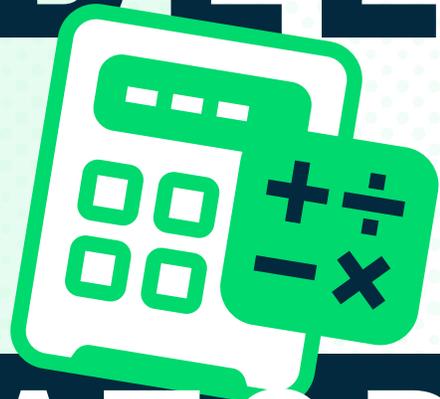


# BILLABLE RATE



# CALCULATOR

# C H E C K L I S T



**B E L A Y**

Use this exhaustive list to ensure you are compiling all of the expenses and costs needed to calculate your billable rate. Depending on your business size and complexity, there may be a range of expenses to consider, from additional payroll expenses to more advanced overhead. Consult our checklist to ensure you are factoring in all of the variables involved.

## SECTION 1

# ANNUAL OPERATING COSTS

### Employee costs

List of Employees: A table or list for each billable employee to track their costs individually.

Annual Salary: The gross salary for each billable employee.

Annual Cost of Benefits: The total yearly cost of benefits for each employee. This can include:

Health, dental, and vision insurance

401(k) or other retirement plan contributions

Payroll taxes (FICA, FUTA, SUTA)

Workers' compensation insurance

Total Annual Employee Costs:  
A formula to sum the salary and benefits for each employee.

### Overhead expenses

Rent/Mortgage: Annual cost for office space.

Utilities: Annual cost for electricity, gas, water, internet, and phone services.

Software and Subscriptions: All annual or monthly recurring fees for business software (e.g., project management tools, accounting software, CRM).

Hardware and Equipment: Annual costs for computers, printers, and other necessary equipment, including depreciation.

Marketing and Advertising: Annual budget for all marketing, sales, and advertising efforts.

Administrative Salaries: Total annual salary and benefits for non-billable administrative and support staff (e.g., reception, HR).

Professional Fees: Annual cost for legal, accounting, and consulting services.

Business Insurance: Total annual premium for liability and other business-related insurance.

Professional Development and Training: Annual budget for team training, courses, and conferences.

Travel Expenses: Annual budget for business-related travel, including flights, hotels, and mileage.

Recruiting Costs: Annual cost for hiring new staff.

Other Overhead: Any additional recurring annual costs not captured elsewhere.

## SECTION 2

### TIME AND PRODUCTIVITY

**Total Working Weeks per Year:** The number of weeks per year you consider for paid work (e.g., 52 weeks minus 2-4 weeks for holidays/vacation).

**Hours Worked per Week:** The average number of hours each employee is expected to work per week.

**Utilization Rate (%):** The percentage of an employee's total working hours that are billable to clients. Don't know yours? Read this to find it.

**Average Billable Hours per Employee:** A formula to calculate the realistic number of annual billable hours by multiplying the annual working hours by the utilization rate.

**Total Annual Billable Hours (Team):** A formula to sum the average annual billable hours for all billable employees.

## SECTION 3

### PROFIT AND PRICING STRATEGY

**Desired Profit Margin (%):** The target profit margin for your business. For professional services, this can range from 15% to 50% depending on the type of service offered.

**Pricing Multiplier (Optional):** A multiplier to apply to your cost rate to set your final billable rate. This can be used for a simpler calculation (e.g., charge 3x the employee's burdened hourly cost).

**Price Adjustment for Market (Optional):** An adjustment percentage to factor in market conditions and competitor rates.

## SECTION 4

### PROJECT-SPECIFIC AND RATE VARIATIONS

**Client Segmentation (Optional):** Identify if different clients will be charged different rates based on their size, industry, or project value.

**Tiered Services (Optional):** If you offer tiered packages, you will need to input different desired rates for each service level (e.g., basic, premium).

**Role-Based Rates (Optional):** If you have a team with varying experience, you can set different rates per role or experience level (e.g., senior consultant vs. junior analyst).



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