



So You Want to Be a Consultant

A person who never made a mistake never tried anything new.

Albert Einstein

Have you ever admired consultants who zip into your company, capture everyone's attention, accomplish in days what you've been struggling with for months, and waltz out with a big check?

Ever thought you might like to be a part of that glamorous profession? This book will help you determine whether you have what it takes to be a consultant, as well as whether the consulting profession offers what you desire as an individual.

WHAT IS CONSULTING?

Consulting is the process by which an individual or firm assists a client to achieve a stated outcome. The assistance can come in the form of information, recommendations, or actual hands-on work. A consultant is a specialist within a professional area who completes the work necessary to achieve the client's desired outcome.

Whether companies need help downsizing, installing a new computer system, building an executive team, or breaking into the Chinese market, they can call a consultant to assist with the effort. The organization requesting the assistance is usually called the *client*. The term can refer to the entire organization or to the person who actually made the call.

Consulting is not a descriptor that identifies a profession in itself. Unlike doctors or accountants, highly skilled consultants come from very different backgrounds. A qualifying adjective is required to identify the form of service or the area of expertise—for example, management consultant, engineering consultant, or performance consultant. Although consulting is not a profession by definition, it is often referred to as “the consulting profession.” For the sake of convention, I will refer to the “profession” in this book.

The actual work of a consultant can vary quite a bit, depending on the area of expertise offered. Every consultant must be a subject-matter expert in some area. The expertise might be in the form of general content, such as management development, organization development, leadership, or family business. Expertise might be in a specific profession, such as computers, security, writing, or marketing. Expertise might also be in the form of how the consultant delivers services, such as facilitation, training, strategic planning, or team building.

Even after you determine an area of expertise, you will want to select the actual work method you wish to use. For example, if you decide to focus on the training and workplace performance field, you could develop and deliver your own material or subcontract material development to another person while you deliver it. You could develop material for others, or you could deliver others’ materials. You could even be certified to deliver others’ courses, especially for the large training supplier firms.

If you are a generalist, such as a management consultant, you will need to determine whether you will focus on a specific industry, such as manufacturing, banking, aerospace, or one of hundreds of other industries.

FOUR WAYS TO GET STARTED

Taking risks. Embracing ambiguity. Practicing flexibility. Balancing both process and people issues. Managing multiple responsibilities. Tolerating extensive travel. Communicating effectively. Learning continually. Proving your worth again and

again. Does this describe you? If you responded with a resounding “Yes!” consulting may be an ideal career move for you.

Let’s assume that you’ve decided consulting is right for you. What opportunities exist? Think about your ultimate goal. Do you want to be a partner in one of the “Big Four”? Will you eventually own your own firm? Do you think you will always want to consult as a sole practitioner? Do you want to teach part-time at a small university and consult on the side? There are at least four ways you can enter the field: as an employee, as a subcontractor, as a part-time consultant, or as a self-employed independent consultant.

As an Employee

Numerous employment opportunities exist for you. You could join a large national consulting firm or a small firm. Another alternative would be to partner with someone in an even smaller firm.

Large Firm. If you have just graduated from college, this is your best bet. You will need to get experience. As an employee in a large firm you will be an extra pair of hands on large projects—a great way to get experience. The summer 2006 Salary Survey of the National Association of Colleges and Employers (NACE) lists consulting as one of the fifteen highest-paying jobs. The average salary offer for undergraduates was \$50,657, with some starting offers as high as \$65,000.



NACE publishes a quarterly Salary Survey Report of offers to new college graduates in seventy disciplines at the bachelor’s degree level. The data are compiled from college and university career services offices across the United States. If you are a recent or soon-to-be graduate, check for the most recent report for starting consultant salaries, among others, at www.naceweb.org.

If you stay in school longer, the rewards are greater. According to WetFeet (2006), a leading career research firm and top career website, M.B.A.s from top schools can expect to be offered a base salary of \$100,000 to \$130,000 as new consultants with some firms. In addition, about 75 percent of all consultants are

eligible for bonus awards on top of their salary. Recognize that high starting salaries and the demand for consultants have led to strong competition for talent.

As a consultant for a large national firm, you would be able to focus solely on delivering consulting services and generating business. Someone else would complete tax forms, hire secretarial support, and pay the rent. You would have instant name recognition and a clear career path. Although this may sound advantageous at first blush, the greatest drawback is that you might become so comfortable with your job that you would never experience the world of the independent consultant. These jobs also generally come with a great deal of pressure. Usually you are expected to generate (sell) a certain amount of consulting services. A great deal of travel is another drawback.

If you choose this route, learn more about these large firms, who they are, and what they do. I've identified several arbitrary segments. The same firm may be represented in more than one of these segments:

- The “Big Four” international accounting firms also offer professional services. They handle the vast majority of audits for publicly traded and private companies. Members of the Big Four are PricewaterhouseCoopers, Deloitte Touche Tohmatsu, Ernst & Young, and KPMG.
- Large national strategy firms, such as Accenture, Booz Allen Hamilton, the Boston Consulting Group, or McKinsey & Co., provide strategic or operational advice to top executive officers in Fortune 500 companies.
- Boutique strategy firms that specialize in a specific industry or along a functional line, such as Cornerstone Research (litigation support) or the Gartner Group (high-tech research), are smaller, and many have excellent reputations.
- Firms that focus on human resources issues, such as change management, design of compensation systems, mergers, or employee satisfaction surveys, include the Hay Group, Hewitt Associates, and Watson Wyatt & Company.
- Technology firms that design, implement, and manage information and computer systems are involved in time-intensive work that requires large teams and usually takes place behind the scenes. These firms are less prestigious, but offer more opportunities for undergraduates. A sample of firms includes EDS, HP Technology, Oracle, SAP, and Synopsis. Note that it is not always necessary to have a technology degree, as many of the jobs in these firms require other skills.



Go to www.WetFeet.com to learn more about the current outlook of the industry and profiles of some of the top consulting companies. Next go to the websites of these companies to learn more about them, the kind of consulting they conduct, and what to expect.

Small Firm. As a consultant in a small, local firm, you would experience similar advantages to those of a large, national firm. One added benefit might be that you would probably experience a wider variety of tasks and be given more responsibility sooner. If you want to travel, a drawback may be that you are often limited to working with businesses in your locality. Although your salary would be only half what it could be with one of the Big Four, you would have less pressure, more opportunity for a variety of projects, and more involvement in the entire consulting process.

Find these companies by location. Check the chapter of your local industry-specific association in the city where you live. Don't depend on the Yellow Pages. Many small firms do not find value in advertising that way. Your local librarian or Chamber of Commerce can help you also. Ask for a listing of local businesses broken down by industry.

Partnership. As a partner with one or more other consultants who are already in the business, you would be able to share the burden of expenses, marketing, and the workload. The biggest drawback is the potential for conflict around communication, decision making, unbalanced work loads, and numerous other business and personal preferences.

How do you find a partnership? Well, more often than not, they find you. You may be able to join a partnership that is already formed (expect to buy in with cash or reduced pay for a specified time period) or identify other individuals who, like you, want to get into the consulting profession. Read more about partnerships in Chapters Four and Eight.

As a Subcontractor

Rather than becoming an employee, you could subcontract with a firm. Many businesses and consulting firms are looking for subcontractors who will fill in the gaps

left as a result of downsizing or launching new initiatives. As a subcontractor you may have a less secure position, but you will have flexibility while gaining rich experience and developing a sense of the market. The work will most likely not be full-time, but this allows you time to develop your own business.

Who might hire you? You could consider the larger companies listed previously. They will most likely want you to dedicate time to one specific project. The scope will be larger and more full-time. If you like the idea of being a training consultant, consider some of the leading training suppliers, such as AchieveGlobal, AMA, DDI, Franklin Covey, Herrmann International, and the Ken Blanchard Companies.

As a Part-Time Consultant

If you're not ready to take the plunge, you could consult part-time while keeping your present job. Some people use their vacation time and weekends to conduct small projects—with their employers' approval, of course. For example, if your specialty is team building or facilitating decision-making meetings, you might be able to do weekend retreats for boards of nonprofit organizations. Consulting is natural part-time work for college and university professors. If you are in the teaching profession, you have summers and vacation days that you can dedicate to part-time experiences. Part-time work will not give you the full flavor of what it would be like to be solely dependent on consulting as a career, but it will give you an idea of whether you like the work.

As a Self-Employed Independent Consultant

You could also start your own consulting practice. As an independent consultant, you would have an opportunity to make all the decisions, do what you wanted when you wanted, and receive all the recognition. The drawback, of course, is that you would assume all the risk, be responsible for all expenses, and have no one at your level readily available with whom to discuss business plans and concerns.

The focus of this book is on this final way of breaking into the field—becoming an independent consultant who opens his or her own business. If you have decided this is the route you will take, you can still begin slowly. One way would be to obtain experience as an employee in one of the national or local consulting firms mentioned earlier, or to work part-time as described in the third option or take work with you when you leave your present employer. Chapter Four provides more detail about how you can do this effectively while starting your own business.



Looking for a consulting job? Check the Web for job listings. Here's a quick rundown of several sites. Check www.WetFeet.com; the site lists consulting jobs by state, company, city, and even pay. Jobs can be sorted by categories as well. The day I checked, 3,973 consulting jobs had been posted in the previous thirty days. Other sites for consultants include www.Top-Consultant.com, www.consultingmag.com, and www.amcf.org. At least four sites—www.TheLadders.com, www.Netshare.com, www.6FigureJobs.com, and www.ExecuNet.com—post only jobs with annual base salaries of \$100,000 or more. You may have to pay a monthly membership fee to access some of the data. Although the last four do not focus on consulting, a fair number of consulting jobs are posted there because of the salary.

WHY CONSULTING NOW?

According to WetFeet, consulting grew most rapidly, at double digit rates, from the mid-1970s until 2000. When the economy weakened, consulting declined as well—especially in those large firms mentioned earlier. Revenues shrank in 2001, stayed flat in 2002, and grew about 3 percent in 2003. An independent consultant can take advantage of slower rates in a way that the large firms cannot. As a small entity, a consultant has the opportunity to design the future. As an independent consultant, you can make changes faster than a large firm with thirty thousand employees. If organizations no longer need your expertise to nurture innovation, but need someone to help them plan for their high retirement rate, you can make that switch. Wayne Gretzky, the hockey player, is famous for claiming that his success was due to skating to where the puck “is going to be.” Consultants too can skate to where the work is going to be. During a downturn, many consultants stick with doing only what they know, as opposed to offering what clients need. This negates one of a consultant's greatest strengths.

Since 2005, growth has been healthy, though few believe that the rate will mirror the growth rate in the last century. Annual growth estimates are at about 8 percent through the first decade of this millennium. As a consultant, you can economy-proof your business by providing services to at least a couple of industries that are rarely

affected by the economy, such as health care, pharmaceuticals, and pet products. As compared to other industries, consulting continues to be one of the fastest-growing professional areas.

Turbulent times have increased how often consultants are used to help organizations make their way through the processes of implementing technology, going global, improving processes, applying lean principles, and negotiating mergers. Consulting projects continue to increase in dollar amount and duration. It is not uncommon for large-scale projects to cost more than \$50 million over a five-year period. As Charles Stein (1994) of the *Boston Globe* states, “Once upon a time, consultants were like dinner guests: They came for a brief visit, gave advice, and went home. Now they are like guests who come for dinner, move into the spare bedroom, and stay for a year or two.”

Business Trends

Two trends in the business world continue to carry tremendous implications for consulting. First is the trend toward outsourcing more and more services. Corporations will continue to hire more temporary professionals to assist when needed, as opposed to adding highly paid permanent staff. Consultants temporarily provide the “people power” to complete the work at the time it needs to be completed.

As baby boomers continue to retire at a faster rate than new people enter the workforce, corporations will continue to experience gaps and to struggle to fill positions. Consultants meet the need for people in areas as diverse as sales, engineering, health care, information technology, and accounting.

The second trend is that rapid changes occurring in the world make it almost impossible for the members of the executive team to remain knowledgeable about their industry, remain focused on their customers, stay ahead of their competition, and know instantly what to do when these factors collide in a negative way. Consultants offer the knowledge, information, data, and systems to solve the puzzle. They fill in the blanks. When the task is complete, they are on their way.

Several other trends have persisted such that they are perhaps not so much trends as a way of life. As I mentioned earlier, consulting engagements continue to be longer and larger. Other ongoing conditions that affect consulting include the continuing increase in the rate of change; a heightened concern for the security of intellectual property and the safety of the workforce; limited preparation to adequately address an increasingly diverse workforce; a higher ethical bar; the global

economy; the continuing development of technology efficiencies, which create heavier workloads that are expected to be completed immediately; and employees believing they are on call 24/7.

“Talent management”—the buzzword of the times—focuses on the recruiting, retention, and rewarding of members of the workforce. Although it is focused mostly on the work that the human resources department is supposed to do, it often encompasses training, dealing with diversity issues, and other aspects of people needs.

Across industries, health care is one of the faster-growing areas. Health care payment and delivery systems have been changing, which has generated a high demand for consultants to help health care organizations adapt to new conditions through alliances, innovation, access strategies, and quality improvement. IT requirements continue to increase the demand for consultants. Other fast-growing industries for consulting include telecommunications, the Internet, the environmental field, and finance. Service industries and government agencies continue to implement lean principles. So even if you practiced your lean Six Sigma skills in manufacturing, there is still more to be done in other areas. Nonprofit and government organizations also continue to use more consultants.

Consulting Trends

Trends also exist in the kind of work that consultants are doing. Coaching continues to be on the rise. Whereas at one time having a coach was a sign that something was wrong with an executive, now the opposite is true: employees think something is wrong if an executive does *not* have a coach!

Some consultants have become contingency workers. These consultants work full-time for months for a single employer, collecting hourly wages but no benefits from an outside staffing agency. They are paid well while they are working, but the work is mostly short term. Companies benefit with lower costs and the flexibility of easy layoffs.

That’s the demand side. What about the supply side? The same organizations that are cutting permanent staff to keep payroll down are providing a steady supply of people who need jobs and find that they can do consulting. In fact, many people cut from their jobs today may be placed in the same company as temporary employees next week.

Why this shuffling of the same bodies? Consultants are often more cost-effective for the organization, which can hire the skill it needs on an as-needed basis

rather than train and educate staff for skills that may not be used again. Consultants can usually complete projects faster as well.



Kennedy Consulting is a firm that will help you stay abreast of the trends, such as fast-growing industries or demand for specific consulting skills. Check its website at www.Kennedyinformation.com or its magazine at www.consultingmag.com.

Client Perspective

Clients need consultants for a variety of reasons. Several are listed here:

- *Expertise.* The skills necessary for the growing and changing needs of an organization are not available inside the organization. Therefore organizations turn to consultants to complete projects or solve problems.
- *Relief from time constraints.* Even when the skills are available in the organization, staff members may not have the time to complete special projects or research. A consultant can be a part of the organization just long enough to complete what needs to be done.
- *Experience.* Certain professions are experiencing a shortage of trained employees. Consultants can fill in until demand is met by training or hiring new employees.
- *Staffing flexibility.* Consultants can be brought in for the short term to complete a project. When the work is completed, the organization can terminate the relationship easily and quickly without severance pay or other obligations.
- *Objective outside opinions.* Consultants usually provide fresh perspectives. Outsiders can look at a problem in a new, unbiased way.
- *New ideas.* Consultants bring with them ideas from other firms and industries. This cross-pollination is a surefire way to tap into many resources. Staff members may be too close to the problem to see a new solution.
- *Speed and efficiency.* Hiring a consultant who has experienced the same type of project in the past may be faster and more cost-effective than bringing staff members up to speed.

- *Assessment.* A consultant can provide an objective assessment, define the problem, and make recommendations.
- *Resolution.* In the case of a merger or other change of organizational structure, an outside consultant can act as an independent mediator to resolve differences.
- *Compliance.* An organization may not have enough time and may lack the expertise to comply with legal expectations. Hiring a consultant shows that an effort is being made to correct the problem.

Consultant Perspective

I frequently speak at conferences on the topic of becoming a consultant. The title I use is “So You Want to Be a Consultant.” I always ask, “Why do you want to be a consultant?” The responses I receive are many and varied. Perhaps you’ll relate to several of the following:

- *Own boss.* I want to be my own boss. It has always been a dream of mine. I will no longer need to take orders from anyone else.
- *No set schedule.* I want to be free from daily routine. I am bored with corporate life. I’ve worked all my life. I’ve been a good employee. Perhaps it’s just this midlife thing, but I feel financially secure, and I want more than just a paycheck. I want something outside of the routine.
- *Greater opportunities.* I see more opportunities now than ever. There seems to be a growing need in every company. I see consultants in our company every week.
- *Do my own “thing.”* I have skills that I believe others will pay me for. I have a lot of experience and expertise, and I’d like to set my own agenda, rather than follow someone else’s.
- *Technology.* Technology has made it easier to create a fully operating office quickly.
- *Easy start-up.* I think it’s a business that I can afford to start. I already have a computer, and I can work out of my home office. The relatively low-cost start-up makes it possible for me to own a business. Most other businesses I checked into required over \$100,000 to open.

- *Freedom.* I want to work in my pajamas if I choose. This is as good a reason as any. Besides, there is a new prestige in working out of your home. At one time the consultant working from home was seen as less than professional. This is no longer true.
- *More money.* Consultants appear to make big bucks, and I want to get in on it. I'm working for a company that does not have a retirement plan. I sat down with the numbers, and I believe I can spend my last ten years in the workforce doing something I like and putting money away for my retirement.
- *Out of work.* I don't have a choice; I was downsized out of a job. Actually I'm beginning to think I'm lucky. I don't think I would have made the move on my own. I think I can make just as good a living as a consultant.
- *Greater good.* I want to make a difference. I'm not even concerned that I might not make the salary I am presently making. There is something greater calling me. I want to make a difference in the world and work with nonprofit organizations that will appreciate what I bring.
- *Security.* Corporate America isn't safe anymore. I want financial security, and I can think of no better way to ensure that than to take matters into my own hands.
- *Creativity.* I want to have the opportunity to be creative. I've always wanted to try something new, but in my job I am frequently told that it can't be done. I want to find out for myself.
- *Travel.* This may be a frivolous reason, but I want to travel. I know it may get old after a while, but I'll deal with that when the time comes.
- *Challenge.* I need a greater challenge, but it isn't going to occur where I am now. There is virtually no room for promotions, and I could be doing the same thing for the next six years with very little professional or personal growth.
- *Self-preservation.* I need to look out for myself. I'm in an industry that is fraught with mergers and acquisitions. I need to take care of myself and what I want out of life.
- *Location.* I want to live where I choose. The way I look at it, as long as I'm near an airport, I will be able to reach my clients.

CareerJournal.com, a website sponsored by the *Wall Street Journal*, posted its best careers in 2006. Management consultants and analysts were one of the top

eight selected. CareerJournal teamed with polling company Harris Interactive to survey U.S. adults to identify the characteristics that are most common in the jobs of highly satisfied career-focused people. The four attributes cited most included intellectual stimulation, high job security, high level of control and freedom, and extensive direct contact with customers or clients. As you can see, consulting rates high on all four of these aspects.



Check www.careerjournal.com for other information about the consulting profession.

Why did I join the ranks of the independent consultants over twenty-five years ago? The four aspects identified in the CareerJournal research are all important to me in my career. In addition, I have always said that it was because I am a lousy employee. I do not like to be told what to do; I like to march to the toot of my own saxophone; I like a challenge, and I like to take risks; I like to work directly with clients; I am a self-starter and a hard worker, but I want to work during the hours I choose, not on someone else's time clock; I want to express my creativity; and I prefer to control my own destiny.

What about you? Have you explored why you are considering a move into the consulting profession?

MYTHS ABOUT CONSULTING

There are some common myths about the field that never seem to die out. Let's look at them—and the realities behind them.

Myth 1: "Consultants charge over \$1,000 per day; therefore, I will become rich consulting." Let's take a realistic look at this myth. It may seem like a huge sum of money for a day's work, but let's examine what that \$1,000 covers. Let's imagine that you are the consultant. If you work an eight-hour day, you would make \$125 per hour. However, as a consultant you are now an entrepreneur, and it is more than likely that you are putting in a twelve-hour day. That brings your hourly rate down to \$83.

Of course it's not possible to bill for 365 days per year. Take out weekends. Remove holidays and a two-week vacation (remember, there's no *paid* vacation). We

can conservatively reduce your hourly rate by 8 percent. That brings it down to \$76 per hour. Still not bad.

As a consultant you will not be able to consult five days every week. You will need to use one day for preparation, one day for marketing, and one day to take care of administrative jobs, such as taxes, billing, research, and professional development. So now one day's billing covers four days of your time. That's 25 percent of \$76 an hour, or \$19 per hour.

Murphy's Law states that all your clients will select the same two days in September for their off-site meetings, and the rest of the month you will catch up on reading your *Fast Company* and *Harvard Business Review*. This won't happen just once each year. It may happen several times. Further, you can bet on December as a notorious downtime because of the holidays. No one wants you then. I've often wondered what really happens that month. Does no one work? Do employees turn into elves? When you add December to another bad month, you can expect to turn down 25 percent of all work because your clients' desired dates do not match your available dates. So deduct another 25 percent from the hourly fee. You are now down to \$14 per hour.

You must cover all your own taxes. There is no employer to share the burden. As a consultant, you will find that quarters take on a whole new meaning. You will not think of the football score, but of the check you must write to pay your quarterly taxes. In rough numbers, let's say that you will pay 33 percent in various taxes. That leaves you with just a bit over \$9 per hour.

You are on your own, so you must pay for your own benefits, such as health and life insurance and retirement. A very conservative estimate for this is \$1.50 per hour. In addition you will have business expenses—copying costs, telephone calls, stationery, postage. These expenses will accumulate fast! They may add up to \$2 for every billable hour. Now what does that leave you?

Looks like you're down to \$5.50 per hour. Oh, and you wanted to purchase a laptop computer? On \$5.50 per hour?!? That job at McDonald's is looking mighty good right now!

Actually it's not that bad. Although I've exaggerated the realities of consulting and there are a number of calculation flaws in the example, you nevertheless need to be fully aware of everything that goes into a consulting fee. A daily fee at \$1,000 or more sounds great. Yet when you consider expenses and nonbillable hours, a large chunk of that \$1,000 disappears quickly.

External consultants may make a six-figure income. Then again, some consultants have trouble making any income. Some consultants make less than \$50,000 a year doing the same thing as others who gross over \$500,000. Statistics that identify the average consultant salaries vary considerably from source to source. It appears that consulting, more than any other profession, embodies the spirit of entrepreneurship. Free enterprise is alive and well! You can make good money as a consultant. The potential is there. Realizing that potential depends on what you want out of your career. How well you do depends on how hard you want to work.

Myth 2: “External consulting means I will be able to avoid all the politics and paperwork that drive me crazy in my present internal job.” The politics at your present job can keep you from being productive and effective. Perhaps politics is a game you have seen your boss play. As an external consultant, you may be able to escape the politics of your present organization, but get ready to be involved in the politics of not one but ten or seventeen or thirty-three organizations, depending on the number of clients you have. As a consultant, you will have many bosses rather than just one. You will need to be acutely aware of their needs and shortfalls, and you may need to make some difficult decisions to ensure that you remain on the job.

The big difference is that instead of dealing with the same politics all week long, you will be able to go home at night knowing that you will have a fresh set to work around or through (depending on your project) later in the week.

No paperwork? You will most likely have *more* paperwork. Not only will you have more, but unless you are starting out with an administrative assistant, you will not have anyone to whom you can delegate some of the work. Some of your paperwork will have a higher degree of importance. As an employee, you may have been able to turn your expense report in late and then beg the bookkeeping department to slip it into the stack anyway. But if you file your quarterly taxes late, the IRS is not likely to slip it into the on-time stack.

You must track hours and work so that you know what to charge clients. You must bill your clients in a timely manner to avoid cash-flow problems. You must determine how you will track invoices to ensure that your clients are paying you. You must track all expenses to avoid paying more income taxes than you should. You must track and file all paperwork so that you can locate it for your attorney and accountant and banker when they request information.

Not only will you not be able to avoid politics and paperwork, but they will be multiplied as you open your consulting business. If you don't take care of your paperwork, you will be out of business faster than you got in it.

Myth 3: "I will be seen as an expert in my area." You are probably seen as an expert in the job you now hold. People turn to you for answers; you are respected by your colleagues and praised by your bosses (some of them, anyway!). Enjoy that while you can. You will be required to build that reputation with every new client relationship. You are about to face a never-ending task of proving yourself.

Starting your business goes far beyond opening an office and listing yourself in the Yellow Pages. You will build your business one client at a time. You will build your expertise one project at a time.

*You will build your business
one client at a time.*

Myth 4: "Having my own consulting practice means more free time." If you are looking forward to getting up at noon and being out on the golf course several times each week, you are in for a big disappointment. Being a consultant means that you will become a business owner—an entrepreneur. Like most entrepreneurs, you will spend sixty to eighty hours each week that first year getting your business up and running. You will be marketing your services and networking with everyone you know.

You will be working for others, most likely businesspeople who go to work early, have tight deadlines, and experience huge pressures. You will be there to work as a partner with them to meet the deadlines and to relieve some of their pressures. You may need to work nights and weekends to meet a client's critical deadline. All the while, you may be wondering when you are going to find the time to complete the marketing you must do to ensure that you will have another project waiting for you after this one is completed.

Myth 5: "Consulting is a respected profession." I thought I had chosen a respected profession. I was shocked the first time I was called a "beltway bandit"—the term assigned to consulting firms in and around the Washington, D.C., beltway.

Since then, I've been called a pest because I followed up too often with a client. I've also been called a con man, which really bothered me even though the client couldn't tell he had the wrong gender! Jokes about consultants abound.

Some of the negativity is deserved. There are many charlatans in our business. Unfortunately, the profession lacks legal standards or legitimate certification. It is very easy to go into the consulting business. Go to your local printer and have a business card printed. You are magically transformed into a consultant before the ink is dry.

Often people who are temporarily out of work drift into consulting to pick up a few bucks. They are in the field long enough to make a mess and devalue the role of the consultant. One out of every twenty projects I accept requires me to build the reputation of the consulting profession in one of two ways: I may need to clean up a mess created by a wannabe consultant who lacked organization development knowledge, or I may find myself fighting a battle of trust due to poor ethics or overcharging by a consultant who worked with the client organization previously.

Myth 6: "It's easy to break into the consulting field. All I need to do is print some business cards." This is actually true. It is easy to break in to the business. *Staying* in is what's hard. You did want to make a living, too, didn't you?

Initially you will need to spend at least 50 percent of your time marketing your services. You will need to establish business systems; set up your computers and printers to do all the things you want them to do; and create tracking systems for money, clients, paper flow, projects, and a dozen other things identified throughout this book. You may feel exhausted, and we haven't even mentioned providing services to your clients.

Myth 7: "Deciding to grow my practice is an easy decision. Everyone wants to grow a business." You would think the business of consulting would become easier over time. Unfortunately it does not. If you are good, you will have more work than you can handle. At some point you will question whether to grow your business and how to do it. Should you produce products? Take on a partner? Create a firm? Or stay solo?

This is not an easy decision. It requires risk taking and capital. The pressure will be on you to grow. You must remember that there are many ways to grow without adding people to your payroll.

The responses to these myths were not meant to disillusion you. They were meant to ensure that you had both sides of the story. So let's explore what *is* great about consulting.

REWARDS AND REALITIES OF CONSULTING

I've listed some of the rewards and realities of consulting in the following paragraphs. Take them to heart as you make your decision about starting your own consulting business.

Rewards

Consulting can be one of the most rewarding yet challenging careers out there. Imagine sitting at a desk looking out at the scene you have chosen. Imagine waking up every day knowing that you are going to do what you have chosen to do that day. Imagine not fighting rush-hour traffic day after day. Imagine being able to select the projects you want. Imagine working with the people you want to work with. Imagine doing what you are best at and what you enjoy most. Imagine challenging yourself and living up to your potential. Imagine being paid well to do what you love. Imagine working your own hours. Imagine feeling the satisfaction of being a part of a project that you believe in. Imagine completing projects successfully and being genuinely appreciated. Imagine being able to make a difference. Imagine working in locations that you have selected. Imagine taking the day off without asking permission. Imagine getting up in the morning and not going to work . . . but going to play! These are the rewards of consulting.

Realities: First-Year Lessons Learned

What's the first year like? Three new consultants offer you some of their thoughts about the realities of the field. Perhaps their first years' lessons will remind you of things you need to do.

Consultant Number 1. My first year was a real surprise. I had been on the purchasing end of consulting for so many years as the director of training that I was sure I knew all there was to know. So when our company offered an early retirement package, I took it. The consultants I had worked with were top-notch. They had made the job look so easy! I laugh now about all that I didn't know. For

example, I never thought about how consultants completed all they had to do! Giving up my weekends those first months was a real shock! And I had no idea about how business was generated. I didn't know I'd have to sell! It certainly was good that the company provided a generous severance package. I used all of it and a portion of my savings to get started. Otherwise I would have starved!

Consultant Number 2. Starving wasn't my problem! I gained ten pounds my first six months as a consultant! I had no idea working out of my home would be so difficult. There were so many distractions—the lawn needed mowing, the laundry needed folding, the walk needed sweeping, the dishes needed washing, the floor needed scrubbing, the garage needed cleaning. And the refrigerator was the worst distraction! I seemed to open it every time I passed it. I had to work hard at time management and separating my business from my home. I had to make a few investments I didn't think of initially. I needed more filing cabinets and bookshelves than I thought. I had to purchase a different phone the first week—one with a mute button to silence the dog when I couldn't. I had to establish a way to track who I called, what they said, and when I needed to call them again. Fifty-three pink telephone slips floating all around the office was not a model of organization! Now I share an office area with two other people. We share the cost of a copy machine and a part-time typist and receptionist. I need the social interaction that this arrangement gives me. I need to work away from my home. I just feel more professional.

Consultant Number 3. I wish I had contacted my accountant before I started my business. I just didn't think of it. I knew I was in trouble on April 3rd when he asked me how much I had paid in quarterly taxes. In fact, I wish I had taken at least six months to plan for my transition. I took a one-year lease on an office space that I rarely used. I thought I needed to be in the middle of things to be in business. My work focus has changed from what I thought it would be. I thought I would be regularly dispensing advice to CEOs. Instead, I find myself doing more and more writing. I have the wrong software, but every time I think about installing something better, I realize that none of the files will transfer. I know that if I continue to do the kind of work I am doing, I will need to make the change. The longer I wait, the worse it gets! I just don't have the time to do it now.

What lessons are in store for you as you enter the world of the consultant?

JUST WHAT ARE YOU GETTING YOURSELF INTO?

As you can see, there are many pros and cons in the consulting field. The number one reason consultants love their jobs is the intellectual stimulation. Two key reasons consultants dislike their jobs are the long hours and the travel. Trying to decide whether to go it on your own can be confusing. Just as you would with any major decision, you will want to conduct your own research. You will want to discover whether consulting is a profession you want to pursue.

One of the best ways to do that is to talk to other consultants. Explore your concerns and confirm your hopes by interviewing people in the profession. Most of us enjoy talking shop, especially if we work alone. As professionals we owe it to those entering the field to share our knowledge and insight. But what should you ask someone who has been in the business? Exhibit 1.1 provides a list of questions you can use to interview consultants. Also spend time thinking about the various



Exhibit 1.1. A Dozen Questions to Ask a Consultant.

1. How long have you been a consultant?
2. How did you start?
3. Why did you decide to become a consultant?
4. How would you describe your consulting practice?
5. How have you structured your business, and what are the advantages and drawbacks of that structure?
6. What do you do for clients?
7. What is a typical project like?
8. What is a typical day like?
9. What marketing activities do you conduct?
10. What is the greatest challenge for you as a consultant?
11. What would you miss the most if you quit consulting?
12. What should I have asked that I did not?

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ideas explored in this chapter and develop your own questions. How will a change affect your career path? How will it affect your personal life? Take your time in making a decision. Do your homework.

Exhibit 1.2 challenges you with several aspects of becoming an external consultant. Read the statements, checking all with which you agree.



Exhibit 1.2. Are You a Match for the Profession?

Quick Quiz

- I am willing to work sixty to eighty hours a week to achieve success.
- I love risk; I thrive on risk.
- I have a thick skin; being called a pest, “beltway bandit,” or con man does not bother me.
- I am good at understanding and interpreting the big picture.
- I pay attention to details.
- I am an excellent communicator.
- I am a good writer.
- I like to sell myself.
- I can balance logic with intuition and the big picture with details.
- I know my limitations.
- I can say no easily.
- I am compulsively self-disciplined.
- I am comfortable speaking with people in all disciplines and at all levels of an organization.

Although the specific number of checks on the page is not significant, your willingness to face the reality of what it takes to be a consultant is *very* significant. Each time you are unable or unwilling to check a box, you increase the gap between you and success.

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Here's an explanation of each statement in the quick quiz:

- *Are you willing to work sixty to eighty hours each week to achieve success?* You are about to enter the world of the entrepreneur. Perhaps you will be able to decrease the number of hours after your business is up and running, but until then the hours will be demanding. Most successful entrepreneurs require less than eight hours of sleep a night. Time is always a critical element to entrepreneurs. In his book *Entrepreneurs Are Made, Not Born*, Lloyd E. Shefsky (1994) teaches readers how to learn to get by with less sleep! You will eventually become more disciplined about your use of time, learn to juggle many things at once, and identify priorities.

- *Do you love risk and thrive on it?* As a consultant you will live with constant uncertainty. The biggest risk relates to finding enough steady work to pay the mortgage. Even if you land a yearlong project with an organization, the person who brought you in may not be there as long as you are. The possibility of a change in management through a promotion, transfer, or layoff could put the project, and thus your contract, in jeopardy.

- *Do you have a thick skin? Does being called a pest, beltway bandit, or con man bother you?* Consultants are not always respected. How will you react the first time your profession or your personality is criticized?

- *Are you good at understanding and interpreting the big picture?* Clients will often hire you because they believe that you will have a unique advantage and be able to see the organization from a different perspective. You will constantly need to think outside the parameters that your client explains. You will often need to be a quick study in how the organization works, and you will need to be adept at asking the critical questions that will result in the insight your client needs.

*Be a quick study in how
an organization works.*

- *Do you pay attention to details?* Although you must see the big picture for your client, you will also be running a business that will require you to focus on the details of accounting, proofreading, and scheduling, among others.

- *Are you an excellent communicator?* This is critical. I cannot think of a single consultant who does not need to be a superior communicator. If you did not check

this box, I would seriously recommend that you obtain additional training and development in communication before you attempt a consulting profession. It is basic, and it's required. You must be able to communicate clearly and completely. You must be a good listener.

- *Are you a good writer?* Written communication is almost as important as verbal communication. You will write reports, marketing materials, letters, proposals, and client materials. In many cases your work will go before top management. If your writing is not as good as it should be, you may want to hire someone to proofread your work or even complete the writing for you.

- *Do you like to sell yourself?* Knowing how to impress a client with your skills and abilities without bragging is an art form. It is often a matter of your attitude. You must believe in yourself and be able to convince a client that you can achieve what your client wants you to achieve.

- *Can you balance logic with intuition, the big picture with details?* A consultant must be able to put on whatever hat is required to do the job. You may be buried in the details and logic of your cash-flow projections when a client calls and asks you to brainstorm the needs of the community in 2020. Your marketing plan will be a balance of logic and intuition. You must be flexible. You must be able to tap into all your skills and attributes.

- *Do you know your limitations?* Only you know what they are. Are they physical? Social? Financial? Might they prevent you from doing what needs to be done? We all have limitations. It's how we manage them that counts. One of my limitations is an inability to make small talk. I overcome that by planning ahead for situations in which I will be expected to make small talk. If you don't know what your limitations are, ask someone who knows you well.

- *Can you say no easily?* You will need to say no to some projects because they aren't right for you. (More about that in Chapter Five.) You must also stay focused on your strategy. It may be tempting to accept a project that's not right for you—especially if you don't have anything on the horizon. You also must be realistic about the amount of work you can take on. Initially it will be better to overestimate the time a project will take than to have quality suffer because you spread yourself too thin.

- *Are you compulsively self-disciplined?* You must be a self-starter. You must be compulsive about your financial records. You must be compulsive about planning and developing materials for your clients. You must be compulsive about billing your clients.

- *Are you comfortable speaking with people in all disciplines and at all levels of an organization?* Depending on the project you have accepted, you may find yourself talking to crane operators, secretaries, supervisors, janitors, teachers, presidents, welders, scientists, or cooks. You must feel comfortable with them so that they feel comfortable with you.

*Be compulsive about
billing your clients.*

How are you doing? Ready to learn more about the skills of a consultant?

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