ILLUSTRATIVE BUSINESS DESIGN CASE

From Services to a Productized Business

Cedarstone Operations Group

A fictional professional-services firm with strong client relationships and recurring analytical work, but a business model still dominated by custom projects, senior labor, founder involvement, and engagement-by-engagement delivery.

Revenue	$3.6M	Employees	21
Active clients	54	Custom project mix	68%
Proposed product	Operating Review System	Case date	September 2026

Business Design

Fellstead · Operated by Solten Ventures LLC

BUSINESS DESIGN QUESTION

Can a services firm become more repeatable without removing the expertise clients are actually buying?

Cedarstone helps founder-led and private-equity-backed service businesses understand operating performance, diagnose underperformance, and make decisions around pricing, capacity, sales, customer mix, and execution. Clients value the firm's judgment. The problem is that much of the work surrounding that judgment is repeatedly rebuilt: data requests, cleanup, metric reconciliation, recurring analyses, presentation preparation, and meeting structure.

The partners want more recurring revenue and less dependence on bespoke projects. A naive productization effort could easily damage the business: standardize too far and the offer becomes generic reporting; automate too aggressively and clients stop seeing expert value; preserve too much customization and nothing changes except the packaging.

Productization is a redesign of the business, not a packaging exercise.

CUSTOM PROJECTS	REPEATABLE PROBLEM	STANDARD SYSTEM	EXPERT LAYER	PRODUCTIZED BUSINESS
Expert time creates value	Monthly operating visibility	Data intake + review + brief	Judgment at decision points	Recurring revenue + bounded delivery

The goal is not to remove expertise. It is to stop spending expert time on work that can be standardized without reducing client value.

Design objective: build a recurring business product that standardizes the repeatable operating work, preserves expert judgment where it changes decisions, creates clearer economics, and can be sold and delivered without founder involvement in every account.

HOW TO READ THIS CASE

Productization is not 'turn the service into software.'

This case treats productization as a business-design problem. The task is to decide which parts of the current service should become standardized, which should remain judgment-intensive, how the offer should be bought and delivered, what the economics must look like, and what evidence would justify scaling the model.

Design layer	Core question
Customer	Which clients have a recurring decision problem rather than a one-time project need?
Value	Which outcomes depend on expertise, and which depend on reliable recurring process?
Offer	What is included every cycle, what is optional, and what is explicitly outside scope?
Economics	Can recurring pricing support senior judgment without recreating custom-project labor?
Delivery	Which work is standardized, automated, analyst-led, or partner-led?
Sales	Can the product be sold around a repeatable trigger rather than a custom scope?
Validation	What must improve before the firm migrates more of the business to the model?

Illustrative case note

Cedarstone Operations Group is fictional. All financials, client observations, labor estimates, pricing, economics, and design decisions are simulated to demonstrate Fellstead's Business Design approach.

CURRENT BUSINESS

A healthy services company with structural limits on scale.

Current revenue mix and delivery profile

68% project revenue

A large share of work contains repeatable analysis and reporting, but each engagement is scoped, sold, and delivered as if it were unique.

Founder participates in ~70% of proposals; senior staff spend ~31% of delivery time on recurring preparation, reconciliation, and formatting.

Dimension	Observed state
Revenue	$3.6M annual revenue; 68% custom projects, 24% retainers, 8% workshops/other.
Clients	54 active clients; strong repeat and referral business.
Delivery	Senior staff own diagnosis, recurring analysis, client narratives, and executive meetings.
Sales	Founder or managing partner participates in ~70% of proposals.
Scoping	Most work begins with a custom proposal even when the underlying problem resembles prior engagements.
Margins	~43% gross margin, but significant senior time is embedded in preparation and rework.
Constraint	Revenue grows primarily by adding senior capacity or increasing rates.

The issue is not weak demand. The issue is that the firm's strongest repeated value has not yet been separated from the custom machinery used to deliver it.

REPEATED PROBLEM

The strongest candidate for productization is already hiding inside existing engagements.

Across a large share of recurring client work, Cedarstone performs a similar sequence every month: gather operational data, reconcile definitions, identify movement and anomalies, compare performance to plan, isolate decision points, prepare an executive narrative, and facilitate a leadership review.

Recurring element	Current delivery pattern	Productization potential
Data intake	Email, spreadsheets, exports, ad hoc questions.	High - standard schemas and deadline cadence.
Metric reconciliation	Analyst and senior staff repeatedly resolve definitions.	High - canonical metric dictionary and exception rules.
Variance analysis	Rebuilt in project files each cycle.	High - standard analytical routines with analyst review.
Interpretation	Senior team identifies what matters and why.	Low automation - preserve expert judgment.
Decision framing	Partner turns analysis into management questions.	Low automation - core differentiated value.
Executive review	Custom meeting deck and facilitation.	Medium - standard structure, customized conclusions.
Follow-up memory	Often stored in decks/notes across engagements.	High - structured decision and assumption log.

Design thesis

Productize the operating review system around the expert decision layer. Standardize the evidence pipeline and recurring analytical structure; preserve senior judgment for interpretation, prioritization, and difficult exceptions.

CUSTOMER DESIGN

The product is for companies with recurring management questions, not for every advisory client.

Attribute	Target condition	Why it matters
Company	B2B / local or multi-location services, ~$10M-$100M revenue	Enough operational complexity to benefit; not enough internal analytics depth to solve cleanly.
Management cadence	Monthly leadership review already exists or is clearly needed	Creates a recurring buying and usage rhythm.
Data environment	Core finance/CRM/operations data available but fragmented	Enough evidence exists; the product is not a data-recovery service.
Decision load	Pricing, sales, capacity, labor, customer mix, branch or segment decisions recur	Makes analytical interpretation valuable every cycle.
Buyer	CEO, COO, CFO, operating partner	Owns performance questions and can buy recurring decision support.
Avoid initially	Clients needing daily managed operations, bookkeeping, ERP implementation, or unlimited ad hoc analysis	Would turn the offer back into outsourced services.

Qualification rule

The best client is not the one with the messiest data. It is the one with enough recurring operating decisions that a stable review system creates leverage for management.

VALUE ARCHITECTURE

Clients are not buying reports. They are buying a more reliable management rhythm.

Value layer	Proposed outcome	Evidence to collect
Visibility	A stable monthly view of the few operating measures that matter.	Metric completeness; reconciliation exceptions; reporting cycle time.
Interpretation	Management understands what changed and which drivers explain it.	Issue-to-evidence traceability; repeated causal patterns.
Decision quality	Leadership meetings center on decisions rather than assembling facts.	Decision count; unresolved questions; follow-through.
Continuity	Assumptions, prior decisions, and expected outcomes remain visible next cycle.	Decision log completeness; revisit triggers; variance vs. expectation.
Management leverage	Senior leaders spend less time preparing the review and more time using it.	Preparation hours; executive meeting time; action follow-through.

Primary promise

Cedarstone Operating Review gives management a recurring evidence-based view of what changed, why it matters, and which decisions deserve attention - without rebuilding the analysis from scratch every month.

OFFER DESIGN

A recurring business product needs a visible boundary.

Included every month	Designed output
Structured data intake	Standard templates / connectors; exception list; source completeness check.
Performance review	Revenue, margin, sales, customer, labor/capacity, and operating metrics relevant to the client model.
Variance analysis	Plan vs. actual, period changes, segment/branch/product differences, identified anomalies.
Decision brief	5-8 management issues with evidence, interpretation, unknowns, and decision questions.
Leadership review	60-90 minute facilitated operating session with named decision owners.
Decision memory	Record decision, rationale, assumptions, expected outcome, and trigger to revisit.
Quarterly reset	Revisit metrics, assumptions, priorities, and whether the review model still fits.

Explicitly outside the core product

Bookkeeping, ERP/CRM implementation, daily project management, unlimited custom analysis, full strategic planning engagements, compensation design, and hands-on operational execution. These may be separate engagements, but they are not silently absorbed into the subscription.

DELIVERY SYSTEM

Standardize preparation. Preserve judgment.

Designed monthly delivery loop

1 Structured intake — 2 Automated normalization — 3 Analyst review — 4 Decision brief — 5 Leadership session — 6 Memory + next cycle

Standardize preparation and evidence handling. Reserve senior judgment for interpretation, decision framing, and exceptions.

Work layer	Primary owner	Design rule
Data collection / validation	Coordinator / system	Standard deadline, schema, completeness checks.
Normalization	System + analyst	Automate repeatable transforms; log exceptions.
Base analysis	Analyst	Use stable analytical routines and client-specific thresholds.
Interpretation	Senior advisor	Focus on causal hypotheses, materiality, and contradictions.
Decision brief	Senior advisor + analyst	Standard structure; client-specific conclusions.
Leadership session	Senior advisor	Facilitate decisions, not presentation theatre.
Memory / follow-up	System + client owner	Preserve reasoning and revisit triggers.

The most important operating design choice is to prevent senior people from becoming production bottlenecks while also preventing the product from becoming generic reporting.

PRICING ARCHITECTURE

Price the management system, not hours disguised as a retainer.

Plan	Target account	Illustrative price	Boundary
Core	$10M-$30M revenue; one operating entity	$36k/year	Monthly review, decision brief, leadership session; standard data model.
Growth	$25M-$75M; multiple locations/segments	$54k/year	More segmentation, deeper operating analysis, quarterly reset, higher review complexity.
Portfolio / Enterprise	$50M-$100M+ or multi-entity	$84k+/year	Multiple business units, governance, expanded analyst capacity; scoped implementation.

Pricing rules

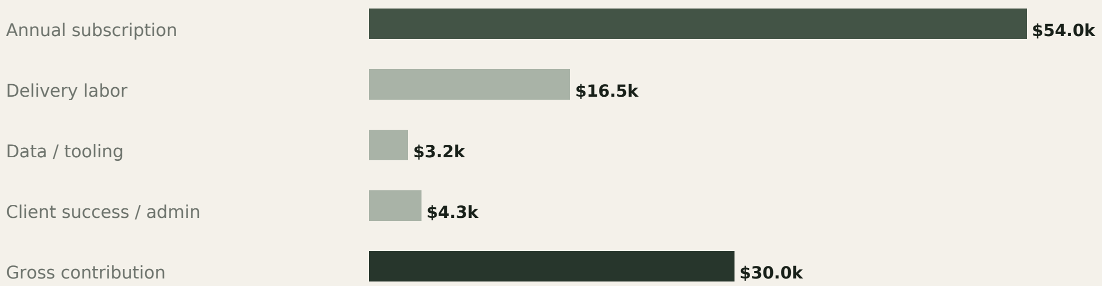
Do not sell blocks of partner hours. Do not promise unlimited analysis. Do not let every new metric expand scope permanently. The price should correspond to management complexity and delivery architecture - number of entities/segments, data sources, review depth, and senior decision involvement.

Custom advisory remains available as a separate engagement when the recurring review identifies a problem that requires deeper redesign.

UNIT ECONOMICS

The design succeeds only if expert judgment becomes more leveraged.

Illustrative annual unit economics — Core subscription



Gross contribution is illustrative and excludes sales & marketing and corporate overhead. The key design variable is expert hours per account.

Economic variable	Illustrative Core target	Design implication
Annual subscription	$54k	Large enough to fund real expertise; below custom-project equivalent.
Senior advisor time	~6 hours/month average	Use judgment at interpretation and decision points.
Analyst / prep time	~13 hours/month average	Standard routines and reusable client model.
Data / tooling	~$3.2k/year	Bounded by standard stack and integrations.
Gross contribution	~$30k / 56%	Should improve as standardization and account density rise.
Founder dependency	Near zero after sale / escalation	Required for true scalability of the model.

Critical economic risk

A recurring contract can still be a bad productized business if senior hours expand whenever the client asks a new question. Delivery hours must be measured by account and work type from the first pilot.

SALES MOTION

Sell the recurring management problem, not 'productized consulting.'

Stage	Purpose	Evidence required to advance
Trigger	Identify recurring operating-review pain: board pressure, missed plan, multi-location complexity, new CFO/COO, PE ownership.	A live recurring management need, not curiosity about dashboards.
Current-state review	Reconstruct how the last two monthly/quarterly reviews were prepared.	Visible coordination, reconciliation, or decision-framing burden.
Design fit	Confirm metric availability, management cadence, and decision ownership.	Enough stable evidence exists to support repeatable review.
Pilot cycle	Run one paid review using standard method.	Client uses output in a real management meeting.
Annual conversion	Move to 12-month operating review system.	Named client owner, stable cadence, scope boundary accepted.
Expansion	Add segment/entity depth or separate advisory project.	Only when complexity or new decision need is explicit.

The product should shorten sales scoping. A qualified prospect should be able to understand what the system does, what it does not do, and what a year costs without a bespoke proposal process.

CLIENT MIGRATION

Do not force every existing client into the product.

Client type	Migration decision	Reason
Recurring analytical retainer with stable monthly questions	Strong candidate	Existing behavior already resembles the product.
Large custom strategy engagement	Do not convert automatically	Problem is episodic; product may follow after project.
Client with weak data discipline but high recurring need	Conditional	Pilot only if minimum evidence pipeline can be stabilized.
Client expecting unlimited partner access	Poor fit unless relationship is reset	Would recreate premium retainer economics.
Small client buying occasional advice	Likely no	Insufficient recurring value to support subscription.
PE / multi-company relationship	Potential portfolio variant	Shared method may create strong leverage across companies.

Migration principle

Productization is not a pricing migration exercise. Existing relationships should move only when the client's recurring problem and delivery pattern actually fit the new model.

OPERATING MODEL

The firm's roles must change if the business model changes.

Role	Current tendency	Designed role
Partner / founder	Sales, scoping, analysis, narrative, meeting, escalation	Selective sales, high-value interpretation, exception review, product governance.
Senior advisor	Owns end-to-end custom client work	Owns account interpretation and leadership review across multiple standardized accounts.
Analyst	Project-specific analysis and deck production	Runs reusable analytical routines, exception review, client model maintenance.
Coordinator / ops	Administrative support	Owns intake cadence, completeness, workflow, client reminders, output assembly.
Product / systems owner	Fragmented responsibility	Owns templates, data model, automation, QA, delivery metrics, change control.

Capacity implication

A senior advisor should be able to serve materially more recurring accounts than under the current retainer model because preparation is standardized and analyst/system capacity absorbs recurring production work. If that does not happen, the business has been repackaged, not redesigned.

METRICS THAT MATTER

Measure whether productization creates leverage without degrading client value.

Metric	Question it answers
Revenue mix from productized subscriptions	Is the business actually becoming more recurring?
Senior hours per account / month	Is expert judgment becoming leveraged?
Analyst/prep hours per account	Is the delivery system getting more repeatable?
Gross contribution by account	Does pricing support the designed service level?
Cycle-time to decision brief	Is the system reducing preparation friction?
Client decision adoption / follow-through	Is the output used to run the business, not just read?
Scope exception rate	Are clients constantly pulling the product back into custom work?
Founder escalation rate	Can delivery function without founder intervention?
Renewal / expansion	Does recurring value persist?
Custom-project pull-through	Does the product identify high-value deeper work without becoming a disguised lead magnet?

A productized service should become easier to understand economically over time. If account profitability, delivery effort, or client outcomes remain impossible to compare, the design is not standardized enough.

90-DAY VALIDATION PLAN

Prove repeatability before migrating the firm around the model.

The objective is not to announce a productized service. It is to test whether the business can deliver repeatable value with materially better operational leverage.

Days	Test	Action	Decision rule
0-30	Pattern concentration	Review last 18 months of recurring work and classify repeated tasks, decisions, and outputs.	Proceed if a common monthly problem explains a meaningful share of delivery.
0-30	Customer fit	Interview 8-10 recurring clients around review cadence, decision needs, and buying logic.	Proceed if clients value decision support beyond generic reporting.
15-45	Delivery boundary	Design standard monthly workflow and explicit exclusions.	Proceed if senior judgment can be isolated to a bounded set of activities.
30-60	Paid pilot	Run 3 clients through the same operating-review cycle.	Proceed if output remains useful without reverting to custom delivery.
45-75	Economics	Track all labor by work type; compare to target contribution.	Proceed if senior hours and gross contribution support scale.
60-90	Sales repeatability	Sell new client using standard offer and price.	Proceed if sale closes without bespoke proposal design.
75-90	Renewal signal	Ask pilot clients to commit to annual cadence.	Proceed if recurring value supports annual decision.

ASSUMPTION LEDGER

The productized business is a set of hypotheses that must remain visible.

Assumption	Current confidence	What would falsify it
A recurring operating-review problem exists across a meaningful client segment	High	Most recurring work is client-specific rather than structurally similar.
Clients value interpretation and decision framing more than custom production	Medium-High	Clients primarily value bespoke analysis volume or partner availability.
Data intake can be standardized enough for recurring delivery	Medium	Each client requires extensive monthly cleanup or source-specific manipulation.
Senior advisor time can average ~6 hours/month per Core account	Medium	Interpretation and meetings consistently exceed target without loss of value.
$54k annual pricing is viable for target clients	Medium	Clients compare the product to reporting tools rather than management support.
Analyst work can use stable routines without becoming generic	Medium-High	Major analytical logic changes every month or by client.
The product can create pull-through advisory without depending on it	Low-Medium	Subscription economics are weak unless custom projects subsidize delivery.

Operating rule

Changes to the standard offer should be logged as design decisions. A repeated exception across several qualified accounts may justify changing the product. A single important client's request should not silently redefine it.

RISK ARCHITECTURE

The main failure mode is custom consulting wearing a subscription label.

Risk	Failure mode	Design response
Scope creep	Every new management question becomes included recurring work.	Explicit core outputs, exception pricing, quarterly scope reset.
Expert dilution	Standardization removes the judgment clients value.	Protect interpretation, decision framing, and exception handling as senior work.
Data burden	Firm becomes a monthly data-cleaning service.	Minimum client data standard; exception log; separately scoped remediation.
Margin illusion	Retainer revenue looks recurring while partner hours expand.	Track labor by work type and account from day one.
Client dependency	Product becomes outsourced management rather than decision support.	Named client decision owner; no daily execution ownership.
Internal resistance	Senior staff view standardization as lower-status work.	Redesign roles around higher leverage, not reduced expertise.
Two-business confusion	Custom projects and productized service compete for people and priorities.	Separate capacity planning, economics, and delivery governance.

Risk principle

The point of productization is not uniformity. It is to create a stable core around which exceptions are visible, deliberate, and economically priced.

EXPANSION LOGIC

The recurring product should create options without absorbing every advisory need.

Expansion	Precondition	Evidence required
Additional operating modules	Core review shows recurring need for deeper sales, labor, pricing, or customer analysis.	Repeated demand across several accounts; reusable method.
Benchmarking	Enough comparable client data and permissions exist.	Consistent definitions, sufficient sample, clear client value.
Portfolio / PE version	Multiple companies can use one governance model.	Shared cadence, sponsor buyer, portfolio-level comparison value.
Software layer	Workflow volume justifies product investment.	Repeated internal labor, stable data model, clear self-serve opportunity.
Deeper Business Design engagements	Recurring review identifies a structural business problem.	Problem exceeds monthly decision-support boundary and merits separate scope.
New verticals	Core workflow survives materially different business models.	Comparable management cadence, evidence structure, and decision logic.

Expansion gate

The offer should expand only when the same operating system can support the new value. If expansion requires a new buyer, new delivery team, new data model, and new economics, it is a new business - not a feature.

SCENARIO ANALYSIS

Three different businesses can emerge from the same repeated work.

Scenario	Business design	Near-term benefit	Primary risk
A · Keep bespoke consulting	Continue custom projects and retainers; improve pricing and utilization.	Low transition risk; preserves premium flexibility.	Founder dependence and labor-based scaling remain.
B · Productized operating-review system	Standard recurring core + bounded senior judgment + separate custom advisory.	Recurring revenue, comparable economics, greater senior leverage.	Requires discipline on scope and internal role change.
C · Build software product	Turn reporting/review process into a standalone SaaS platform.	Potentially higher theoretical scale.	Changes buyer, competition, development burden, and may remove the expert value clients buy.

Fellstead design view

Scenario B is the strongest starting design for this illustrative case. Cedarstone's differentiated asset is not software and not labor alone. It is a repeatable management system with expert interpretation. Scenario A preserves the current constraint. Scenario C may become rational later if software economics are supported by observed workflow volume, but it should not be assumed to be the destination.

BUSINESS DESIGN BLUEPRINT

The proposed productized business on one page.

Layer	Design
Target customer	$10M-$100M service businesses with recurring management review needs and fragmented operating evidence.
Buyer	CEO / COO / CFO / operating partner.
Core job	Turn recurring operating evidence into a disciplined monthly management decision cycle.
Offer	Standard intake + performance review + variance analysis + decision brief + leadership session + decision memory.
Differentiation	Expert interpretation and decision framing built on a stable evidence and review system.
Delivery model	System/coordinator for intake; analyst for recurring analysis; senior advisor for interpretation and decisions.
Pricing	Core ~$36k; Growth ~$54k; Portfolio/Enterprise ~$84k+ annually, with explicit boundaries.
Economic constraint	Senior hours per account must remain bounded; custom work tracked and priced separately.
Sales motion	Trigger-led sale around recurring management-review pain; paid pilot; annual conversion.
Primary proof	Lower prep friction, bounded senior hours, comparable gross contribution, client usage in real leadership decisions.
Expansion rule	Expand only when repeated demand fits the same buyer, operating system, and economics.

FOUNDER / LEADERSHIP SUMMARY

Do not productize the expertise. Productize everything that allows the expertise to create more value.

Cedarstone should not attempt to turn consulting into a fixed template. The stronger business is a recurring operating-review system in which preparation, data handling, analytical routines, meeting structure, and company memory become standardized - while senior judgment remains concentrated at the points where it changes management decisions.

Decision for the next 90 days

Pilot one standard operating-review product with a narrow client profile, measure every hour of delivery, and require the business to prove three things at once: clients use it to make decisions, senior expertise becomes more leveraged, and account economics become more comparable.

Next validation questions

01. Which recurring client problem appears often enough to support a standard annual product?

02. What work do clients actually value from senior advisors, and what work merely consumes senior time?

03. How much delivery can be standardized before clients perceive the work as generic reporting?

04. What minimum data discipline must a client have before the product is viable?

05. Can three pilot clients receive materially the same process and still find the conclusions specific and useful?

06. What is the maximum senior-advisor time per account that preserves target economics?

07. Can a qualified prospect buy the product without a custom proposal?

08. Which scope exceptions recur often enough to justify changing the standard offer?

09. Does the product create enough recurring value to renew independently of custom-project work?

10. What evidence would justify building software around the delivery system rather than keeping software internal?

CASE NOTE AND LIMITATIONS

This is a fictional illustrative Business Design case. Cedarstone Operations Group is not a real client. All names, figures, pricing, labor assumptions, client observations, economics, and recommendations are simulated. The case demonstrates how Fellstead can design a more repeatable business around an existing service before the company changes its organization, sales model, technology stack, or capital allocation. Actual Business Design work depends on the evidence available, the company's constraints, client objectives, and market conditions. Fellstead provides business analysis and design, not legal, tax, accounting, audit, securities, or other regulated professional advice, and does not guarantee business outcomes.

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