

## **ENTERPRISE**

From the February 10, 2006 print edition

### **Sales Solutions**

## **Is brand-new consultant worth \$450 an hour?**

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**Question:** I recently went out on my own after 13 years of sales and sales management experience. I offer sales consulting and new business development services to companies in the high-tech industry. In researching other consultants offering similar services, the going hourly rate is between \$100 an hour on the low end to as much as \$450 an hour on the high end. I'd like to think the services I provide to my clients warrant the \$450-an-hour rate; however, as a new business I'm finding it difficult to get this price for my services. What can I do to justify this hourly rate with my clients?

**Answer:** As often as I advise consultants to raise their rates, because consultants often undervalue themselves, in your case being so new as a consultant I recommend that you consider two things.

First, as a new business you must pay your dues. Although you have 13 years of experience, your customers want to know that you have a proven track record as a business owner and independent consultant. So, in the beginning anyway, it may be necessary to charge a lesser fee for your services in order to bring in as much new business as possible so that you can begin to build your portfolio of success, and then use it as a tool to warrant the higher fee.

For example, pursue a variety of projects that represent the type of work that highlights your strengths as a consultant. After winning several of these projects, create case studies that showcase the challenge that you solved for your client, as well as the result your solution provided and a quote or testimonial from your client that speaks to their satisfaction with the results. The more case studies you have to showcase your work, the higher the fee you will be able to obtain from your clients.

Once you have a portfolio of case studies and results you've created for your clients, speak to the results you've created for other clients that you will also be able to create for your new clients. Once you've proven yourself with a base of happy clients and successful projects, asking for a higher fee will be justified and then you can focus only on those projects and clients that will pay the fee you have proven you deserve.

Second, from a psychological perspective, it's more effective to provide bid-based pricing instead of hourly-rate pricing. Hourly-rate pricing can lend itself to sticker shock, especially when you're talking more than \$100 an hour. Even if you're great at what you do, most people are not accustomed to paying high hourly rate fees for professionals other than doctors and lawyers. Justifying high prices and proving value can be difficult in the world of sales consulting, but it's not impossible.

A better way to provide pricing is what's called a bid-based proposal. Instead of quoting your hourly rate, describe the needs of your client as you understand them, the specific scope of work included in your pricing, as well as the tangible deliverables you will provide in exchange for the fee you're asking.

The advantage to writing this type of proposal is that it gives you a chance to build the value of your offering so that the client's decision is based on just that; value, and not the price you're asking. You can still decide about how many hours you think will be involved in the project and then multiply that by your hourly rate to come up with the total you will charge for the project, without disclosing your hourly rate. If the client asks about your hourly rate, you can explain that you base your proposals on the scope of work involved in the project and present bid-based pricing rather than hourly-rate pricing.

Another idea to consider is the language used in your proposal. For instance, rather than proposing a "price" you should present an "investment." Price conveys a cost of doing business with you when what you want to suggest is a value in doing business with you. Price equals cost; investment equals value. Think about when you make an investment in something, it's because you expect to gain something from that investment; and in the case of your clients, they should expect to gain value in the solution you will provide to their business challenge.

One last detail to think about is the final words you state in your proposal. What is the main point you want to convey to your prospective client? What do you want to leave them with to think about after reviewing your entire proposal including the scope of work, deliverables and investment? Whatever it is, include it in a postscript at the end of your proposal. Even if the main point you want to get across has already been stated in your proposal, rephrase it in a postscript at the very end of the proposal. The technique of using postscript at the end of the proposal, or any correspondence for that matter, is very effective.

P.S. Good luck with your new endeavor!

*ANDREA SITTIG-ROLF is a public speaker, author, and president of Sittig Inc., a sales training and consulting firm. Her new book, "Business-to-Business Prospecting: Innovative Techniques to Get Your Foot in the Door with Any Prospect" (Aspatore Books) is available on Amazon.com. Reach her at 206-769-4886 or [www.sittiginc.com](http://www.sittiginc.com), and send your "Sales Solutions" questions to [info@sittiginc.com](mailto:info@sittiginc.com).*