How a UK Consultancy Moved from Day-Rate Billing to Fixed-Fee Engagements and Transformed Its Client Relationships

Konsyte Insights — Strategy. Systems. Growth.

A growing business owner sits across the table from a consultant and asks a question that sounds simple: “How much will this cost?”

The consultant could give a number immediately. Instead, they ask a different question: “What exactly do you need us to solve?”

That question changes the conversation.

The business may only need a focused strategy review. Perhaps the founder already understands the market, has a functioning team and knows where the main problem lies, but wants an external perspective and a clear set of recommendations. In another situation, the business may need a much more involved strategy build, requiring deeper analysis, multiple stakeholders, more extensive documentation and a clearer implementation plan. Both are consulting engagements, but they are not the same piece of work.

This is where pricing can easily go wrong.

If every engagement starts with an arbitrary fixed number, the consultant risks charging too little for complex work or making smaller engagements unnecessarily expensive. Over time, this creates two problems. The client may feel that pricing is inconsistent, while the consulting firm may find that the effort required to deliver the work is not reflected in the commercial value of the engagement.

A better approach is to make the price follow the engagement.

The consultant first identifies the nature of the work, the expected scope and the level of complexity involved. A base fee provides a consistent starting point, while the complexity of the engagement determines how that starting point should change. A focused strategy assignment can therefore remain relatively accessible, while a more demanding engagement can command a higher fee because it requires greater analysis, coordination and delivery responsibility.

This also makes the pricing conversation easier for the client.

Instead of hearing, “This project costs £X because that is our standard rate,” the client can understand why the number is appropriate for their particular situation. The price reflects what they are asking the consultancy to do, rather than simply how long someone expects the work to take.

There is another important consideration: pricing is also part of positioning.

A consultancy that consistently prices far below the market may win work, but it can also create doubts about the depth of its expertise or the quality of the engagement. At the other extreme, quoting a premium price without being able to explain the additional value can make the proposal difficult to justify. The objective is not to be the cheapest option or the most expensive option. It is to occupy a position that is credible for the type of client being served and sustainable for the consultancy delivering the work.

The same principle becomes particularly important when a client moves from advisory work into managed delivery. Once the consultancy is responsible for execution as well as strategy, the commercial structure needs to reflect that increased responsibility. Milestone-based pricing can make this clearer by linking payment to meaningful stages of the engagement rather than treating the entire project as one undefined commitment. It gives the client greater visibility while giving the consultancy a clearer commercial structure for delivery.

Performance-linked elements can also be used selectively where the engagement has a measurable commercial outcome. The important point is that these should complement a properly scoped base engagement rather than replace it. The consultancy still needs to be compensated for the strategic and delivery work it is undertaking, while the performance element creates additional alignment around outcomes.

By the end of the conversation, the founder is no longer simply asking how much consulting costs. They understand what they are buying, why the engagement has been priced at that level and how the scope affects the commercial structure.

That is the real purpose of structured consulting pricing. It creates consistency for the consultancy, clarity for the client and a commercial relationship where the price is connected to the complexity, responsibility and value of the work.

If this sounds familiar - book a free 30-minute Strategy Health Check at konsyte.com