

Chapter 9: How Much Should I Charge?

When a prospect comes to you with a problem or opportunity, there are four things you'll need to determine before you'll know how much you should charge to help find the answer:

HOW MUCH CONSULTING TIME WILL THE JOB REQUIRE? Sizing a consulting job is not easy and depends primarily on three things:

1. **The scope and complexity of the work:** The real trick here is to be sure you understand what the client really wants and what answers or solutions will be acceptable. Answering the wrong question or providing an answer that the client can't use is of no value to the client. There are consulting jobs that are of epic proportion and jobs that require simple direct solutions. Some requirements might be for:

- A simple, objective answer (based on your experience).
- Customer or competitor research.
- An evaluation of the company's own capabilities (strengths and weaknesses).
- Financial modeling to help them understand economic impacts and options.
- Presentation support or coaching to help sell an idea.
- Extensive implementation support including hand-holding and change management facilitation.

You must start by laying out the tasks you think will be necessary to complete the job. How long each task will take is governed to some extent by the preceding steps. For large jobs, it is often easier to take required work and divide it into logical phases and propose them in succession (only quoting for Phase 1 up front). This can make the scope seem less scary and more controllable for the client.

2. **Your ability to construct a logical hypothesis:** Most jobs require that you help your client discover the answer to a question, figure out how to resolve an issue, or design the best way to capitalize on an opportunity.
 - You will usually start the job by reading reports, talking to key managers, and interviewing others who might provide ideas and insights on the subject of the assignment.
 - This up front work is often unstructured (some times referred to as "mucking around") and can take anywhere from a few minutes to a few weeks, depending on the assignment. It ends when you have a hypothesis (a guess) at the most likely solution to the client's question, issue, or opportunity.
 - Your hypothesis will then be the focus of all data gathering and analysis as you seek to develop conclusions/recommendations (proving the hypothesis or disproving it and