

# BI Consulting Firms: Starting One and Being Successful



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### Introduction

Have you ever thought about starting your own BI consulting firm? The possible motivations include monetary rewards; interesting and challenging work; travel to new places; and a fun, fulfilling career. If you are (1) a successful BI manager or professional or (2) already working as a BI consultant in a larger firm, you may be considering starting your own company. Let's explore what you should know before you take the leap.

As William McKnight points out in his excellent book, *90 Days to Success in Consulting*, BI consulting can take many forms. For example, you can start out on your own (or with partners) or you may add partners and employees over time (including other consultants). Either way, you are an owner of the business. This is different from being a contractor who typically provides specific technical skills (e.g., Oracle database specialist) for projects.

Through TDWI, I've known many consultants who have started their own successful BI consulting firms. To better understand what it takes, I interviewed William McKnight, Eric Rivard, and Steve Williams (see Figure 1) and asked them:

- How do you know when to take the plunge?
- What are the first important steps to take?
- What should you do to survive the first year?
- How can you grow your company?
- What are the keys to long-term success?
- How do you decide when to close down your company?

### William McKnight

is president of the McKnight Consulting Group. The company's services span strategy, implementation, and training for turning information into an asset. It strategizes, designs, and deploys in the disciplines of master data management, big data strategy, data warehousing, analytic databases, and business intelligence.

### Eric Rivard

is COO and vice president of Cerulium Corporation. Rivard specializes in big data analytics and enjoys working with customers throughout the discovery process. He has in-depth knowledge of Teradata, IBM, and Microsoft platforms and has expanded Cerulium's education business to include customer training on big data, business intelligence, and specialized analytics software.

### Steve Williams

is president of DecisionPath Consulting. The company provides enterprise and business-unit BI and data warehousing strategy, technical strategy and risk mitigation, program planning, and technical execution services to large and midsize companies in manufacturing, distribution, transportation, retail, financial services, utilities, healthcare, and other industries.

**Figure 1:** The BI consulting firm owners interviewed.

Their answers provide great insights about the myriad of short- and long-term issues and challenges involved and possible ways to address them.

### Taking the Plunge

You may know that you are really good at what you do and may be tired of making money for someone else. Perhaps you would like to know clients really well, develop strong relationships with them, and help them solve their business problems. If so, you may be able to better meet your career goals by forming your own company.

There is no “one size fits all” when it comes to BI consulting firms. As Williams says, “It depends on who you are and what you want to do.” Some consultants focus on specific technologies, vendors, or industries, while others are broader in their work.

Before starting your company, be sure you have the requisite skills. Although it depends on the type of consulting you plan to do, state-of-the-art technical skills may be very important. Even more critical are an entrepreneurial spirit, being self-motivated, relationship management skills, empathy for clients and their problems, time management skills, being well organized, sales and communications skills, and the ability to write proposals that generate business. It is a more diverse skill

set than is typically required when working for a large corporation.

### First Steps

You need a solid business model; that is to say, you need to know how you are going to make money. Most people are in their 30s when they start their companies, have family responsibilities, and must generate money to pay their bills. When possible, some people continue their “day job” until they are established. It is great if you have a client and project that carries you through the first three to six months.

Getting started requires many things. You should prepare a projection of your revenues and costs. A reference account for potential new clients is important. As Williams says, “The best selling point for your company is the list of companies that you have worked for.” You need a company name, logo, and slogan. You need to decide whether to lease office space or work from your home. A good accountant that caters to small businesses is important. Then there is stationery, business cards, and a website. Other collateral, such as articles and white papers, helps convey the image of a professional, successful company.

## Surviving the First Year

Your first year is especially busy. As McKnight says, “Your work never stops.” You must be motivated and highly organized. You must manage your cash flow carefully. Don’t grow and take on additional costs too quickly. As a rule of thumb, Rivard recommends dividing the profits into one-third each for you, for the business, and for taxes.

“There is a moment in your life when you are ready. You may feel that you have gone as far as you can in your current job, you have a great idea that no one will listen to, or there is an opportunity or void that you can fill. Everyone should run a business at least once in their life.”

—Eric Rivard

Contracts are the lifeblood of your business. Most BI consulting is project-based, and it is important to always be bringing in new projects. You must be able to read people. For example, is a lead likely to result in new work? Is there follow-on work with a current client or is the work done with this contract? If the project has gone well, don’t hesitate to express interest in doing additional work.

## Growing the Company

Two things are required for success in most things in life: (1) be good at it and (2) be recognized by others for being good at it. For consulting work, the latter normally requires you to be extroverted, be able and willing to sell yourself, and even display chutzpah in seeking clients.

Seize opportunities to grow your client base. Speaking at conferences, such as TDWI’s, provides opportunities to be seen and display your expertise. Go to user group meetings (e.g., Teradata, Oracle) that align with your areas of expertise and network with a passion. Have your business cards handy. Partnering with or creating alliances with other consulting firms that provide services that are somewhat different yet complementary can also generate business. Facebook and Twitter can help create an awareness of your company, but LinkedIn is better. Be willing to make cold calls with offers of a lunch to potential clients—anything to get your foot in the door.

Some companies grow by bringing in additional consultants, either on a long-term basis or to work on specific projects. Leveraging the work of others is an often-practiced business strategy and can result in significant growth and profits. Taken to the extreme, however, this approach significantly changes the nature of the business. You are constantly searching for new business, adding and losing consultants, and spending more time running the company than doing actual consulting work. As McKnight says, “Running the company takes away from your billable hours.” Adding more people also typically results in a cooler, less personal business. As a result, some consulting firm owners choose to stay small so they can focus on what they like to do best.

## Keys to Long-Term Success

Recognize that you will need to continually rethink your business opportunities and take on new kinds of work. You need to always ask where the market is going. For example, Hadoop and analytics are presenting challenges and opportunities for consulting firms. There is work to be done, but only for those firms that have planned for it and invested the time and resources to get up to speed.

It is important to maintain your intellectual capital. Engage in life-long learning so your knowledge and skills are up to date or even cutting edge. This is a challenge for some experienced consultants who prefer to take the easier, though ultimately riskier, path of doing only what they currently know.

Staying current requires planning and dedication and probably the sacrifice of leisure time. It is especially challenging when you are the founder of the company and have to run the enterprise. Hopefully, some engagements will allow you to learn on the job. Books, articles, Web seminars, and online courses can help, assuming you take the time for them. Speaking at conferences provides exposure and credibility as well as opportunities to meet, network, and learn from other experts.

### When to Leave

There are many possible reasons to “declare victory” and move on. You may have an attractive offer to work for someone else. Someone may want to buy your company and their offer is too good to turn down. If you have accumulated a sizeable nest egg, you may want to retire, especially if there are other things you’ve always wanted to do. Some people are serial entrepreneurs who close one business to start another, or you may just be “done” and want out. Hopefully, health reasons are not forcing your decision.

Even if you decide to leave, you may want to wind down gradually by not submitting new proposals while finishing existing contracts. In my end-of-career planning discussions with friends, they often say they want to do something fun, not full time, that pays well, and that makes a contribution. If the current job permits it (and to some extent being an independent consultant does), continuing what you are currently doing, but less of it, is the best option.

The wisest answer I ever heard about knowing when to retire was: “When I didn’t even want to do the things that I enjoyed doing.”

### Closing Thoughts

Understand that although running your own company is potentially highly rewarding, it is also challenging. The many highs and lows require emotional maturity. If you are successful, it may be difficult to maintain your initial fire and intensity, which can lead to entropy. There is no “settling in” when you own a BI consulting firm.

When you have your own firm, you learn the difference between running your business and working for your

business. This manifests in multiple ways, but especially in your overall knowledge and specific skills. In running your business, you need to understand the current and emerging technologies and develop a strategy for generating business. You don’t have the time to know and practice them in depth; rather, you hire people who do.

It is important to understand that not everyone who wants to do business with you is well intentioned. Some will take advantage of you. When starting out, you are naturally excited about new opportunities. Be careful and remember that contracts are your best tool to ensure that commitments (i.e., getting paid) are fulfilled.

Having your own BI consulting firm can be very rewarding and allows you to be your own boss. It is a challenging undertaking, however, as seen in the insights provided by our experts. Despite the challenges, all of the experts have run their companies successfully for many years and say they are pleased with the decision to be on their own. ■