about your processes. After all, they're coming to you for your expertise, so surely they should respect how you work, right? Establishing harmony early on in a project can have a huge impact on outcomes. It's a breath of fresh air when you understand the client's goals, and they trust in that understanding to give you the freedom to tackle their problems **your** way.

And finally, continuing on from that harmony, the ideal client knows **their** role. The role of a client is to give directional feedback, not executional. Professional service firms are teams of experts that can be leveraged to solve complex problems in short periods, replacing the need for clients to hire additional team members or go through lengthy training and upskilling. A client that knows their limits and understands the rationale behind trusting the firm is a foundational pillar for good projects.

When a new brief comes in, or you are in discussions with a client about a new project, you need a methodology for clearly evaluating the proposed project to see if it is a good fit and something that you and your team should spend time working on.

The first thing you should ask yourself is whether this project is something that you and your team will enjoy working on. This may seem like a strange initial question to ask, but the reality of things is that we are going to spend a lot of time working, and it is important that we wake up each morning and look forward to our working day. Granted, it is idealistic and utopian to think that every single day is

going to be like this, but if it happens more often than not, we are already winning!

So, one of the biggest components of enjoying your work life is being careful about who you work with and what you work on. So, you need to be careful about the projects and clients you decide to take on, because it is likely that they will significantly impact your overall life for the duration of the working relationship.

A bad project or client will cause you to overwork yourself, to spend the time in bed when you are trying to sleep thinking about stupid details, and generally not live a balanced life.

So ask yourself: **will you enjoy working on the project?**

Next up, the question to ask is whether this project will advance your organization forwards in some way.

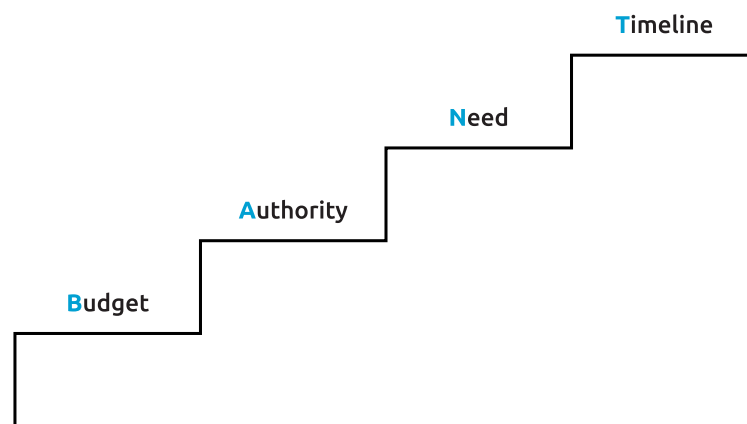
This question is purposefully vague because this can mean so many different things. Perhaps the client is extremely well connected, and this will lead to lots of word-of-mouth leads in the future. Or, there are some interesting things as part of the project, which means that you will learn something new that you can apply to your future work, or there is a way to templatize the work to speed up future work.

It could even be as simple as the fact that the project is for a well-known brand and that you can add their logo to your client list, which will look great and make closing more deals in the future even easier.

Finally, there is also a well-known framework that you can use, which will help you not waste too much time on clients or projects

which are not a good fit. It's called the BANT framework, and the acronym is as follows:

- Budget.
- Authority
- Need.
- Timelines.



Obviously, the **Budget** is an essential part of the conversation. If your client can't afford to work with you, there's no moving forward. So much time can be wasted if you haven't qualified the budget early on. It can be easy to spend lots of time and energy preparing detailed proposals, researching the client, and nurturing the relationship and project—but all this work is ultimately misplaced if your client's expectations on price don't align with reality.

When considering **Authority**, we need to analyze who the decision-makers are. Are you speaking to them? If not, the chances of you winning the contract will be dramatically lower. By determining relevant stakeholders and decision-makers, you can shape your work to suit their needs and expectations. If your client contact

doesn't have much decision-making power of their own, it could be a sign that the project is less likely to progress.

The **Need** should be analyzed. If the client and their company face a challenge that is blocking them from desirable impact, they will be more motivated to fix this. Sometimes you might find that your products or services don't adequately address their needs or even that their problem is more of an inconvenience than a pressing need. The key here is honesty. The greater the need and the more accurate a fit that your solutions have, the higher the chance the project will be able to flow at a steady pace. Remember, if the challenge isn't a particularly impactful concern, it's less likely to get stakeholder attention, which could lead to delays.

Finally, you need to consider the buying **Timeline** for the client. Are you solving a painful and urgent pain point? If yes, then they will want to start right away. If not, maybe this project is just in the exploratory stages, and it may be more than six months before it starts. Ideally, you want the shortest possible sales cycle; thus, you want to enquire early on during the sales process with regard to the potential project start date.

Ultimately, the client should have clear answers already prepared for their BANT requirements. The four areas interweave to make them equally important.

Unless the client has all four, it's unlikely that the brief or discussions will lead to anything more than frustration for you. With that in mind, there are cases where a client may not have an idea of what a sensible budget is for the project at hand because they have never purchased this type of service before. If that's the case, then it is your responsibility to educate the client on the value of your services and how a successful project will benefit them.

To ensure that you do not waste too much time when pitching for new projects, it's important to give the potential client enough work so that they can prove that they are serious about engaging you. Exactly what you ask is not as important as how they act and respond to your request. You can request for extra meetings, for a write-up on certain ideas, for data, examples from their industries, etc.

This can achieve two key things:

It gives you a preview of what working with the client is like. If they take a while to send you what you need, and all their documents are a complete disorganized mess, then you know what you are dealing with, and you can price your proposal to build in the extra work that will be required for you or your team to manage the disorganization.

It can also show you if the client is serious or not. If they give you typical excuses (like they don't have time or they don't think your request is valid or required), then

- a. They are either not serious about the project and are just casually shopping around with regards to a vague idea that they have, or
- b. They know already who they want to work with (hint: it's not you!) and they are just getting a few additional quotes to fulfill their buying process.

Generally speaking, we like to have at least one meeting with a potential client in our office if they are based locally, because this allows them to see our operations, spend some time and commitment to get to know us, and be impressed with our facilities. If you have a decent-looking office, this should be a key part of your selling process and one of the things you ask your potential clients.

So, don't let all the effort and work during the sales process fall on your shoulders — give the client something to do and make sure that they're serious.

Run Things Effectively.

Once you've built momentum and gathered a top team, now it is time to run things!

If you are unable to do this in a controlled way, you may end up growing quickly, sometimes even soaring to success, — and then die out even quicker. Unfortunately, this happens to a large percentage of new professional service firms.

To avoid this rapid downfall, you'll need to ensure that you keep things organized in several areas. Maintaining a good cash flow is essential to keeping your business alive, while learning how to handle projects efficiently will ensure you have good workflows (and relationships) with both your team and your clients. Prioritizing simplicity will help you stay sane in the process.

CHAPTER 7

Cash is King.

Depending on the precise nature of the work that you do with your clients, you will have several different engagement models available to you. These are various ways of measuring your work and deliverables, and of getting paid. Choosing the right engagement model is crucial in ensuring that your business is successful. It is also likely that you will have multiple engagement models in your business at the same time on different projects with different clients.

Two of the most common engagement models are **fixed project price** and **retainers**.

The fixed project price is quite clear: you give a price, often broken down by line items or deliverables, for the work that you will do on behalf of your client. The main advantage from the client's perspective is that they have security that the budget won't change. One key advantage for the professional service firm is that if you are able to be efficient, your effective hourly rate can shoot through the roof because you are no longer tying your earnings to the amount of time you are spending on a project.

I personally really like the fixed-price approach, as long as the scope of work is extremely clear. You can run into major issues with this methodology if you have a vague scope, and then there is a difference in expectations and deliverables between you and your client. This can be the cause of many headaches and back-and-forth negotiations on price changes. If the client changes their mind on any part of the scope of work during the project (which often is not an unreasonable thing to do as more and more work is

done and the available data or circumstances change), then you have to renegotiate each time this happens. This can be quite time-consuming for both parties.

One method to keep working on a fixed-price basis is to always split projects into steps. For instance, if you are building a mobile application or website on behalf of a client, you might engage initially only for the design and specifications phase, where the key deliverable of that phase is to define the exact scope of work of the development phase, after which you can quote a fixed price for that work accurately.

This is the exact approach that many construction companies use to quote for the construction of a building. There is an interesting message that you can give to clients when you are pitching a project in this manner. You can essentially tell them that anyone else that is pitching the project in its entirety is typically just guessing, and they are either overpricing to account for a large degree of risk, or underpricing – and then they want to make it up with costly and time-consuming change requests once they have won the project.

The other popular engagement model is to simply keep track of each team member's hours and then charge a fixed price per hour for the work done. I personally do not like this approach for anything except some types of maintenance contracts where you simply need to keep things running or smaller projects that will only last up to 20 or 30 hours.

That said, I am aware that there are firms that run exclusively on this model, and that works well for them. There are a few significant issues I see with this model, the main one being that it misaligns the professional service firm and the client, which is never a good thing. For instance, if you hire better people who can do the work more

efficiently, they will spend less time to the same amount of work — thus reducing the billing. This is obviously absurd, because you end up doing better work, faster, and yet charging less!

Additionally, this method also encourages the client to start to micromanage you and your team, and it may even encourage you to begin micromanaging your own team. Clients will scrutinize invoices and reports of hourly work, and if you go down the route of “proving” that you are doing the work by tracking team members, you’re probably going to mess up your culture completely. I don’t know of a single talented individual who wants to have his computer tracked and each of his or her actions logged and have to give detailed reports of their entire work day.

However, one practice that I’ve found to work that involves a degree of tracking is logging **self-reported** hours. As a service firm, you will be working with more than one client at a time, and there needs to be some sort of separation between the amount of time your team spends on each client. So I recommend letting your team experiment with loosely keeping track of their hours, just so both you and your client are aware of how much time is needed to complete tasks for specific projects.

The best type of revenue is always recurring – this is the gold standard that all businesses want to have. If you run a business that has over 50% of the revenue recurring month to month, you have a great business on your hands.

This is why over the last few decades many things have become “as a service”. You don’t buy movies or music anymore; you simply subscribe to a service. If you have built a strong enough relationship with a client after a few projects, either on a fixed price or hourly contract, you can then approach them for a retainer contract.

Ideally, this is not tied to a specific set of deliverables or hours, but purely based on a specific outcome that you want to achieve. This is not an easy sell, but if you can pull it off, you can have some serious high-margin recurring revenue. What we've done at Mād is that our recurring revenue covers all of our staffing and office costs, and then all the fixed-price projects are essentially pure profit. This makes financial planning significantly easier in the long run.

So, the question is: **how do we get to this level?**

As mentioned, you cannot pitch this immediately when a new prospective client walks in through the door. There isn't enough trust for you to do so, and they have not yet experienced the tangible results that you can provide.

I think the easiest way for me to showcase the type of messaging is to simply copy a sample introduction letter that I attached to a recent retainer proposal. See below:

Dear Stakeholder,

I am pleased to present to you our proposal for a retainer agreement between [Client name] and Mād. The purpose of this is to ensure that [Client name] can respond quickly to changing business conditions, while simultaneously receiving great value for money for the services rendered.

Instead of having to give out each block of work in an ad-hoc manner, with long lead times for proposals, contract negotiations, and bidding, our team will become your team for the duration of the contract. This means that we not only deepen our relationship and understanding of your business, but that we are immediately

available to execute on your various projects required to move your objectives forwards.

This has the following advantages for you:

Cost Reduction. By having one integrated team, you save a significant amount of money (50%+) compared to hiring multiple firm for the same work. In fact, when you consider all the overheads and time required to build a high-quality in-house team, a retainer is significantly more cost-effective as you do not have to consider additional office space, equipment, and benefits. Additionally, because a retainer agreement allows us to plan our long-term cash flow with more confidence, we are happy to reduce the typical project margin to have a long-term relationship with your organization.

Speed. We can work with your various departments to plan work one to three months ahead, and be immediately available to execute, without you having to constantly do individual biddings and briefs for each new small amount of work required. This saves your team time, and gives you better results, faster.

Higher Quality Work. This happens not only because we learn to work better together over time and that we understand your business better, but also because there are strong benefits to a fully-integrated approach where there is one cross-functional team that is executing across various deliverables and needs. This ensures that there is a strong consistency across all the work, and that insights from one type of work directly influence the final output of different types of work.

Reliability. We can completely abstract away the issues with building in-house teams like the lead times to find individuals, sick and planned leave, and staff turnover, as we have multiple team members for each role that can cover others' responsibilities with ease.

This messaging needs to be tweaked on a client-by-client basis, as different clients will have different priorities. One client may love the idea of the cost reductions, while another is far keener on the reliability and speed that's available. Don't discount the importance, from a client perspective, of having a team of consultants that know their specific business very deeply over a long period of time.

Understanding your client cannot be understated. You may predetermine the ideal client values and mindset for your professional service firm, but undoubtedly you'll meet a vast array of thinking and approaches. Having your introduction pointed directly at the values of your client will help you stand out amongst potential competitors and help show that you understand them and their business needs.

This reflects our thinking on premade solutions. Yes, it is advantageous to have prewritten copy-banks so that you can craft an ideal introduction letter at speed without omitting valuable points – but you need to ensure that you are tweaking the content to speak directly to the client. Copy-pasted content, by nature, is impersonal; there's simply no single 'perfect' answer for what to say and how to say it. While we do have a master proposal template detailing all the typical requirements that are common among our projects, we always expand on this to ensure we're directly addressing the individual needs of each client.

So to summarize, seek to build trust by being genuine and cutting to the heart of what the client wants and values. Spend time figuring out what is most important to the client and follow our suggested introduction letter as a general guideline.

For many leaders, finance is often something that's annoying and never quite in check. It is seen as a distraction in the way of getting the real work done, and this is quite understandable. It's just dry and boring, and **not** why we started a business in the first place.

However, money is the oxygen of business, and without money, a business stops breathing.

If you're constantly chasing your tail and worrying about paying bills, then this **will** affect the way you and your team work.

So, you've got two choices really:

1. Worry about getting good financial discipline, so you have solid books and a great business model.
2. Or, worry about the precise due date of every invoice so you can pay your staff and rent each month because you don't have the necessary cash reserves and financial discipline.

Obviously, the first option is preferable, so let's discuss some of the key things here.

Firstly, you need a minimum of 50% gross margin on your work.

This means that the cost of the wages that you pay your staff is equal to or less than half of what the client is paying you.

This is because you still need to pay for all your other operating expenses, such as an office, utilities, and hundreds of small things that you never think about, **especially** when you're starting a business for the very first time. You also want to be able to build cash flows as a safety net, as well as to make long-term investments in your business.

Secondly, you need to have a net profit margin of at least 25%, and ideally 30%. This means that for every \$100 you make, you need to have \$30 left over once you've paid everything — and I mean **absolutely** everything, including your own wage as a business owner. This, generally speaking, means that you're actually tripling the price of your team members as the price to the clients—which is an ideal way to work out how much you should aim to charge clients if you're ever in doubt.

This is important, so let me repeat this. **In an ideal world, you're tripling your staff cost as a method to work out billings to clients.**

So if you're paying someone \$4,000 per month, and they spend around 130 hours on client work (let's say 160 of standard working time per week minus holidays and internal meetings), that means that your cost per client billable hour is $\$4,000/130$ which is approximately \$30/hour, and you need to charge clients \$90/hour to ensure you have the correct margins. If you do this calculation and it feels slightly on the high side based on your current typical billings, this is good — it means you've got room to grow your billables!

To ensure that you keep the correct margins, you have a few approaches available. This can either be done by tracking the precise hours your staff work and bill to clients, or more intuitively just by charging a premium and keeping your eye on the books. While in the earlier days of our business we favored a more intuitive

approach, we've found it much more effective to track the billable hours of our team to ensure our project pricing is as accurate as possible.

I think either approach can work, but then ensure that tracking hours does **not** just become a way to micromanage the work of the team.

Finally, you need at least six months of cash in the bank. This might seem like quite a lot, but it should be there for two key reasons:

- 1. You stop worrying about short-term cash flow.** If an otherwise good client is late paying a large invoice, you're not stressing that you won't be able to make it to the end of the month. There's nothing worse than not being able to pay your own team and still having to go into the office to work each day. Trust me, I've been there.
- 2. You can make long-term investments.** For instance, paying for software upfront for a year often saves you 20%, and if you've got the cash, you can even pre-pay your rent and negotiate with your landlord a decent discount. Also, you may want to make sizeable investments that don't have a clear or immediate pay-back period. For instance, we spent \$20,000 purchasing our domain mad.co, and there is simply no way to know what the payback period of this investment is.

Pay really close attention to this next section, because it is one of the most useful parts of this entire book. Running any business is about ensuring that you manage your cash flow in a sensible manner.

In fact, I would say the primary responsibility of a startup CEO is to ensure that there is always enough cash in the bank.

If you run out of cash, the game is over.

So, your priority as a professional service firm leader is to ensure that you have plenty of cash flow to pay staff on time, cover your fixed operating costs, make sound investments, and sleep well at night!

(Don't underestimate how important that last point is — being able to sleep well at night can make all the difference when you're running your own business!)

Having a minimum of 3 months of expenses banked away ensures that your business is resilient, and if you can expand that to six months, that's even better. Remember, growing your business can also cost money, so you need to factor that in.

Surprisingly, the main thing that affects your cash flow is not how many projects you have, or even how much you bill. It's actually all about **when** you get paid.

Traditionally, many professional service firms take a deposit, and then have milestone payments attached to key deliverables. In my opinion, this is a terrible idea, especially for work that is highly collaborative in nature.

The issue is that you are now relying on people who do not work for you (i.e., client team members or third-party vendors) to do their side of work in a timely manner so you can get paid on time. Because you cannot control these people directly, it means you have no direct control over when you get paid, which affects the most important aspect of running a successful business — cash flow.

While this may work out well some of the time, **why take the risk?**

Additionally, it also puts a lot of pressure on the professional service firm to get work approved so you can get paid, which adds double pressure to everyone involved in the project on your side.

What happens with this traditional milestone-based way of billing is that your cash flow becomes lumpy and unpredictable, and it is difficult to forecast how much cash your business will have at any given time, and if you grow and have more than ten clients, managing all these approvals linked to payment milestones becomes a full-time job almost in itself, and quite a boring one, too.

We struggled with this method for years, and eventually created a significantly easier way of doing client billing that is fair for everyone and puts the focus on where it should be: working well together as a team with the client and producing high-quality work.

This may be the most important insight I have had.

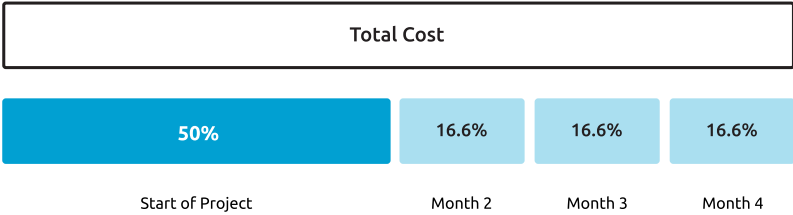
For your next project, try this:

Take an initial payment, ideally ask for 50% upfront. If the client has issues with this, you can go down as low as 35%, but ideally, no lower. If there are further complaints, you can cite that booking your team for the period of time requires enough commitment from the client so that you can focus on their project.

By the way, **never refer to the initial payment as a deposit**, as this can give the idea that it can be refundable. Payments to a professional service firm should never be refundable.

For the rest of the payments, instead of linking them to deliverables, simply split up the remaining amount as monthly payments across the entire project timeline, plus one additional month.

So that means that if you estimate that the project will take 3 months, the payment schedule would look like this:



This means that even after the project is over, you still have one more bill to send the client, and this works well and puts them at ease in case there is a delay in the project.

The great thing about this method is that it enables you to easily forecast all your billings month-to-month, and it makes each client feel like a retainer client. It also adds positive pressure to everyone involved on the client team, as it is more obvious that they have you booked for a certain period of time, and they need to get things on their end moving fast — otherwise, they are paying for nothing!

Another advantage here is that once you have a client that is used to paying these monthly billings to you, it is much easier at the end of an initial engagement to then pitch a retainer agreement, as it will almost feel like a seamless continuation of the working relationship that you have already created.

That’s pretty cool, right?

To further simplify things, we also suggest that regardless of when your project starts, you align sending your invoices on the first of each month, with the exception of the initial payment. This makes it significantly easier for you or your finance person to manage the invoicing, as it only needs to be done once per month, and it will generally also suit the client better as well, so you can help them stay organized and ensure that your invoices are processed in a timely manner.

This sometimes means waiting a few weeks more before sending that second invoice across, but this small delay is worth the time you save by batching all your invoicing at the start of each month, excluding those initial payments that can be invoiced at any time.

What is really counterintuitive about this overall billing strategy is that it actually gives you less cash flow in the short term compared to the standard milestone payments (especially if projects move faster than expected!), but you exchange the velocity of cash flow for the predictability. In my experience, this is a great trade-off to make. Remember — sleep well at night!

This is important because running a professional service firm is tough, you have a lot to think about, **and the key things you need to be working on should not be related to back-office administration.** You'll save yourself countless hours with this strategy, and the investments that you can make with this extra time are probably worth a lot of money if you stop and think about it.

Sometimes, you'll need to deal with some pushback from clients that want a more traditional payment method. In our experience, this happens less than 5% of the time. However, when it does happen, you need to be able to use logic to justify and explain why you want to bill in this unconventional manner.

The key narrative in your explanation should be centered on wanting to simplify your billing structure so you can spend significantly more time working on real client projects (like their project!), instead of spending time chasing bills and arguing over the precise definition of “done” for a milestone payment.

If you are speaking to the management team, you can also explain that this billing method can give positive pressure to their own team (as long as they are aware of what our professional service firm is billing) to ensure that everyone is working with the correct shared objectives in mind.

Every so often, you’ll need to make financial decisions, such as whether to buy more equipment, take on a new project, hire someone new, and so on.

The only way to ensure that you make better decisions in this regard is to use the data at hand to build out a financial projection of how things are going and should go in the next few months. Personally, I like to project 4-6 months out and use that to guide my decisions.

The way to set this up on a spreadsheet is actually quite simple and straightforward. The example below should give you a clear idea of what you can create, and the important thing is that this should all be done on a cash basis because, unfortunately, you cannot pay staff members, contractors, and other bills with the unpaid invoices that your clients owe you!

	November	December	January	February
Client 1	\$24,850	\$10,450	\$10,450	\$10,450
Client 2	\$1,850	\$1,850	\$1,850	\$1,850
Client 3	\$3,300	\$3,300	\$3,300	\$3,300
Client 4	\$2,200	\$1,000	\$1,000	\$1,000
Client 5	\$6,600	\$3,300	\$3,300	\$3,300
Revenue	\$38,800	\$19,900	\$19,900	\$19,900

Staff 1	\$2,000	\$2,000	\$2,000	\$2,000
Staff 2	\$3,000	\$3,000	\$3,000	\$3,000
Staff 3	\$2,500	\$2,500	\$2,500	\$2,500
Office	\$1,000	\$1,000	\$1,000	\$1,000
Utilities	\$500	\$500	\$500	\$500
Ad Hoc Expenses	\$1,000	\$2,000	\$1,500	\$500
Software	\$300	\$300	\$300	\$300
Expenses	\$10,300	\$11,300	\$10,300	\$9,800

Net Cash Flow	\$28,500	\$8,600	\$9,600	\$10,100
Cumulative Cash Flow	\$28,500	\$37,100	\$46,700	\$56,800

With this spreadsheet, you can then add additional costs that you're considering and see how it affects both your Net Cash Flo (how much money is left at the end of each month) and also your Cumulative Cash Flow (how much money in total will be in your bank account).

As long as you're keeping Cash Flow Positive and the Cash in Bank is within a range that you are comfortable with – this should be at least three months of cash and ideally six months – you can most likely go ahead with the expenses that you are considering.

If you're in business, you likely have ambitions to grow over time. Growth is good. It enables career opportunities for your team members, and it gives you new challenges, which staves off career boredom. After all, nobody wants to do precisely the same thing for thirty or forty years!

If you are doing things right, it should feel that you have the wind in your sales, that there is momentum. You should feel that you are "winning".

All this being said, it is important that growth is sustainable. The type of businesses that we are discussing in this book are generally not funded by investors, with the exception of some initial startup costs, and so you need to grow and still ensure that you manage to keep the financial fundamentals in place.

In addition, because firms are very much based on the quality of the people they can hire, this can also put restraints on your growth. Your ability to hire great people at scale will be a limiting factor, and it is a huge mistake to lower your hiring bar just to ensure that you have enough bodies in the room to keep up with your billing. This will work in the short term, but it will cause you to lose the very thing that made you special in the first place and helped you to grow.

This is precisely what happened to me in the first year of business, where I did not manage to handle the growth. It became unsustainable, and I ended up having to fire almost all of my team members.

So let me go through my definition of sustainable growth.

“It is the maximum rate of growth where you can keep the finances in a healthy place and where work quality does not go below your brand promise to your clients.”

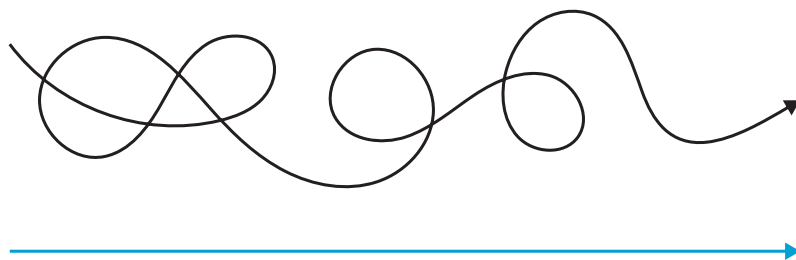
With regards to keeping your financials in place, this means that for every additional commitment that you make on a monthly basis, you need to ensure that you add enough money to your bank account to keep your capital ratio in place. For instance, if you decide that you want six months of cash in the bank, then this means that for every \$1 in additional monthly expenses, you need to have an additional \$6 put away. This puts a whole new perspective into things when you're hiring a new team member or signing up for a new service.

CHAPTER 8

Keep It Simple.

When I was ten years old, I had a maths teacher who taught me the principle of KISS: “Keep It Simple, Stupid!”. I have found that this lesson is broadly applicable, not only when trying to solve quadratic equations, but across almost every part of life.

Simplicity and complexity is something that I find very binary. There is no shade of grey: you either have a simple approach to something, or you can choose to make it complicated. And once you do decide to make it complicated, you’ve jumped off a cliff. You’ll be hurtling down faster than you can cope toward further complexity.



You might think to yourself, “I’m quite smart, and I like to have nuance with what I am doing, so I can handle complexity.” And you’re right — in any specific area of your work, you probably **can** handle complexity. You can have a sophisticated hiring process with various steps and procedures and flowcharts, and easily stay on top of it without any problems at all. But what about all the other hundreds of processes that make up a modern organization? Can you stay on top of it all, including the various linkages and dependencies?

My test to see if something is too complicated is whether I can explain it to a junior team member. If they understand it, then we are keeping things simple and are on the right track. If it is too complex and they cannot quickly understand it, then we've probably over-engineered a solution to a problem. We need to go back to the drawing board and understand how we can simplify, what is superfluous, what can be removed without much consequences.

I often find that I can get 70% to 80% of what I want from any specific process with surprising ease. But, if I insist on getting 100% of what I want, things starts to get significantly more complicated. So, I've learned to settle at that comfortable 75% mark and enjoy the fact that things are kept simple.

Another thing that will make embracing simplicity come more naturally is being a small organization. This might sound counterintuitive: after all, you've put so much time and effort into starting your firm — why should you **not** expand? Admittedly, most successful businesses are large, with different departments, bigger teams, and fancy corporate offices.

This used to be the way I thought, too. My initial vision for Mād was to employ hundreds of team members in half a dozen offices across South-East Asia.

So I tried it, twice. Aggressively scaling, pushing sales, and hiring new team members. I once had an onboarding day with eleven new people on the same day. I even bought another consultancy to add more team members (I've found this **not** to be a good way of keeping things simple, to be honest).

Both times Mād tried to scale, it almost went bankrupt. Obviously, I now understand why — I didn't know enough about finances, hiring

talented team members, or project management to be effective at that scale. But above all, the company was too big and unwieldy for me to have full visibility and control. I was simply unable to keep track of all its people, processes, and operations.

Large organizations look good on paper with their long lists of clients, impressive resumes of team members, and glossy marketing collateral. They signal success, which can be exhilarating for entrepreneurs and founding teams.

The problem is that size doesn't necessarily equate to effectiveness. In fact, large organizations often suffer from a number of issues that make them slower, less nimble, and less effective than their smaller counterparts.

To give you an example: both of my organizations, Mād and Blue, are small companies. They share an office, have small teams, and I know everyone's name. This is not an accident; **it is by design.**

There were never any major issues when the team count was kept below 25, but both times it went above this, everything seemed to fall apart. But, when we focused on quality instead of quantity, we managed to grow by raising our prices **instead** of our headcount.

The proof of this is that Mād has had the opportunity to work on hundreds of projects with dozens of clients across a multitude of industries. And I've heard so many horror stories of clients spending absurd amounts of money and time working with large consultancies, with very little to show for it. Once they work with Mād, it is like a breath of fresh air — no bullshit (aka complexity), just a focus on the work at hand (often for a fraction of the price of the large consultancies).

So, I've reached the conclusion that there is a strong inverse correlation in consulting firms between the size of the firm and the quality of the services provided. I can tell you confidently that the way to keep things simple is actually by being very deliberate about it.

And you'll be surprised to find that it might be harder to keep your business simple and straightforward than it is to let it grow and get overly complicated!

This is why trying to build and run a large consultancy is a surefire way to jump off the cliff to complexity:

- **Large consultancies are less nimble and agile.** Because they are so big, it is much harder for them to change direction quickly or pivot when necessary. They are also more bureaucratic, with more layers of management that need to sign off on decisions. This can make them very slow and unresponsive, which can be a huge disadvantage compared to smaller organizations.
- **Large consultancies often have a “one-size-fits-all” approach.** They tend to offer the same solutions to all of their clients, regardless of the specific needs of those clients. This “cookie-cutter” approach is not ideal, since it doesn't allow for customization or tailoring of solutions to meet the unique needs of each client.
- **Large consultancies can be inflexible and uncompromising.** They often have very rigid processes and procedures in place, which can make them very difficult to work with. This can be a major frustration for clients who need more flexibility and agility from their service providers.

- **Large consultancies tend to be more expensive.**
Because they have more overhead and higher costs, large consultancies typically charge more for their services than smaller organizations. This can be a major deterrent for clients who are looking to get value for money.
- **Large consultancies often have difficulty attracting and retaining top talent.** The best and brightest employees often prefer to work for smaller, more nimble organizations where they can have a greater impact and make more of a difference. As a result, large consultancies can have difficulty attracting and retaining top talent, which can make it harder for them to provide the best possible service to their clients.

What complicates things even further, on top of all these previous points, is the communication overhead.

Here, we'll return to the subject of working with humans. In general, how simple or how complex your organization is will depend on factors like the size of the team, individual team members' working processes, and their output.

There is no 50,000+ employee organization in the world that is made up of a 50,000 person team working harmoniously together. An organization of 50,000 is actually made up of, give or take, 2,000 teams of 25 people each.

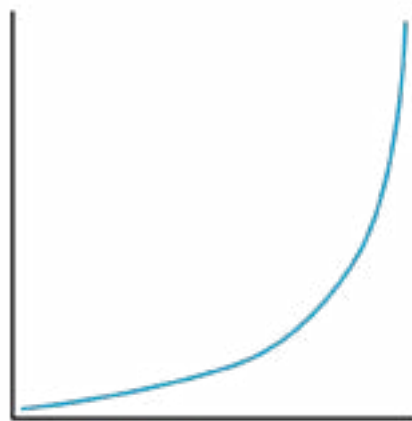
And the more teams (and team members) you have, the more communication threads they form.

Paying homage to my maths teacher that I mentioned at the beginning of this chapter, let's apply that knowledge and run the maths.

We can use this equation to calculate the communication threads within a company.

$$n(n-1)/2 = \text{The Number of Possible Communication Threads}$$

Where **n** is the number of people that need to be involved in the project.



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Where *n* is the number of people that need to be involved in the project.

Plugging in the numbers, at 50,000 employees, there are 1,249,975,000 possible direct communications threads.

But let's be generous and assume that it is just the teams that need to coordinate, not each individual. So, we have 2,000 teams, and using our equation, we get 1,999,000 possible direct communications threads.

Note that this is also a simplification because there are multiple available communication channels, so we can easily multiply the above numbers by five.

Ok, but **so what?**

Well, the result is that this incredible overhead in communication means that in large organizations, the left hand doesn't know what the right hand is doing. And the members of these organizations are aware of this, so they create rules to try and fight this issue — eventually, we end up with highly formalized rituals and regulations to ensure tight-knit communication in projects.

Add in the problem that large organizations tend to have team members spread around the world, and there is the issue of different time zones, so we can see where this is heading...

Lots of bureaucracy and far less work done. Lots of discussions and alignment meetings, but not much deep work by individuals. More management, fewer actual doers.

In short, overwhelming complexity.

So, how can you counter this?

Make it a priority to cherry-pick and cultivate the best — and smallest — possible team.

When it comes to defining small teams, I like to lean on Jeff Bezos' Two Pizza Rule: if you cannot feed the entire team with two pizzas, it's too big. Split some team members off and create a separate team, or rethink how you are doing things.

Funny enough, small teams do better by doing less — which sounds contradictory but is really to your advantage.

This is because individual team members in a small team are not only more efficient, but they also have a clear way of defining what they need to work on.

Sure, 17,000 people in a large organization can achieve a lot more than a team of 15, and they also will not suffer as much whether their productivity is reduced by a few people or cut in half. When you think about it, in large organizations, you can do pretty much everything wrong and you can still be carried along by the general organizational momentum.

But, there is actually a significant, yet counterintuitive benefit to doing less. If you are doing less, you are going to be far more selective in what you say “yes” to. Potential projects and ideas have to go through a rigorous analysis before you start working on them because resources are scarce.

This is a massive advantage because the whole way to focus is by saying no to distractions — the endless shiny objects in the distance that take you away from your predetermined path. Having a clearly defined way of evaluating what is and is not a priority is excellent for keeping things simple.

So the key question that each team member should be asking themselves is:

Am I working on the thing that is most likely to drive our organization towards our stated goals as quickly as possible?

In answering this question when they evaluate work, small teams have to think about the long-term implications of the work. For instance, how much overhead and maintenance will this project require in the future? These concerns are important because it

is easy to build up inertia over time as there are so many moving pieces that you have to keep ensuring are working — regardless of what industry you're in. It will help eliminate unnecessary complexities before they have the chance to take over.

Small teams also do less because they are more likely to employ strategies such as outsourcing (especially some types of on-demand work versus long-term contracts) and automation. This is another way of maintaining simplicity because it removes the need for expanding — and, therefore, complicating — the team and its communication lines.

For instance, instead of hiring a full-time graphic designer, a small team may use an online service for task-based design work. A bigger organization would likely hire a full-time designer or put a large contract out to bidding for various agencies and then have to spend time interviewing various agencies, doing the selection process, and so on.

With regards to automation, this is linked to my earlier point that each person in a small team has to take full responsibility for the work that they are doing, and so they will likely want to avoid as much rote work as possible. In larger teams, you may have an abundance of junior team members or interns that you can throw at any problem, so automation is less important than it should be.

With my experience starting and running [Blue](#), having a small team also ensures that product features and improvements are shipped in an incremental manner instead of thinking in terms of large feature releases. This is because there is typically just one person working on a feature, and we don't want to wait six months for everything to be perfect before we get it into customers' hands. So, the best idea is to review the full scope, cut it down significantly, call it a V1,

work on that and ship it. Then, we get into the great cycle of having real customers using the new feature, getting feedback, and then iterating based on that.

In fact, we don't have a single dedicated software tester at Blue. The person who builds the feature is responsible for the testing, and then the entire team tests the feature as well. Then, we ship it to a public Beta version of Blue that is used by hundreds of customers, and they also test it and provide feedback. We've managed to outsource our final end-to-end testing to our customers — free of charge.

The idea of having a public Beta that anyone can access just by changing the URL of our web application was a good one because that saved us growing our team by 10-20% to include testers.

All that being said, make no mistake about it — running a small team is not easy and not always simple. If you're a team of five, you can easily lose 40% of your capacity by having one person on holiday and another off sick. So productivity does matter, and each individual is far more important to the overall direction of the organization.

My key advice here is to embrace simplicity and run as fast as you can from complexity. Refuse to have overly complicated processes that require extra work just because "that is the way it is done around here."

Complexity breeds complexity: before you know it, you have 50 people doing the same amount of work that could be done by 8.

Instead, as a leader, make sure to keep teams small — much smaller than you think possible. You should constantly be looking around

and feeling surprised at how much your team is achieving. This should be a shock to outsiders as well. You should hear things along the lines of “Oh, you only have x people on your team, that’s amazing!”.

The world is moving too fast for overly complex organizations with hierarchies and politics. The future belongs to those that are nimble, those that embrace change, and those that have the courage to bet on themselves. So, go out there and take the challenging but rewarding path to simplicity — with a small team!

CHAPTER 9

Run Projects Well.

As a professional service firm, delivering successful projects is essential to gaining and retaining clients. To ensure successful project delivery, it is necessary to effectively manage the initiation, planning and control of all processes involved in the project.

Project management implies a reliance on tangible **and** intangible deliverables with finite timespans, so although projects eventually end, the discipline of project management will require consistent tracking. This highlights the importance of clear and effective communication.

It is vital to have a technique for managing projects that is consistent across all projects. This means that you can jump into any project, and instantly see how things are going. It should be crystal clear if a project is managed well or badly. This doesn't mean that there isn't a difference between projects, but that the building blocks of project management are in place for every project.

While there are many different ways of managing work, I've found one method, via trial and error, that consistently provides the best results and is clear and easy to understand for team members and clients alike.

This method is called Kanban, which is a Japanese manufacturing system originally created by Toyota, where the supply of the various components and parts required to build an automobile is monitored via having an instruction card that is sent along the production line. This system helps to ensure that the production line is running smoothly and efficiently, and that there is no overproduction or

underproduction of parts or components

The idea behind Kanban is very simple: you need to create a clear process to enable you to complete whatever the work is at hand.

At a basic level, this might look something like:

- **Work that needs to be done.** Often called a “Backlog”, this is a list of all the work that needs to be done in order for the project to be complete.
- **In Progress.** This is what is currently being worked on.
- **Under Review.** This is what is being checked by someone else to ensure that the work has been done to the correct quality.
- **Done.** This is a historical list of all the work that has been completed.



This suggests total transparency for all the tasks required to finish a project. We need to know what needs to be done, who will do it, and when it must be done. You can adjust the basic process to fit your own process more closely.

Practice makes perfect! It should take no more than ten minutes to decide the specifics of a project process, as it should be based on common sense and experience. If you find yourself spending too much time on this, you may be overcomplicating it. This makes it hard for others to follow, meaning they are less likely to follow it.

Creating a system that allows clients to check the status of their work in their own time can eliminate the need for reporting on many projects. Having a single platform provides transparency and keeps communication in one place so that everyone on the project is in the loop. Not doing this can lead to information silos and confusion over where key information is or where decisions have been documented.

Of course, your processes will most likely be somewhat more complex than the simplified abstraction above, but that is a good start. It's best to think of processes as something that is constantly changing and responding to the reality on the ground, not a rigid, unchangeable, and unforgiving methodology that gets in the way of work.

Process is a positive thing — good process is the least amount of process required to get the results that you are looking for. Beurocracy is a process gone haywire. Rules and regulations accumulate over time with the intention of avoiding errors. However, beurocracies fail to recognize that by attempting to fix minor errors, they make the biggest error of all.

At Mäd, we went as far as creating our own commercial-grade software to manage our own projects because we felt that this was such a crucial part of our work. It's called [Blue](#), and it has Kanban boards built into it at its very core because this is how we work. Feel free to try it, it's affordable, and thousands of other agencies and professional service firms use it.

Ok, sales pitch is over!

Finally, a few other things to note about project processes. Have a built-in mechanism to capture questions and ideas. If you don't, this will become informal and time-consuming.

What we like to do is to have these as lists before the main process, so our typical project process looks something like:

- Ideas
- Questions
- Backlog (long term)
- Backlog (short term)
- In Progress
- Internal Review
- Client Review & Action
- Completed.

To capture ideas and questions easily, we create separate lists. We also divide our backlog into long-term and short-term to identify upcoming tasks quickly. This is especially helpful if the project involves a large amount of work.

We conduct two rounds of reviews. The first is internal, and the second is for the client. The client list includes all the tasks they need to complete, such as providing information, files, and access to systems. This helps clients stay organized since they may not have their own system for managing their own responsibilities in the project.

Having a review meeting with your team members to go through all your projects is a great strategy to stay aligned. You don't need to cover every single detail or have in-depth discussions — it's just

about aligning everyone and ensuring that you're all on the same page.

It really helps to avoid those "holy shit" moments when someone realizes that they have let something slip in a really drastic manner. If you really want to take things to the next level, you can also build a series of checklists for each part of the process to ensure that whoever is in charge of that part of the process has not overlooked something important. The aviation industry, where mistakes are life-or-death, makes extensive use of checklists for good reasons: the faintest ink is better than the best memory!

Something that really helps if you're leading these meetings is to prepare the agenda beforehand and then write key points below each project in a bullet-point format. For the next meeting, you can then clone the document and ensure that the things from the previous week were done while also starting discussions on new things.

The format is rather simple:

Project 1

- The client didn't like option 1 or 2, so we need to come up with something new. Jack is going to do this by Wednesday.
- We also need to start planning for the review meeting on Thursday. John will draft an agenda and send it to the client.

And so on.

The next key recommendation is meeting minutes. While tedious, taking accurate meeting minutes and ensuring that they are sent to everyone who attended the meeting, followed by a clear list of next steps, is crucial.

Although meetings often get a bad rep, there are good uses for them and professional service firm life revolves around meetings. You'll meet your team to review work, you'll meet with the client to discuss the work, you'll meet prospects to sell work, and you'll have plenty of other meetings as well.

If a meeting has no outcome, then it can be argued that it might actually have been pointless to have had that meeting in the first place. Having a clear set of meeting minutes is important; however, this is a bit tiresome sometimes to take, tidy up, and then send across to everyone.

One trick that we have developed is to use our project management system as a live system to take notes that turn into future things that need to be action, either as individual todos in a backlog or as checklist items within a todo. This means that as the meeting is happening, key actions and feedback are being recorded live into the PM system and then there is no need to then send the meeting minutes separately, which is a great time saver.

As a final point, it is also worth considering the (hopefully superior!) client experience that we want to create in each project, and then work backwards towards the project management practices required to enable this superior experience. Are there simple things that your project managers can do that will be greatly appreciated by a client? What's the picture of perfect here? How can we move closer to that ideal?

Final Thoughts

Okay, so that's it. Ten years of reflections on how to do business, distilled into what I hope was an efficient and easy-to-understand manner.

I set out to write this book with the intention of sharing my experiences in building and running a strategic consultancy from scratch. While I wish someone could have given me this knowledge before I had time to fail and start over a couple of times, it was an invaluable journey nonetheless. I hope I've now succeeded in guiding you on your path to becoming a professional service firm leader.

The principles I've laid out are a consolidation of all the things that have helped me overcome the many roadblocks along the way and learn how to make better decisions. My goal — and I guess yours if you're reading this! — is to set up a business that is both profitable and sustainable to run. And, not to mention, enjoyable!

You'll have learned some actionable steps and useful frameworks from this book that you can refer to when you are conflicted in your decisions. Just a piece of advice: make it a habit to use frameworks as a qualifying tool for various stages of your work.

If you're the CEO, you need to always focus on the most important thing — this is relatively straightforward to write but not quite so easy in practice. If you're not 100% sure, remember these three general points:

1. Don't run out of cash.
2. Communicate a clear vision.
3. Provide the resources your team needs to achieve this vision.

These three points are crucial to the success of any business.

Ensuring that you have enough cash flow to keep the business running is essential, as it allows you to pay your bills, invest in new opportunities, and weather any financial storms that may come your way.

Conveying a clear vision to your team is also important, as it gives them a sense of purpose and direction and helps them understand how their work fits into the overall goals of the company.

Finally, providing your team with the resources they need to achieve this vision is crucial, as it enables them to do their best work and helps the company move forward. Overall, following these principles can help you create a profitable and sustainable business that is enjoyable to run.

What Comes Next?

Give yourself time — start to delegate. Otherwise, you don't have a business: you are a freelancer with assistants.

One of the most important points in this book was about delegation.

At the beginning of your journey, you (like me) had probably started off as a freelancer working on a project basis with clients — very often as a one-man team. But, as your business grows, this will no longer be sustainable. At some point, you will hire people whose job will be to help you tackle the work that you do.

This also means that you are no longer a “solopreneur” or a freelancer: you are now a leader.

So, give yourself ample time to build a solid team, train your new team members, and figure out precisely what responsibilities everyone should have.

But most importantly, learn how to delegate your own work: otherwise, you don't have a business — you are a freelancer with assistants!

Delegation is entrepreneurship.

Delegation is an essential skill for any business leader, and it becomes even more important as your business grows. By delegating tasks and responsibilities to your team, you can take on more high-level work and focus on the most critical tasks that only you can do. This allows your business to operate more efficiently and effectively, helping you scale quickly.

However, delegation can be challenging, especially if you are used to doing everything yourself. Take the time to build a solid team and provide the necessary training and support. This may require you to let go of some control and trust your team to get the job done, but it's a necessary step in the growth of your business.

Delegation is not about giving up your work or completely relinquishing control. Ultimately, it's about empowering your team to succeed and helping your business grow. Learning to delegate effectively can transform your business from a one-person operation into a well-oiled machine.

Work on the business instead of in the business.

How can you improve the business model?

It's fruitless to try to get any work done if you don't have a longer-term vision for your business.

When you begin running your business, and you have great people in your team who can handle most of its day-to-day operations, you don't need to work **in** the business as much as **on** it.

Obviously, the work at hand is important, but as a leader, you need to consider how you can improve your organization as a whole. This means thinking thoroughly about your company's business model; the way essential things like finances, admin, and HR are structured; how you can keep all of this running smoothly while you focus on other goals.

As a business leader, it is essential to have a long-term vision for

your company and to continuously strive for improvement and growth. This may include reviewing and adjusting your business model, streamlining processes, and implementing systems and structures to support smooth operations.

It is also necessary to prioritize tasks and focus on the “point of constraint” — the bottleneck that limits your business from growing or performing at its peak. By recognizing and resolving this constraint, you can make considerable progress and advance your business.

This does not mean that you should ignore the regular duties of your business. Just be mindful that, as a leader, you must balance your time between the immediate tasks and working on the bigger picture to guarantee your business is set up for long-term success.

Make your own way — come back and use this book as a reference, but try your own experiments and see what works for you.

Finally, I'd like to refer back to the very beginning of the book and remind you that **these are not rules.**

Everything in this book is based on my own experience, and I encourage you to venture beyond that. Don't view this book as an instruction manual — rather, see it as a general guide as you embark on your own business journey.

Don't be afraid to try!

All of us have plenty of ideas but often no resources or motivation to act on them. Having an underlying process of experimentation to support our efforts can provide the “safety net” we need to make things happen.

Remember how it works in science: you have to test a hypothesis first before knowing whether it'll work or not. When you get results, you'll be able to make conclusions and update your approach based on that. And then try again.

This brings me to a final but much-needed discussion on failure.

Looking back, I can say that to fail well and to fail often are two of the most valuable things I've learned in building my companies. Without the ability to fail well — that is, treating failure as an opportunity to learn and grow — I wouldn't be here writing this book. I would have been too scared and too intimidated to carry on, and who knows where I may have ended up?

Steven Pressfield, in his book **The War of Art**, explains the idea of “resistance.” This is the internal and external forces that stop us from doing the work we need to do. To overcome these forces, Pressfield suggests we must identify and confront our fears and accept the possibility of failure.

He encourages us to “show up” and do the work, even when it's scary or difficult. With practice, this habit helps us to overcome resistance and do the work we are meant to do.

Entrepreneurs and business leaders often face resistance when trying to bring their ideas to life. By acknowledging and accepting failure, we can use it as a chance for growth and improvement instead of letting it hold us back.

In other words, if something is stressing you out or scares you, that is a strong signal that this is precisely what you need to work on.

The only time you should be afraid to fail is when you fail to learn.

But what does it mean to “fail well”?

Failing well means being willing to examine and learn from our mistakes instead of letting them hold us back. It requires a growth mindset: viewing failure as an opportunity to improve and grow rather than as a personal flaw or a sign of inadequacy. By embracing this positive attitude towards failure, we can learn to see it as a generative force that drives innovation and creativity.

In order to fail well, it’s also imperative to reflect on our experiences and consider what we can learn from them. This process of reflection helps us extract valuable lessons from our failures and apply them to future endeavors.

Most importantly, failing well requires a commitment to continuous learning and self-improvement. By seeking out new experiences and actively reflecting on what we have learned, we can continue to grow and improve, both personally and professionally. After all, any experience is a learning experience. You can learn from just about anything — in the long run, even bad clients will have taught you something valuable.

On a final note, it is important to accept that failure is an inevitable part of the journey toward success. No one is immune to failure, and even the most successful people have experienced their share of setbacks and disappointments. However, it's how we respond to failure that determines our ultimate success. Ultimately, this is what helps us to go above and beyond our own expectations in the long run.

Learning = Experience + Reflection

Recommended Reading.

[Mäd Insights](#). — Curious to know more about how Mäd thinks and works? Check out our insights and client case studies on our website.

[Personal Blog](#). — My own blog where I publish my notes on everything.

Great CEOs are Lazy — Jim Schleckser.

How CEOs can achieve more with less by being selectively lazy. Naturally, CEOs have to work hard — but this hard work involves finding someone else to get the actual task done. You'll find out lazy CEOs' secrets of time management, or how to identify the areas that need your time and eliminate those that don't.

Principles — Ray Dalio.

Ray Dalio's rules and frameworks that he uses to navigate his life. The book explores truth-seeking, decision-making, and implementing systems to achieve success. It'll teach you how to identify your principles — fundamental truths that serve as the foundations for behavior that gets you what you want out of life.

The One Minute Manager — Ken Blanchard & Spencer Johnson.

A timeless parable about a man looking for an effective manager. In this short and simple book, Blanchard and Johnson unveil Three Secrets to One Minute Management (which are not just for managers). The concepts they discuss are relevant both for learning how to manage yourself and others, and also as a great way to approach your daily life.

Maverick! — Ricardo Semler.

Or The Success Story Behind the World's Most Unusual Workplace — an excellent example of proof that it can be possible to run a large organization in an unorthodox, radical way. Semler narrates his journey of turning his family's aging business Semco into one of the most successful corporations in Brazil.

The Seven-Day Weekend — Ricardo Semler.

After revealing the breakthrough success of Semco in *Maverick!*, Semler lets us in on the strategy that brought his business to the top. Breaking outdated rules and traditions at the office, he shows us how employees can rediscover joy, passion, and freedom at the workplace. A great guide on how to create an empowering workplace culture and help your team avoid burnout.

The Firm: The Story of McKinsey — Duff McDonald.

Mäd takes a lot of its inspiration for its consulting work from successful firms like McKinsey & Co — also known as America's most influential yet controversial business consulting firm. In *The Story of McKinsey and Its Secret Influence on American Business*, journalist Duff McDonald dives deep into the McKinsey culture, uncovering how the firm has become an indispensable factor in setting the course of American capitalism as a whole.

Deep Work — Cal Newport.

At Mäd, we value deep work (we even have a dedicated deep work room). *Deep Work* is an indispensable guide to anyone seeking focused success in a distracted world, regardless of your profession. It'll teach you how to reap the benefits of cultivating a deep work habit and be even better at what you do.

Chop Wood, Carry Water — Joshua Medcalf.

Or How to fall in love with the process of being great? Written as a fable about a young boy on the journey of becoming a samurai, this guide draws on ancient wisdom to teach the reader valuable lessons about how the path to greatness can be found in our everyday life. This book is filled with inspiration, encouragement, and advice for anyone with a goal.

The Mythical Man-Month — Frederick P. Brooks.

One of the most influential and widely referenced books on software project management — even half a century later. Brooks draws on his expertise as a project manager and software engineer, combining thought-provoking opinions with compelling advice for anyone managing complex projects.

Great at Work — Morten T. Hansen.

An exploration of How Top Performers Do Less, Work Better, and Achieve More. After a meticulous, five-year study of over 5,000 managers and employees, Hansen reveals the most actionable insights from his research. An excellent read for anyone who wants to maximize their productivity and performance — and work smarter instead of harder.

What They Don't Teach You at Harvard Business School — Mark H. McCormack.

A business classic, this clear and concise book provides invaluable guidance for executives and managers at every level. Focusing on key topics from sales and negotiation to communication and how to run meetings, McCormack outlines his 'applied people sense' approach to mentor readers towards a fruitful business career.

It Doesn't Have to Be Crazy at Work — Jason Fried & David Heinemeier Hansson.

A strategic management manual on how to create (and maintain) the ideal company culture — or, in the authors' own words, “the calm company.” Fried and Hansson put out a firm stance against long hours, aggressive hustle, and endless to-do lists, introducing a far more stress-free way to achieve business success. Whether you're a freelancer, corporate professional, or the head of an organization, this is a perfect guide to replace the “crazy” at work with a balance of productivity and happiness.

Gemba Kaizen — Masaaki Imai.

Gemba Kaizen is a Japanese business philosophy that focuses on continuous improvement in the workplace. It is based on the idea that the best way to identify and solve problems is to go to the “gemba,” or the place where work is being done, and observe and analyze processes firsthand. By making small, incremental improvements on a regular basis, organizations can achieve significant improvements in efficiency, productivity, and quality. I didn't ever think that I was going to be fascinated by reading about the process improvements in mattress manufacturing, but I was!

Thank you for coming along on this journey — I hope you've enjoyed it as much as I enjoyed writing this book. Now, go out into the world, put everything you've learned into practice, and, most importantly, have fun!

I enjoy speaking with individuals all over the globe, so do feel free to get in touch if you have questions, suggestions, or feedback.

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I owe a debt of gratitude to all the team members and clients who put their trust in me and joined me on this often turbulent journey. Despite my shortcomings, I hope that they know I always strive to do what is right.

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Stay a (little) crazy,
Manny.

