

Dental Consultant Master Academy
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Transcript - Week 26
Establishing Your Consulting Fees

Hello and welcome to week 26!

Last week was your midpoint for the program and I gave you an assignment. I only gave you 2 weeks to complete the information because I know that we tend to procrastinate if we are not given a deadline. If you plan to receive a certificate upon completion of the dental consultant master academy program I ask that you turn in this assignment at the end this week. If you are not able to complete this or if you do not wish to receive a certification please contact my office by emailing support@dentalpracticesolutions.com

This week I will talk about establishing your fees for consulting.

I will talk about how to bill correctly, how to prepare and educate your client about your services and the contract.

I will also show how you can increase your fees plus so much more, so let's get started on week 26.

Your fee is the compensation paid to you in return for the value you are delivering to your client. This compensation may be in the form of equity, bartered services, steak and lobster dinners, etc., but 99% of your time is (and it better be) in the form of hard currency. That value may be in the form of your talent, expertise, background, experience, contracts, or other attributes.

Consequently, value delivered that improves your client's condition should be rewarded with a fee. If we can agree on that, we can start down the road to preventing you from doing a lot of business for very little money.

My very first consulting client back in 2000, told me that she couldn't afford to pay me so I agreed to barter and have dental treatment from her in return for my services. Money was not a discussion we had! The only conversation was that I would do some consulting for her and she would complete and inlay for me. I received a great dental service and she in return, got her office more organized with a few systems in place. The problem is that after a few months it appeared she didn't value my services or my systems that I created and these were never put into place. I will always wonder if she had to pay a price, would she have been more likely to implement what I attempted to support her with.

Here is how I now explain my fees to clients:

"My fee represents my contribution to the results of this project with a dramatic return in that investment for you and equitable compensation for me."

If you have a trusting, partnering relationship with a true buyer, you will receive zero resistance to that position.

Most consultants are using time as the basis for their fees and most consultants are, as I have previously mentioned, not making a lot of money. Good or bad economy they don't make more than \$50,000 annually.

Aside from the concrete caps on amounts charged and hours in a day, there is a more pragmatic reason not to charge by unit of time-- namely, that doesn't represent true value. When I speak on stage at a dental conference and deliver a presentation that is 3 hours in length for \$3,500, I am not under the illusion that 3 hours of my time is worth \$3,500. However, my experiences, talents, background, and intellectual property, combined with my abilities and knowledge, plus the impact I will have on the people there and, the lingering influence that follows my presentation, are worth far more than \$3,500. The client fees that they got are a bargain and I feel I was well paid for the day and my time traveling to the conference.

The same dynamic holds true for consulting clients. It's not the day onsite of the training; it's the morale, the improved team work, the customer service improvements, the increased productivity and production dollars that constitute the real bang for their buck.

Let's suppose that your training, your consulting services, were able to increase production by just 10% annually. What if your client's office produced \$700,000 USD annually? And let's say you show your client how to create new systems, or do things differently, maybe you show them how to add a few new services, and now they add just 10% each year for the next five years consistently. In other words year one on your contract their production is up and now \$770,000 then year two is \$847,000. Then year three their production for up to \$895,000, year and year four is \$1,072,500. This means that by year five their practice is doing \$1,179,750. It may sound like a long time for them to break one million dollars but if you can set up systems and keep them sustainable to make this much of an impact financially and also improve the team morale, what are you worth? You were able to add \$479,750 dollars to the practice and possibly your total consulting fees over the years was \$120,000. This means the practice owner had a 300% return on their investment. That is huge! So you can see that if you charge per contract vs. per hour, you create a huge benefit to you and your client! You must also enjoy what you do so that is why I want you to have your noble business purpose written in stone.

So what can you take away from this arbitrary scenario?

1. Always work on a project that is a value- based fee, period.
2. Always demonstrate to your client that this arrangement is in the client's best interest.

3. Changing by the hour is ethically questionable and a direct conflict of interest, because the more you work, the more you get paid, and there is really no impetus or benefit to resolving the client issue rapidly. On the other hand, if you are paid a set fee, then you and the client will both be delighted to resolve the issue as quickly as possible.

Do you really want the client to have to make an investment decision (start the meter running) every single time your advice and counsel are needed? Every time you have a question to ask your attorney, you know that those 15 minute increments are ticking away the minute you get on that phone call. Does that prompt you to rely more or less in your attorney?

As I have probably mentioned before, your conversation should be around relationship building, followed by conceptual agreement over objectives, measures, and value to the organization. This is a deliberate and pragmatic sequence. In focusing on objectives -- outcomes-- you enable the buyer to visualize and appreciate the end result of the project. The measures deliver a sense of security in understanding progress and recognizing when the objectives have been met.

Agreeing on the value established before the proposal--what is the worth to the buyer and to their business of the new status created at to the conclusion of the project.

Always be mindful that you are discussing value not fees. If the conversation begins to focus on fees not value of your project then you need to refocus the conversation on outcomes and results.

This week in your action sheet I have written down my advice about talking value with your client. You will also see that I have suggestions on how to increase your fees.

Please go to your action sheet and review these suggestions. Keep this information on hand for your next client conversations.

For now please turn in week 25 answers to me. I will see you in next week's video. Until next time, everyone, have a great week!

Bye for now!

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