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# The Right Stuff

# W

hat exactly is a consultant? The word comes from the Latin word for “to discuss,” while the dictionary defines *consultant* as “an expert in a particular field who works as an advisor either to a company or to another individual.” Sounds pretty vague, doesn’t it? But interestingly it’s that very vagueness that gives you the leeway to create a consulting business that’s exactly what you want it to be and allows you to do precisely what you want to do.

Businesses certainly understand the value of consultants. According to estimates by Plunkett Research, a provider of industry sector analysis and research, management, scientific, and technical consulting services generated more than \$171 billion in revenues in the United States during 2012, while IBISWorld, a provider of industry information, reports that worldwide consulting revenues were \$335 billion.

That's a pretty good indication that the market is wide open for new consultants in virtually every industry.

And there's more good news. The Bureau of Labor Statistics (BLS), U.S. Department of Labor, *Occupational Outlook Handbook*, reports that employment in the management analyst (aka consultant) field is expected to grow 22 percent through 2020.

But why exactly are consultants in such high demand? First, companies understand the value consultants bring to their organizations by virtue of their experience, expertise, and knowledge. Second, consultants bring fresh ideas and a fresh perspective to projects. And third, companies that have to lay off workers for economic reasons still need to get the work done despite their reduced labor pool.

## Taking the Plunge

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For their part, independent consultants have different motivations for taking the plunge into self-employment. Some of them are baby boomers who may have worked for years—or decades—for one or more companies, and simply are ready for a career that will allow them to call the shots for a change. Others, like Bill Metten, a consultant in Delaware, have been laid off or downsized out of a job and decided to seek a new opportunity that will allow them to use the knowledge they've acquired on the job.

"I was a senior executive for a chemical company when the industry went to pot in the early 1990s," says Metten, who founded his public relations/customer service consulting business in 1991. "The company made me an offer I couldn't refuse, and since I had long harbored the desire to have just a few clients and spoil the dickens out of them, I decided to take the plunge."

And still others, like Melinda Patrician, a public relations consultant in Arlington, Virginia, discovered that technology made it easier to work as a consultant from home.

"The same technology that has helped me to be successful as a consultant has made it easier for others to do the same," Patrician says.

Simply put, a consultant's job is to consult. It really is that simple. But what separates a good consultant from a bad consultant is a passion and drive for excellence. And of course, good consultants should be knowledgeable about the subjects

they're consulting in. You see, in this day and age, anyone can be a consultant in pretty much any field or discipline, from management to wedding coordination, academic course design, professional image, interior design, and much more. All you need to discover is what your particular gift is. For example, are you proficient with computers, by virtue of your job history or personal interests? Do you keep up with the latest in software and hardware, and have the latest and greatest equipment on your own desktop? Are you well versed in web design, blogging, and social networking? And are you able to take the knowledge you've gained and turn it into a resource that someone would be willing to pay money for? Then you could be an awesome computer consultant.

Or maybe you're an expert in the fundraising field. Maybe you've worked for nonprofit agencies in marketing, public relations, or sales, and over the years you've discovered the secret to raising vats of money. It's possible to turn that kind of fundraising success into a lucrative consulting business, according to John Riddle, a fundraising consultant in Bear, Delaware, who has done just that. Fundraising is growing in small social services agencies, such as soup kitchens and homeless shelters, and in large universities, colleges, and nonprofit hospitals. So once you've successfully learned how to write grant proposals to foundations and corporations and gotten a few years of experience under your belt, you could join the ranks of fundraising consultants who are earning six-figure salaries—or even more.

And in case you're wondering, yes, it is possible to be a consultant in more than one field at the same time. Riddle did this, when he simultaneously built a successful fundraising consulting business while using his writing skills to develop an editorial consulting business. But while this sounds like a great way to earn income fast, it did have its pitfalls. It wasn't unusual for Riddle to find himself meeting with the board of directors of a nonprofit agency concerning fundraising strategies one day, and the next day showing a client how to break into the

Tip...

### Smart Tip

Before you decide on a consulting specialty, make sure you have a passion for that field. If you can imagine talking with someone for hours at a time about your specialty without referring to notes or books, then you clearly have selected the right field in which to work as a consultant.



### Beware!

If you decide to consult in more than one field, be certain that you can devote enough time and energy to both; otherwise, you run the risk of having both of your consulting specialties fail.

## 'Tis the Reason

**A**lthough money often is a key factor when someone decides to become a consultant, there are a few other reasons why people choose this profession:

- *You're not living your dream.* Maybe your dream has been to work on your own and to be your own boss. As a consultant, you're responsible for your career, not someone else's.
- *You're about to lose your job (or have already).* Job security is almost a thing of the past, as everyone knows. Gone are the days when you work for the same company for 20 or 30 years, receive your gold watch, and spend your retirement years fishing. As a consultant, you have the power to control your economic future—and ultimate happiness.
- *You have a talent people will pay money for.* Suppose you worked for 20 years in a particular profession—say, fundraising or financial management or event planning—and built a reputation for yourself. Odds are, people will pay you for that knowledge and skill.
- *You want an additional source of income.* Maybe your goal or desire is to work only part-time as a consultant. Many consultants in this country are successfully supplementing their incomes by practicing on the side. Be advised, however, if your consulting business begins to interfere with your main job, you may have to choose between the two.
- *You believe you can make a difference.* Many people become consultants because they know they can do a particular job better than someone else. If you believe in something, nothing should stand in your way!

publishing world by writing book reviews for a local newspaper. But the truth is, taking on so much when you first launch a business can be exhausting, and Riddle himself confesses that at times he wished he had concentrated on one or the other field and not felt so compelled to work in different areas. Keep that in mind if you find yourself being pulled in too many directions when you start your own consulting business.

### Smart Tip

Come up with a list of your own short- and long-term goals, and write them down on paper. Review them, and revise them regularly. By having your goals written down, you'll be more likely to meet them.

Tip...



## Things to Consider

When it comes right down to it, working as a consultant can be exciting and lucrative. Where else can you work as a self-employed independent operator, set your own hours, and even set your own fees? Of course, you must be willing to devote the time and effort it takes to make a living as a consultant; otherwise, your consulting business will face significant challenges that could sink it even before it gets off the ground.

Consulting is not for the faint of heart, says California trainer and coach Susan Bock who is a past president of the Association of Professional Consultants. “This is not the business arena for someone who enjoys predictability,” she says. “There are no two days or months that are exactly the same, which can be intimidating for some people. But for someone who loves the freedom of working with his or her own clients, it’s a wonderful life, and one that allows for exponential personal and professional growth.”

When considering starting a consulting business, first ask yourself:

- *What certifications and special licensing will I need?* Not every profession requires certification, but acquiring specialized training and a subsequent certification tells clients that you adhere to higher standards. In addition, the state in which you are doing business may require you to register as a consultant or purchase a business license, at the very least, before you start your business.
- *Am I qualified to become a consultant?* Before you hang out your shingle and hope that clients will begin beating down your door to hire you, make sure you have the qualifications necessary to get the job done. If you want to be a computer consultant, for example, make sure you are up to date in the knowledge department with all the trends and changes in the computer industry.
- *Am I organized enough to become a consultant?* Do I like to plan my day? Am I an expert when it comes to time management? You should have answered yes to both of those questions!
- *Do I like to network?* Networking is critical to the success of any type of consultant today. Begin building your network of contacts immediately.
- *Have I set long- and short-term goals? How do they help me become a consultant?* If your goals don’t match up with the time and energy it takes to open and successfully build a consulting business, then reconsider before moving in this direction.


## Do You Have What It Takes?

While just about anybody can be a consultant, the best ones possess some important skills, including:

- *Listening skills:* When people talk, do you listen? This may sound like an easy question, but listening is an acquired skill. By carefully listening to your clients' needs, you'll be able to better solve their problems.
- *Investigative skills:* You need to have the ability to investigate and uncover the data necessary to complete your consulting assignment. And it takes more than just good Googling skills—you also need an analytical mind, creativity, patience, and perseverance.
- *Analytical skills:* Your ability to understand and analyze complex information relative to your consulting field is paramount to success.
- *Change skills:* You must be a person who embraces change and who can persuade your clients to make the changes necessary to solve their problems.
- *Action skills:* A good consultant must be ready to do whatever it takes to get the job done, when it needs to be done, including on weekends and holidays, or when you'd rather be in Maui combing the beach for seashells.

You'll learn more about the day-to-day responsibilities of running a consulting business in Chapter 2.

### Bright Idea



Make a list of the top ten reasons why a business should hire you as a consultant. This will help you when you prepare your marketing strategy and pitch your services to clients.

## A Brief History of Consulting

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It wasn't until the 1950s that consultants began to emerge in the business world. Until then, consultants could be found mainly in the legal, finance, and employment fields. Then in the early 1960s, the U.S. economy changed from production- to service-oriented, which proved to be the perfect incubator for a new comprehensive consulting industry. Happily, by positioning themselves as experts in their particular fields, consultants found themselves in great demand by companies that needed help but couldn't justify increasing their payroll to get it.

Then during the economic recession of the late 1970s and early 1980s, corporate America suddenly found it difficult to turn a profit. There seemed to be no other way to boost the bottom line other than by reducing staff. So little by little, businesses began to cut back on operating costs by offering early retirement packages to long-term employees and laying off anyone they felt was expendable.

From a corporate point of view, the thinking was simply "It makes sense to hire a consultant," since paying a consultant seemed like a cost-effective means of doing

business. So not only was there a boost in the demand for consultants, but also many people who had accepted early retirement packages were now setting up shop as consultants, often working for the very businesses that had let them go. At the same time, many consultants were faced with a dilemma most people never have to face: too much business. So rather than turn away a client, independent consultants joined with other consultants in their field, and thus the consulting industry was born.

According to industry experts, here are the top ten reasons organizations hire consultants:

1. *To obtain specific expertise.* Clients typically hire people who have the skills and expertise their own staff lacks, so it really pays to have a track record that speaks for itself. Riddle can attest to this: He knows that every client who has hired him did so partly on the basis of his track record.
2. *To identify problems.* Sometimes employees are too close to a problem inside an organization to recognize it. That's when a consultant rides in on his or her white horse to save the day.
3. *To supplement a company's internal staff.* Sometimes business executives discover they can save thousands of dollars a week by hiring consultants when needed rather than hiring full-time employees. They also can save additional money because consultants don't need benefits. So even though a consultant's fees are generally higher than an employee's salary, over the long haul a consultant tends to be a less expensive option.
4. *To act as a catalyst for change.* No one likes change, especially corporate America. But when change is needed, a consultant generally can do things without worrying about the corporate culture, employee morale, or other issues that tend to elicit high emotions and dissention in the ranks.
5. *To be an objective onlooker.* Besides seeing problems from a different perspective than internal staff does, a good consultant provides a fresh, objective viewpoint, then delivers results without being concerned about what workers in the organization might think about the results and how they were achieved.
6. *To teach.* If you have special skills and knowledge, someone will pay you to pass on that knowledge. As a result, it's very important for you to stay abreast of advances and developments in your chosen field so information can be passed on to clients knowledgeable and authoritatively.
7. *To do a company's "dirty work."* Let's face it: No one wants to be the person

Tip...

**Smart Tip**  
 A consultant needs to be a good listener. So the next time you're in a conversation, resist the urge to interrupt with questions or make your own comments until the other person has completely finished talking.

who has to make staff or program cuts. An impartial outside consultant is the perfect person to handle such unpleasant tasks.

8. *To bring new life to an organization.* Many consultants are retained as idea starters and innovative thinkers. If you're a subject matter expert who can think on your feet, you can help a company retool or reinvent itself.
9. *To assist with a business launch.* Business development consultants are in high demand by entrepreneurs and visionaries who wish to leave the groundwork—and grunt work—to someone else. In this role, a consultant may also assist with the day-to-day operations of the new venture.
10. *To share contacts.* If you know the movers and shakers in business, or have big business or manufacturing contacts abroad, someone will probably want to tap into that knowledge.



### **Beware!**

Before accepting any consulting assignment, be certain that the potential client isn't involved in any litigation concerning employment discrimination practices.

## The Top Consulting Businesses

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Although you can consult in just about any field these days, Attard Communications, a small, homebased business consulting firm, says that the types of consulting businesses that are thriving today include:

- *Accounting:* Businesses of all sizes—and especially small businesses—need everything from bookkeeping to tax preparation, making this a solid career choice for a new consultant.
- *Advertising:* An advertising consultant may be needed to develop strategic ad campaigns, write copy, and make ad buys, in some cases.
- *Career:* Widespread corporate downsizing has created a need for consultants who can help jobseekers reinvent themselves, polish their resumes, and otherwise make themselves irresistible to employers.
- *Computer consulting:* Consultants who are well versed in web page and blog development, software and hardware installation and troubleshooting, internet marketing, and other things cyber-based can build a viable business.

- *Education*: From finding scholarship money and advising kids who are writing their college applications, to assisting school districts with budgetary issues and other matters, an education consultant may find her- or himself in great demand these days.
- *Executive search*: No matter whether the economy is in recession or booming, headhunters (aka executive search consultants) are always in demand.
- *Human resources*: Corporations often need help with personnel issues like conflict resolution, violence in the workplace, sexual harassment awareness, and other people matters—not to mention those downsizing issues mentioned earlier.
- *Insurance*: Advising people about their insurance needs and finding the best policies at the best price remains a field with strong opportunities for new consultants.
- *Management*: Fresh ideas on how to manage a business better are always in demand, especially when a company is facing challenging economic times.
- *Public relations*: Companies thrive on press coverage that puts them in the best possible light, and the consultant who has the tools and contacts to get such coverage can be invaluable.

Other fields with strong possibilities for fledgling consultants include corporate communications, graphic design, editorial writing, marketing, motivational speaking, payroll management, strategic planning, and tax advising.

## More Keys to Success

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Finally, to be a successful consultant, you must be a successful entrepreneur—someone who's creative, freethinking, independent, and brave enough to take calculated risks. Erin Blaskie, an author, motivational speaker, and internet marketing specialist at BSETC ([bsetc.ca](http://bsetc.ca)), offers these guidelines for becoming a successful entrepreneur:

- *Implement ideas fast*. “Don't hold back and don't dilly-dally with details and with trying to be perfect,” she says. “Get your ideas out there and tweak as you go.”
- *Use your strengths, and delegate the rest*: Don't try to do everything yourself. Let's face it—to be successful, you need to learn that you aren't the best person to do everything in your business. Read *The E-Myth Revisited* by Michael Gerber for a great take on what it means to wear many hats as an entrepreneur. It'll make you realize that you should focus on what you're good at and then delegate the rest. Find the right people, and they'll pay for themselves.

- *Surround yourself with a good support system.* Learn to surround yourself with positive people, and rid yourself of toxic people.
- *Do only what you love.* Never do anything you don't love to do. Why not? You run the risk of doing a poor job at it or taking light years to turn things around. Humans aren't meant to do everything; we're meant to do the work where our passion lies and where our heart is, because *that's* what makes us successful.
- *Work only with people who energize you.* Find clients who inspire and energize you, who embrace your talents, and who understand the way you work.
- *Limit your overhead.* Stay in the green, and you'll become more successful. Think of how much less stress you'll have when money isn't an issue!
- *Be generous.* Don't be afraid to give away information or help out fellow businesspeople for nothing in return. It feels great, and people will remember you. Dr. Linda Henman, a strategy coach in St. Louis and author of *The Magnetic Boss*, offers one more crucial piece of advice: "In general, you should have three years of living expenses in savings because a great load of money goes out the door during the three to five years it will take you to launch, and not much comes in," she says. "If you don't have a cushion, you'll be tempted to set your fees too low, which is the #1 mistake consultants make and often the kiss of death."

## Earnings Potential

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By now, you must be wondering just how much money you can earn in your new consulting career. The answer is: There's no way of knowing until you start earning it. The income depends on the type of industry you're serving (for example, aerospace engineering consulting pays more than education consulting), your location (major metropolitan areas have higher pay scales), and your experience in your field (people pay for know-how).

But you don't have to take it on faith that it's possible to earn a good living as a consultant. The BLS says there were nearly 719,000 management analysts, aka consultants, in 2010 (the last year for which statistics are available) who had a mean annual wage of \$78,160. By comparison, the mean annual wage for management, scientific, and technical

### Fun Fact

The word *entrepreneur* comes from two French words: *entre*, meaning "between," and *prendre*, meaning "to take." As a consultant, you'll be entering into new ventures and taking new risks—and *voilà!* That makes you an entrepreneur in the truest sense of the word.



## Quittin' Time

**B**efore you decide to open up shop, think carefully about why you want to become a consultant. It's important that you don't become a consultant for the wrong reasons. For example, if you and your boss aren't getting along, but you've had differences with him or her in the past and have always reached an understanding, then you probably don't want to leave your job and become a consultant. However, if you're really dissatisfied with your boss and your company and can envision doing the work more efficiently on your own, then you're probably a good candidate for starting your own business.

consultants was \$74,440, while the mean annual wage for computer systems design and related consultants was \$133,460. And those figures represent people who were employees of firms, not self-employed consultants as you aspire to be. The BLS says the earnings of independent consultants have the potential to be even higher.

Carol Monaco, a Colorado, market research consultant, concurs. "I know consultants who earn \$400,000—and others who earn \$20,000," Monaco says. "It all depends on how much effort you put into it."

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