

So, You Want to Be a Consultant?

So, you want to be a consultant? What makes you think so? You like independence? Challenges? You embrace the unknown? The reality is you'll probably be giving up a paycheck that comes on the first and fifteenth of the month, paid sick leave, paid vacation, and tuition reimbursement. In return, you'll get what you probably want most—you'll be the boss of you. But before you take the leap of faith, it might be a good idea to think about a few things: how to get started, how to excel, and how to get organized.

Getting Started

Money

The first question to ask yourself is, "Am I ready financially?" In general, you should have three years of living expenses in savings because a great load of money goes out the door during the three to five years it will take you to launch, and not much comes in. If you don't have a cushion, you'll be tempted to set your fees too low, which is the number one mistake consultants make and often the kiss of death.

You'll also be braver if you have some insurance. I recommend disability, long-term care, and Errors and Omission Insurance, in addition to what you normally carry. E & O insurance protects you and your assets, but it isn't cheap and increases with each year they insure you. (You may want to consider joining an association that offers it).

What should you spend money on during the start up years, and when should you be frugal? The right answers to these questions can make the difference in your success. Here are some ideas.

Invest in these:

1. Cause people to come to you.
 - Always start with referrals from people who know your work.
 - Write articles for publication.
 - Write papers for your website.
 - Send your articles and papers to your contact list.
 - Have a professionally developed website.
 - Speak at professional meetings that attract people who can hire you, even if you have to speak for no fee. (Be sure to get testimonials).
2. Have efficient equipment and support facilities, including a professional email address, separate business line, voicemail, and fax line.
3. Create a polished, professional image through your marketing materials.
4. Invest in courses and skill building from credible sources but only if they are *directly* related to your strategy.
5. Hire professionals (lawyer, accountant, web designer) as needed.

Be careful about spending money on these:

1. Hiring people who will stay on the payroll. If you need help with a project, or if you don't have the skills to perform a function, like creating a website, hire a consultant for the project. Otherwise, avoid working the first month or two of the year to pay your support people.
2. A *place* to do business. Many successful consultants have home offices and rent meeting space only when they need it. Once again, working a chunk of the month to pay the rent and utilities subtracts from your growth and financial stability.
3. Paying people to promote you, unless their efforts will be directly related to a strategy, such as launching a book. (Every day you will receive another offer to put you on a list for a fee).

Once you have a strategy for the financial side of things, you'll need an identity.

Purpose

Why will you be in business? (Think short answer). What is your *raison d'être*? You can spend a lot of time word smithing a mission statement, your vision, and your value, but start more simply. For example, my purpose is to improve performance. However, depending on my listener, I will elaborate with something more specific like, "I help consultants drive their business," "I help CEOs set strategy," or "I help Boards improve performance." All address improving performance, which is why I'm in business.

The reason you are in business is the value you give clients. The clearer you are about this, the faster others will understand it. Avoid the temptation to talk about yourself, your qualification, your education, your processes, and all manner of self-promotion. It won't work, and it will annoy prospective clients. Instead, focus on the *results*. What value will you give them? How will you measure it? How do they know before the hire you? (Testimonials). So, start by giving yourself a good name.

Name

There are two schools of thought about naming your new company. One is to use your own name. The other is to use a name that announces to the world the nature of your business. I think a combination is best. *Not* having your name as a part of your company name deprives you of an opportunity to promote your identity. On the other hand, your name alone will miss a chance to clarify the nature of your business. If you have a common name, I recommend using your first and last. So, instead of "Smith Consulting," you may want to be "Sue Smith Technology Solutions."

One of the things that you'll want to consider is whether the name is taken. You can do a Google search, but to really know, try to register it as a domain name. Even if you're not certain that you want a particular name, registering your *possible* names at www.register.com will save the name and potential web address until you know for sure. It costs little, so it's worth the investment.

Get Help to Excel

Sooner, rather than later, and perhaps even before you select your company's name, save yourself time and money by getting some help. If you're a true entrepreneur, and if you're reading this, I suspect you are, this will go against the grain. You are self-reliant, independent, and resourceful, so why do you need help? After all, you can learn what you need to know, right? Probably, but it's a waste of time, energy, and resources, so hire an expert and work in areas in which you are the expert.

Professionals You'll Need

You'll need a lawyer and an accountant that you can call with questions. Should you be an LLC, corporation, or neither? Find out the implications *before* you set up business accounts and apply for business credit cards. For a few hundred dollars, you can avoid headaches and financial and legal pitfalls.

You'll also need cards, stationery, and marketing materials. I used a graphic artist, Chris Scavotto, to create my "look." To start, she designed a logo for me that is now on all my materials. To arrive at this look, Chris talked about what I wanted and then sent me several ideas. I printed them and then asked several people whose opinion I trust to answer this question: "Which woman makes the most money?" (Not, "Which do you like?") In addition to the stationery, Chris then created my website, press kit, and book jacket from this starting point. When creating your professional look, don't skimp. If you intend to charge top dollar for your products and services, you need to look the part.

Advisors

Working by yourself cuts you off from interaction. If you're like me, you get your best ideas in conversation, so *not* having a sounding board was never an option for me. I am a coach, so professionally and personally, I understand the value of working with one. The first step was for me to find a coach. This relationship helps me stay focused, keeps me accountable, challenges me to move forward, and helps me recover from setbacks and disappointments. A good coach pays for herself / himself, so I doubt I'll ever be without one again.

I also belong to a mastermind group. We are three women who offer many of the same services (organizational development and executive coaching), but we don't compete. We have monthly telephone conferences during which we each have thirty minutes to discuss whatever we want. Looking at a situation through their eyes has earned and saved me thousands of dollars. It's often the best ninety minutes of my months. In my case, we all do similar things, but that isn't critical. Trust in their ethics and caliber of advice is, however. Once you have your support network in place, create your processes.

Organize Your Operations

If you are a solo practitioner, as I am, you handle everything. The good news is, you I don't work several months a year to pay an assistant, and I keep most of what I make. The bad news is it's all up to me. So, I have tried to streamline processes and procedures to save time and energy. Reinventing the wheel is my least favorite practice,

so I set things up once and then realign or customize as necessary. I'm not in love with technology, so I don't have the best and snazziest ways of doing things, but they work. I take a class if I need to learn something like ACT, but otherwise, I rely on my own abilities to create good systems.

For example, I use an Excel Spreadsheet to keep track of my billing for the month. I enter a project as soon as I have a signed proposal or as soon as I complete the assessment. Then, I bill on the first of the month, but instead of trying to tack down or remember what I did, it's all there. I have, however, completely divorced myself from hourly or daily billing and have started setting fees on the value they give the client. I typically try to give a ten to one return on a client's investment, so if I am trying to discover why a company loses over \$200,000 annually in turnover costs, I will set my fee at \$20,000. In this case, I can't always guarantee I'll save the company their full losses, but even if I give a two to one return on their investment, I have saved them \$20,000 the first year and established a system for them to continue into perpetuity.

Billing is a universal system all consultants need, but there are specifics for you and your work. For example, I have templates for all reports, interviews, strategy formulation, coaching, and board development. Sometimes I have to customize something, but this is usually not labor intensive. When I first started, I used my down time to develop these processes and systems so I could move quickly when I had a contract.

Conclusion

Being a successful consultant starts by being a successful person. People will want to hire you to help them if they perceive that you are a person whose advice they can use. So, start with modeling everything you stand for.

- Become an excellent listener. Listen first, don't interrupt, ask open ended question, and paraphrase.
- Exude confidence. Let others know you are a person of integrity, warmth, and expertise. If you don't know something, admit it, and then find out the answer.
- Give to get. Go into every client discussion with a generous spirit. Offer to send a person an article you have written or saw. Make connections. Introduce people to each other. The "sale" will happen when people already trust that you have their best interest in mind, not before.
- Improve your client's condition. Either eliminate pain or create opportunity. Both will make you invaluable.

The life of the consultant is not perfect, but it is challenging, and for the most part, it's fun. Variety and change are exciting parts of this world, so learn to love them.