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“Case Study” for Working Group,

“What It’s Worth: Valuing and Pricing the Work of Historical Consultants”

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My post-graduate career as a historical consultant has encompassed work priced at both hourly and fixed rates. The rates I have secured on engagements conducted on an hourly basis have varied by type of client. Estimating projects on a fixed fee basis has proven to be trickier in terms of valuing my services. At the same time, I would conclude that it helps to sell work if you can fix a price for the client. Overall, I would say that I probably have worked for less than I probably could have, yet at rates that “fit” with my internal valuation of my services. To date, the physical location of engagements has not factored into the valuation of my services.

I came to public history from a consulting background. Before returning to graduate school to pursue a Ph.D. in history, I worked for eight years as a consultant engaged in the development of business information systems. I also worked three summers in this capacity during graduate school. I was a price taker, working either for a salary or at an hourly rate. I was never in a position to price an engagement or my individual rate, but I did learn what was involved in the former and I, like my colleagues, always knew the latter. Large consulting projects always have an overall price attached to them, even if “change orders” change the scope of the project, and therefore reopen the terms of the contract. Yet each consultant assigned to the engagement is billed at an individual rate.

It is the hourly rate that I secured during my summer work between quarters at graduate

school that served as an initial basis for pricing my work as a historical consultant, for what I was doing both as an IT and historian professional seemed to be of roughly equal value. But, in my particular case, the type of client was crucial to my thinking that I could secure the same rate as a historical consultant as I could as a (rather low-level) IT professional. Turns out that I initially undersold myself. More on that in a minute.

My initial work as a public historian involved fixed-bid contracts, however. In the first instance, I worked as a graduate research assistant at a rate defined in the contract, if not by the University of California. Upon graduation, I proposed, and secured, a contract with the same client, a government agency, that worked with the University of California through a joint research program. My research proposal was subjected to peer review, and so I can say that I secured the work on the merits. In this case, I was a price taker, in that I would be paid on a monthly basis as a research associate affiliated with UC. Given my internal determination of the value of my services, I could only receive full value for them by setting the length of the contract to recover it. At the same time, the overall pool of funds available for research in any given year was fixed. I proposed a six-month contract, which was accepted. In this case, at least in hindsight, I sold myself about three months short. While I was able to submit the required report in six months, I had nothing left to compensate me for the editing and review process.

Soon thereafter, I priced myself out of a project that would have involved writing a corporate biography. There were other factors, I believe, that prompted the potential client to move in another direction, but, in this instance, the expenses involved with my working out of town, rather than my fees for research, put my budget above the potential client's expectations. So it's not just the value of your time that needs to be taken into consideration, but also expenses. Are we willing to "eat" part of our fees in order to secure an out-of-town engagement?

I have been working more or less regularly on an hourly basis as a "history detective" for

a law firm client since 2002. I initially proposed working at my last hourly rate as an IT professional. Much of the work involved out-of-town research and I have been able to bill expenses per the law firm's guidelines. My client's immediate acceptance of my rate did give me pause. Over the years, I have raised my rate 25 percent. Again, I probably have not hit the "ceiling," but I am working at a rate that, annualized, would provide a salary that exceeded that of most professors. And I am working at a rate that comports with my internal valuation of my services, even if I have not tested the limits of what the client would pay. To be sure, the law firm recovers my fees and expenses from its client, which ultimately is the entity for whom I work.

I have performed work on a lower hourly basis for clients—an architectural historian, for one—who cannot pay what a law firm is able and willing to pay. So one's internal valuation of one's services cannot be the sole determining factor in whether one accepts an engagement. The value of building a network of clients is important, too, when deciding whether to take on an engagement.

From the spring of 2008 to early 2011, I worked on a corporate history project that my co-PI and I priced on a fixed price basis. Still, I used my hourly rate as a factor in estimating the budget. However, I should note that that budget was developed only after we interviewed for, and landed, the job. (My ongoing work for the law firm was suspended for most of this project's duration to allow a crucial appeal to wind its way through the court system.) The project involved conducting a series of oral history interviews and using them as source material in the writing of a corporate biography. The contract set a fixed price for each interview, which was priced roughly equal to what I would have received on an hourly basis for three days of work. My co-PI's experience with oral history also informed our budgeting. Overall (there were 35 interviews in all, it turned out), this proved to be fair compensation for the work involved, as some interviews involved more work than others. Expenses for travel and transcription were covered.

Pricing the writing of the book proved trickier. We determined an overall price for the book that took into account the sponsor's budget and how long we thought it would take to write it. After writing a book proposal, we then fixed a price for each chapter, allowing one month in the schedule per chapter. We allowed for a contingency chapter, which accepted by the client (and was ultimately written). There was also a fixed fee for revisions, if a publisher were found (as has happened). Well, the writing of a scholarly book can be a rather opened-ended endeavor. In this case, I have devoted rather more work to the effort than perhaps I (as the author) have been compensated, if one accounts for hours, in the interest of producing a work that I am willing to put my name to. But I met all of my deadlines, and overall, the engagement provided me more than monetary compensation. The book will be published in January 2013; only then will I be able to determine the reputational value of the work, I suppose.

This survey of my experience with pricing work raises the issue of how we might put a price on our services that reflects their fair value while remaining cognizant of the need to price our services so as to have a chance of securing work. This is of greatest concern when fixing a lump sum price for an engagement, as there is more opportunity to adjust rates when working on an hourly basis, I should think. My experience suggests to me that we, as public historians, probably operate more as price takers than as price setters (though we should bear in mind that clients will impute the value of our services by the rates we charge). Still, there is surely much to be gained by systematically assessing the value of our work and then selling it on that basis, both institutionally and in particular instances, so that potential clients begin to see our work as valuable, if not critical, to their operations, rather than as a "nice-to-haves" that are the first lines that they cut from budgets in hard times. Knock on wood, to date I have not had a pressing need to undertake such an effort, but I'm sure that I would benefit from learning how to do so well in advance of my finding myself in the position of having to do so.