

Survey of Consulting Rates 2018



ABSTRACT

Survey of Consulting Rates performed in 2018

By: PATCA - The Professional and Technical Consultant Association
Silicon Valley's Premier Organization for Consultants since 1975

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I. What is PATCA

PATCA, the Professional and Technical Consultants Association, is a Silicon Valley-based organization of independent consultants and principals who work in small consulting firms. These firms are in a variety of technical and non-technical fields. PATCA is dedicated to enhancing professionalism, integrity, objectivity, and business competence of members and to promoting the profession of consulting.

Consultants affect the quality of life for many people in our complex society. In the pursuit of their profession, therefore, it is vital that consultants conduct their work in an ethical manner to earn the confidence of colleagues, clients, and the public. All PATCA members must pledge to adhere to a strict Code of Ethics.

PATCA offers several types of memberships:

- Affiliate
- Member
- Certified Professional Consultant
- Senior Certified Professional Consultant
- Company

See: www.patca.org -> *Join* -> *Membership Categories* for more information.

II. Introduction

This report presents data obtained from a written survey completed in July 2018 by members of PATCA, as well as some members of the IEEE Consultants Network of Silicon Valley, the Kimberly Weifling Consulting Collaboratory and Women in Consulting (WIC).

Respondents were asked to report information for the period mid-2017 to mid-2018. Completed responses to the survey were received from 197 members of the combined groups mentioned above.

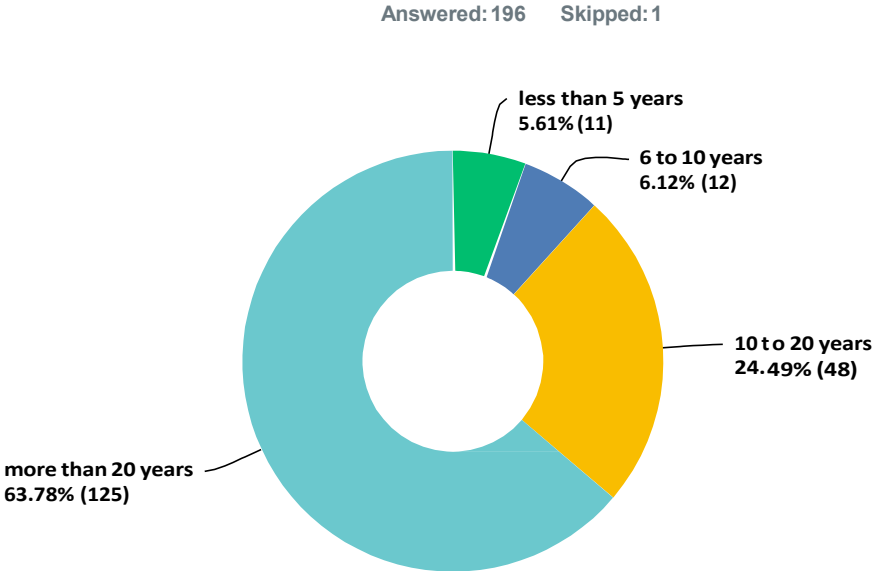
The first section of this report presents data about the responding consultants such as educational levels, consulting specialties, geographical areas served, business practices, amount of experience, and more. This data was obtained directly from the SurveyMonkey website. The second section focuses on rates and how they vary depending on the type of consulting, education level, geographical area, and experience. This data was computed from an Excel spreadsheet using its cross-tabulation and graphing capabilities.

III. Responding Consultant's Profiles

This section contains data about the respondents: their field; years of experience; full time or part time; education; target industries; and the geographic locations they serve.

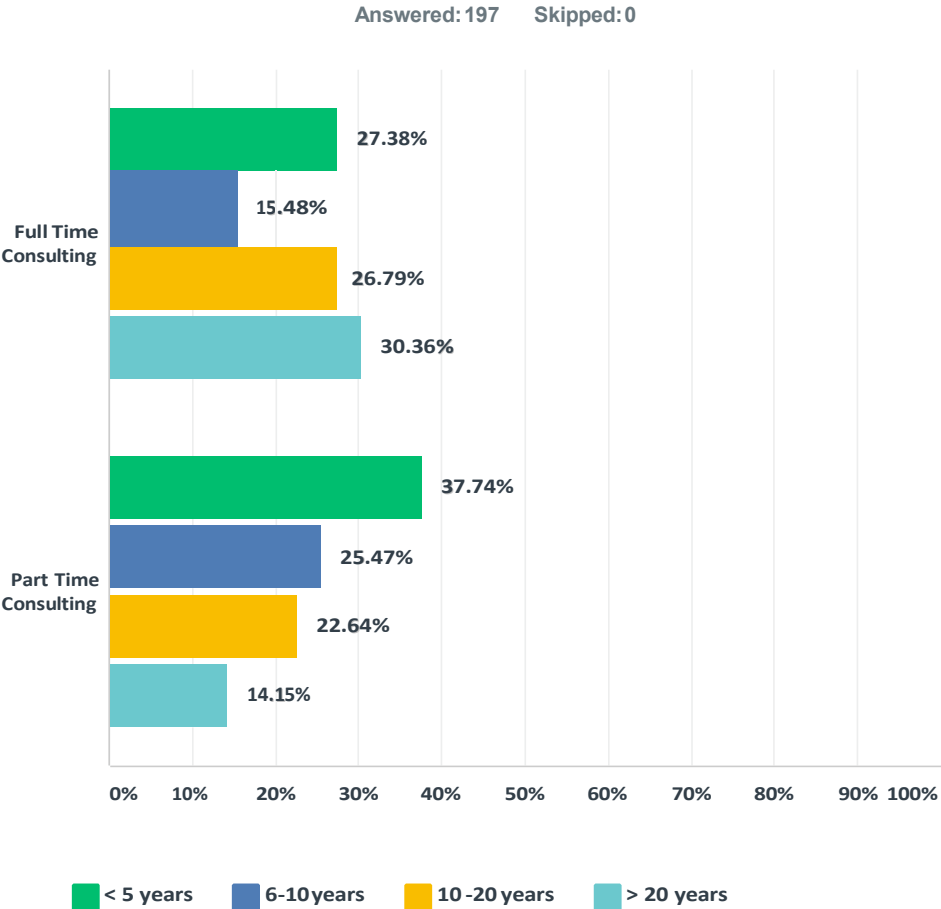
A. Average Number of Years of Experience

This chart shows that 88% of respondents have at least 10 years of experience, and 64% have more than 20 years of experience.



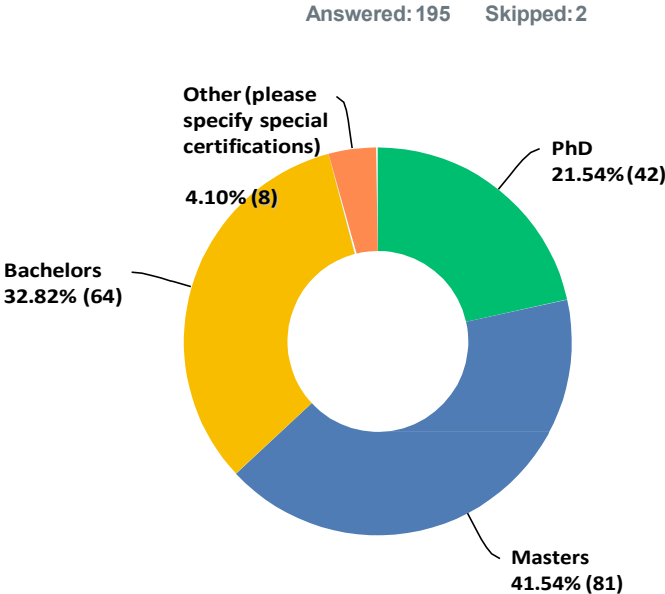
B. Average Total Years of Consulting Experience

This chart shows how many years of experience the respondents have, broken down by either full-time or part-time. Note that quite a few of the respondents have less than 5 years of experience. Part time consultants tend to have less experience, and the largest number of respondents that practice full time have more than 20 years of experience.



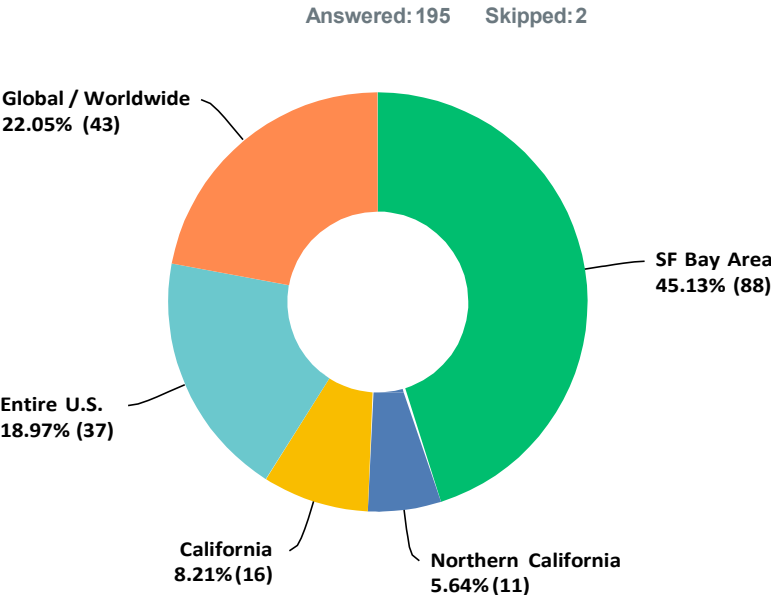
C. Highest Educational Degree Received

A full 96% of those responding have a college degree. One-third have only a Bachelor's and almost two-thirds have an advanced degree. Others may have special credentials



D. Primary Geographical Area Served

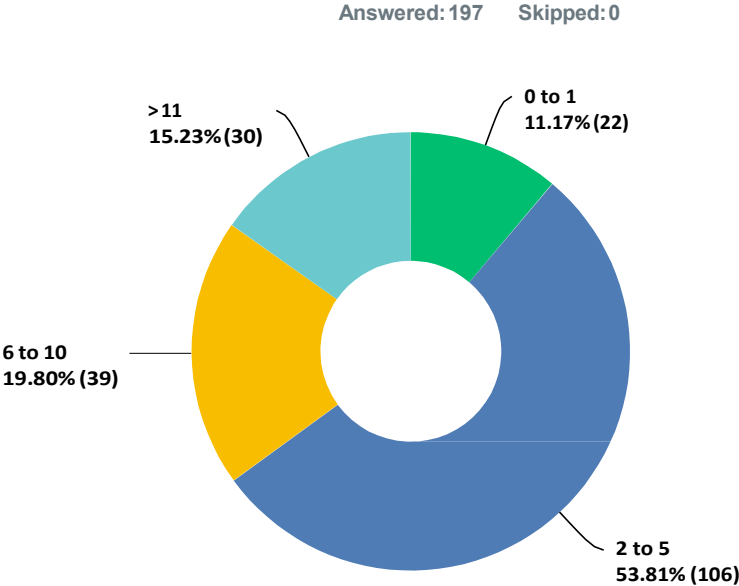
About half of the respondents report that their primary location served in Northern California with the majority of these serving the SF Bay Area.



E. Number of Clients

How many different clients did you do consulting work for over the period of June 2017 through June 2018?

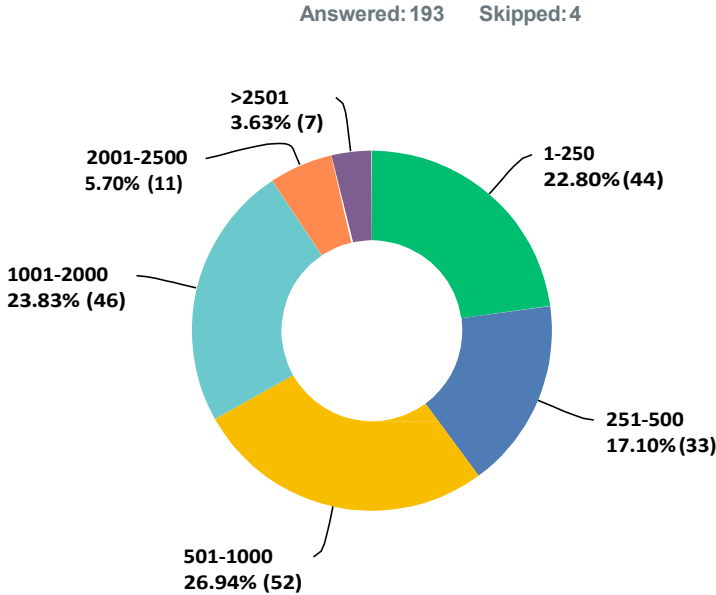
The bulk of respondents have 2 to 5 clients over the time period, while the smallest number have 1 or no clients. About 15% of the respondents serve more than 11 clients.



F. Number of Hours

What is the approximate total number of hours you billed over the June 2017 through June 2018 time period?

Note that the bulk of respondents (50.8%) billed between 501 and 2000 hours over the time period. 3.6 % billed over 2500 hours.



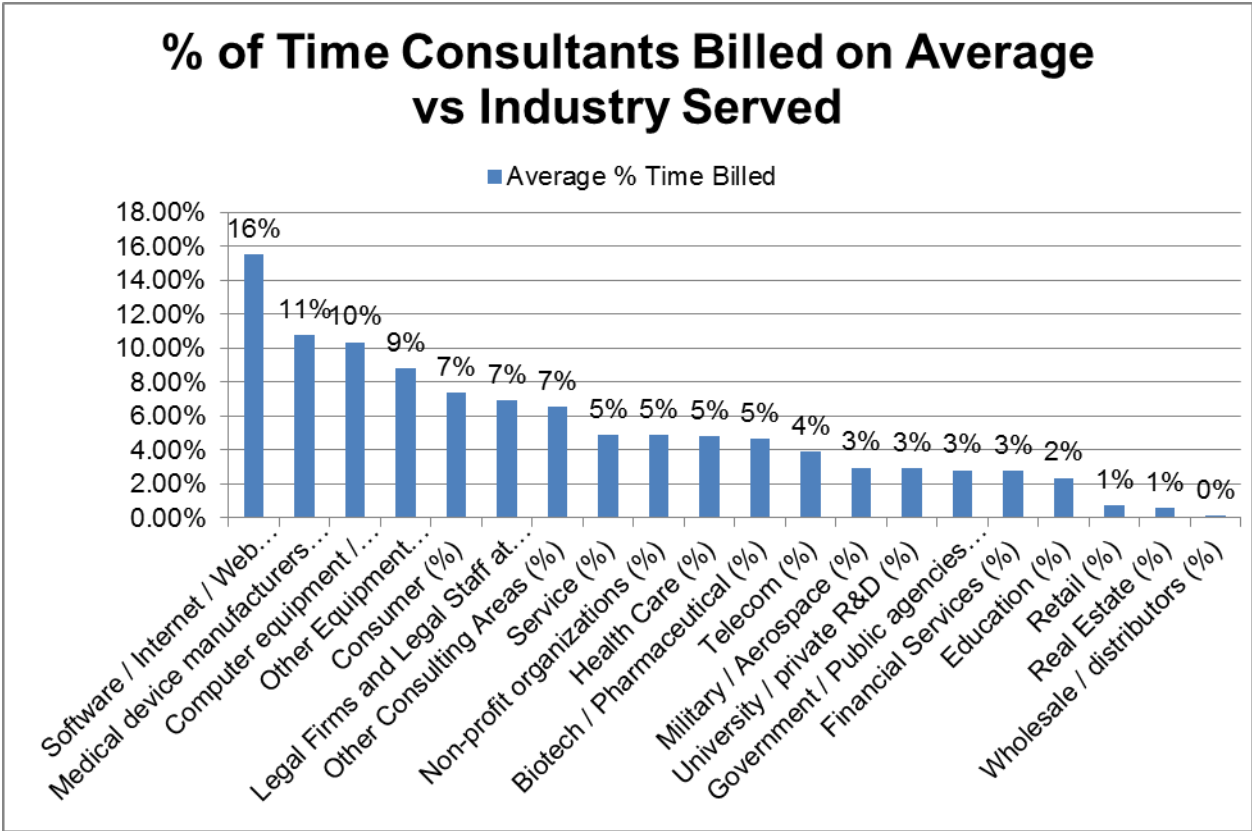
G. % of Time Consultants Billed on Average vs Industry Served

The chart below illustrates a summary of the average time billed in an industry as reported by the respondents. Each respondent could choose a range of % of time spent in each industry. Several respondents spent time invoicing in multiple industries throughout a year. These results show the average time spent by respondents in each industry across all respondents.

As might be anticipated, the leading industry is the software industry. The next most popular industries are generally hardware-based. What is surprising is the ranking of consultants serving legal firms and attorneys given the small number of persons who reported working in those areas. They likely focus on just this industry.

If you want to shift to a new industry, you should move to the industry to the left of the industry you are now serving since there is larger demand. Shifting to the Wholesale / Distributors industry would not be a good choice. However, if you have a great deal of expertise in a less served industry, then it might be valuable to move to that industry since it has less competition.

Answered: 196 Skipped: 1

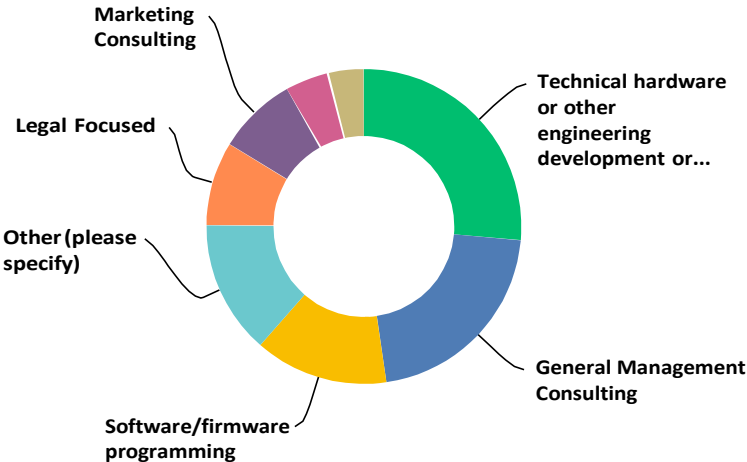


H. Consulting Specialties

This section describes the consulting services provided to clients in several broad category specialties.

1. Types of consulting services provided

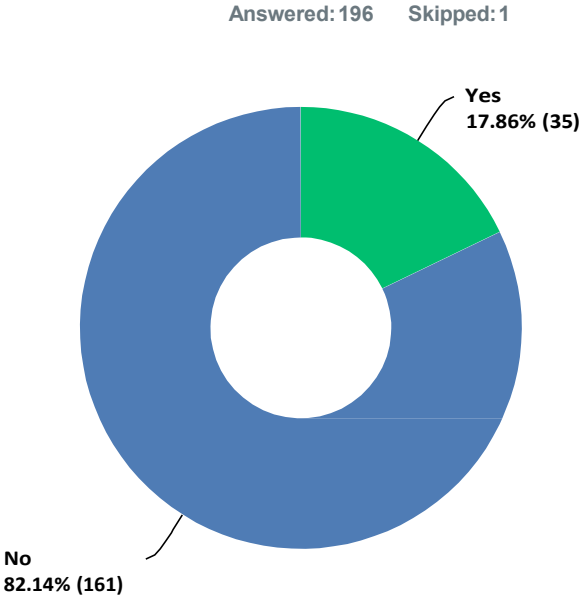
Answered: 197 Skipped: 0



ANSWERCHOICES	RESPONSES	
Technical hardware or other engineering development or research	26.40%	52
General Management Consulting	21.32%	42
Software/firmware programming	13.71%	27
Other (please specify)	13.71%	27
Legal Focused	8.63%	17
Marketing Consulting	8.12%	16
Project Management	4.57%	9
Other (please specify)	3.55%	7
TOTAL		197

2. Legal Focused Consulting

Respondents were asked if they did any legal focused consulting. About 18% responded that they did, and 82% did not.



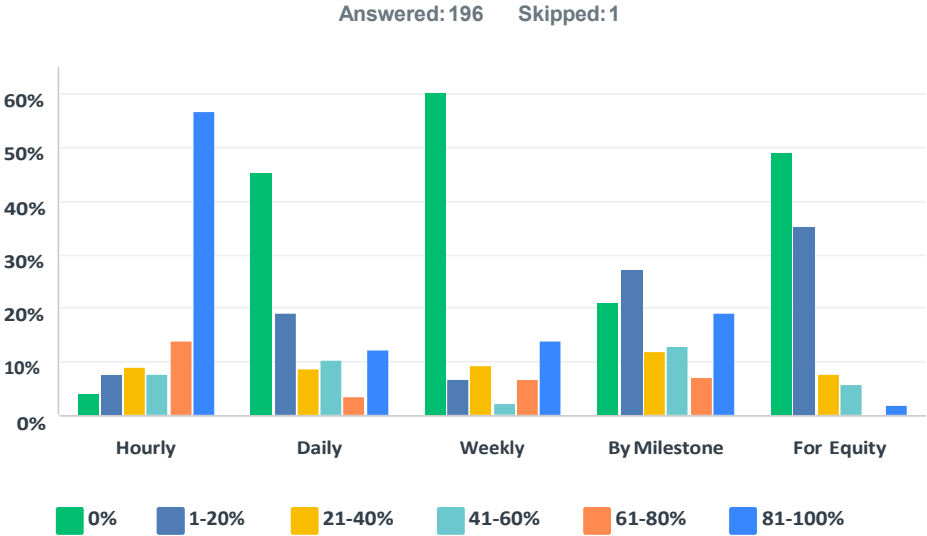
I. Consulting Business Practices

This section describes the general business practices engaged in by the respondents. These include billing style, project assessment billing, rate variation based on project duration, and rate for travel time.

1. Billing Style

This question asked: “How did you bill your consulting time from 1 June 2017 through 31 May 2018? Please indicate the approximate percent of time billed (Total should equal approximately 100%)”

The percentage shown on the Vertical Axis below represents the percentage of Respondents that reported the percentage of time they invoiced in a specific category. For example, in the Invoice Weekly category, 60.47% of the respondents (Green bar) report that they invoice this way 0% of the time. That is they never invoice this way. In the Hourly Category, 56.97% of the respondents (Blue bar) report they invoice this way. Hence this is the most popular way of invoicing clients.

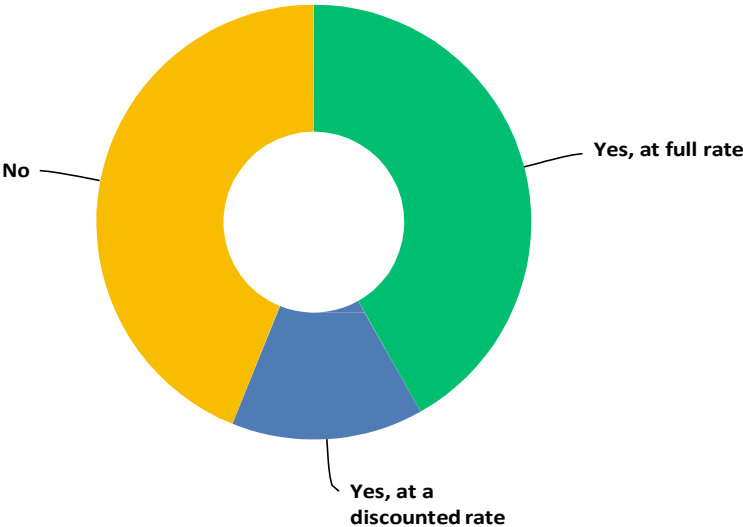


	0%	1-20%	21-40%	41-60%	61-80%	81-100%	TOTAL
Hourly	4.24% 7	7.88% 13	9.09% 15	7.88% 13	13.94% 23	56.97% 94	165
Daily	45.61% 26	19.30% 11	8.77% 5	10.53% 6	3.51% 2	12.28% 7	57
Weekly	60.47% 26	6.98% 3	9.30% 4	2.33% 1	6.98% 3	13.95% 6	43
By Milestone	21.21% 21	27.27% 27	12.12% 12	13.13% 13	7.07% 7	19.19% 19	99
For Equity	49.02% 25	35.29% 18	7.84% 4	5.88% 3	0.00% 0	1.96% 1	51

2. Project Assessments Billing

The question is whether consultants should charge for project plans, assessments or discovery portions of a project. This practice varies considerably among consultants. In this survey 56% charge for them, while 44% do not charge for them.

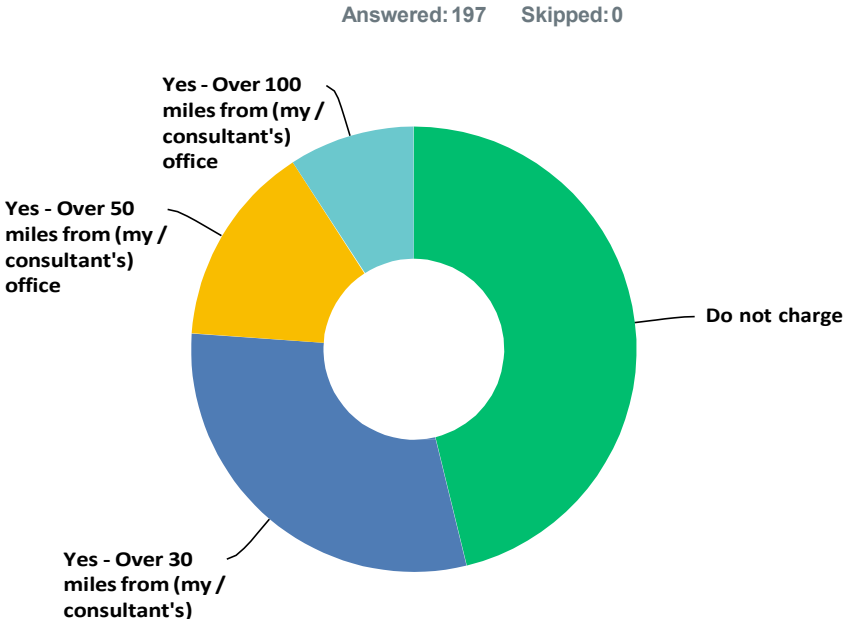
Answered: 196 Skipped: 1



ANSWERCHOICES	RESPONSES	
Yes, at full rate	41.84%	82
Yes, at a discounted rate	14.29%	28
No	43.88%	86
TOTAL		196

3. Charging clients for travel time

Many consultants question whether to charge for travel time or not. In this survey, a little less than half the respondents did not charge at all, while the rest charged at least a discounted rate.

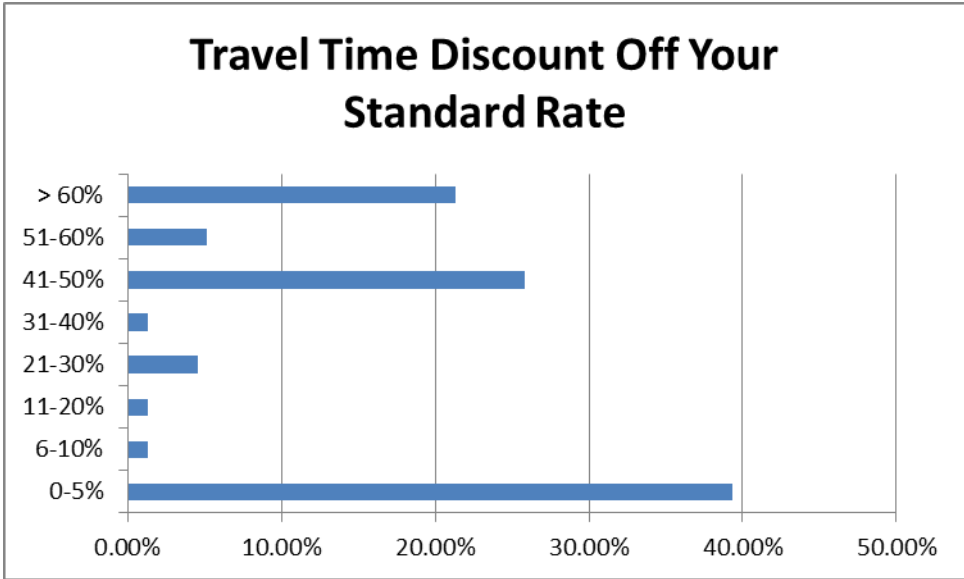


ANSWERCHOICES	RESPONSES	
Do not charge	46.19%	91
Yes - Over 30 miles from (my / consultant's) office	29.95%	59
Yes - Over 50 miles from (my / consultant's) office	14.72%	29
Yes - Over 100 miles from (my / consultant's) office	9.14%	18
TOTAL		197

4. Percentage of your hourly rate charged for travel time

Those who charge for travel time were asked if they provide a discount. About 40% said they provide no (or less than a 5%) discount, and about 51% provide a discount of 40% or more.

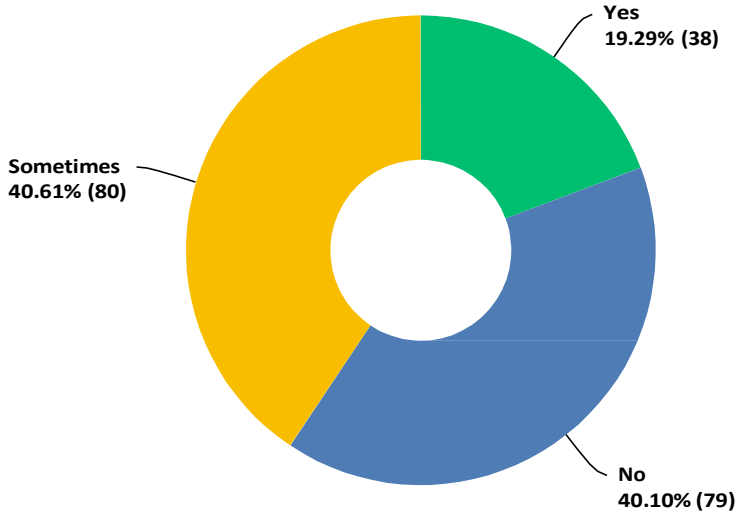
Answered: 155 Skipped: 42



5. Rate variation with project duration

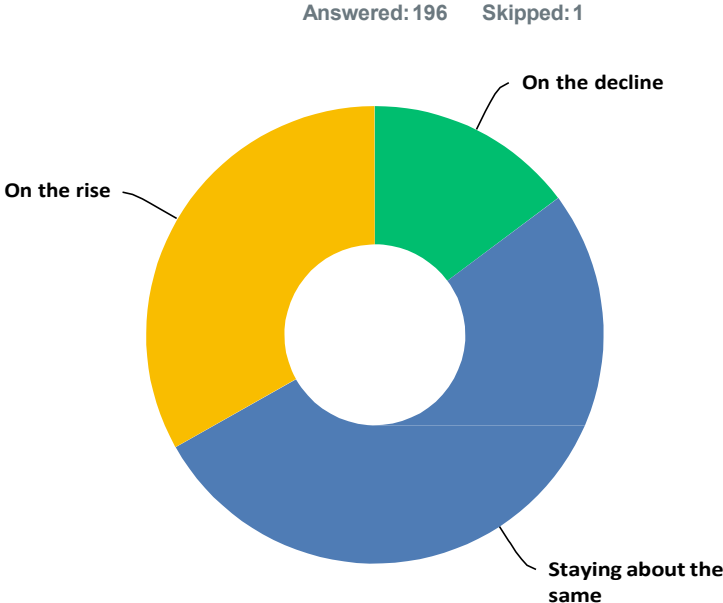
Does your rate depend on the duration of the assignment? This indicates whether consultants give a volume discount to those that purchase their services.

Answered: 197 Skipped: 0



J. Use of Consultants

As the final question posed to our survey participants, we asked for their opinion on whether the use of consultants in on the rise or not. About 85% said it was either the same or on the rise. Only 14% said they thought it was on the decline. Interestingly, in our 2016 survey, 91% said it was either the same or on the rise.

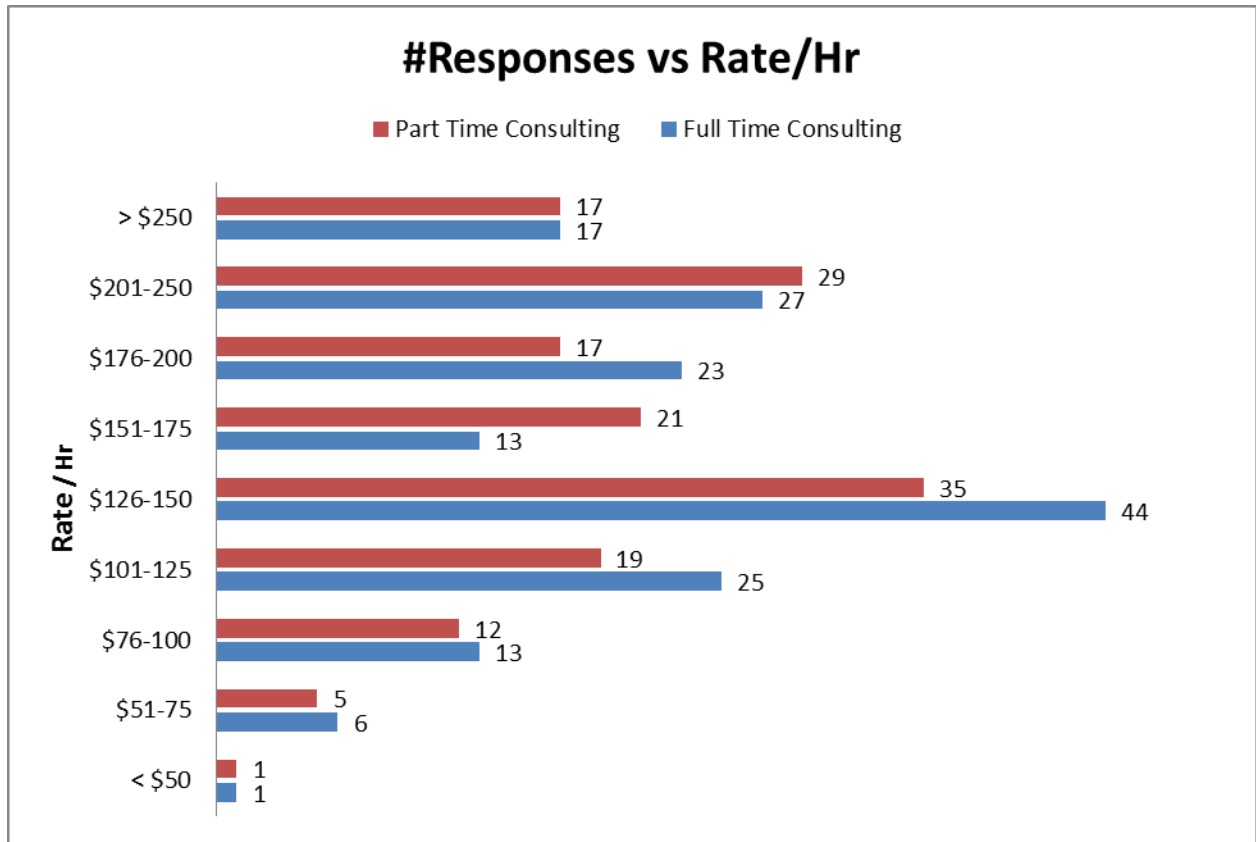


ANSWERCHOICES	RESPONSES	
On the decline	14.80%	29
Staying about the same	52.04%	102
On the rise	33.16%	65
TOTAL		196

IV. Consulting Billing Rates

K. Consulting rates per hour

Chart showing the Rate/Hr charged by respondents for both full and part time consulting.



The table below shows the Estimated Rate per hour and the Standard Deviation of the Rate per hour for both full and part time consulting. This was computed using the mid-range of each range category, except for >\$250 which was assumed to be \$300.

Summary Data	Full Time, Non-Legal Based	Part Time, Non-Legal Based
Est. Average Rate/Hour	\$162.42	\$153.20
Std Dev Rate/Hr	\$67.42	\$79.86
#Responses	169	166

This rest of this section contains cross-tabulations from the data. There could be over 275 of these, with even more if one counts the sub-categories of the questions. We have selected the ones we thought might be worth looking into, such as consulting rates vs years of experience or education level. Some of these charts are derived from an analysis of the data.

L. Rate per hour vs Type of Full Time Consulting

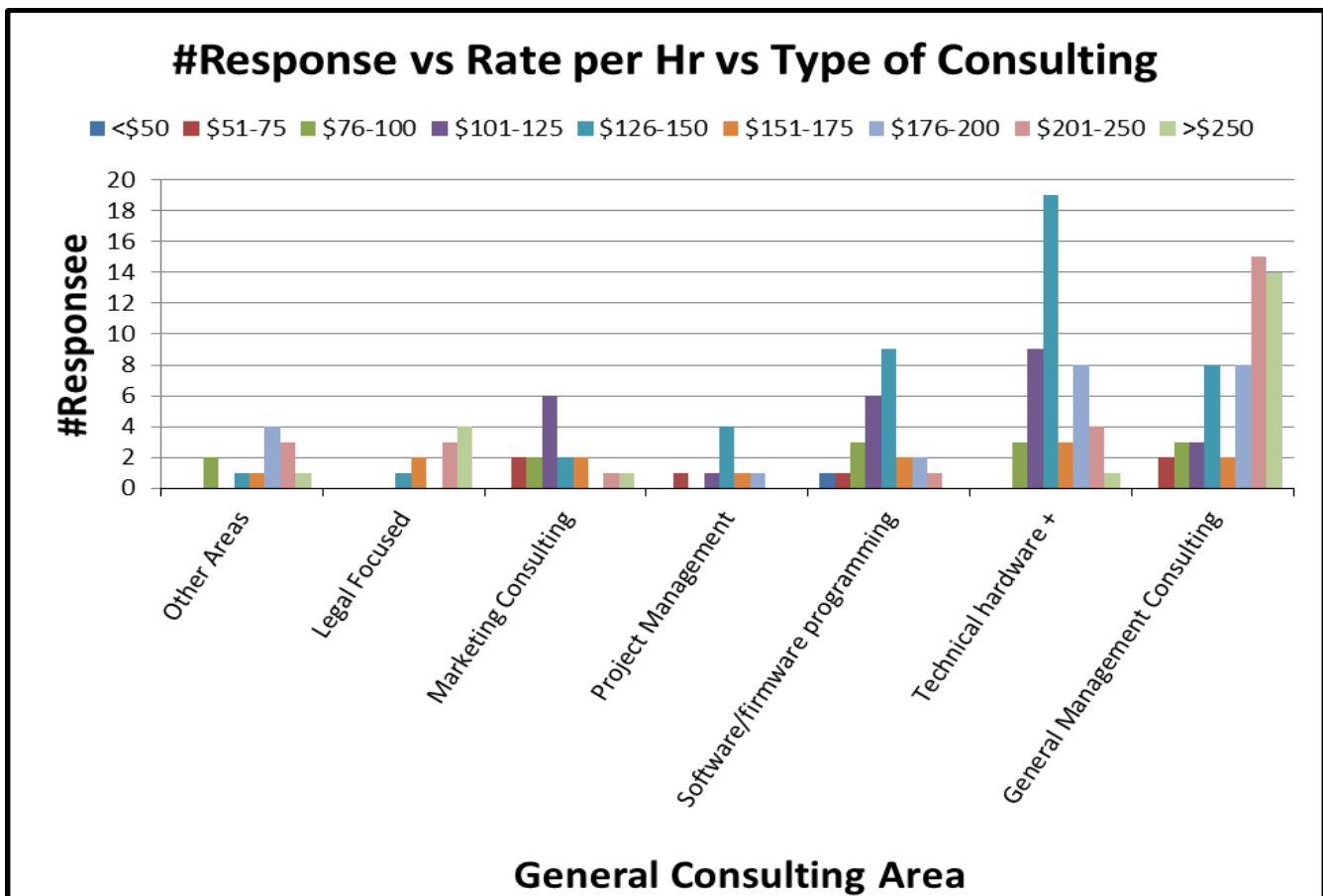
The chart below illustrates the rates per hour for the different fields of the full-time consultants.

Note that the \$126-150 rate peaks in the Technical Hardware area. Also, note that one consultant is invoicing at more than \$250 in that same area.

There is one consultant each in Project Management and one in Software/Firmware that are charging less than \$50 per hour.

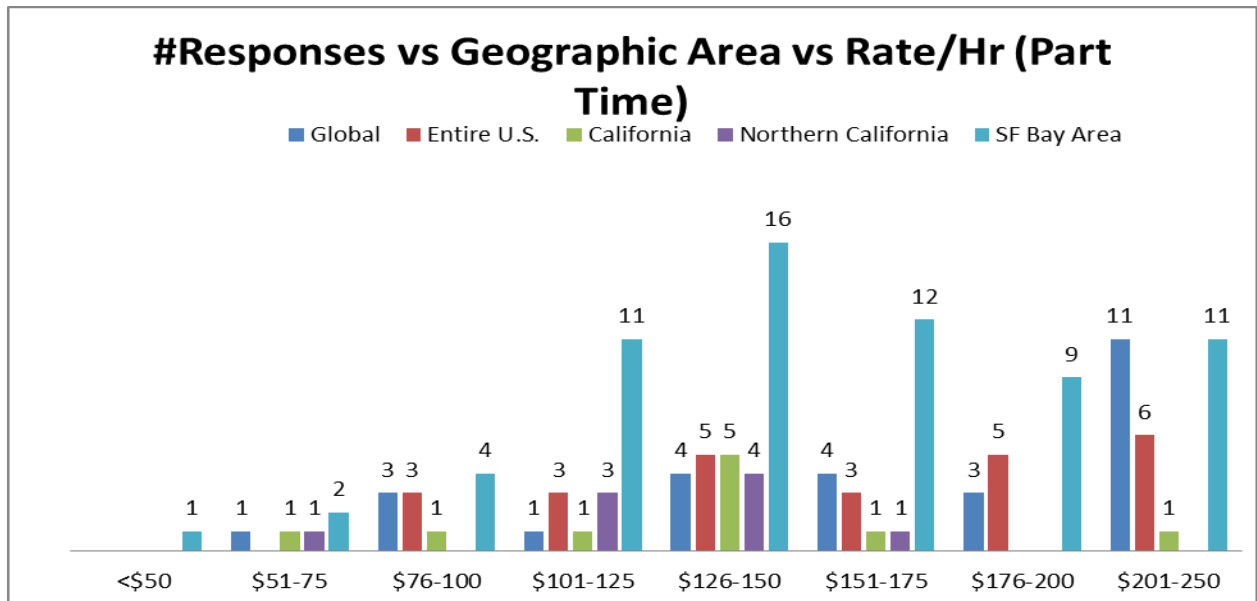
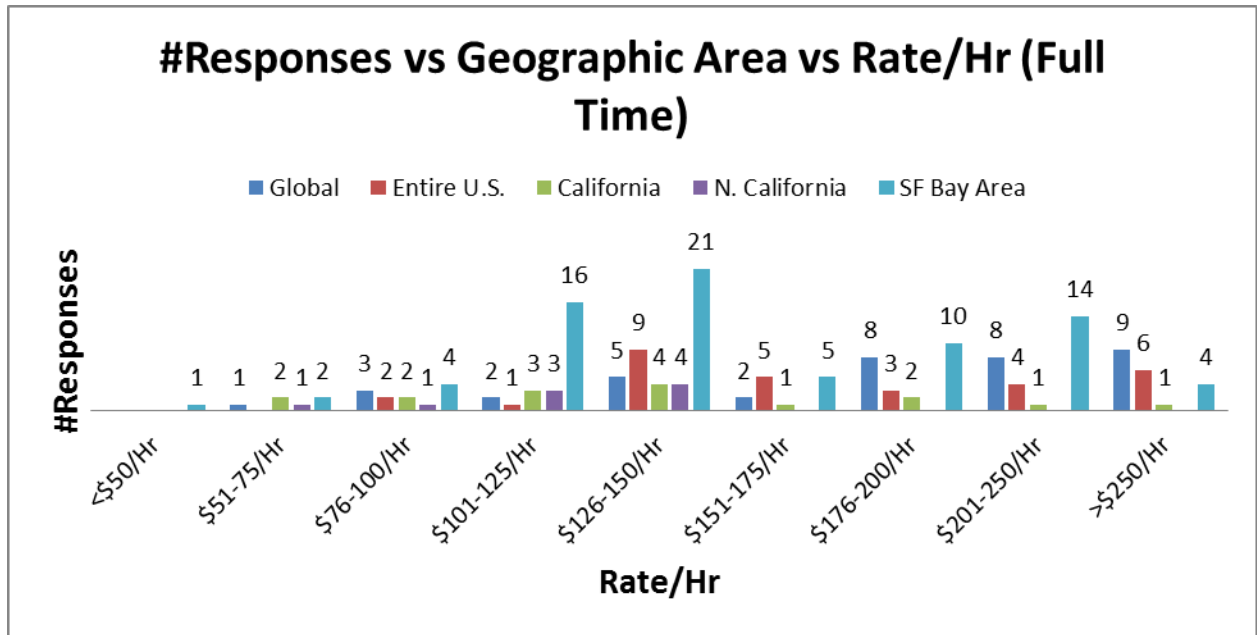
Rates in General Management consulting are skewed toward the higher end with several charging more than \$250 per hour with the peak at \$201 to \$250 per hour. Two consultants only charge between \$50 and \$100 per hour.

There was only one consultant charging less than \$50 per hour and they were working in the Software area. By contrast, there is one consultant charging \$201 to \$250 in the same discipline.



M. Responses vs Geographic Area Served vs Rate per Hour

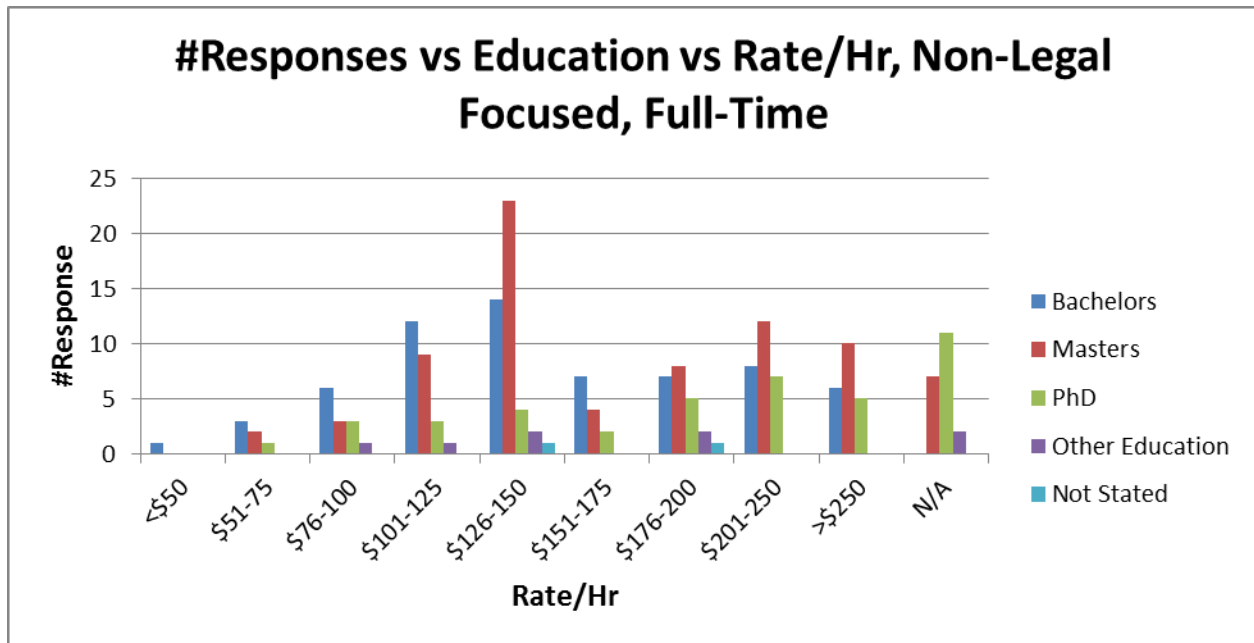
The charts below examine how rates per hour vary with the geographic market area consultants' target. Some consultants market to the entire Globe, while others only focus on the SF Bay Area. It is often thought that persons targeting larger geographic areas command higher rates. In this survey, most of the respondents focus on the SF Bay area and command a wide range of rates.



N. Responses vs Education vs Rate per hour for Non-Legal Focused Consultants

The chart below illustrates the how rate per hour relates to the degree a person holds. Note that most of the respondents held Master’s degrees. As such they show the highest peak in each range from \$125 through >\$250 per hour, except for the rate range from \$151 to \$175 per hour. That rate range is dominated by those with Bachelor’s degrees.

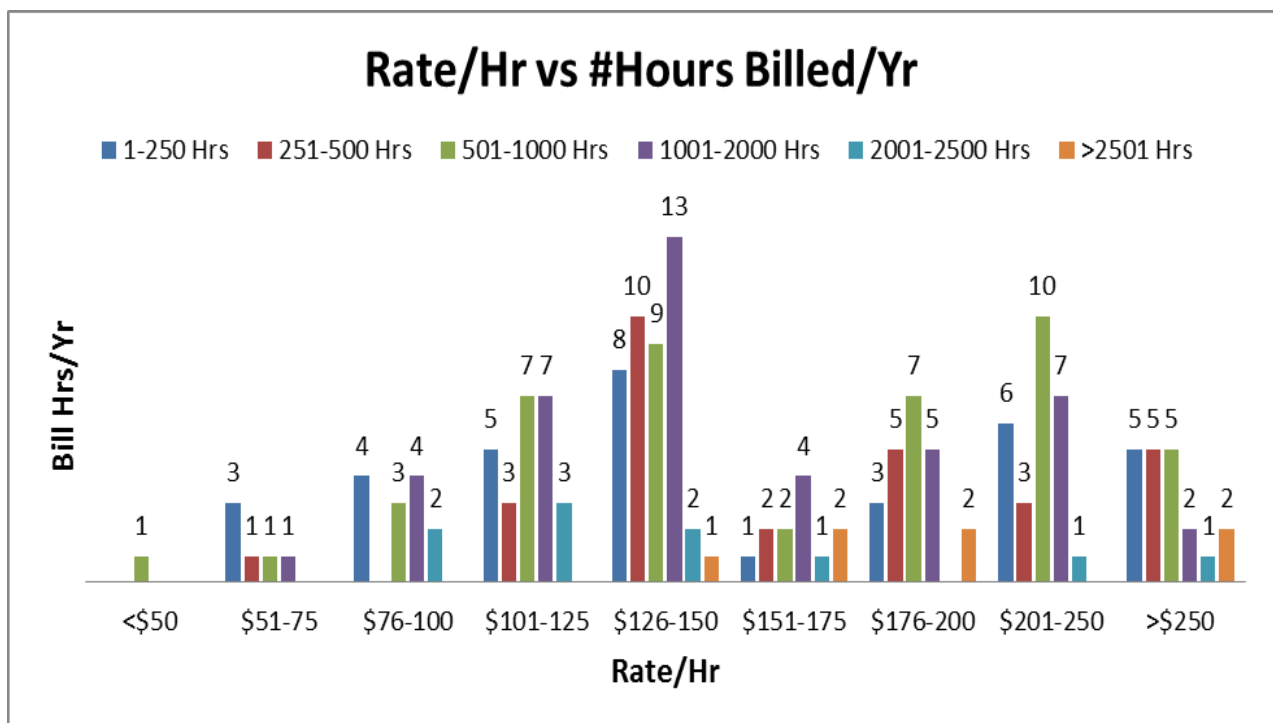
Note that those with PhD’s have rates that range all the way from \$51 to >\$250 per hour (Green Bars) with a peak in the \$201 to \$250 per hour range. Those with a Master’s Degree (the largest # of respondents) charge a peak rate of \$126 to \$150 per hour.



O. Rate per hour vs #Hours Billed per year

The plot below shows how the number of hours billed for clients varies with the rate charged per hour for full time consultants. Note that the sweet spot is \$126 to 150 per hour with 1001 to 2000 hours invoiced. For the \$201 to \$250 per hour category, it is 501 to 1000 hours. Consultants get more hours at the \$126 to \$150 rate than the \$201 to \$250 rate.

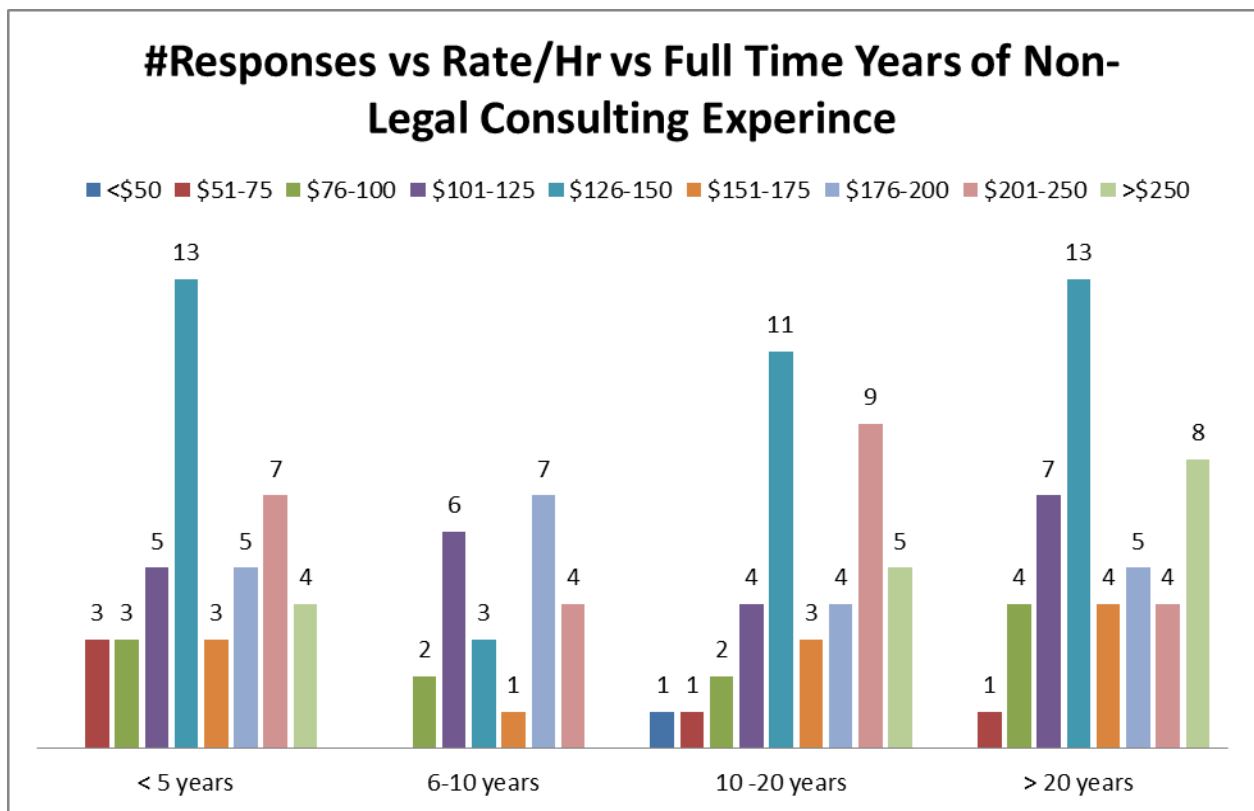
Also note that 10 respondents reported rates > than \$250 per hour for 1001 or more hours invoiced per year. Some indicate invoicing more than 2500 hours per year at this rate. The next survey will expand the rate per hour higher to see what these rates turn out to be more accurately.



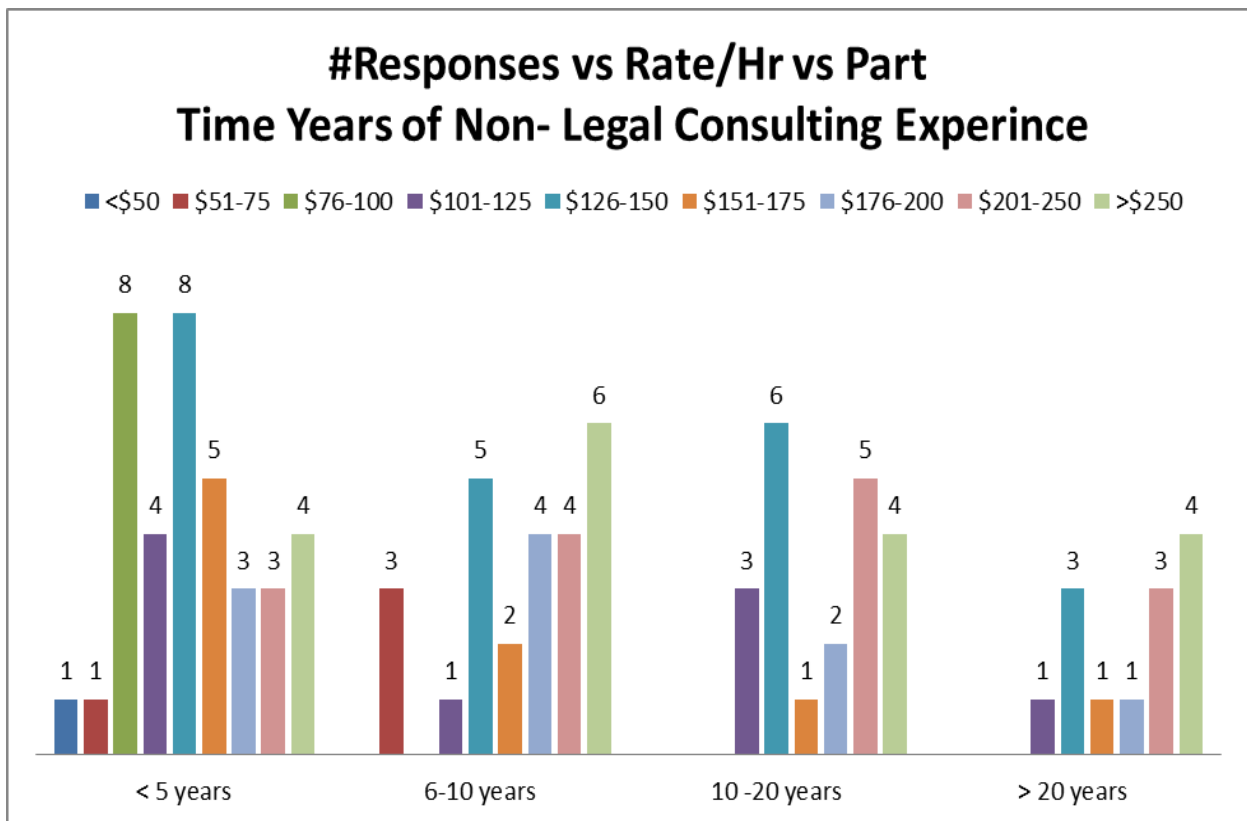
P. Rates for Non-Legal Based Consulting vs Level of Experience

The two graphs below illustrate the range of rates charged by respondents doing both full and part time consulting work in the Non-Legal based areas. This category had 197 Respondents. The rate per hour didn't have categories beyond \$250, so it was probably set a little too low.

For every range of experience in the full-time category, the "blue" category (\$101-150) had the peak number of responses except for those with 6-10 years of experience. For consultants with more than 20 years, the above \$250 per hour category showed up as number 2. Even with less than 5 years of experience there were four consultants that had rates above \$250/Hour.



Note that for the Part time consultants shown below, the “blue category” doesn’t dominate as much. There are also a few consultants with less than 5 years’ experience that have rates in excess of \$250/Hr.



Below are the computed average rates per hour for both full and part time consultants. Note that the average rate for part time consultants is slightly less than that for full time ones.

Summary Data	Full Time, Non-Legal Based	Part Time, Non-Legal Based
Average Rate/Hour	\$162.42	\$153.20
Std Dev Rate/Hr =	\$67.42	\$79.86
#Responses =	169	166

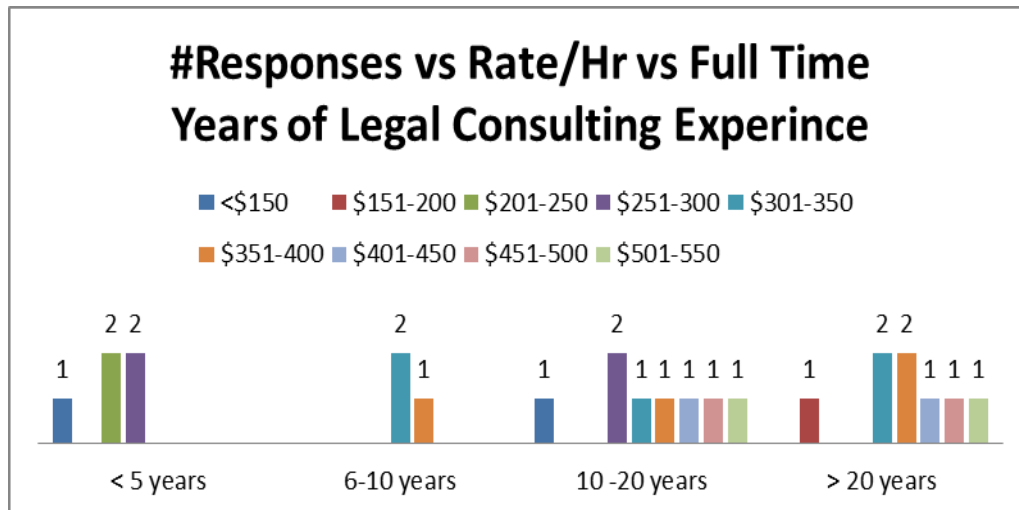
Q. Rates for Legal Based Consulting vs Level of Experience

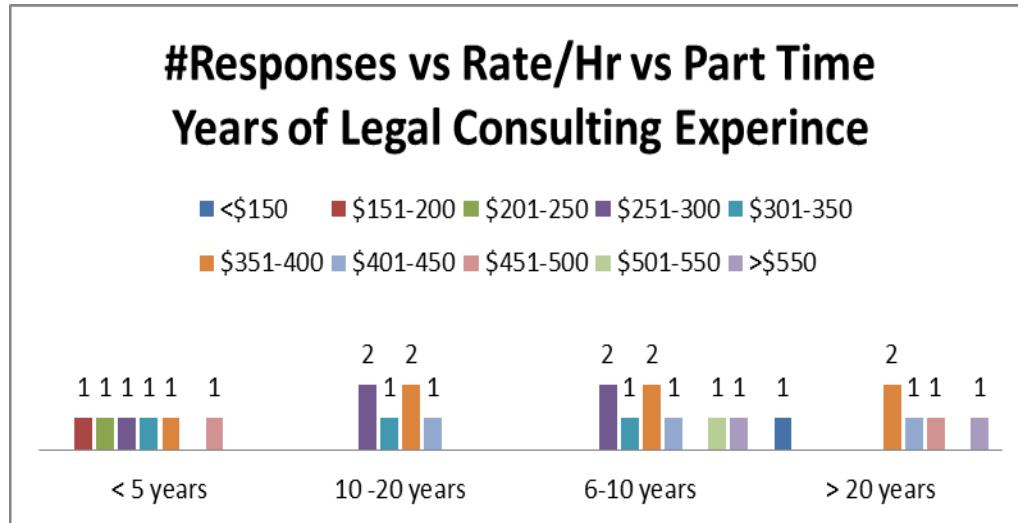
The two graphs below illustrate the spread of the rates charged by respondents doing both full and part time consulting work in the Legal based area. There were only 36 respondents out of the 196 respondents to the survey that fit in these categories. Six didn't respond to the rate question, and one didn't count.

In general, the respondents for full time consulting that have more than 20 years of experience tend to cluster in the upper rate categories, with some charging more than \$500 per hour.

Among part time Legal Based consultants, the rates charged seem to be clustered more in the lower rate area for those with less than 5 years of experience.

In general, those with more than 20 years of experience tend to cluster in the higher rate area. One person with less than 5 years of experience indicated that they invoice between \$450 and \$500 per hour working part time.





The average rates and Standard Deviations for the rates in these two categories appear below.

Summary Data	Legal Focused Consulting, Full Time	Legal Focused Consulting, Part Time
Average Rate/Hr	\$268.75	\$333.33
Std Dev Rate/per Hour	\$160.98	\$127.61
#Responses	32	32

Note that the average rates are higher for part time than for full time consultants. This might be a statistical anomaly because of the small sample size.

V. Acknowledgments

Thanks to all the following who made this survey possible:



Carl Angotti, PATCA Senior Certified Professional Consultant and Board Member
Managed all aspects of the survey process again this year, including gathering and analyzing the resulting data



Theresa Shafer, PATCA Certified Professional Consultant
Survey Monkey setup and guidance



Larry Polyak, PATCA Company Member
Editing and formatting

Proofreaders

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