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CAPM for Agencies – Decision Cards

Two-layer risk assessment with scoring and calculators

Who: Leadership, finance, and senior technical staff.

When: Periodically — quarterly, or when market conditions shift materially.

Output: Current risk premium and systematic adjustment factor that sets the environment for all engagement-level scoring.

SYSTEMATIC RISK SCORING

FACTOR	1	2	3	4	5
Platform Stability Licensing, governance, ecosystem health	1 Stable	2	3 Mixed	4	5 Crisis
Talent Market Availability and cost of delivery skills	1 Ample	2	3 Tight	4	5 Acute
Economic Conditions Client budget health across your market	1 Growing	2	3 Flat	4	5 Contracting
Regulatory Exposure Compliance mandates affecting deliverables	1 Calm	2	3 Adapting	4	5 Major
Revenue Concentration Client, channel, or vertical dependency	1 Diverse	2	3 Moderate	4	5 >30%
Rate Pressure Market-wide compression on rate card	1 Rising	2	3 Flat	4	5 Compressing

SYSTEMATIC ADJUSTMENT FACTOR

Composite Score: - / 30 → Adjustment Factor: -

COMPOSITE ADJUSTMENT FACTOR

—

—

of 30

score all factors

Portfolio / Pure approach: Use this factor (—) as your portfolio-wide β in the CAPM formula.

Engagement / Hybrid approach: Use this factor (—) to weight each engagement's beta in [Layer Two](#).

Who: Solutions team, project managers, senior developers, account managers.

When: During presales or discovery for each engagement.

What: Combine systematic and engagement-specific risk for heuristic pricing governance.

Output: Engagement risk index (pure) or blended β (hybrid), feeding the CAPM minimum margin and a comparison against the proposed deal margin.

ENGAGEMENT RISK SCORING

FACTOR	1	2	3	4	5
Client Track Record Relationship history and reliability	1 Long-term	2 Repeat	3 New, vetted	4 Unvetted	5 Red flags
Scope Clarity How well-defined are requirements	1 Detailed	2 Outlined	3 Partial	4 Vague	5 Undefined
Technical Complexity Stack familiarity and unknowns	1 Standard	2 Minor	3 Some new	4 R&D	5 Experimental
Internal Capacity Team bandwidth and availability	1 Dedicated	2 Comfortable	3 Tight	4 Stretched	5 Over
Contract Type Risk allocation in contract structure	1 T&M	2 Capped	3 Hybrid	4 Fixed+pad	5 Fixed tight
Political Complexity Stakeholder alignment and authority	1 Single	2 Small	3 Committee	4 Multi-org	5 Adversarial
Timeline Pressure Deadline flexibility and driver	1 Flexible	2 Reasonable	3 Firm	4 Aggressive	5 Immovable

CAPM DECISION CALCULATOR

BASE MARGIN / AGENCY R_f ?

10 %

PORTFOLIO MARGIN / R_m ?

22 %

L1 ADJ. FACTOR ?

—

DEAL PRICE

0 \$

ESTIMATED DELIVERY COST

0

\$

Hybrid: $E(R) = R_f + (\text{Engagement } \beta \times \text{L1 Factor}) \times (R_m - R_f)$ – then compare the proposed deal margin against $E(R)$

ENGAGEMENT SCORE	ENGAGEMENT β	BLENDED β	REQUIRED MARGIN $E(R)$	PROPOSED MARGIN
—	—	—	—	—
of 35	score / 21	\times L1 factor	required return	enter price and cost
MARGIN GAP	MIN. DEAL PRICE			
—	—			
proposed - required	needed to clear $E(R)$			

Pure approach: Use the engagement score (– of 35) as a risk index to size per-project contingency. The implied portfolio-wide minimum margin is —: $E(R) = R_f + \text{L1 Factor} \times (R_m - R_f)$, and the proposed deal margin should still be checked against that hurdle.

Hybrid approach: Blended $\beta = (\text{Engagement Score} / 21) \times \text{L1 Factor}$. This feeds directly into the CAPM formula for a per-engagement minimum margin.

Governance note: This hybrid calculator is a heuristic decision tool, not a statistically correct pricing engine. Its main value is internal alignment, presales discipline, and postmortem calibration.

For B-Corp and mission-driven agencies. This card extends Layers 1 and 2 with B Lab-aligned impact dimensions — portfolio mission fit, customer stewardship, environmental readiness, stakeholder governance, human rights, and mission drift — then computes an impact-adjusted minimum margin. Scores from the standard cards flow in automatically.

B-CORP SYSTEMATIC RISK (EXTENDS LAYER 1)

FACTOR	1	2	3	4	5
Client Portfolio Alignment Mission fit across the client base	1 Aligned	2	3 Mixed	4	5 Misaligned
Customer Stewardship Readiness Privacy, security, quality, and feedback systems	1 Embedded	2	3 Partial	4	5 Weak
Environmental Stewardship Readiness ESC policies and client screening	1 Embedded	2	3 Partial	4	5 Weak
Stakeholder Governance Readiness PSG policies, accountability, and oversight	1 Embedded	2	3 Partial	4	5 Weak
Human Rights Due Diligence B Lab Human Rights standards	1 Mature	2	3 Partial	4	5 Major gaps
Purpose Drift Pressure Pressure against public purpose	1 Aligned	2	3 Strained	4	5 Survival

B-CORP ENGAGEMENT FACTORS (EXTENDS LAYER 2)

FACTOR	1	2	3	4	5
Mission Alignment Does this engagement advance your purpose?	1 Core	2 Aligned	3 Neutral	4 Tension	5 Contradicts

FACTOR	1	2	3	4	5
Human Rights Risk Potential harm in client work or value chain	1 Low	2 Managed	3 Neutral	4 Elevated	5 Severe
Environmental Impact & Circularity Environmental footprint of the deliverable	1 Regenerative	2 Light	3 Neutral	4 Heavy	5 Extractive
Responsible Marketing & Transparency Truthful claims and impact communications	1 Clear	2 Sound	3 Neutral	4 Aggressive	5 Misleading

IMPACT-ADJUSTED CAPM CALCULATOR

STANDARD $E(R)$	IMPACT ADJUSTMENT ($\pm\%$)	MANUAL OVERRIDE	
<input type="text" value="-"/>	<input type="text" value="-"/>	<input type="text" value="±%"/>	%

B-Corp: $E(R^*) = E(R) + \text{Impact Adjustment} - \text{score all factors to calculate}$

PORTFOLIO IMPACT SCORE	ENGAGEMENT IMPACT SCORE	IMPACT ADJUSTMENT	$E(R^*)$ MIN. MARGIN
—	—	—	—
of 30	of 20	% points	impact-adjusted

How the impact adjustment works: B-Corp engagement scores below the midpoint (mission-aligned, low-harm, transparent work) produce a negative adjustment — a “mission discount” that lowers the financial margin threshold. Scores above the midpoint (mission tension, elevated human-rights or environmental risk, misleading claims) produce a positive adjustment — a “harm premium” that raises the hurdle rate. The B-Corp systematic score shifts the baseline: high portfolio-level impact risk widens both discounts and premiums. Use the manual override to set a conscious, documented impact adjustment for board-level decisions.