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Cracking The Billable Hours Ceiling

By C.J. Hayden

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by: **C.J. Hayden**

How many of you made as much money as you wanted to last year? Don't be shy; raise your hands. Hmm, I don't see too many hands out there. What would you say is the cause of this gap between your goals and your earnings?

While you could certainly name the economy or inadequate marketing as the culprit, I'd like to suggest a third alternative. It may be the constraints of the billable hours model that keep you from your financial goals.

Let's face it, there are only so many hours you can actually bill to clients. For example, the national average for consultants is 22 billable hours per week. You can only raise your rates so high and still find enough customers. And if you spend more time on marketing, that's less time you have available to bill.

But there's a way out of this trap. No matter what type of business you're in, you can use intellectual property to crack the billable hours ceiling. Here are just some of the ways to start tapping into this resource today:

Package your process. What if every time you began work with a new client, they paid an up-front fee before you spent even one hour with them? If you sell a process rather than your time, clients will pay for access to your previously developed materials. Examples are workbooks, forms, assessments, surveys, games, self-paced programs, and train-the-trainer packages.

Give a class. When you assemble a group of people to learn together, you can earn more per hour than working with them separately. Classes can be given at your office, at a rented (or borrowed) facility, on the phone, or on the web. Your market for classes is not just your clients — think about what you could teach your colleagues as well.

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Record a tape, CD, or video. The simplest way to make recordings is to capture your live classes or speaking engagements on audio or video. Make your unedited recordings available immediately on the web or by phone. More polished recordings can be made with the help of a local studio or editor, or you can learn to do this yourself with the right equipment.

Write a white paper, workbook, or booklet. Short publications like these are easily within your reach, even if you don't consider yourself a writer. A simple 20–page booklet might have as few as 4000 words in it. If you've written four articles to promote your business, you've probably already written this much. These are perfect formats for e–books, which cost you nothing to print.

Author a book. This might seem an impossible task, but if you write one page a day, five days a week, at the end of a year you'll have a full–length book. If writing isn't your strong point, find an editor, ghost writer, or even a co–author who has the skills you lack. You don't have to wait until your book is finished to start selling excerpts as articles and white papers.

Market other people's products. If you don't yet have your own product, don't let it stop you. You can begin earning passive income by selling other people's books and tapes, becoming a re–seller for software or assessment tools, licensing someone else's process, or joining affiliate programs.

Any of these products can be marketed in conversations with prospects and clients, in your standard marketing kit, in mailings or newsletters, on your outgoing voice mail message, and on your web site.

If you've been counting on hourly fees for your entire income, you may be surprised at the impact developing your intellectual property will have. It will add not only to your revenue, but also your professional credibility. And in poor economic times, you will find that prospects who hesitate to pay for personal service will still purchase classes and information products.

C.J. Hayden is the author of *Get Clients NOW!* Since 1992, C.J. has been teaching business owners and salespeople to make more money with less effort. She is a Master Certified Coach and leads workshops internationally. Read more of her articles at

How To Realistically Set Your Fees – Part 1

By Sue and Chuck DeFiore

We all know there are 52 weeks in a year and 40 working hours in a week. Therefore, we can bill 2080 hours per year, right. Wrong. Too often this is the trap that many new service businesses fall into.

The first step in calculating your billable hours is to define a realistic working year. If you were employed elsewhere, you would expect or want at least two weeks vacation time, one week sick time, one week personal time and paid holidays. So, where does that leave us – 52 weeks minus four weeks leaves 48 weeks minus about 10 paid holidays, or a total of approximately 46 weeks per year.

OK, you say, that means I can still bill for 46 weeks times 40 hours per week or 1840 hours per year. If

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I charge \$25 per hour that comes to \$46,000. Not bad, that is more than I was making on my previous job. Wrong.

What you have just established is a realistic working year, not the number of billable hours. You still need to account for marketing time, administrative time, bookkeeping time, equipment maintenance, continuing education, etc. You also need to calculate in equivalent time for self-employment tax, local business taxes, etc. In many locales, this can add up to an additional 20% or so in time or money.

If we assume approximately one hour per day for marketing and one hour per day for administrative, etc., (and this is a very conservative estimate, then we need to subtract: 46 weeks times 5 days per week equals 230 days at 2 hours per day equals 460 hours, from 1840, for billable time left in a year of 1380 hours. Now subtract approximately 20% for the above taxes or 276 hours and that leaves you with 1104 billable hours in a year. And this may still be high, but at this point, you can see to earn that \$46,000 per year you will need to charge \$46,000 divided by 1104 hours or about \$42 per hour.

There are many factors which need to be examined in setting your fees. We'll look at those items that need to be taken into account, such as business expenses, insurance, pensions and profit margin, in upcoming articles.

Hopefully, this article has at least pointed you in the right direction.

Next article we'll take a more in depth look at the role expenses play in setting your fees.

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and tricks, educational products and coaching in creative real estate investing and home based businesses. No time to visit the site? Subscribe to our FREE "how to" Home Business Solutions Digest, it's like having your own personal coach:

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