The Rate Letter

Raising your fees without losing the clients you want to keep.

A pricing guide for independent consultants and small practices — written from the invoices and rate cards of **46 firms** who raised their fees between 2023 and 2025, including the four who lost a client and wish they had done it sooner.

$46.68
What a $150 hour is actually worth, per hour worked, after everything

18%
Median increase accepted without a single client conversation going badly

7%
Of clients who left — four in five of them from the bottom quartile

Written for practices billing between **$80,000 and $600,000** a year, who set their own prices.

Fifteen minutes to read. Forty to fill in the worksheets, once, with a year of invoices beside you.

Every figure comes from a real rate card. The letter in chapter III has been sent, by eleven people, in one week.

CONTENTS

Ten pages, four chapters, and the letter itself.

Every number in this guide comes from the 2025 Meridian pricing survey: 46 independent practices and studios of one to twenty people, their rate cards, and twelve months of invoices each. Nothing here is modelled.

Who this is for

Independent consultants, advisors and small studios billing between $80,000 and $600,000 a year, who set their own prices and have not moved them in at least eighteen months.

What you will need

Twelve months of invoices, your current rate card or last three proposals, and a rough count of hours worked — including the ones nobody paid you for.

How to use it

Read chapters I and II in fifteen minutes. Fill in the worksheets on a Friday afternoon. Send the letter ninety days before you want the new number to apply.

IN ONE LINE

Price the work, not the hour; give ninety days' notice; and accept that the clients who leave over eighteen per cent were never the ones paying for your Tuesdays.

I

What you **actually** charge

A $150 hour, followed all the way from the twenty-eight hundred hours in a working year to the money that reaches your account. The number at the bottom is the one your rate should be answering to.

THE PREMISE
Median of 46 practices, 2025

Nobody bills 2,080 hours. The 46 practices in the survey billed a median of **1,050** — a little over half of a full year — and worked 1,840. The difference is not slack; it is the business, and it is unpaid.

WHERE THE YEAR GOES	WHAT IT IS	HOURS	BILLED AT $150
Client work, billed	Delivery, meetings a client agreed to pay for	1,050	$157,500
Business development	Proposals, first calls, the two that went nowhere	260	$0
Administration	Invoicing, chasing, contracts, the accountant	190	$0
Writing and marketing	The newsletter, the talk, this sort of document	130	$0
Learning	Reading, courses, keeping the thing you sell current	90	$0
Overrun, written off	The last fortnight of a fixed scope you misjudged	120	$0
Hours actually worked	Billed hours are 57% of them	**1,840**	**$157,500**

AND THEN
What the invoice does not keep

Revenue invoiced	$157,500	1,050 hours at $150
Business costs	−$38,200	Insurance, software, accounting, travel, health cover
Tax reserve, 28%	−$33,404	Federal, state and self-employment, set aside quarterly
What reaches the account	**$85,896**	$46.68 per hour actually worked

The posted rate is a headline

Not a wage. Anyone comparing your $150 to a salaried $150 is comparing a gross number to a net one, and so, quietly, are you.

Utilisation has a ceiling

Above roughly 65% billable the unpaid work stops happening, and the pipeline it was feeding arrives empty about five months later.

Hourly caps you twice

Once at the hours in a week, and again at the moment you get faster: the better you are at the work, the less the same work pays.

THE POINT

You are not underpriced. **You are unpriced.**

WHY

A price is a decision somebody made on purpose. An hourly rate that has not moved since 2021 is not a decision — it is a number you inherited from a version of your practice that no longer exists, and every year it quietly hands your clients a discount you never agreed to give.

Of the 46 practices in this survey, **31 had not raised a rate in more than two years**. Nineteen of those could not say what their effective hourly was. All 46 believed their clients would object; when they wrote, three clients did.

31 of 46	18%	7%	0
Practices with no rate change in over two years	Median increase, accepted without renegotiation	Of client relationships ended over the new rate	Top-quartile clients lost where 90 days' notice was given

READ THIS BIT

Losing 7% of a client list is not a cost if it is the right 7%. In the survey, four in five departures came from the bottom quartile by effective rate — the clients who took the longest to pay, asked for the most unbilled help, and were the reason the other seventy-five per cent got Fridays instead of Tuesdays.

SOURCE

Meridian pricing survey, 2025 · 46 independent practices and studios of 1–20 people in the United States, each contributing a rate card and twelve months of invoices. Increases are measured against the posted rate in force twelve months earlier. Departures are counted for eighteen months after the letter, so late leavers are included.

THE THREE

Objections that did arrive

“Can we phase it?”

Two practices agreed a half-step at three months and the full rate at nine. Both arrived at the number; neither lost the client. This is a yes.

“We budgeted last quarter.”

Precisely why ninety days exists. Honour what is already committed, apply the new rate to what comes after it, and say both in the letter.

“What do we get extra?”

The only objection worth answering at length, and the answer is not "more hours". It is in the letter, in the fourth paragraph.

II

Four ways to price the **same six weeks**

One engagement — a six-week operations diagnostic, 96 hours of work, the same report at the end of it — quoted four ways. The work does not change. What you are selling does.

MODEL	WHAT THE CLIENT IS BUYING	THE QUOTE	EFFECTIVE	WHERE IT FAILS
Hourly 96 h at $150	Your time, itemised. Every efficiency you find is a discount you hand back.	$14,400	$150	The client manages your hours instead of the outcome.
Day rate 12 days at $1,450	A block of attention. Fewer arguments about a Tuesday afternoon.	$17,400	$181	Half-days, and the day that becomes two hours plus email.
Fixed fee Scoped deliverable	The finished diagnostic. Your speed is now yours to keep.	$19,500	$203	A scope you wrote loosely. Every overrun is paid by you.
Retainer $6,500 × 3 months	Access, standing time, and a named ceiling on it.	$19,500	$203	No ceiling written down. Then it is an unpaid salary.
Fixed fee, third run 62 hours, same output	The identical diagnostic, now practised. The client buys the same thing.	$19,500	$315	Nothing — this is the whole argument for pricing the work.

THE LADDER

Move up one rung at a time

Nobody goes from hourly to retainer in a quarter, and the practices that tried in this survey ended up doing both badly for a year. The order that worked was **hourly, then a day rate, then a fixed fee on work you have delivered twice, then a retainer for the two clients who ask for you by name**.

The rung matters less than the rule underneath it: charge for a thing that is finished, not for the time it took. Everything else in this guide — the letter, the notice period, the client sort — is downstream of that one sentence.

Say the number first

A quote that arrives on page four of a proposal has already told the client the number is negotiable. Put it in the second paragraph, in a sentence of its own.

Quote a range only once

"Between $18,000 and $24,000" is heard as $18,000 in every case. Use a range to scope the conversation, then replace it with one number within a week.

Price the second one at signing

Agree what the repeat engagement costs while they are happy, not while they are asking for a favour eight months later.

III

The letter itself, **annotated**

Two hundred and ten words, sent ninety days ahead, one client at a time. Seven decisions are hiding in it — they are numbered in the margin.

MODEL LETTER

Send by email, from you, not the practice address

Dana,

Before we plan the autumn work, one piece of housekeeping. **From 1 September my rate for new engagements moves to $185 an hour, and the standard diagnostic to $19,500.**[1] [2]

Everything already commissioned is unaffected — the migration review runs to completion at the rate we agreed, and so does anything you commission before the end of August.[3]

The reason is straightforward: the work has changed. Three years ago you were buying a pair of hands for a process map. What you are buying now is the version of that diagnostic we have run eleven times, and the fortnight it saves your team.[4]

Nothing else changes. Same availability, same two-day response, same person answering the phone.[5]

If it helps to talk it through, I have Thursday afternoon free.[6] [7]

Ava

THE SEVEN

Decisions inside 210 words

1 **A date, not a quarter.** "From 1 September" can be planned around. "Later this year" invites a conversation in November about whether you meant it.

2 **The number, in the second paragraph.** Buried on page two it reads as an apology, and an apology is a negotiating position.

3 **Honour what is commissioned.** This single sentence removes almost every objection, and it costs you one quarter.

4 **A reason about them.** Not your costs, not inflation, not your accountant. What they now get that they did not get in 2023.

5 **Name what is unchanged.** Most of the anxiety in a rate letter is not about money — it is about whether the relationship is being downgraded.

6 **An easy yes.** No signature, no acknowledgement requested, no form. Silence is agreement, and silence is what you will mostly get.

7 **One door, held open.** Offer a conversation without requiring one. Three of 46 practices had that conversation; none of the three lost the client.

TIMING

Send it after a win

The fortnight after something you delivered landed well. Not during a renegotiation, and never in the same thread as a scope dispute.

Ninety days, not thirty

Long enough to be planned into their budget, short enough to be believed. Thirty reads as a deadline; a year reads as a suggestion.

Not in December

Budgets are closed, everyone is tired, and it lands beside four other price letters. February and June were the months that went best.

PRINT THIS
Forty minutes, a Friday

Two worksheets, and an uncomfortable sort.

Worksheet 1 · What your hour is worth

TWELVE MONTHS, MOST RECENT

A	Revenue invoiced over twelve months	
B	Hours billed From invoices, not memory. Fixed-fee work: estimate the hours it took.	
C	Hours worked, all in Add proposals, admin, marketing, learning and everything written off.	
D	Business costs for the year	
E	Tax set aside · use your own rate, or 28% to start	
F	**What reached the account** = A – D – E	
G	**Per hour worked** = F ÷ C · this is your real rate	
H	Utilisation = B ÷ C · over 65% means the pipeline is being starved	

Worksheet 2 · The client sort

EVERY CLIENT, WORST LAST

CLIENT	FEES, 12 MO	HOURS, ALL IN	PER HOUR	KEEP · RE-PRICE · LET GO
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

Sort by the fourth column, then read the bottom three rows. In the survey, the bottom quartile by effective rate consumed 34% of all hours worked and produced 11% of revenue. They are also, reliably, the clients people are most afraid to send the letter to.

IV

What happened at **Acme Studio**

A three-person brand and digital studio in Brooklyn, nineteen active clients, and a founder who had not changed a price since the studio opened.

Maya Chen sent eleven letters in the same week of February 2024, ninety days ahead, one per client, each written by hand from the model in chapter III. Two clients asked to talk. One asked for a phased increase and got it. **Eight said nothing at all**, which is what agreement usually looks like.

The studio also stopped quoting hourly. The identity engagement it had run fourteen times became a fixed fee, and the third one after that took nine days instead of fifteen — a saving the studio kept for the first time in its history.

ACME STUDIO · PLATE 1

The studio wall, Gowanus — eleven letters, one February week

TWELVE MONTHS EITHER SIDE OF THE LETTER	2023	2025	CHANGE	WHAT DID IT
Average project fee	$18,400	$27,500	+49%	Fixed fee, scoped in writing
Active clients	19	11	−8	Six let go, two left over the rate
Revenue	$412,000	$486,000	+18%	Fewer engagements, larger ones
Utilisation	61%	48%	−13 pts	Deliberate — the pipeline stopped starving
Per hour actually worked	**$52**	**$79**	**+52%**	All of the above, over two years

> “We did not lose the clients we were afraid of losing. We lost the ones we were relieved to lose.”

MAYA CHEN · PRINCIPAL, ACME STUDIO · BROOKLYN

What did not work

A tiered rate card with three service levels. Clients asked to be on the cheapest tier and the studio spent a quarter explaining the difference. Withdrawn in June.

What was hardest

Letting go of the six low-rate clients, which took nine months and two of them are back — at the new fee, on a fixed scope.

What we got wrong

We advised 12%. Maya sent 22% and was right; the objection we were protecting her from never arrived.

THE OFFER

Send a year of invoices. Get **a number back**, and the letter drafted.

We run your twelve months and your rate card through the same arithmetic as chapter I and the same benchmark as the survey, and send back one page: your effective rate today, the rate we would post, the three clients to re-price first — and a draft of the letter written for your five largest accounts. Free for practices of fewer than ten people, once a year, whether or not you ever speak to us again.

BOOK THE REVIEW
meridianconsulting.co/rate-review

OR SEND THE INVOICES
hello@meridianconsulting.co

OR CALL
(212) 555-0119 · Mon–Thu, 9–5 ET

WHAT HAPPENS

Nine working days, end to end

I

You send two things

Twelve months of invoices in whatever form they exist, and your current rate card or last three proposals. No spreadsheet required; a folder of PDFs is fine.

II

Forty-five minutes

We walk the arithmetic, the client sort and the number we would post. You will disagree with at least one of the three, which is the useful part of the call.

III

You keep the letters

Five drafts, your voice, your clients' names, yours to send or shred. Roughly half the practices we review send them within a fortnight.

If you would rather do it alone

The worksheets are the whole method and chapter III is the whole letter. Copy both, put your own name on them, and send us nothing. The survey exists because 46 people did exactly that and told us how it went.

Timing, honestly

Ninety days before you want the number to change, and not in December. If you want a September rate, this is a June conversation — and June is when we are hardest to book.

What this is not

Not a retainer pitch. About half the practices we review never work with us; a third of those send the letter anyway and write back to say what happened, which is where edition four came from.

ASKED OFTEN

- **"Will you contact my clients?"** No. Nothing leaves our office, and the drafts come back to you unsent.
- **"I am mid-contract on everything."** Then the letter is easy — you are honouring all of it, and the new rate only meets new work.
- **"I am not in the United States."** The arithmetic travels; the tax reserve in chapter I does not. Tell us where you are and we will use your figure.
- **"What does it cost later?"** Nothing is invoiced from a rate review. If you want the pricing work done with you, we will say so on the call.

WHO WROTE IT

Meridian Consulting New York · since 2014

We advise independent practices and small studios on pricing, scope and the awkward conversations attached to both. Two hundred and ten of them since 2014, most between one and twenty people, most of whom found us through a document rather like this one.

We publish the pricing survey every year, including the practices whose increases were refused, because a benchmark with the failures taken out is a marketing document wearing a lab coat.

210	Practices advised since 2014, from a solo advisor to a twenty-person studio
46	Firms in the 2025 pricing survey · rate cards and twelve months of invoices each
04	Editions of this guide · the first was eleven pages and mostly wrong about retainers
0	Commission, referral fees or software we are paid to recommend

THE AUTHOR

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PRINCIPAL, MERIDIAN CONSULTING

Fourteen years in professional services, seven of them as a partner in a forty-person firm where the rate card was set once and then defended for a decade. This guide is largely an argument with her younger self.

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ONE MORE

And it is free

The Margin Note — every second Tuesday

Eight hundred words on one pricing problem, with the arithmetic left in: what a discount really costs, why the second client is worth more than the first, how to quote a project you have never done. About 3,100 independents read it. **meridianconsulting.co/margin-note**

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Reach us

hello@meridianconsulting.co
(212) 555-0119 · Mon–Thu, 9–5 ET
Rate reviews booked within nine working days.

Take the templates

Model letter, both worksheets and the client sort
meridianconsulting.co/templates
Free, no address required, no attribution asked.

The Rate Letter, fourth edition, Spring 2026. Figures are drawn from the Meridian pricing survey of 46 independent practices in the United States, twelve months of invoices each, closed December 2025. The tax reserve in chapter I is illustrative and is not tax advice; use your own rate, or your accountant's.

Client names in chapter IV are used with permission. The model letter is fictional and composite, though the eleven that were sent looked very much like it.

Share it freely — it is written to be forwarded.