

Chapter 1

The Right Stuff

What is a consultant? The dictionary defines a 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 unless you’ve been in a coma for the past decade, you probably have a good idea what a consultant is.

Businesses certainly understand what consultants are and what their value is. According to the online statistical source Biz-Stats.com, U.S. businesses spent nearly \$28 billion on consulting services in 2003, while Plunkett Research Ltd. reports that worldwide consulting revenues were \$115 billion. And since at least 60 percent of all businesses use independent contractors such as consultants (according to the Bureau of Labor Statistics), you can see that the market is wide open for new consultants in virtually every industry.

And there’s more good news. The U.S. Department of Labor’s *Occupational Outlook Handbook 2004-05 Edition* says:

- The consulting industry ranks among the fastest growing through the year 2012.
- The industry is one of the highest paying around.
- The industry’s workers are highly educated (72 percent have a bachelor’s degree or higher).

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.



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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.

Taking The Plunge

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 Hockessin, Delaware, have been laid off or downsized out of a job and decide 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 consultant 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 has 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's that simple. But what separates a good consultant from a bad consultant is a passion and drive for excellence. And—oh yes—good consultants should be knowledgeable about the subjects they are consulting in.

You see, in this day and age, anyone can be a consultant, and you can be a consultant in pretty much any field or discipline, from management to wedding coordination, academic course design, interior design and much more. All you need to discover is what your particular gift is. For example, are you very comfortable working around computers? Do you keep up with the latest software and hardware information, which seems to be changing almost daily? And are you able to take that knowledge you have gained and turn it into a resource that someone would be willing to pay money for? Then you would have no trouble working as a computer consultant.

Or maybe you're an expert in the fund-raising field. Maybe you have worked for nonprofit agencies in marketing, public relations or sales, and over the years you have discovered how to raise money. It's possible to turn fund-raising successes into a lucrative consulting business, according to John Riddle, a fund-raising consultant in Bear, Delaware, who has done just that.

Fund raising is growing in small social services agencies, such as soup kitchens

Beware!

If you decide to do consulting 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

Although money is sometimes a key factor when someone decides to become a consultant, there are a few other reasons why people choose this profession:

- **You are not living your dream.** Maybe your dream has been to work on your own and to be your own boss. As a consultant, you are responsible for your career, not someone else's.
- **You are 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 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 that for 20 years you learned how to raise money for nonprofit organizations, and during that time you built quite a reputation for yourself. Odds are, people will pay you for your talent.
- **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 simply because they know they can do a particular job better than someone else. If you believe in something, nothing should stand in your way!

and homeless shelters, and in large universities, colleges and nonprofit hospitals. Once you have successfully learned how to write grant proposals to foundations and corporations and get a few years of experience under your belt, there's no reason you shouldn't be joining the ranks of fund-raising consultants who are earning six figures—and more.

And in case you are wondering, yes, it is possible to be a consultant in more than one field at the same time. Riddle did this when, in addition to having built a successful fund-raising consulting business, he simultaneously used his gift of writing to develop an editorial consulting business. It wasn't unusual for Riddle to find himself meeting with the board of directors of a nonprofit agency concerning fund-raising

strategies one day, and the next day showing a client how to break into the publishing world by writing book reviews for his or her local newspaper. He confesses, however, that at times he wished he had concentrated on one or the other field and not felt so compelled to work in different

Smart Tip

Develop your own short- and long-term goals, and put them down on paper. Revise them as often as necessary. By having your goals written down, you will be more likely to meet them.



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areas. Certainly that's good advice for someone in the fledgling stages of establishing a consulting business.

Things To Consider

When it comes right down to it, working as a consultant can be very exciting and lucrative. Where else can you work as a self-employed independent agent, 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 be doomed to fail even before it gets off the ground.

Consulting is not for the faint of heart, says Huntington Beach, California, human resources consultant Susan Bock, who is also 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?** Depending upon your profession, you may need special certification or a special license before you can begin op-

erating as a consultant. For example, fund-raising consultants do not need special certification, although you can become certified through the Association of Fund Raising Professionals. And in some states, you may need to register as a professional fund-raising consultant before starting 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 all three 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?** Do they allow for me to become a consultant? If your goals do not match up with the time and energy it takes to open and successfully build a consulting business, then reconsider before making any move 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 a dumb question, but listening is an acquired skill. By carefully listening to your clients' needs, you will better be able to solve their problems.

● **Investigative skills:** You need to have the ability to investigate and uncover the data necessary to complete your consulting as-



Bright Idea

Make a list of the top 10 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.



Smart Tip

How good a listener are you? The next time you are in a conversation, resist the urge to interrupt with questions or your own comments until the other person has completely finished talking.

signment. In time, your investigative skills will become fine-tuned.

● **Analytical skills:** When you investigate and uncover data, you had better know what it means! Your ability to understand and analyze complex information relative to your consulting field is paramount to success.

● **Change skills:** No, we don't mean exact change for the bus! But 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 will be ready to "take the bull by the horns" and do whatever it takes to get the job done. In other words, you will take action with a capital "A."

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

A Brief History Of Consulting

It wasn't until the 1950s that consultants began to emerge in the business world. Until then, consultants could be found in the legal, finance and employment fields. Then something happened. When the U.S. economy changed from production- to service-oriented in the early 1960s, the real birth of the consulting industry took place. Since most consultants were providing a service as experts in a particular field, they were welcomed with open arms by both large and small businesses throughout the land.

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 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 10 reasons organizations hire consultants:

1. A consultant may be hired because of his or her expertise. This is where it pays not only to be really good in your chosen field, but also to have some type of track

Beware!

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



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record that speaks for itself. For example, Riddle says he knows that every client who hired him did so partly on the basis of his track record. After all, if you are a nonprofit organization that needs to raise \$1 million, it makes sense to hire someone who has already raised millions for other organizations.

2. A consultant may be hired to identify problems. Sometimes employees are too close to a problem inside an organization to identify it. That's when a consultant rides in on his or her white horse to save the day.

3. A consultant may be hired to supplement the staff. Sometimes a business discovers it can save thousands of dollars a week by hiring consultants when they are needed rather than hiring full-time employees. Businesses realize they save additional money by not having to pay benefits for consultants they hire. Even though a consultant's fees are generally higher than an employee's salary, over the long haul it simply makes good economic sense to hire a consultant.

4. A consultant may be hired to act as a catalyst. No one likes change, especially corporate America. But sometimes change is needed, and a consultant may be brought in to "get the ball rolling." In other words, the consultant can do things without worrying about the corporate culture, employee morale or other issues that get in the way when an organization is trying to institute change.

5. A consultant may be hired to provide much-needed objectivity. Who else is more qualified to identify a problem than a consultant? A good consultant provides an objective, fresh viewpoint—without worrying about what people in the organization might think about the results and how they were achieved.

6. A consultant may be hired to teach. These days if you are a computer consultant who can show employees how to master a new program, then your telephone probably hasn't stopped ringing for a while. A consultant may be asked to teach em-

ployees any number of different skills. However, consultants must be willing to keep up with new discoveries in their field of expertise—and be ready to teach new clients what they need to stay competitive.

7. A consultant may be hired to do the "dirty work." Let's face it: No one wants to be the person who has to make cuts in the staff or to eliminate an entire division.

8. A consultant may be hired to bring new life to an organization. If you are good at coming up with new ideas that work, then you won't have any trouble finding clients. At one time or another, most businesses need someone to administer "first aid" to get things rolling again.

9. A consultant may be hired to create a new business. There are consultants who have become experts in this field. Keep in mind, however, that not everyone has the ability to conceive an idea and develop a game plan.

10. A consultant may be hired to influence other people. Do you like to hang out with the rich and famous in your town? If so, you may be hired to do a consulting job simply based on who you know.

The Top Consulting Businesses

Although you can be a consultant in just about any field these days, the top types of consulting businesses that are thriving today, according to the Association of Professional Consultants, are:

● **Accounting:** Accounting is something that every business needs, no matter how large or small. Accounting consultants can help a business with all its financial needs.

● **Advertising:** With the price of advertising these days, it's no wonder that anyone with any type of advertising expertise can earn a good living as an advertising consultant. This type of consultant is normally hired by a business to develop good strategic advertising campaigns.

● **Auditing:** From consultants who audit utility bills for small businesses to consult-

Entrepreneur Magazine's
Consulting Service

ants who handle major work for telecommunications firms, auditing consultants are enjoying the fruits of their labor. This type of consultant is normally hired to audit various utility bills for corporations.

● **Business:** Know how to help a business turn a profit? If you have good business sense, then you'll do well as a business consultant. After computer consulting, people in this field are the most sought after.

● **Business writing:** Everyone knows that most businesspeople have trouble when it comes to writing a report—or even a simple memo. Enter the business writing consultant, and everyone is happy!

● **Communications:** A good communications consultant will never have to worry about where his or her next meal is coming from. Communications consultants specialize in helping employees in large and small businesses communicate better with each other, which ultimately makes the business more efficient and operate smoothly.

● **Computer consulting:** From software to hardware and everything in between, if you know computers, your biggest problem will be not having enough hours in the day to meet your clients' demands!

● **Editorial services:** From producing newsletters to corporate annual reports, consultants who are experts in the editorial field will always be appreciated.

● **Grantsmanship:** Once you learn how

to write a grant proposal, you can name your price.

● **Human resources:** As long as businesses have people problems (and they always will), consultants in this field will enjoy a never-ending supply of corporate clients, both large and small. People-problem prevention programs could include teaching employees to get along with others, respect each other and even prevent violence in the workplace.

● **Insurance:** Everyone needs insurance, and everyone needs an insurance consultant to help them find the best plan and pricing for them.

● **Marketing:** Can you help a business write a marketing plan? Or do you have ideas that you feel will help promote a business? If so, why not try your hand as a marketing consultant?

● **Payroll management:** Everyone needs to get paid. By using your knowledge and expertise in payroll management, you can provide this service to many businesses, both large and small.

● **Public relations:** Getting good press coverage for any organization is a real art. When an organization finds a good PR consultant, they hang on to him or her for life!

● **Publishing:** If you are interested in the publishing field, then learn everything you can and you, too, can be a publishing consultant. A publishing consultant usually

Quittin' Time

Before 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 all the wrong reasons. For example, if you and your boss are not getting along, but you have 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 are really dissatisfied with your boss and your company and can envision doing the work more efficiently on your own, then you are probably starting a consulting business for all the right reasons.

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helps new ventures when they are ready to launch a new newspaper, magazine, newsletter—and even websites and electronic newsletters.

● **Taxes:** With the right marketing and business plan (and a sincere interest in taxes), your career as a tax consultant can be very

lucrative. A tax consultant advises businesses on the legal ways to pay the least amount of tax possible.

● **Writing services:** Anything related to the written word will always be in demand. Find your specialty in the writing field, and the sky will be the limit!