Title:
Consulting Salary - What Can Your Business Afford?

Word Count:
346

Summary:
Consulting salaries are an important factor in your ability to hire the type of talent you will need as your business expands. Use the Triple Billing Rule to determine an hourly billing rate that will support your ability to offer potential employees an attractive consulting salary.

Keywords:
Consulting Salary, Consulting-Salary

Article Body:
Consulting salaries are an important factor in your ability to hire the type of talent you will need as your business expands. You will probably do much of the work yourself, but as your business scales up you will need to employ others to help you. The consulting salary and payment scheme you offer will be key to attracting and retaining top talent.

You need to ask yourself very early on in your business operations, "Will I be able to afford the kind of technical person that has the skills that are needed for sweet spot clients?" If your business is only generating enough revenue to cover a consulting salary of $27,000 per year, you might be in for a shocking answer.

Consulting Salaries and Scenario Analysis

When we think about consulting salaries we have to use the triple billing rule: 1/3 of revenue goes to sales and marketing, the second third goes to taxes, insurance, and administrative expenses, the final third includes consulting salaries as well as all the other business expenses.

A great tool for figuring out potential consulting salaries is an Excel spreadsheet set up for scenario analysis.
Run different hourly billing rates through the analysis
Allocate the overall revenue into the general thirds
Take out a reasonable amount for general businesses from the final third
Analyze what is left for consulting salaries

You should try to run billing rates between $75 per hour to $125 per hour and come up with a rate that will support a consulting salary of $40,000 and up.

The Bottom Line on Consulting Salaries

The overall revenue of your business must be able to support a consulting salary that is sufficient to attract good, solid employees. A some point you will likely need to hire some help. If yo use the Triple Billing Rule you should be able to set an hourly billing rate such that you can afford to pay an attractive consulting salary to yourself and your future employees.