

Consulting Fees Study & Guide

by Michael Zipursky
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Michael has advised leaders and organizations throughout North America, Europe, Asia, Africa, Australia, and the Middle East, consulting in more than thirty industries, from service providers to billion-dollar multinational corporations, including Panasonic, Dow Jones, Financial Times, Royal Bank, and many others. Michael is an in-demand speaker, giving keynotes and leading workshops for the [Certified Management Consultants Association](#), Canadian Internet Marketing Conference, Social Media Camp, and more.

His work has appeared in [MarketingProfs](#), [Huffington Post](#), *Financial Times*, [FOX Business](#), *Maclean's*, *HR Executive*, *Business Edge*, *Marketing Magazine*, and several other media outlets and publications. He is the author of five books including *Profitable Relations: How to Dramatically Increase Your Profits by Giving Customers What They Really Want*, *The Consulting Success System: How to Become a Successful Consultant*, and *The Masters of Consulting Interviews*. Michael has been a featured consulting expert on podcasts such as [Conscious Millionaire](#), [Unstoppable CEO](#), [Daily Grind](#), [Duct Tape Marketing](#), and [Freelance Transformation](#). More than anything, Michael loves spending time with his wife and two daughters.

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Consulting Fees Study

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What are other consultants in your industry charging as their consulting fees?

Last year in 2019, we sent out our most comprehensive consulting fees survey to date and we're sharing all of our findings and insights below.

If you feel like something is holding you back from raising your consulting rates and earning the revenue you want in your business, this study is for you. You'll learn how consultants set their rate, how much consultants are earning per project, how many consultants use retainer and performance-based deals, and much more.

Read on to learn about what consultants are doing with their consulting fees — and learn how to earn more revenue in your business.

Summary of Our Key Findings on Consulting Fees

We'll get started with some of our key findings from this year's study.

1. 80% of consultants are actively looking to increase their rate.
2. 42% of consultants have never tried value-based pricing because they don't know how.
3. Productized consulting services are becoming more popular — 40% of consultants offer a fixed-scope, fixed-price productized service.
4. 33% of consultants will lower their fees in order to win clients.
5. Consultants who are specialists and make it clear in their marketing are more than twice as likely to have most of their consulting income from retainer-based work.
6. Consultants who are specialists and make it clear in their marketing have a higher average consulting engagement value — 25% more of them make \$20K-\$100K+ per consulting engagement than consultants who don't make their specialization clear.
7. 29.67% of Consultants who price their services based on value and ROI have successfully completed a performance deal — versus only 8.13% of consultants who use an hourly rate.
8. Consultants who price their services based on value and ROI are 86% more likely to offer productized services.
9. Most management consultants use an hourly rate, whereas strategy consultants are split between hourly rate and value-based pricing.

10. 32% more of consultants who are specialists and make it clear in their marketing enjoy an 80%+ profit margin in their business compared to those who don't make their specialization clear (or who aren't specialized at all) — 36.17% of whom listed their profit margins at 50%, 40%, and 30% or lower.

11. 50% fewer female consultants price their services based on value because they don't know how compared to male consultants.

Consultants who earn \$10K+ per month have a much higher average consulting engagement value (59% of them charge more than \$20K+ per project compared to only 15% of consultants earning less than \$10K per month).

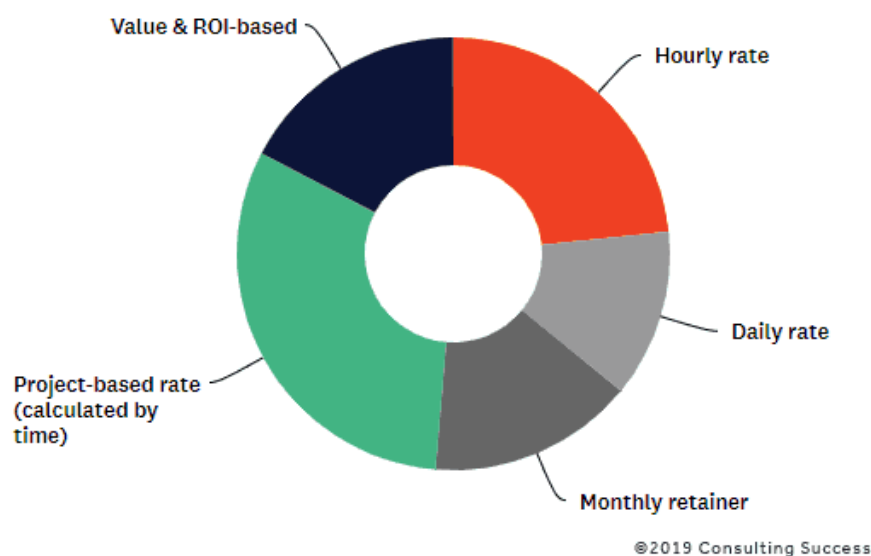
Consulting Pricing Strategies

As a consultant, there are many different ways to price your services.

We asked consultants about their particular pricing strategies — and the results might surprise you.

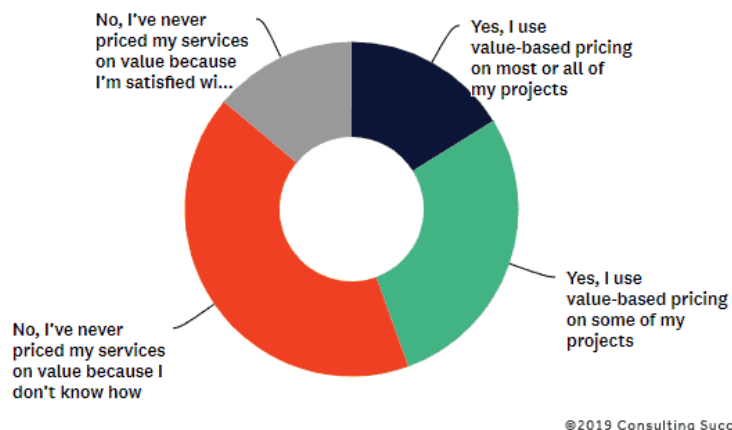
How Consultants Set Their Rate

The majority of consultants (31.37%) use a project-based rate to price their projects.



- 23.38% of consultants bill by the hour.
- 17.30% of consultants use value-based fees to price their projects.
- 15.40% use monthly retainers — and 12.55% of consultants use a daily rate.

How Many Consultants Have Used Value-Based Pricing

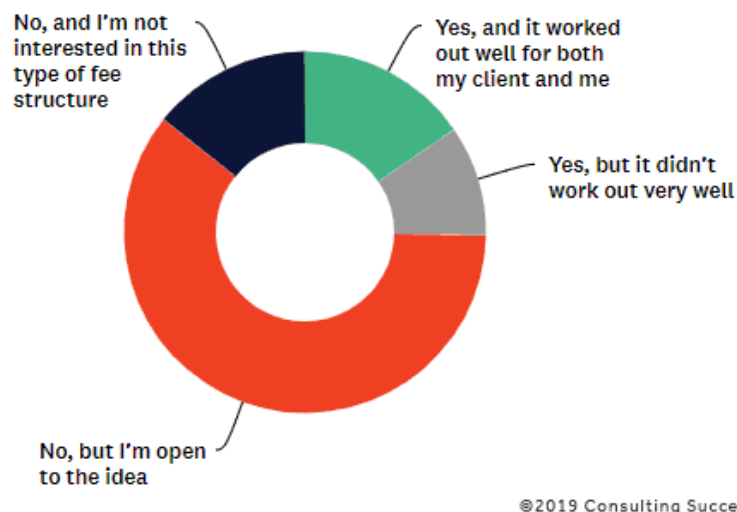


Value-based pricing is a hot topic in the consulting world — and for good reason.

It's one of the best ways consultants get leverage and increase their earnings without spending more time working. Despite that, value-based pricing is not easy to do.

- 41.63% of consultants have never priced their services based on value because they don't know how.
- 28.33% use value-based pricing on some of their projects. 16.16% use value-based pricing exclusively.
- 13.88% of consultants never price their services based on value because they are satisfied with their current pricing structure.

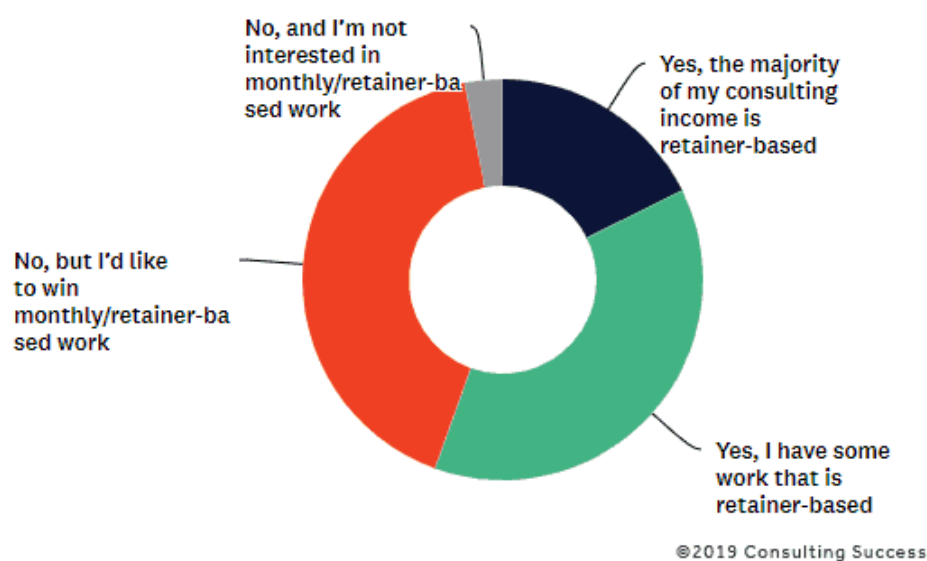
How Many Consultants Do Performance Deals



A performance deal is where you are paid based on the performance of your work.

EXAMPLE: Your client is currently making \$100K per month. You help take them to \$200K per month. With a performance deal, you're charging a percentage based on the extra value you're creating. So, if you and the client agree on 10% of the extra value, then you'd be earning \$10K per month on the project — in addition to your base pay. So, how many consultants actually use performance deals?

- 60.46% of consultants have not done a performance deal, but are open to the idea.
- 15.40% of consultants have done a performance deal and it worked out well for both parties.
- 14.26% of consultants have not done a performance deal and are not interested in this pricing strategy.
- 9.89% have tried a performance deal, but it did not work out well.



How Many Consultants Have Retainer-Based Work

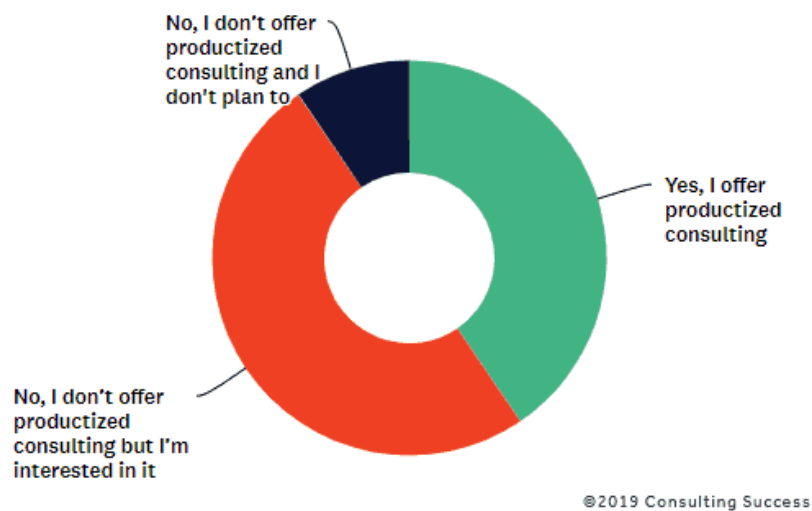
One of the best ways to build a more resilient consulting business is to use monthly retainers.

With a monthly retainer, you're working with & billing your clients every month. That means it's recurring revenue.

Recurring revenue can provide a higher sense of security because you know you have predictable income coming in each month.

- 41.44% of consultants don't have any retainer-based work, but would like to.
- 37.83% have some work that is retainer-based.
- 17.68% said that the majority of their income is monthly.
- 3.04% of consultants are not interested in monthly/retainer-based work.

How Many Consultants Offer Productized Services



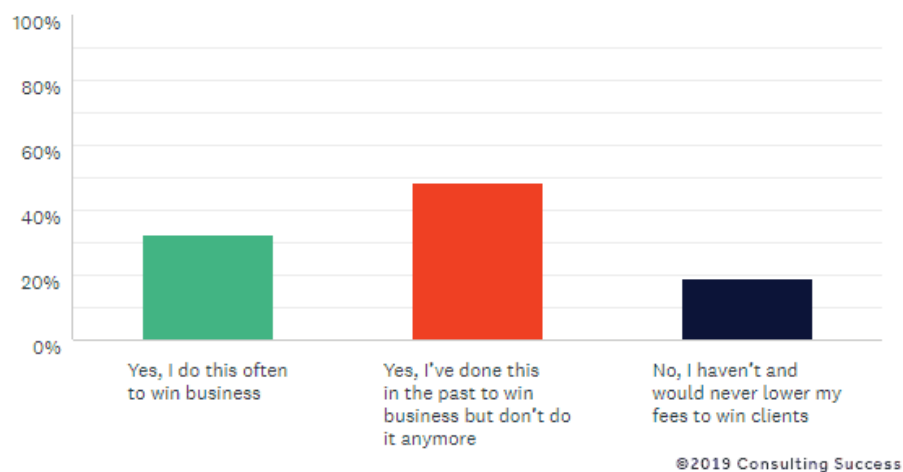
Productized consulting is when you take your service, strip it down to its essentials, and give it a fixed scope and price. They are another fantastic way to create greater leverage in your business.

- 50% of consultants do not offer productized consulting but are interested in doing so.
- 40.49% offer productized consulting.
- 9.51% do not offer productized consulting and aren't interested in doing so.

Consulting Fees Positioning & Mindset

Much of pricing comes down to confidence. We asked consultants about their mindset as it relates to their pricing.

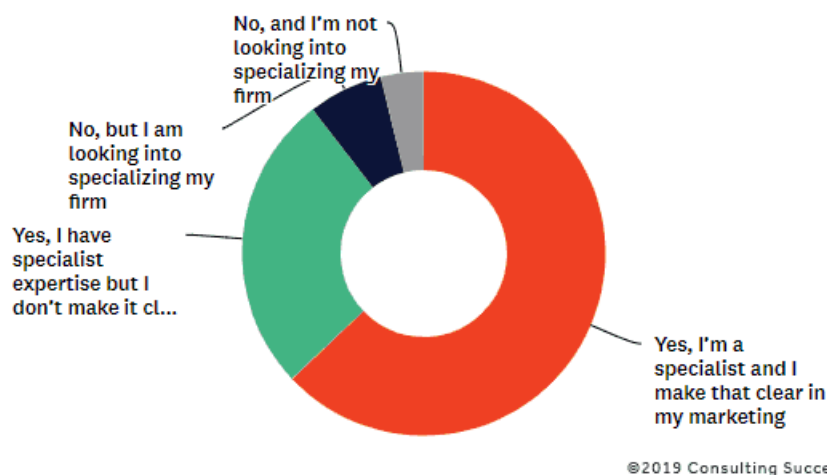
How Many Consultants Lower Their Fees To Get Clients



Lowering your fees to get clients is never a good idea. It sends all the wrong signals to the client about the value you can add to their business.

- 48.67% of consultants lowered their fees to win clients in the past, but don't do it anymore.
- 32.32% often lower their fees to win business.
- 19.01% haven't and would not lower their fees to win clients.

How Many Consultants Are Specialists

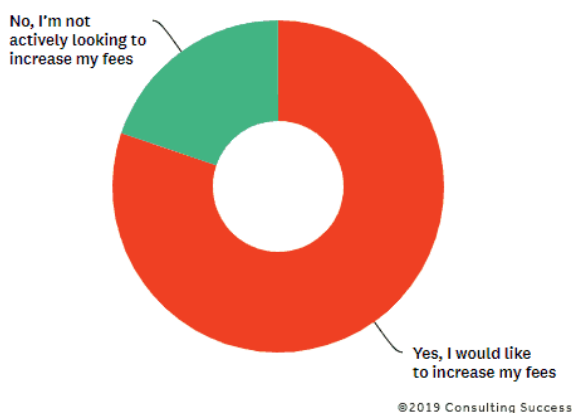


Specialization is another important pricing factor for consultants.

Clients are often willing to pay a premium for consultants who have demonstrated expertise in their industry.

- 62.93% of consultants are specialists and make it clear in their marketing.
- 26.62% have specialist expertise, but don't make it clear in their marketing.
- 6.65% of consultants do not have specialist expertise but are looking to specialize.
- 3.80% of consultants do not have specialist expertise and are not looking to specialize.

Consultants Who Want To Increase Their Fees



As you might expect, the majority of consultants (80.23%) want to increase their fees.

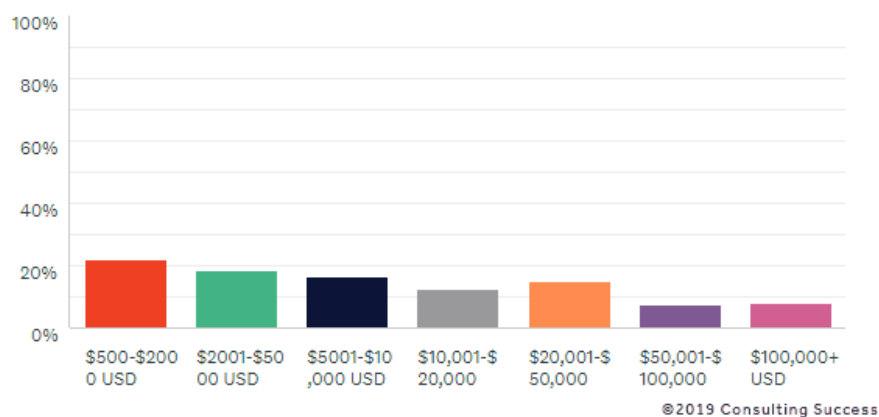
And 19.77% of consultants are not actively looking to increase their fees.

Consulting Business Financials

How much are consultants charging for their services? How much are they earning per year?

We asked our list of 30K+ consultants for the latest insights into the financials of small consulting firms.

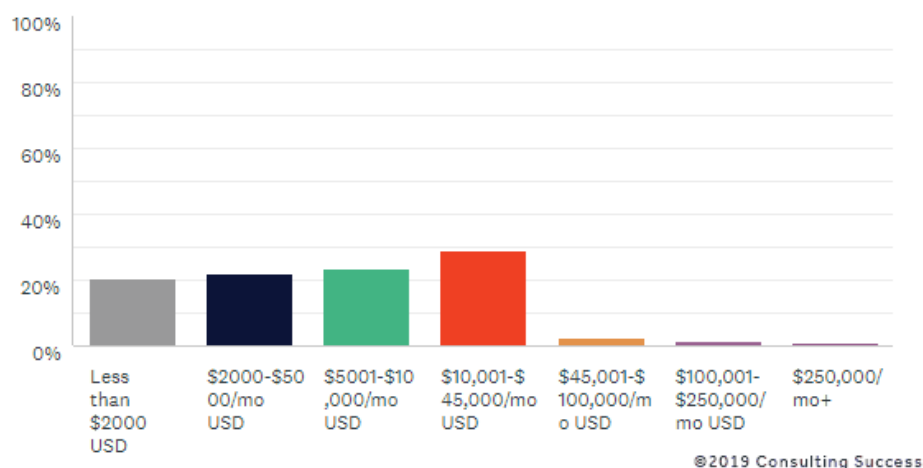
Average Consulting Engagement Value



Here's how the numbers break down for the average consulting engagement value:

- 22.24% – \$500-\$2000 USD
- 18.25% – \$2001-\$5000 USD
- 16.54% – \$5001-\$10,000 USD
- 14.83% – \$20,001-\$50,000 USD
- 12.74% – \$10,001-\$20,000 USD
- 7.79% – \$100,000+ USD
- 7.60% – \$50,001-\$100,000 USD

Consultant Monthly Earnings

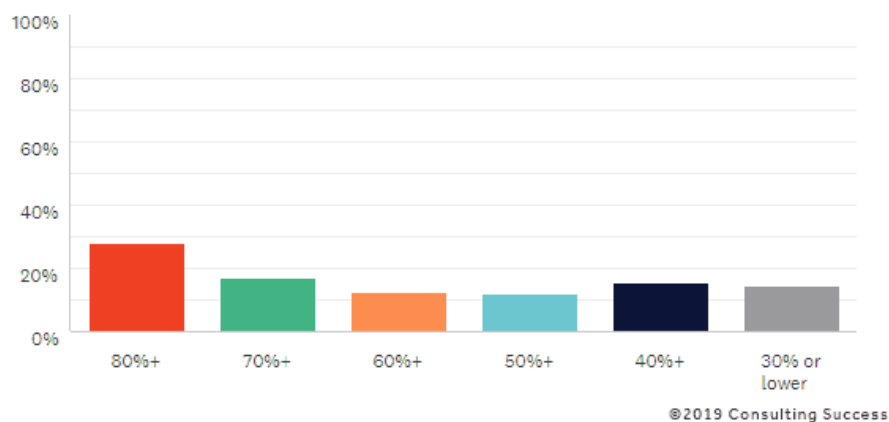


Why should you start a consulting business?

One of the reasons consultants start their consulting business is for the unlimited earning potential. With the right strategy and mindset, consultants can earn five or six figures — or even more — per month.

- 29.90% of consultants earn \$10K-\$45K per month.
- 23.57% earn \$5000-\$10K per month.
- 21.86% earn \$2000-\$5000 per month.
- 20.72% of consultants earn less than \$2000 per month.
- 2.47% earn \$45K-\$100K per month — and 1.52% are earning \$100K-\$250K per month.
- 0.76% of consultants are earning a whopping \$250K+ per month.

Consulting Business Profit Margins



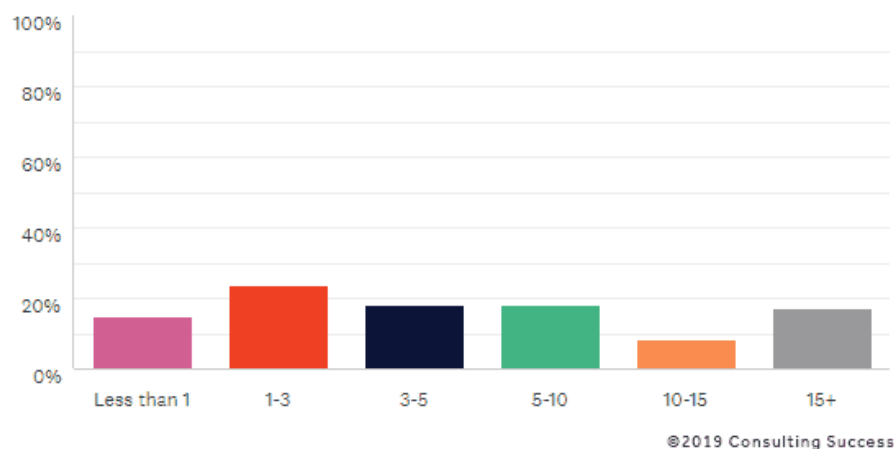
Consulting is known to be a high profit-margin business — and the data supports that.

- 28.14% of consultants enjoy an 80%+ profit margin.
- 16.92% have a 70%+ profit margin.
- 15.59% of have a 40%+ profit margin.
- 14.64% have a profit margin of 30% or lower.
- 12.55% have a profit margin of 60%+, and 12.17% have a profit margin of 50%+.

Consulting Demographics

Demographic data from our list of 30K+ of independent consultants and small consulting firm owners.

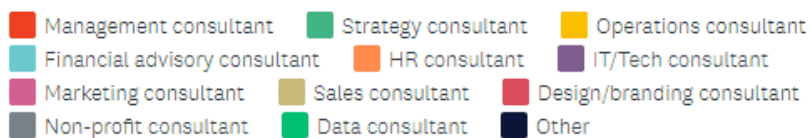
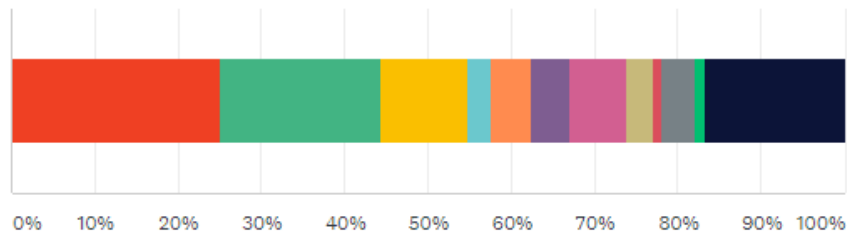
How Long Consultants Stay In Business



Our study features brand new consultants and veterans.

- 23% of consultants polled have been consulting for 1-3 years.
- 18.06% have 3-5 years of experience, and 18.06% also have 5-10 years of experience.
- 17.11% have more than 15+ years of experience.
- 15.02% have less than 1 year of experience, and 8.17% have 10-15 years of experience.

Types of Consultants

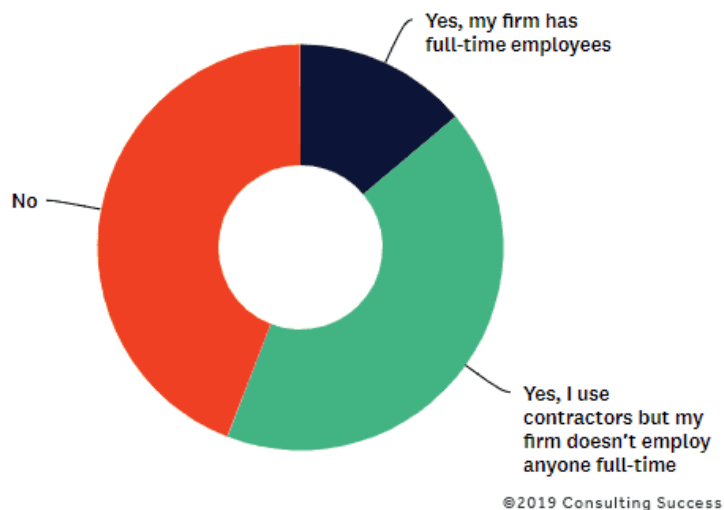


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There are many types of consultants. So, what are the types you'll find in this study?

- 25.10% – Management consultant
- 19.20% – Strategy consultant
- 16.73% – Other
- 10.46% – Operations consultant
- 6.84% – Marketing consultant
- 4.75% – HR consultant
- 4.75% – IT/Tech consultant
- 3.99% – Non-profit consultant
- 3.23% – Sales consultant
- 2.85% – Financial advisory consultant
- 1.14% – Data consultant
- 0.95% – Design/branding consultant

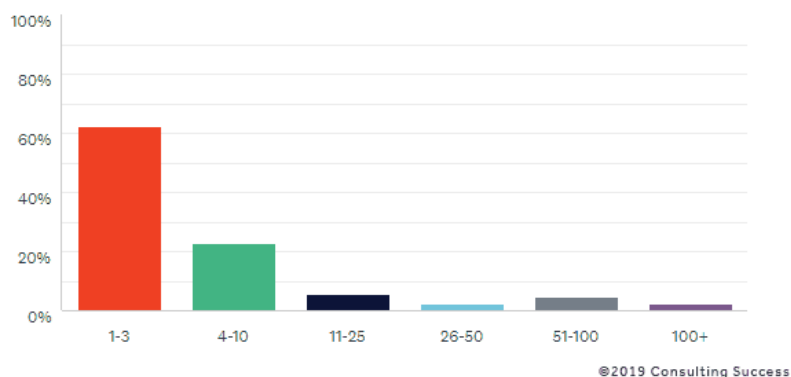
How Many Consulting Firms Have Employees or Contractors



If you want to scale your consulting business, hiring employees or contractors can be a great way to do that.

- 44.11% of consultants we polled do not have any employees or contractors.
- 42.02% use contractors, but don't employ anyone full-time.
- 13.88% have full-time employees.

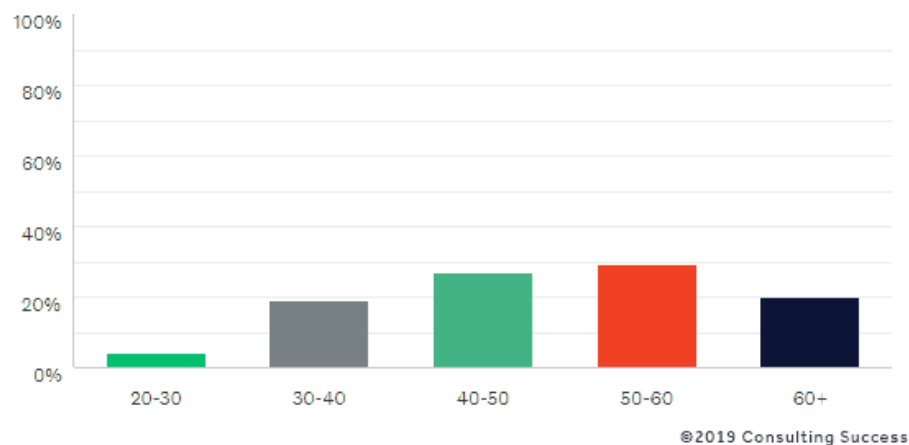
How Many Employees do Consulting Firms Have?



Of the firms that do have employees, how many employees do they have?

- 62.10% of consulting business owners have 1-3 full-time employees.
- 22.58% have 4-10 employees.
- 5.65% have 11-25 employees.
- 4.84% have 51-100 employees.
- 2.42% have 26-50 employees, and the same percentage have 100+ employees.

Consultant Age Demographics

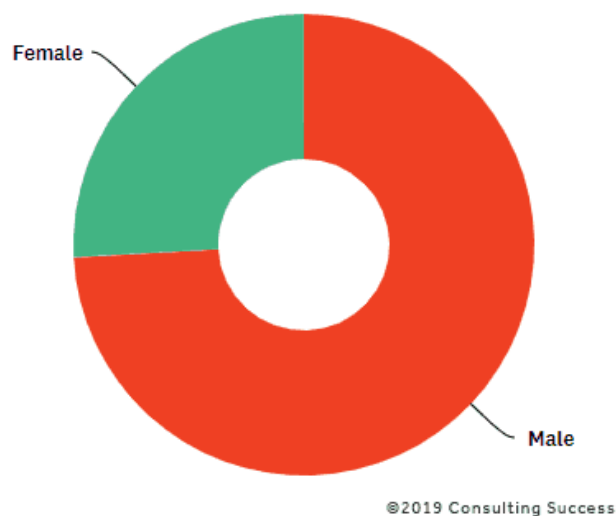


You can be any age and start a consulting business.

The majority of consultants we polled (29.47%) are 50-60 years old.

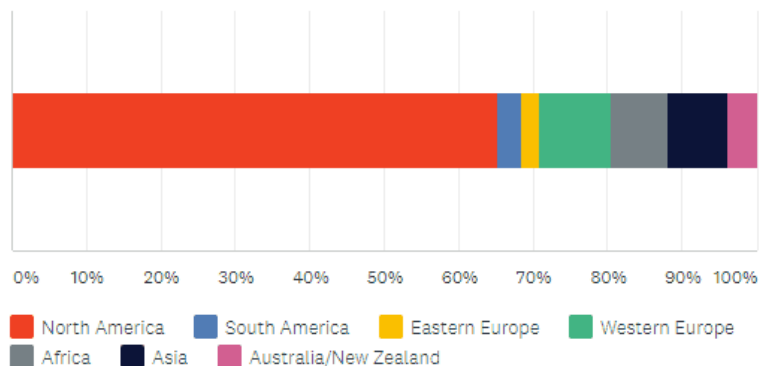
- 27.19% are between 40-50.
- 20.15% are 60+.
- 19.20% are between 30-40, and only 3.99% are between 20-30.

Consultant Gender Demographics



75.15% of consultants we polled are male, and 25.8% are female.

Where Consultants Live



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Consultants all around the world took our fees survey. Here's where they are from:

- 65.21% – North America
- 9.70% – Western Europe
- 7.98% – Asia
- 7.60% – Africa
- 3.80% – Australia/New Zealand
- 3.23% – South America
- 2.47% – Eastern Europe

How To Set Your Consulting Fees (Consulting Fees Calculator)

Want to know exactly how much you should be charging to reach your income goals?

For that, we developed a [Consulting Fees Calculator](#). In 4 steps, you'll learn your daily billable rate and your ideal hourly rate so that you can reach your target income.

It's an invaluable tool to help you get clear on how much you should be charging your clients.

That said, we advise you to move towards greater leverage — away from billing based on your time. Here's how you can do that:

- **Productized Services:** Giving your services a fixed scope and price, creating a more efficient delivery.
- **Value-Based Fees:** Pricing your services based on the value you might create for your client instead of the time you spend delivering.
- **Monthly Retainers:** Recurring revenue where your client either pays for your work or pays for access to

you.

- **ROI-Based Fees:** Pricing your services based to capture a percentage of the earnings or savings you create for your client.
- **Equity:** Working for shares in your client's business instead of a fixed amount of money.

Consulting Fees Action Plan

Here are three action items for you if you're serious about raising your rates and increasing your revenue.

1. Elevate your mindset. If you're uncomfortable with the idea of raising your rate or you would feel that your clients would leave you, then you need to work on your mindset before you think about your pricing.

2. Raise your hourly rate. Even though hourly rates aren't ideal, they are often the foundation of your pricing strategy. No one is going to give you the green light to raise them — you must do so yourself. What better time than now? Commit to raising your hourly rate by at least 10-20% in the next 6 months.

3. Experiment with a leveraged form of pricing. Whether that be productized consulting, value-based pricing, or ROI-based pricing, charge a client using a method other than just your time. You'll learn how much more revenue you can earn when you stop charging for your time and start charging what your clients really care about — the value you're creating for their business.

Consulting Fees Guide: How Much To Charge For Consulting

(3 Formulas & Examples)

Consulting Fees Guide: How Much To Charge For Consulting (3 Formulas & Examples)

What should you charge for your consulting fees?

How can you raise your consulting rates — and get clients to accept higher fees?

Whether you're a new consultant or you've been in the game for years, pricing your consulting services is one of the most challenging aspects.

This guide will not only help you figure out how much to charge for your consulting services...

...it will help you *raise* your fees (if you want to).

Let's dive into our first consulting fee formula, which is an easy option for beginners.

The Hourly Method

The Hourly Formula is when you charge by the hour for your consulting services.

You set an hourly rate, track your hours, and then bill your client by the hour.

This simple, easy method is great for beginners who are working on their first few consulting projects.

However, if you've developed deep expertise in your field, we recommend you DON'T use the hourly billing method. So, how do you actually come up with your hourly price?

The Hourly Method Formula For Setting Your Hourly Rate

Step 1. Open up Google and search for the average salary for your position. Write that number down.

Example: "senior marketing manager average salary" = \$98K.

Step 2. Enter the average salary in a salary to hourly converter.

<https://www.calcxml.com/calculators/convert-salary-to-hourly>

For work hours per week, enter "20."

As a beginner consultant, you're typically not working 40-hour weeks.

You'll spend just as much time winning projects as you do delivering them.

For work weeks per year, enter "48" (or however many weeks you want to work, subtracting the number of weeks you want to take off).

(You can also use a [Consulting Fees Calculator](#) if you have a target income in mind)

<https://www.consultingsuccess.com/consulting-fees-calculator>

Step 3. Round your new hourly rate up or down in \$25 dollar increments.

Example: A salary of \$98,000 equates to a monthly pay of \$8167, weekly pay of \$2042, and an hourly wage of \$102.

\$102 = \$100 per hour.

This is your starting hourly fee.

If you feel like it is too low, raise it. But don't lower your fee.

Consultants are notorious for undercharging — especially when they charge by the hour.

Every time you successfully complete a project, increase your hourly rate by \$25.

Eventually, you'll get to the point where charging by the hour is no longer the best method for you or your clients.

The Project-Based Method

One of the issues with the hourly method is that your client feels uncertainty around how much they'll end up paying you. And uncertainty around a project will stop your client from moving forward.

Using the project-based method will eliminate this uncertainty.

The project-based method is a strong pricing method for beginner and intermediate consultants. It's a bit more complex than the hourly method. But it removes a lot of the uncertainty around hourly billing. Your client knows what they pay upfront.

The Project-Based Formula For Setting Your Consulting Fees

Step 1: Create a list of deliverables for the project.

Think about everything your client gets as a result of this project — the “inputs.”

Example: Branding Consulting Project

- Design themes research
- Competing design analysis
- Presentation of results
- 4 logo options
- 1 design theme applied to business card and print materials
- Complete website redesign with new brand identity
- Application of new identity to 3 web ads and 3 print ads

Step 2: Estimate how long each deliverable will take. This is where your past experience comes into play. Track your time spent on each deliverable. If you don't know the exact number, estimate.

Add an extra hour or two just to be on the safe side.

Example:

- Design themes research – 6 hours
- Competing design analysis – 4 hours
- Presentation of results – 3 hours
- 4 logo options – 5 hours
- 1 design theme applied to business card and print materials – 3 hours
- Complete website redesign with new brand identity – 6 hours
- Application of new identity to 3 web ads and 3 print ads -3 hours

Step 3: Add up all the hours, and times that by your hourly fee.

Example: 30 hours X \$100 = \$3000

Step 4: Times the total by 1.5.

Projects take longer than you think.

You also have to factor in your time spent marketing, making revisions, etc.

Example: \$3000 X 1.5 = \$4500 total for the project.

After you get the total, adjust the fee to a number you would feel good about work. If you don't feel like you are being compensated fairly for the value you're providing, you won't do your best work.

If you are a more experienced consultant with 2-5+ years of experience, we recommend switching to a higher-leverage pricing model like value-based pricing.

The Value-Based Method

Value-based pricing is when you price your services based on the tangible and intangible value you create for your client. That means you're not charging for your time. You're not even charging for your deliverables.

You are charging based on what your client cares about the most = the results and outcomes you'll create for them.

Using the value-based method is just as much art as it is science. You'll have to improve your sales

skills, accounting skills, project management skills, and more but there is no better method for raising your rates and creating more value.

Here's how you set your consulting fees using the value-based method.

The Value-Based Method For Setting Your Consulting Fee

Step 1: Have the “Value Conversation” with your client.

The value conversation is where you ask questions to your client to uncover where they want to be and agree on the value of a successful project.

Example: You're a marketing consultant speaking with your prospect, Acme Financial Services.

During the value conversation, you learn that they want to win 3 new clients per month.

Each client is worth \$500 per month to their business.

Step 2: Write The Intangible Value

Now you have some numbers to work with but before you start using those numbers, write the *intangible* value for the client.

The intangible value is the project's emotional and subjective factors that influence the buyer's decision.

Example: You ask the client “what would a successful outcome do for you personally?”

They tell you that they wouldn't have to stress about payroll and could enjoy working on things they really enjoyed. Safety, comfort, peace of mind, ego, and prestige are all examples of powerful intangible benefits.

If you get stuck on the next step calculating the tangible value, ask the client more about the intangible value. Tangible value is often hidden deeper in intangible value.

Example: Stressing about payroll takes up at least 1-hour of the CEO's time. That's hundreds of dollars per day wasted stressing.

Step 3: Calculate The Tangible Value

You know that each client is worth \$500 per month to your prospect and they want to win 3 clients per month.

Now, you can calculate the *tangible* value.

The tangible value is the quantifiable value your offer provides.

For example, if you help Acme Financial Services win 3 new clients per month, you'll help them generate:

- \$18K in monthly recurring revenue.
- \$117K in total revenue after a year.

Ask the prospect if \$117K in revenue would mean the project was a success. They will agree because you are using their numbers.

Step 4: Use The ROI Formula

The ROI Formula: Intangible + Tangible + Annual = Value-Based Price

Intangible: Emotional and subjective factors that influence the buyer's decision.

For example, completing the project will make the CEO's life much easier — she wants to focus more on running the business rather than stressing about payroll.

Tangible: The quantifiable value your offer provides.

For example, helping your client generate 3 clients per month will generate \$18K in monthly recurring revenue.

Annual: The year-over-year (YOY) tangible benefits.

For example, if your service helps your client increase their revenue by 5% — and that will continue for 2+ years — you can factor the YOY growth into your price.

With every value-based price, you want to create a 3-10x ROI for your client. Remember, you are charging based on the ROI you will create.

For example, since the successful completion of your project would result in \$117K in new revenue for your client, you can calculate different ROI levels.

- 5% of \$117K: \$6K
- 10% of \$117K: \$12K
- 20% of \$117K: \$24K

You'll use the numbers in the final step.

Step 5: Offer 3 Pricing Options

Give your client 3 options in your proposal, and allow them to choose their level of risk.

Option 1- Highest Price: Imagine that your client had no budget, and wanted the result as fast as possible. Include everything from your low option, middle option, and added value if they are willing to invest significantly more.

Option 2 – Middle Price: All the services or features from Option 1, plus additional services that add more value — and increase the level of certainty.

Option 3 – Lowest Price: The minimum service offering or features your buyer needs to reach a successful outcome.

Example: You're ready to present your pricing options to your prospective client Acme Financial Services.

Option 3 – \$24K

- Brand positioning overhaul
- Website messaging audit
- Direct outreach sequence
- Website marketing strategy
- LinkedIn content + outreach plan
- Search engine optimization
- Lead-magnet development & implementation

Option 2 — \$12K

- Brand positioning overhaul
- Website messaging audit
- Direct outreach sequence
- Website content strategy
- LinkedIn content + outreach plan

Option 1 — \$6000

- Brand positioning overhaul
- Website messaging audit
- Direct outreach sequence

These prices aren't random. They are based on the levels of ROI calculated in step 4.

Notice how we lead with Option 3, the highest-priced option. This helps you leverage the anchoring bias: the first price they see determines how they perceived the rest of your prices.

Option 2 and Option 1 will look more attractive and affordable in comparison to Option 3.

Finally, it's best if you present your 3 options over a call, that way, you can answer objections if and when they come up. Instead of "pitching" your client, you're collaborating with the client on different ways to help them achieve their goals.

Value-based pricing will raise your consulting fees and provide more value to your clients.

But, as you can see, it takes an experienced consultant to make it work.