Category

Consulting

Consulting Practice Economics & Profitability Management Playbook

Understanding the specific levers — utilization, realization, margin, revenue mix — that actually drive practice profitability

- Executive
- Intermediate
- Template Included

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- 4 minute(s)

Overview

A framework for managing consulting practice profitability by understanding and deliberately managing its specific component levers — utilization, realization, margin, and revenue mix — rather than treating profitability as a single number to react to after the fact.

What's the difference between utilization and realization?

Utilization measures how much of a consultant's available time is billed to client work. Realization measures how much of the billed rate is actually collected (versus written off or discounted) — a practice can have high utilization but poor realization, and both matter independently for profitability.

Which lever matters most for improving practice profitability?

It depends on which is currently weakest — this playbook's core discipline is diagnosing which specific lever is actually constraining profitability in your practice, rather than assuming a generic priority order.

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