**Professionals Need Business Advisory Services**

Professional services firms earn their income by charging for labour, either by the time spent on an assignment or based on an upfront quotation.

An accountant offering a Business Advisory Service can assist by reviewing the basis on which charge out rates have been determined.

The key components of charge out rates for professional services are:

- salaries and labour on costs for principals and team members

- hours to be worked by each category of the team

- productivity percentage target for each person

- training time

- overhead costs

- profit target

These figures can be uploaded to a spreadsheet to determine whether this mixture of components, when reflected within a range of individual charge out rates and productive hours, will generate the targeted profit for the firm.

This type of analysis is very beneficial to the professional services firm. It is a good idea to review the actual performance, as compared to the budget, on a monthly basis.

ESS BIZTOOLS contains a professional services product package to assist in the analysis of charge out rates for professional firms.

Want more information? Please visit [www.essbiztools.com.au](http://www.essbiztools.com.au)