

Title:

How Do You Set Consulting Fees?

Word Count:

937

Summary:

One of the most frequent questions I receive from those who are trying to start or grow their

The ways of billing clients are numerous. There are hourly rates, by-the-job fixed rates, cont

Let us consider some ...

Keywords:

CONSULTING, CONSULTING FEES, COUNSULTANT

Article Body:

One of the most frequent questions I receive from those who are trying to start or grow their

The ways of billing clients are numerous. There are hourly rates, by-the-job fixed rates, cont

Let us consider some ways of billing for your time.

### 1. Hourly or Daily Rate

Many consultants charge by the hour or day. To establish an hourly or daily rate, they try to

Consultants, like other businesses, must charge enough to cover their overhead expenses and al

Your hourly or daily rate may be limited by what your competition charges, especially if you h

### 2. Fixed or Flat Rate

Some consultants charge by the job or a flat rate. For example, a tax consultant might charge

Of course, consultants can also make a profit on the labour of their employees or subcontracto

Many consultants claim to make more on a flat rate than on a hourly basis. Advantages include

To protect yourself on flat rate assignments, always limit the scope of your engagement to som

For example, if you are asked to give a quote for setting up a website for a business, you mig

First, you could give a quote for preliminary research and recommendations. Estimate the time

Some consultants collect one-half of their fee up front and half upon assignment completion fo

If the client doesn't like your recommendations, at least you get paid for the work you did. F

If your website project was not broken into smaller steps or assignments, you could find that

Also, you might not find out until you present your bill for the whole project that your client

Breaking down a project into smaller assignments helps you estimate more accurately and limits

### 3. Contingency or Performance Arrangements

Sometimes clients will ask you to become their partner. If you do, you are no longer an object

What if your client asks you to do management consulting for twenty-five percent of the net profit? On the other hand, if you are a marketing consultant that is absolutely certain that you can increase sales, some consultants charge a flat rate plus a percentage of ownership or profits for their services. Fees based on contingency or performance arrangements are risky. Most consultants are better off charging a flat fee.

#### 4. Value Based Fees

Sometimes consultants can justify fees based on their value to the client. For example, if you are a consultant and you might pay an accountant or lawyer a fee of fifteen hundred dollars based on time for certain services. Can you apply this information to your own consulting practice? Is there some particularly valuable service you can offer? However and whatever you charge, be sure that your fee is a good value for your client and also for yourself.

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