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OPINION

# AGENCIES, DOES YOUR PRICING MODEL MEAN YOU'RE MOWING THE SAME LAWN FOR FIVE HOURS?



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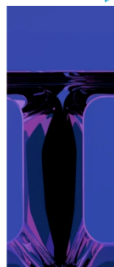
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*What do mowing your lawn and agency pricing models have in common? Save the obvious gags about cutting back, of course. Turns out, more than you might think as John Minty, senior consultant at TrinityP3, explains.*

Just before Christmas I was at an end of year lunch with the TrinityP3 team. Over the road we could all see a man spend almost five hours mowing a lawn the size of a billiard table.

ADVERTISING



Is this a tale of true dedication or a cautionary editorial on the pitfalls of hourly pricing?

Hired to mow a single lawn and promised payment for five hours of work, our man spends the entire time slowly and methodically perfecting every inch of the lawn. He circles back to ensure time ticks along, even polishing his lawnmower. Five hours later, the lawn is pristine, and he collects his pay, oblivious to the fact that he could have mowed ten lawns at the same time and made ten times the income. Hell, he could have learned Latin in some of his spare time if he so chose...

This story may seem like an isolated example of inefficiency, but it is yet another example



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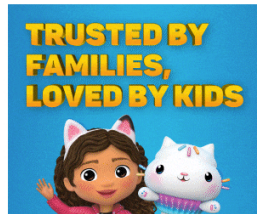


of how we value work—particularly in industries like adland, where effort is often conflated with value.



— John Minty.

When we are paid by the hour, there's often little incentive to streamline processes or achieve results quickly, in fact it encourages the exact opposite. The man in our story had no motivation to finish the lawn early because his payment was tied to the clock, not the outcome. Was someone watching him from a window to ensure he was actually still out there? Maybe he was simply operating under a timesheet system.



Hourly Pricing often leads to overthinking. Just as our lawnmower overanalysed every blade of grass, advertising agencies can fall into the trap of overcomplicating simple tasks. Adding more people, holding more meetings, and producing endless iterations can make the process feel substantial, but it doesn't always add value.

In contrast, output-based pricing models focus on paying an agreed amount for work delivered to specification, regardless of the time taken, ensuring efficiency and alignment with expectations. This model will work for certain types of tasks, but it lacks reward for impact (or adjustment for not delivering the desired outcome).

Outcome-based pricing flips the script altogether, forcing agencies and lawnmowers to ask, "What's the most efficient way to deliver exceptional results?" For clients, this means tying payment to what truly matters: impact and encouraging innovation and accountability for meaningful success. But the problem for many here is the effect of what agencies do can be both short or long term, and it can often be difficult, if not impossible, to measure and correctly attribute the contribution to the impact delivered.

And so, what to do?

Personally I like the idea that we might reimagine our commercial conversations to include another form of pricing to influence our proposals, one rarely used in advertising but one used more widely than almost any other form throughout the world over; Potential-Based Pricing.

Pricing on potential shifts the focus to the value of past performance and proven expertise, and can truly align one agency to a client's desired outcomes, versus assuming every agency is the same.

Back to the lunch for example; a renowned chef may charge a premium for a signature dish—not just because of the ingredients or time involved but because their reputation assures an exceptional dining experience.

Ronaldo was signed in Saudi Arabia on A\$400 million a year before he kicked a ball in anger or sold a single jersey. An architect is paid for their drawings, not the final house because the value lies in their ability to design a structure that will (likely) meet

expectations. Similarly, we pay for a can of Coke with the confidence that it will quench our thirst—whether it actually does or not, and we garner this confidence from personal experience or others’ testimonials.

Potential-based discussions in pricing reward the results delivered in the past for similar projects, rather than waiting for outcomes to be realised or measured, much like the way clients price for cars, chips and insurance.

In this model, we are forced to explore other factors like how uniquely qualified an agency is to deliver a specific client’s desired outcome compared to competitors, the investment the client is willing to make in one initiative vs another, the significance of the work to the client’s market position, and many other context-specific variables.

OK, but how do we do it?

Well, we need to be better at finding a market price for the services agencies deliver, all things being equal, and then adjust for client nuance. We need agencies to spend as much time pricing as they do pitching and obsessing over pricing; a bit like their future depends on it.

The story of the man and his lawnmower highlights a simple yet profound truth: how we price work shapes how we perform it. By shifting from hourly to bespoke client pricing that includes a combination of output pricing and outcomes, all founded in potential, individuals and industries can unlock greater efficiency, deliver more value, and ultimately achieve more.

So next time you’re faced with a pricing decision, ask yourself: are you paying for effort, or are you paying for the potential of results?

The answer in this example might just have been summed up by the Labrador who took a sizeable poop on the lawn minutes after the man packed up and went home.

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