

# The 4 Consulting Fee Types

Engagement Type >

Pricing model >

	Project (non-recurring revenue)			Service (recurring revenue)
	1 Time & Materials	2 Fixed Fee	3 Risk/Reward	4 Retainer
	<p>Fee is based upon an agreed day or hourly rate. Billing is for the exact amount of time worked plus any material expenses. Different resource grades typically attract different rates.</p>	<p>Fee is based on total days estimated effort, then the addition of markup (Cost Plus) or a fixed sum (Value based). The client pays the same fee regardless of how much effort you expend.</p>	<p>The client agrees to pay a base fee, plus a risk/reward element based on the outcomes achieved. The Risk/Reward element can be fixed or variable, and it can be based on elements of project tolerance (Time, Cost, Scope, Risk, Quality, Benefits), or it can be specific project outcomes. The Risk element eats into your profit on the project.</p>	<p>A fixed fee, paid annually or monthly. The model secures your availability to the client. It is on a 'use it or lose it' basis. There may be provision for additional fees on a T&amp;M basis.</p>
Revenue Type >	Variable	Fixed	Fixed + Variable	Fixed (+ Variable)
Profit Model >	The fee, whether variable or fixed, is based on your costs + your markup.			
	N/A	The fee is based on your estimate of costs + an additional sum based on the value to the client of the outcomes that you are providing.		N/A