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Chapter

Establishing Goals and Expectations (Including Your Own)

You Will Be What You Decide to Be, Nothing Less, Nothing More



consulting
the application of talents, expertise, experiences, and other relevant attributes, which results in an improvement in the client's condition.

Winston Churchill remarked once that “we build our houses, and then they shape us.” He was referring to Parliament. But the statement applies to most of our lives. That is, we create and fulfill our own expectations. When you consider entering the *consulting* field and, intelligently, ask others what to expect and prepare for, you'll probably be told:

- You'll work long hours and travel incessantly.
- You'll have to work the phones daily to get prospects.
- You can't make more than \$300,000 or so annually as a solo practitioner.
- Divide your yearly needs by billable days to create a per diem fee.
- Underpromise and overdeliver.

I produce over two million dollars from my home, with no staff, no office, and no sweat. If I had believed the preceding advice I never would have entered the field because, as much as I desperately wanted to be my own boss, I didn't want to work for any boss—including myself—who would labor under those adverse conditions. If we're going to take the risks inherent in starting and managing our own business, we ought to at least be able to reap the rewards.

The problem is that if you educate yourself incorrectly at the outset, or listen to the wrong sources, you're vulnerable to successfully meeting the exact wrong set of expectations. You will have brilliantly achieved a sorry state (which I see all too frequently in my mentoring program in consultants who are burned out, alienated from their families, losing money while supporting staffs, and generally suffering through conditions that they'd never approve for their own clients). There is a plethora of bad advice in the consulting profession, and there are more people pontificating about how to succeed than there are successful independent consultants. That should tell you something.

So, no matter how gray the hair, no matter how many years in the business, no matter what the claimed experience, don't believe anything you hear about this being an onerous and difficult profession. It's actually one of the absolute best in the world, provided you have the resources, the focus, the talents, and the passion for it. You should expect to become successful in assisting clients, to grow personally prosperous, and to create a rich and rewarding life for yourself and your family. If you don't expect those things, why are you considering any future in this business?

Starting At Square Zero: Financial Needs

One of the primary reasons that people who enter the profession fail is not due to contacts, talent, competition, or methodology, but to undercapitalization. While it doesn't cost a fortune to create a consulting practice, there are the minor expenses of letterhead, phone, and postage, and the major expenses of feeding yourself, paying the mortgage, and putting gas into the car. When you start working as a consultant, you don't stop living as an individual (and, perhaps, as a family supporter).

If you follow the guidelines in this book, you should begin to generate business within six months from your actual start-up. However, this depends on many variables, such as your market, your particular focus, serendipity, and so forth. The stream or pipeline of business won't really be strong until you've been in business for a year or so. Consequently, the ideal starting point financially begins here (which is why I call it *square zero* and not, for example, *square one*; this is the true baseline).

Reduce Monthly Expenses

Reduce your monthly living expenses as much as you reasonably can. This has to be an accurate calculation. You can't reduce rent payments, but you can put off a vacation this year. You can't reduce the heating bill, but you can dine out less often. Arrive at the lowest monthly expenditure level that you (and your family) can reasonably commit to.

Consider your living expenses as *musts* (utilities, mortgage, insurance, and so forth); *wants* (vacations, college fund, and so on); and *hopes* (new car, put in a pool). Keep the basic "musts," put the "hopes" aside as a reward, and be judicious about the "wants."

Establish a Fund for the Year

Find enough money—real money, not future business or projections—to fund that monthly expenditure for a full year. You might not need all of it if business develops early. If you don't develop any business in the course of the year, you can truthfully say that you gave it a shot but the profession is not for you. Some of the best people I know, however, have required 6 to 12 months to bring home the initial bacon, and you cannot afford to lose focus because of bill collectors at the door, or believe you're a failure because business didn't develop in the first few months of your new venture.

If your monthly living expenses are \$7,000, you need to find \$84,000 that is available to you, and you need the mentality to be willing to spend it to support yourself while you launch your business. Here are some typical sources that have worked for others:

- *Home equity line of credit.* This is a terrific source if you own your own home and have equity, because it is easy to secure, the interest is fully tax deductible, and can either be withdrawn only as needed or in a lump sum and the portion not immediately needed can be invested. You can also pay these back without penalty. Overall, this is a very good funding source. As we've all seen recently, there are times when interest rates dip so low that even the most conservative financial adviser would advocate this route.
- *Nonretirement savings.* Take a deep breath and cash in the stocks, bonds, and other investments so you can make a still better use of the money—an investment in yourself and your future. The only penalty here would be applicable capital gains taxes, and there is periodic pressure in Congress to reduce those. If you cash in stocks that have lost money, however, you have the secondary benefit of taking a tax deduction on the loss. If you plan to fund your business this way, therefore, consider selling the losers, not the winners.

- *Retirement savings.* This is more problematic, because you will have to pay some penalty for funds that aren't reinvested in a retirement account (IRA, Roth, SEP IRA, 401(k), and so forth) within 60 days of withdrawal, under current Internal Revenue Service (IRS) provisions. You will also lose the power of tax-free interest appreciation. The younger you are, however, the more viable it is to withdraw funds of this type, since there is that much more time to replenish them. My recommendation: Try not to use this source if you're over 40 and certainly not over 50.
- *Credit lines.* Actually, it's not difficult to create a substantial fund using only the credit available on existing credit cards. (I once took the time to calculate that if I maximized every cash advance available on every credit card I owned, I could raise four hundred thousand dollars within 24 hours.) The problem is that the interest rates are usually staggering compared to other sources and the revolving credit actually adds to your monthly expenses, which will now be commensurately higher. These are not a good deal, unless they are for the short term (less than 90 days) and you're confident of business that can be used to repay them promptly. (*Note:* Even an unused credit line causes concern to future lenders because they assume that you may someday access it, meaning your indebtedness could increase, thereby endangering their own loan.)



Career Key

If you begin by funding your business correctly, you will create a precedent that will lead to prudent fiscal responsibility and maximum profit. Nothing, absolutely nothing, has ruined more consulting careers than concerns about short-term financial pressures. Eliminate them early.

- *Investors.* While some new consultants attempt to put together a prospectus to attract the equivalent of venture capital, such a formality is a waste of time. You're far better off with investors who know you and are willing to help out, even though there is considerable risk. Prepare a brief business plan¹ that reaches out two to three years (beyond that, they are exercises in fantasy) and demonstrate:
 - The nature of your market.
 - How you intend to penetrate the market.
 - What your unique offerings and talents are.
 - The funding necessary to sustain you.
 - The return (revenue and profits) anticipated.
 - Economic conditions that support your theses.

Offer your investors either a payback schedule that provides a decent return on their investment or a very small (for example, 5 percent) *equity* ownership in your nascent business. Do not offer any investor a major or controlling interest, or that person will be justified in making decisions about how you conduct the business, how you spend your time, and what market you pursue, meaning that you've wound up working for someone else again.

- *Family.* For some this is the easiest, and for some this is the hardest source to approach. Even if you were to seek the entire amount this way, a year's stake of \$84,000 spread over 5 to 10 family members is only \$8,500 to \$17,000 each. And you may want to secure only part of the year's needs this way, making it even more desirable. *Hint:* Prepare the same business plan that was recommended for outside investors. The family deserves to see it, you will seem more serious and less on a lark, you will divorce yourself from the person they remember as the kid falling off a bike and become a business professional in their eyes, and you'll feel better about the whole thing. Plan to repay the family with the same rigor that you would anyone else. Otherwise, you are on a lark.

There are other sources of funding, such as selling valuables, a spouse taking on a part-time or full-time job, seriously reducing your lifestyle (for example, taking children out of private tuition schools), hitting the lottery, severance pay from a prior job, selling a second home, and so forth. The alternatives described are the common ones, but the key is to set aside a full year's amount of reasonable (not extravagant and not destitute) living expenses. If you decide to enter the consulting profession full-time (not as a between-jobs stopgap) and create a career, and you do so with only a few months of reserves, you may be lucky and manage it. But the odds will be against you, so at least be cognizant of the dangers.²

**equity**

ownership of an enterprise. In this case, it is sometimes offered in place of cash compensation for services rendered. Equity can be attractive as a portion of compensation, but should never represent total compensation, especially for new consultants.

Personal Attributes: The Investment from Within

I'm asked all the time what skills are required to be a successful consultant. But it's actually the wrong question, since skills can be learned. The more important

issue is what behaviors and attributes are required, since these are not usually learnable and our behavioral range is finite. (Learning how to conduct a meeting is a skill set, for example, but the tolerance for sitting through tedious meetings is a behavioral trait that many of us don't possess, myself included.)

Here are the ideal consultant behaviors and attributes as they apply to a solo practitioner, based on my observations of success and failure over 35 years. *Be advised that the greatest danger to the start-up venture in this profession is a lack of self-esteem of the principal.* If you don't believe you can help others, no one else will believe it. And if you don't manifest it, no one else will see it.

10 Traits

1. *Humor and perspective.* There are few things as important as remaining on an even keel. You shouldn't be as high as the last victory (sale) or as low as the last defeat (rejection). See both the comic and tragic within client engagements. You must retain your objectivity—and sanity—which can be easily distorted when you work alone. Humor is also a sign of high intelligence and mental agility. If you can't laugh at yourself and at the world around you, join the corporate ranks or become a philosopher, but don't put out a consulting shingle.

2. *Influence.* You have to be able to speak, either formally or informally, in such a way that you can command a room or persuade an individual. Many consultants are horrible public speakers, which severely limits their effectiveness and their practice. A grasp of proper English, a wide-ranging vocabulary, and a talent for metaphor will serve you well in both marketing and implementation.

3. *Confidence and self-esteem.* This is no profession for the faint of heart. Strong and powerful people will stare in your face, and weak and frightened people will nip at your heels. People know it when they see it, and it's the ability to exude confidence and power. You should be seen as a credible peer by clients and prospects, not as a vendor, salesperson, or subordinate.



client

an organization or individual that engages the consultant to achieve certain results in return for agreed-upon compensation.



Career Key

The effective use of language influences a discussion; influencing a discussion influences the relationship; and influencing the relationship controls the business. Language is the most dramatic asset you can use.

4. *Fearlessness.* This is different from confidence. This is the ability to walk away from business you don't want and buyers you don't like. It's the ability to say to prospects that their basic premises are incorrect and that you'd be doing them a disservice if you proposed a project based on their current expectations. Nothing increases credibility (and, ultimately, business) like the willingness to stand your own ground, disagree when you have better information and insights, and offer a differing view of a situation. You may get thrown out. Or you may be embraced as an honest person. You cannot fear failure.
5. *Rapid framing.* This is a little-known and little-understood trait that I've identified as one of the keys in differentiating consultants early in discussions with a prospective client. It is the ability to quickly summarize the issues—not to propose solutions, which are premature in early meetings—so that the discussion can focus rapidly on the next steps. For example, "Jill, what I'm hearing is that your customer retention is declining, but you're not really sure why, and you're reluctant to take any corrective actions until you're positive about the cause." Many clients aren't sure themselves how to articulate their concerns and needs, and the consultant who can do so for them becomes a partner and solidifies the relationship.
6. *Value generation.* Most consultants make the mistake of zealously guarding what they consider to be their intellectual property. In reality, there's nothing new under the sun. The ability to provide a prospect with real *value* right from the initial contact will create a subliminal message: "If I'm getting this much from our preliminary discussions, how much would I gain if I actually hired this person?!" Smoothly and deftly work into the conversation ideas,



buyer
that person who can write a check (expend budget without further approvals) for the consultant's products and services; also called *economic buyer* or *true buyer*.

Starting Point



Throughout history, from the Tyrannosaurus Rex to the modern cheetah, predators have been successful about one time in 10. Rejection is more common than acceptance. You must be able to understand that failing is simply a form of learning for future success.

books, articles, approaches, references, experiences, and anything else that will create early value and reliance.



value

the degree of improvement to the client represented by the achievement of the objectives. These may be quantitative (2 percent increase in sales) or qualitative (there will be much less stress for me).

7. *Intellect.* There may be no greater asset than intellectual firepower. The more you are able to quickly use examples, paraphrase, cite historical analogies, recognize weakness in an argument, ask penetrating questions, and so forth, the more you will at least be seen as a peer and probably be seen as an invaluable asset to the client's business. Powerful people tend to hire powerful people, and powerful people are the ones with large sums to invest. Weak people are frightened by powerful people, but they are not the buyers you want to appeal to in any case.

8. *Active listening.* Instead of tuning out and thinking about still another way to tell the prospect how good you are, demonstrate your ability to listen clearly, take part in the conversation through reflective listening (replying "in other words . . ." and paraphrasing, for exam-

ple), and assure the other party that you're involved in and concerned about these issues. This will do wonders not only in securing business, but also in *networking*, dealing with your bankers, resolving confrontations, and so on. Active listening is one of the rarer traits in consulting, since most consultants try to talk too much (and when they're talking, they can't be listening and learning).

9. *Instantiation.* I couldn't help it—this is one of my favorite words. It means "making abstract examples and concepts tangible." Consultants tend to talk at 35,000 feet while the client is dealing with problems on the ground. It is a tremendous advantage to be able to say, "By participation, I don't mean anarchy, but rather people taking on accountability for the outcome of their work, such as following up the next day with a customer who complained about late shipments." Clients are concerned with the pragmatic improvement tomorrow. You have to take your approaches and translate them into that improved future.



Career Key

Continually improve your intellectual breadth. Do not focus solely on business skills, consulting methodologies, or even marketing. Consulting is a relationship business, and the more you are conversant in a variety of areas, the better your chances of building those relationships.

10. *Bang-bang responsiveness.* I'm convinced that responsiveness is an innate character trait, because it's so easy, yet done so poorly by so many consultants. I promise a 90-minute response to all phone calls, and I meet that standard 99 percent of the time. Yet many consultants don't get back to people for days. In this profession, getting there first is a major advantage. You must have the disposition to return calls, respond to letters, answer e-mails, and meet commitments faithfully and reliably. If you are disorganized, can't seem to move the piles of papers off your desk, and have a yard of pink phone messages sticking out of your pockets, find a day job. You won't make it as a consultant.



networking

the activity of meeting others in a systematic manner, particularly those who can buy, recommend, or otherwise support your services. The best networking is accomplished one-on-one by providing value to the other party first.

Talking to Consultants



- Q:** What one key approach or activity would you do differently today from when you started?
- A:** I would have included interviews with the target group as a precursor for any and all work that I embark on. I never realized how much value, how many answers to the problem I was hired to help solve, and how much rapport I could create throughout an organization with a dozen well-placed phone calls. I found that the best answers, training, innovation, and ideas almost always come from within. I am just a facilitator to pull it out, keep the project on course, prioritize the solutions, and hold the team accountable to implementation.
- Q:** What was your biggest surprise—what do you wish you had known that you didn't know?
- A:** How much money the large organizations have to invest in quality solutions that I can offer and how valuable my solutions can be for the right organizations. Good consultants should never work on any opportunity that they can't quantify and get agreement about having significant potential value. By doing this, it becomes much easier to charge six figures for the solutions that have a tenfold return on investment.

—Mark Faust,
president,
Echelonmanagement.com

If you have a reasonable chance of performing well in these 10 areas, you've got an excellent shot at making it as an independent consultant. Eight of 10 might do it. Less than that and you may be setting yourself up for high stress at least and failure at most.

To return to self-esteem and self-confidence (the former being an action and the latter being a condition resulting from that action), let me state a sometimes terrifying but valid fact: Self-esteem is largely based on healthy relationships. If you can't maintain positive and healthy relationships with others (or if you have no close relationships), you may not want to read further.

You will need a support system that alerts you when you're off the deep end and validates you when you're on target. I have rarely observed a successful consultant who cannot maintain and nurture personal relationships in his or her personal life. That is a great place to get started in consulting.

Time Use: There's No Such Thing As Not Having Enough Time

I work with consultants every day who don't have time to be with their families, enjoy their hobbies, or even work with all the clients they would like to. In fact, many of them have to schedule coaching calls with me weeks in advance, even though I have the time and my practice is many times the size of theirs. What's wrong with this picture?



Career Key

Your consulting practice is a means to an end. The ultimate objective is to provide for loved ones, enjoy life, maximize your contributions to the environment around you, and fulfill your ambitions and dreams. It's counterintuitive, perhaps, but you'll be more successful launching and building your career if you see it as a means and not an end in itself.

Never lose sight of the fact that time is the great equalizer. We all have the same amount of time, man or woman, young or old, wealthy or impoverished, neophyte or veteran. The question, of course, is *how we choose to invest it*. There is no such phenomenon as not having enough time. When we say, "I'd like to, but I don't have time," what we're really communicating in that statement is, "That particular activity is not a priority, so I'm spending my available time on something I consider more important." So if you don't have time to market your services, to write an article, to spend a romantic evening with your spouse, or to attend your kids' soccer games, then you're simply choosing not to. This is a sobering but vital fact to understand as you create and build a professional consulting practice.

Starting Point

Time should not be viewed as a resource issue, but rather as a *priority issue*. Make sure you truly comprehend what is important for you and to you.

As you get organized, get organized. Create lists—folders are effective only if you see them daily and look through them; I prefer lists that sit on your desktop and can be toted along, not computer screen lists that disappear behind screen savers when you're away from the monitor. The lists should establish your priorities for *both professional and personal goals*. Whenever I ask consultants what their current status is and where they'd like to be in two years, they inevitably provide purely business objectives: revenues, number of clients, name recognition, and so on. This is a fundamental weakness, because our professional and personal lives are so intertwined in this profession.

(By the way, paper lists that are constantly in view are far superior to electronic lists kept on a computer or PDA. A list that takes work to access may as well not be there.)

Here are the 10 keys to effective time investment as you proceed from square zero. They will stand you in good stead throughout your consulting career, no matter how large and successful the business becomes.

Friendly Advice**1. Find advisors whom you trust**

I had never run my own business before so I needed to quickly learn all about how to do it. This included simple things like how to track my revenue and expenses, how to pay myself a salary and the tax implications, how to get clients, how to structure my bank accounts, how to position my business . . . you get the drift. I relied very heavily on a few key people (mainly parents and friends) who had been through this before and were happy to guide me through the process.

2. Find a mentor

Luckily, I was able to find someone who was running his own consulting firm and was happy to share his wisdom and experiences with me. This got me through the first 6 months of my startup. Discussing issues around whether or not to take on employees, the advantages and disadvantages of owning client relationships, and handling problem clients was invaluable.

(continued)

3. Hire specialists

I had no idea how to structure my finances and payroll, so I hired an accountant. I had no idea how to incorporate a company so I hired a lawyer. I am not a design expert so I hired a graphic designer for my stationary and web site. I was not an expert in any of these areas (or many others for that matter), so I hired people that were.

—Andrew Miller
President, ACM Consulting Inc.
Toronto, Canada

10 Time Investment Tips

1. *Integrate your professional life and your personal life.* You only have a single life. Don't compartmentalize, trying to create 8-, 10-, or 12-hour workdays. If you feel like writing an article on Saturday afternoon, do it. If you want to see your daughter's dance recital on Wednesday morning, do that. A week has an enormous amount of time if it's not arbitrarily chopped up and apportioned. (When you say that you "don't have the time" to see your kids' events, you really mean that you regard other things as more important and you've decided not to see their events.)
2. *Use lists to create forward progress.* At the outset, keep a monthly, weekly, and daily to-do list. This will not only create an important feeling of accomplishment as you cross off successfully completed tasks, but it will also forge momentum. In other words, you won't be able to say that you're still working on that article 90 days later. (It takes 90 minutes, not 90 days, to write an article.) Integrate personal and professional needs on the lists, so that your life and business are moving forward together, and you're not leaving one behind to advance the other.³ (These list formats are available in every type of personal calendar product, but I reiterate that I like simple pieces of paper that you can keep in a pocket or purse or on a desktop.)
3. *Don't do things that are easily delegated or for which you aren't skilled.* Invest in a graphic designer to do your letterhead and logo. Have a web expert develop your web site. Hire a lawyer to incorporate your business. Select an accountant to do your taxes and filing. If you can't type and you have a large volume of literature to create, hire a student by the hour. Place a premium on your time. You're not saving money by struggling over something you have no flair for or ability to complete. You're wasting money.

4. *Don't dally over low-priority decisions.* The name of your firm is not of cosmic importance. Make a decision and move on. If you want feedback, ask a few potential clients (not friends, since only clients buy your services, not friends) and then make a decision. Don't agonize over the look of a presentation folder or business card. They can always be changed later. Your initial sentiment is usually valid, and weeks of analysis won't change the decision.⁴
5. *Do what feels right at the time.* Don't sit uselessly at your desk and force yourself to make phone calls if the spirit doesn't move you, even though it's 10 o'clock in the morning and you're supposed to be working. That's a construct from an old, bureaucratic system. If you're not ready to do some work, then go to a personal item on your list, and clean out the garage, get the car washed, or buy your spouse's anniversary gift. Conversely, don't mindlessly surf the cable channels if there's nothing interesting on television, even if it is 8 o'clock in the evening. Move to your business items, and write a publicity piece, sketch out a speech, or put a proposal together.
6. *Maintain a sanctum sanctorum.* Never attempt to work in a public area in your home (even if you live alone). Designate a den, a spare bedroom, or a heated part of the garage as your private office. Use what I call a "focused workspace" that has all of your equipment and support needs with minimum distractions. When you are working, keep the television off, the door closed, the interruptions few.
7. *Spend money to maximize efficiency.* Have the phone company install a dedicated fax line and a minimum of two lines for your residence/home office—one for personal use, one for business use. (Or use your computer to send and receive faxes.) There is nothing worse than having your phone line tied in to your fax line. Install call waiting, voice mail, your own postage meter, a high-speed copier, a plain-paper fax with memory, a superb computer, and a laser printer. Buy an excellent cell phone. This is all investment, not cost.⁵

Career Key



I do not know of a single full-time consultant. Even if it were possible, who on earth would want to do it?

8. *Be selfish with your personal time.* Don't allow people to invade your time at their whim. Tell people on the phone that you're busy and can spare only a minute or will have to call them back later.

Tell your family that they need to give you another hour to finish what you're doing. Schedule installations, repairs, and maintenance around your convenience, not the vendors'. (You'd be surprised how flexible schedulers and dispatchers get when you say, "Look, either you can schedule this when it's convenient for me or you can cancel our order, and I'll tell the owner of the firm exactly why you've lost our business.")



Starting Point

Use your cell phone only to return calls. Never allow anyone to interrupt you at *their* discretion. Check your messages and return calls when best for you (but always within a short time frame).

9. *Plan your long-term time investment.* When you know that you have a major time commitment—preparing a speech, creating a marketing piece, working with web designers, writing a proposal—start with the deadline, work backward, and break it up into manageable chunks. If something is due in four weeks, set your deadline at three weeks out, thereby allowing yourself an entire week for contingencies and problems. Then, allocate time each week from the finished product back to the present and the initial steps. Schedule on your calendar (and to-do lists) three hours every other day, or five hours a week, or one day a week, or whatever will enable you to get the major project completed while also working on a myriad of other things during the same time period. It's all in the planning.
10. *Allow for the unexpected.* Medical consultants advise doctors never to schedule wall-to-wall appointments during the day, because inevitably there are emergencies, late patients, complications on routine exams, and so forth. These create a domino effect by day's end, and some very unhappy scheduled patients. Instead, they advise some built-in slack time that can absorb the contingencies. If not needed, slack time provides valuable respite. You should do the same. Allow yourself some deliberate slack time during the day and during the week. It will be like money in the bank.

When you're 80 percent ready, move! The other 20 percent can be attended to with midcourse corrections. To quote Confederate General Nathan Bedford Forrest, "Get there firstest with the mostest."

Talking to Consultants

Q: What was your entry into your own practice?

A: When I started my practice in 1989, it was not exactly a planned experience. I was at that time a vice president of marketing at a software start-up in Berkeley, and the new CEO took me to lunch one day and fired me. This was for political, not competency reasons. So as I drove home, I was trying to figure out what to do. When my wife got home from work that night, I said, “Guess what. I’m now in the consulting business.”

Q: What would you do differently in your start-up if you had to do it again?

A: If I had it to do over again, I would have done a lot more planning and had a lot more money in the bank before starting. It has taken me almost ten years to overcome starting undercapitalized. In starting my next company, I am making sure this does not happen. If I had it to do over, what I would have done more of is [I would have] planned what I would do, how I would do it, and who I would do it for. I had to learn as I went, and it took me a good three years to craft a service offering that was really meeting the needs of an easily identifiable group of clients.

Q: What has been your biggest surprise?

A: My biggest surprise in all of this is that I really could do it, and be a success at it. I always thought I needed a corporate structure (or some structure) to work within. I found out a lot about myself in the process. I find working for yourself is like constantly being in group therapy, with your clients as the group. They are constantly giving me feedback. The better the relationship with the client, the richer the feedback!

—David Coleman,
Managing Director,
Collaborative Strategies LLC

Focus: We’re All Working Part-Time

The pseudo-sage advice in this business is, “You have to be a full-time consultant and work at this profession exclusively if you want to succeed.” The only problems with this sagacity are that it’s based on a false premise, has never been actually exemplified, and wouldn’t work anyway. Other than these drawbacks, it’s great.

You have to be serious about your craft, but that doesn't mean you have to engage in it to the exclusion of all else. You have to develop your consulting skills and market your services, but that doesn't mean you have to zealously sacrifice all other interests or even all other sources of income. College professors have moonlighted successfully for years as consultants, as have expert witnesses in a variety of fields, business executives on the lecture circuit, and all sorts of entrepreneurs.

I probably work at the combination of consulting, coaching, speaking, and writing about 25 percent of my waking, available time. That's why I'm in this profession—I'm a refugee from the mindless rigors of the nine-to-five corporate world. The key is not how many hours you work. (Nor, for that matter, is it how much you make. The only test of business success is how much you *keep*.)

There isn't much chance to launch a successful consulting career if you're holding down the traditional daily job and want to consult only at night and on weekends; this is mainly because your prospective clients don't want your help at night and on weekends (although there are exceptions here, such as consulting in computers and programming, certain health care and medical consulting, and so forth). You do have to give up the proverbial day job.

However, true consultants aren't constantly on the client's site and, when not there, don't continually work the phones, write, and network. There is a lot of down time in the profession. This isn't unusual or bizarre. Walk around any major organization, and you'll find people chatting in the hallways, spending an inordinate amount of time at unnecessary meetings, and playing solitaire on their computers. We all goof off, because no job requires constant attention and no human could endure that demand if the job did.

In this electronic age, it's easier to consult remotely than ever before. Client personnel are often interacting solely by phone and email and virtual meeting; why shouldn't you fit right in?

I'm a part-time keynote speaker, even though that part of my practice generates almost \$600,000 annually. Yet I speak only about 30 times a year, for about an hour. That's less than a traditional workweek, one out of 52, for over a half a million bucks. Ironically, it's the fact that I don't speak more often that makes me so successful, keeps me fresh, creates demand, and makes my fee appropriately high.

Don't judge yourself by your time commitment. Judge yourself by your results. My ideal, I often tell people (and silence a room in doing so) is to work five minutes a year for \$10 million. My wife says that if I can work five minutes at those rates, I should be able to work 10. We'll see.

Keep the following separation in mind at all times, however, as you launch your career and plan its growth:

- Condition one is that you intend to build a self-sustaining business in consulting, one that is profitable, creates a personal or company identity, and can support your lifestyle and goals, no matter how much or how little you are actively engaged in it.

- Condition two is that you intend to consult on the side as opportunity presents itself, and the resultant income is simply gravy on top of the predominant income derived in your other pursuit or pursuits.

Conditions one and two are mutually exclusive. In the first condition, you must proactively market; in the second condition, you can simply reactively accept business. A business failure in condition two is almost inconsequential, while a failure in condition one is catastrophic. The first is an occupation, the second an avocation. Do you really want to be a “consulting dilettante”?

One of the key determinants here is how you identify yourself. When a stranger at a party asks, “What do you do?” and you reply, “I’m a consultant,” you’ve staked out condition one. But if you were to reply, “I’m in insurance,” or “I’m in insurance and do a little consulting,” then you’re in condition two. Condition two is virtually never an entry point for condition one, because it provides too much security, too many comfortable factors, too much status and ego involvement, and very small risk.

This book is written for those in condition one, although the concepts are mostly applicable to condition two, as well. Both approaches are valid and can be quite successful, but there is a big difference between being a consultant and being someone who consults on the side. None of those college professors alluded to previously refer to themselves as “consultants who teach.” They are professors who consult on the side. Their advantage is in their academic haven and secure salary and benefits, but their disadvantage is their time obligation to the university and the fact that they are not dedicated, focused consultants. (I can’t begin to tell you how many clients have said, “Please, not another academic or theoretician” when offered a professor’s help.)

A consulting practice is not a question of volume of time but rather of quality of focus.

Starting Point



This is really the marketing business. Marketing—aggressively and passively—is a full-time endeavor.

Why Collaboration Can Kill You

Everyone in the world wants to collaborate. Unfortunately, this means mostly exchanging business cards and hoping for the best.

Understand that people are not going to give you business. Many new consultants want to *collaborate* with me by getting subcontracting work or participating in one of my projects. There is nothing in those deals for me, no value

added, no synergy. Similarly, you'd be crazy to offer hard-won business of your own to someone else just on the promise of some vague, future reciprocity.



Career Key

Don't simply assume that your content expertise from your former career will be sufficient to meet client needs as a consultant. Ask what results clients need, determine what interventions will enable you to deliver those results, and then make a plan to acquire and continually hone those skills.

Collaboration, alliances, partners, and other "Let's work together" offers are just like bank loans, agents, and speakers bureaus: You can't get them when you need them, but they're all over you when you no longer need them. Don't get lulled into wasting precious time, effort, and money on offers of collaboration that don't have a specific piece of business on the table to discuss. Also, remember that in collaborative efforts, one plus one must equal 64. That means that if I can create \$10,000 of business and you can create \$10,000 of business, it's silly to collaborate if the result is only \$20,000. In fact, we'll lose money, because collaboration soaks up time and energy. Only if the joint application of our respective skills can build a \$50,000 or \$100,000 piece of business where there was only \$10,000 before is collaboration worth considering.

There are only two reasons to bring other people into business you've secured early in your career:

1. You need help with the legwork, since you can't manage all of the interviewing, or training, or writing that's required within the client's time frame. This is actually quite rare and usually the result of poor planning. When you're just starting out, try to get to everything yourself so that you maximize your profit.
2. You don't have the expertise for a certain part of the project, and need help with, say, the financial planning or the technical specifications. This is valid, but not so if you need help with basic consulting techniques that you should have mastered, such as running focus groups, conducting surveys, or creating training materials.

(Later in your career you may use subcontractors if the work is tedious and provides no learning, or you simply want to work less.)

In fact, here are some basic consulting *methodologies* that may be in your tool kit if you are a generalist or deal with the people side of the business:

- Focus groups, interviewing, and similar sampling techniques.
- Problem solving, decision making, and planning.

- Innovation and creativity.
- Communication, feedback, and interpersonal relations.
- Strategy formulation and implementation.
- Behavior modification and morale.
- Performance evaluation and succession planning.
- Coaching and counseling.
- Conflict resolution and negotiating.
- Project management.
- Cross-cultural synthesis.
- Product commercialization.

If you are a specialist in technology, finance, or health care, for example, your list should include the comparable needs in your field. If you find yourself constantly looking for help because of a lack of competence, then you simply haven't prepared yourself adequately to meet client needs, and you should consider some educational help in the form of books, consulting seminars, mentoring, or an apprenticeship.



methodology

the systematic, procedural approaches that a consultant uses to implement a project (for example, surveys, training programs, competitive analyses, and so on).

Career Key

Always be cognizant of the difference between *process* and *content*. Content refers to the work of the business (for example, health care or producing cement). Process refers to techniques to run a business that can be applied to any content (for example, decision making or conflict resolution, the approaches to which are the same in both health care and cement).



Summary

If you're going to start from square zero, begin with a secure financial base, determine whether you have the requisite behaviors and temperament, carefully manage your time, focus on the quality of your approaches, resolve that this is your profession, develop the proper skill sets, and avoid useless collaborations.



content

the work of the business (for example, health care or producing cement).



process
techniques to run a business that can be applied to any content (for example, decision making or conflict resolution).

Managing time is about priorities, not resources. You need physical lists you can readily and easily consult to allocate your time to the proper personal and professional priorities.

The number of people who enter the consulting field and fail is staggeringly high. But even more unfortunate are those who enter the field, eke out a living, and get caught in the “success trap.” That is, they hit a wall or plateau because they are working hard but not working smart, and are running too fast to stop and understand their own plight.

You have the advantage of beginning the right way, learning from others’ mistakes and not placing yourself in a position of having to unlearn before you can learn. Take the time, the energy, and the moderate

risk of creating the right start, so that you can more quickly move from square zero to square one.

Final thought: Do not simply emulate others. Determine why they are successful and then adapt their steps to your personal style.

Questions and Answers

Q. Why do some people obtain their first business so much faster than others?

A. There is a variety of variables:

- Larger contact base.
- Business from a former employer.
- Bolder in pursuing networking and leads.
- Higher confidence and self-esteem.
- Luck and serendipity.
- Faster with publicity, web presence, promotion.
- If you can’t acquire business in six months or so, it’s a warning sign; if you can’t in a year, it’s an exit sign in most cases.

Q. Does it matter whether or not my key suppliers are physically in proximity to me?

A. Yes and no. You can have graphics design, answering services, office supplies, and so forth done at a distance. But I’d recommend that you be able to look your bookkeeper, accountant, and attorney in the eye. Also, your printer should be close, because it minimizes shipping of materials and you can have things done on an emergency basis much more easily.

- Q.** Doesn't it make sense to develop products and offerings well before you launch your practice?
- A.** Actually, no. You should focus on your value and results for clients. Arbitrary offerings may not be needed in the marketplace, or may restrict you right out of the box to training, or coaching, or facilitating, or whatever. Determine how the client is better off when you are finished, and you'll know what your real value is to the client's business.
- Q.** How do you overcome the problem of being a single consultant when the prospect asks, "Is it just you, or are there others involved?"
- A.** Always prepare for common objections and questions. In this case: "The largest organizations in the world—GE, JPMorgan Chase, Toyota, the Federal Reserve—use independent consultants because they are highly focused and very cost-effective. That's why I operate alone. I assume you'd want those same advantages in a consultant."
- Q.** I'm told that brokers and agents and common listings can really help the beginning consultant. Is that accurate?
- A.** Not in the least. This is a relationship business, so middlemen don't help at all. They are the only ones who make any money from your working with them. Ask yourself this: Would a corporate buyer go through lists and web sites to find a consultant, or would the buyer rely on referral and word of mouth? Focus on building your brand, not your band.

Notes

1. See Appendix A for a sample business plan for the purpose of raising funds from investors.
2. One exception: If you are beginning with a contract already in place from a prior employer or business contact, you already have some cash flow to offset the year's expenses. But the caveat here is to ensure that you are marketing to attract other business during the initial term of the contract, or you'll be back at square zero when the contract is done and the fees have been spent. See Chapters 4 and 5 on creating a marketing presence from the outset.
3. See Appendix B for sample to-do lists.
4. By the way, this is why you should never have extra thousands of copies of anything printed, no matter how often you're told, "It's only an extra \$200." Keep inventories low on items that you're likely to change. The savings don't justify being stuck with out-of-date or out-of-style materials.
5. See Appendix C for suggested office equipment and recommendations.

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