

ESC-US Notes

October 5, 2017

Fees and Pricing

ESC Southern California

- Used a standard fee structure for many years
- Recently started to scale up prices when it made sense for the size of the client
- Not always clear how much they should scale up
- Tried to get data on competitors and was somewhat successful. Clients were often forthcoming with information on what competitors bid on projects.
- Center for Nonprofit Management is their largest competitor. Taproot is also large, but their model is different which means they do not compete as much.
- It can be hard to explain ESCSC's differentiating factors

Suggestion

- Look at Executive Director's salary on 990 to get a sense of how much money the organization has to play with in addition to operating budget.

ESC of Cincinnati

- Charges a lump sum fee for projects based on project scope
- Some projects are priced well below \$1,000. On rare occasions they will do a project completely pro bono.
- Attempts to have fees be no more than 1/3 of what a for profit agency would charge, but they do not have a lot of data on what for profits charge so it is still a guessing game a lot of the time. The feedback they have received indicates they are nevertheless at about 33% of for profit prices.
- Past problem of volunteers giving clients a guess as to how many hours the project would take, which impacted what could be charged for a project. Less of a problem now because of training.
- More and more projects are going through an RFP process, which is a challenge.
- They won about 75% of RFPs they responded to (6-8)
- Talking about the wider network of resources and support available to the project team has been an asset. (ie project team can draw on skills and experience of wider consulting pool)

ESC South Florida

- Prices by "estimating effort"
- Consultants estimate how many hours will be needed to complete the project and provide requested deliverables. This is multiplied by a hourly fee, determined by looking at client size and CEO salary.

Question: What do you do when a client asks for a price to be reduced?

- Take pieces off the project. Ask the client “what don’t you want us to do?”
- Remove the documentation piece, putting responsibility on the client
- Shorten the time commitment
- Find “underwriting” to reduce the cost of the project to the client and/or save face when cutting the fee to meet their budget.
- Explain that as a fellow nonprofit our goal is to help them while still meeting our operating expenses. Negotiate nonprofit to nonprofit.

ESC of the Triangle

- Challenge of consultants starting the work before a fee has been negotiated.
- Looking at charging a standard fee.
- Tom of ESC of Northern New England will not charge less than \$10k for a strategic plan. Now has a great reputation and is taken seriously.
- Current hourly rate multiplier is between \$35-\$60/hr. Rates are being raised in January to \$40-\$70/hour based on a general need to raise rates/belief rates should be raised to keep pace with everything else.

Empower Success Corps (formerly ESC of New England)

- Pricing matrix which correlates project type/scope with client budget.
- Graduate student intern researched competitors. \$125/hr average fee charged.
- Uses a multiplier of .2 up to 1.2 to determine \$/hr
- Using niche pricing for similar organizations within a geographic area (ie Rhode Island)

Colorado Springs

- Issue of providing consultants the opportunity to consult pro-bono beyond ESC engagement.

ESCCO

- Most projects are paid for by a foundation grant of some sort.
- \$5k is the magic number they came up with for a typical project fee (when billing the underwriting agency) Typically a 6-9 month project with 150 hours of work
- \$2,500 for organizational focus workshop
- \$1k-\$1.5k for coaching.

Future topic idea- custom cohorts and workshops. Kathy and David both happy to share what they are doing around this.