

FaxForumResults

MAY'S QUESTION:

What Are Training Consultants Worth?

In May, we asked *Training & Development* readers to comment on consultants' fees. We received responses from both clients and training consultants. Twenty-four percent of respondents said they are employees of companies that contract with consultants. The others identified themselves as consultants, including consultants who are self-employed, those who work for small consulting or training-supply firms, and those who own their own consulting firms. None of our respondents work for large consulting or training-supply firms.

Training consultants and clients responded differently to questions about the fees they charge or pay for consulting services.

In general, the clients tend to pay more than the consultants charge. (See the charts.) That may sound like a contradiction; a more comprehensive survey would no doubt shed light on the discrepancy. A possible explanation could be that the clients who responded tend to use the services of large consulting firms. Large, well-known firms might charge more than smaller ones, but large firms were not represented in our consultants' responses.

Seventy-one percent of respondents said cash is the only kind of compensation they ever pay or receive for consulting. Of those who said they sometimes deal in noncash compensation, a few described *pro bono* work for nonprofit groups. Others work for free for marketing purposes—including the Massachusetts consultant who said he gives free introductory sessions to prospective clients. A few are creative with their fees. An independent consultant in Montana said he will "barter for anything," explaining that he has consulted in exchange for golf games, motel stays, computers, cloth-

ing, and even a side of beef.

We asked survey respondents to tell us whether consultants' fees should be based on results, time spent, reputation, or other factors. Almost all respondents checked multiple items, so responses add up to more than 100 percent. The answers:

- ▶ Eighty-three percent of survey respondents say fees should be based on results. This option was the most popular one among both clients and consultants, but clients chose it more often.

- ▶ Seventy-three percent said fees should be based on the amount of time spent on a project. Clients chose this option slightly more often than consultants did.

- ▶ Thirty-four percent considered reputation to be an important factor in pricing. This time, consultants chose it slightly more often.

- ▶ Forty-four percent of respondents described other factors, including the consultant's background and level of

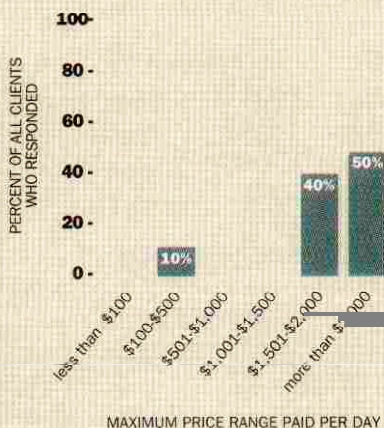
experience, the "degree of risk involved," the scope of a project, and "how 'hungry' the consultant is."

When asked whether consultants' fees influence the perceived value of their services, 90 percent of the consultants said yes. Only 70 percent of the clients agreed.

An open-ended question asked respondents for tips on ensuring that clients receive their money's worth from consultants. Respondents discussed the importance of honesty, carefully agreed-upon terms at the outset of a project, evaluation and feedback, and follow-up. The owner of a communications consulting firm said that consultants should practice what they preach—by training, developing, rewarding, and motivating their own staffs.

"A close working relationship ('partnership') with the client can reinforce the fact that both of us are responsible for the results," said a New Jersey consultant. He cautioned that "consultants can't 'ensure' ROI." But a consultant with a Michigan firm said the company does ensure that clients get their money's worth: The company refunds its fees if expected outcomes don't materialize. ■

**To Clients:
"What's the Most You Pay for Consulting Services?"**



**To Consultants:
"What's the Most You Charge for Your Services?"**

