

Pricing Pearls for Consultants

FIGURE OUT YOUR PRICE WITHOUT BEING UNDERPAID

Presented by Jen Hamilton
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Why Listen to Me?

- CPA
- Consultant & Coach
- Entrepreneur
- Fractional COO
- Community Leader



Problems with Your Pricing Approach

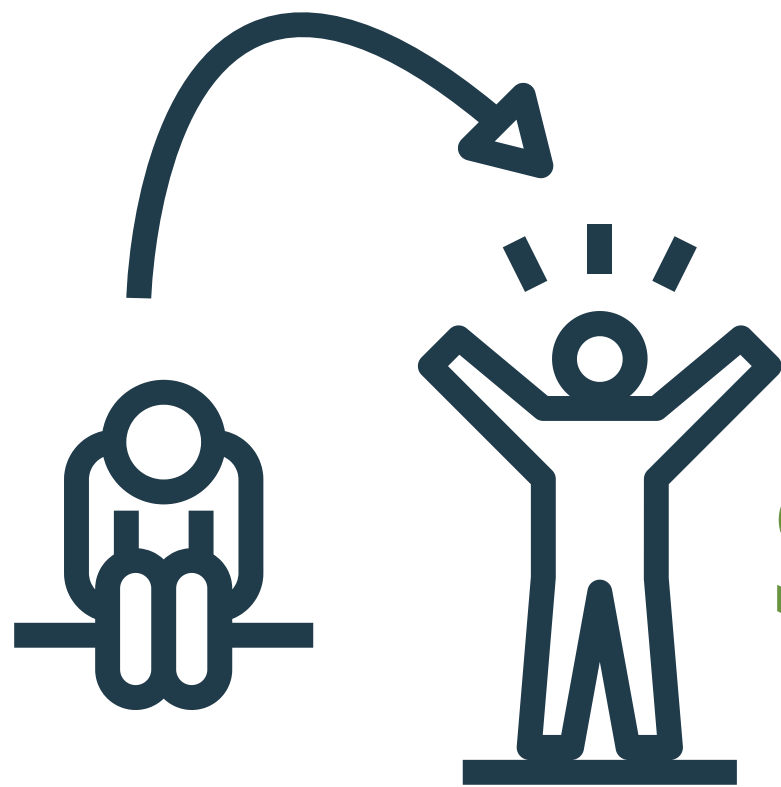
- Not your credibility.
- Not your level of expertise.
- Not your competition.
- Not your marketing budget or approach.

It is YOUR Mindset



Problems with Your Pricing Approach

- Imposter Syndrome
- Assume the loss, not the win
- Price as an employee, not an expert, trusted advisor
- Don't know your value and the ROI for the client



Stop Doubting – Be Confident

Dealing with Doubt



- Remember the past
 - You are great in the skills that you are great in
 - You have solved the unknown before, you can do it again
- Be the trusted advisor that **educates** and lets them choose you or their own path.
- Assume the win, not the loss (redefine winning)
- Calculate the possible long term ROI for the client
 - Shift from how much it costs them to how much will it give them.

Different Pricing Models

1. Hourly
2. Project-Based (flat fee)
3. Monthly Retainer (flat fee)
4. Combo



Hourly Pricing Model

1. Choose a maximum hourly rate.

- Include overhead (taxes, benefits, insurance, marketing, etc.) PLUS the profit margin you desire.
- Consider the ROI you provide to not short yourself.
- What will the market allow and what is the perceived value.

2. Track your hours by client.

3. Invoice the client after your work is done.

Fee Equals:

Hours for the period x rate = Total amount on the invoice
for that period.

Hourly Pricing Model

Pros - Cons

Pros

- Comfortable for you and the client because they understand employee hourly rate.
- Your client will have transparency into your work (if you have a detailed invoice).
- You can easily calculate the number of billable hours you need to achieve your revenue goal.
- It works really well for B2C (can work for B2B)

Cons

- Client compares you to employee hourly rates and thinks you are overcharging.
- Tracking hours and what you did is a dreaded chore.
- You can lose track of billable hours.
- This pricing model can imply a “do-er” level staff if you don’t compare to professional services (e.g. attorney).
- Clients can argue the bill based on their expectations.
- You get paid after the work and need to collect.

Project-Based Pricing Model

1. Estimate the scope of work for the project.
2. Estimate the hours for the scope (+33%).
3. Calculate project hours X your maximum hourly rate.
4. Estimate the ROI for the client from the project.

Fee Equals:

Select a fee that gives you the maximum hourly rate for the project at the top hours, and still gives the client about 5-10X ROI (still need to make sure the market can bare).

Project-Based Pricing Model

Pros - Cons

Pros

- Avoid tracking hours (i.e. tedious admin work).
- You can bill some or all in advance of the work being done.
- Pricing like a professional, not an hourly employee.
- You can make more money and work less clients, than hourly.
- You will likely earn a higher hourly rate.
- You and your client will focus on the ROI and the value you bring, not just that you are filling an empty seat.
- Builds your confidence by feeling valued.

Cons

- Hold to your scope, or you will make less money, less rate and work more clients than hourly.
- Requires more transparent and timely scope conversations.
- You need a signed agreement with a clearly defined scope.
- If you have a payment plan, then you need to figure out the realistic milestones to charge... and remember to charge.

Monthly Retainer Pricing Model

1. Estimate the scope of work for each month on average.
2. Estimate the hours for the scope (+33%).
3. Calculate monthly hours X your maximum hourly rate.
4. Estimate the ROI for the client from the monthly work or overall engagement.

Fee Equals:

Select a fee that gives you the maximum hourly rate for the month at the top hours, and still gives the client about 5-10X ROI (again need to make sure the market can bare).

Monthly Retainer Pricing Model

Pros - Cons

Pros

- Avoid tracking hours (i.e. tedious admin work).
- You can bill ALL in advance of the work being done (never having to worry about collecting cash after the fact).
- Pricing like a professional, not an hourly employee.
- You can make more money and work less clients, than hourly.
- You will likely earn a higher hourly rate.
- You can create predictability and consistency with your cash.
- You and your client will focus on the ROI and the value you bring, not just that you are filling an empty seat.
- Builds your confidence by feeling valued.

Cons

- It doesn't work for all engagements. Best for ongoing work.
- Hold to your scope, or you will make less money, less rate and work more clients than hourly.
- Requires more transparent and timely scope conversations.
- You need a signed agreement with a clearly defined scope.
- You will need to be flexible with your retainer as circumstances change. Your retainer can go up and down.

Combo Pricing Model

If you have work that goes out of scope and very limited time frame, you can do a combination of pricing with a new agreement and scope.

PROJECT-BASED

+

HOURLY

MONTHLY RETAINER

+

HOURLY

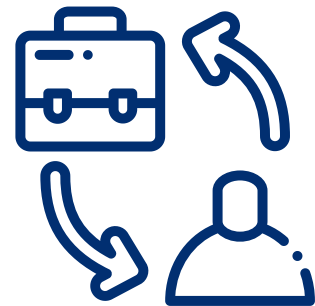
MONTHLY RETAINER

+

PROJECT-BASED

What Pricing Model Do I Pick?

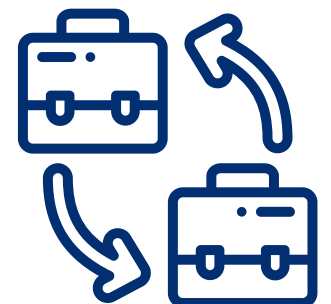
B2C



- Usually hourly for meeting with people (like coaching)
- Monthly retainer when the client needs several hours per month (rare)
- Project-based when you have a specific deliverables (be aware of scope creep)

- Project-based when you have a specific deliverables
- Monthly retainer-based when you have predictable deliverables or similar deliverables each month
- Hourly when you're hired by an employer for 1:1 coaching / advising

B2B



Comments, Suggestions, Questions?



#1 Killer of your Fees

Not managing your scope (aka not managing the client's expectations) from beginning to end of the engagement.



Scope Creep

- We love to help and solve problems.
- We fear asking for more money.
- Our clients can't afford more of our services and yet they need it.
- It is only this one time.
- In a salary position, you just did all that was needed of you.
- What reasons have you found...

Avoid Scope Creep

- When pricing the project, ensure that you communicate clearly in writing what the outcomes are going to be (i.e. your scope).
- Set clear expectations in the agreement.
- If something comes up that is outside of the agreement, you then have a conversation to reset the expectations.
- What have you done...

Don't Go at this Alone

Here are resources for setting up your pricing and scope with others like you.

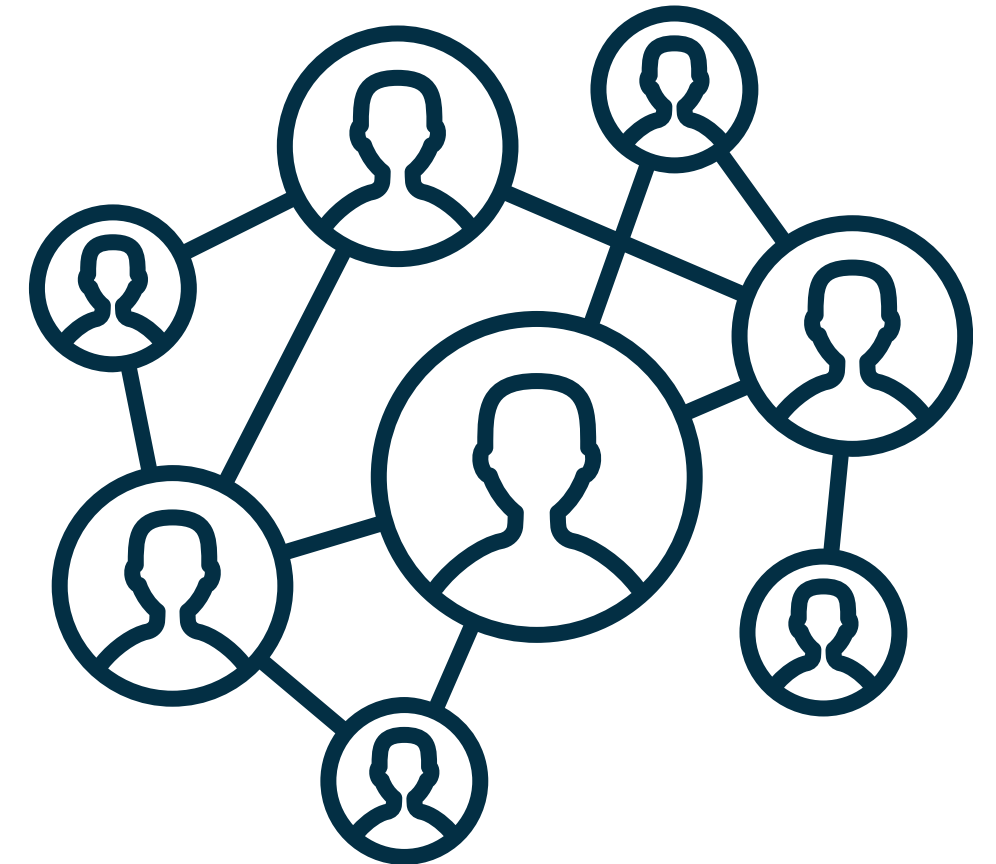
#1 Resource - Colleagues in your network:

Education For Consultants:

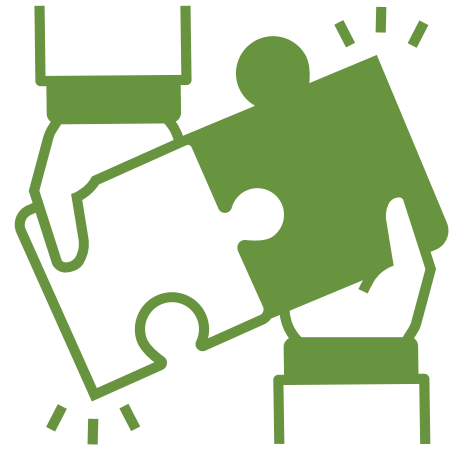
- <https://www.davidafields.com/>

Education For Fractionals:

- Fractional Professionals Association:
<https://fractionalpros.com/>
- Voyageur U: <https://voyageuru.com/>



Collaborate with Me



I love to create a partnership with others who serve similar clients in complementary ways.

I refer and mentor others:

- Fractionals (including Fractional COOs).
- Business and Executive Coaches.
- Consultants that serve small and growing businesses.

Collaborate with Me



Jen@HamiltonCOOs.com



30 Minute Collaboration Meeting:

calendly.com/jenhamilton-coo/intro



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