Title:
Consulting Contracts with National Service Organizations- Good idea?

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438

Summary:
Consulting Contracts with National Service Organizations are not your sweet spot in computer consulting. Computer hardware is often disposable with low profit margins and hardware repair is not the best choice in consulting contracts.

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Article Body:
Don't do it. Why not? You'll spend a lot of money and a lot of time getting certified and learning all the latest platforms and technologies. But the reality is that hardware repair is a commodity - a low margin business. And it's becoming more and more of a commodity service every year as the components become more disposable and more replaceable than repairable. In this article, you'll learn why consulting contracts with national service organizations are not the best choice.

Computers Are Now Replaceable

Let's take a $600 consumer-grade PC for example. Who's going to spend money on an out-of-warranty repair on a $600 PC? Who's going to spend money on an out of warranty repair on a $400 laser printer? How much money are small businesses willing to spend on this kind of repair?

Low Labor Allowances for Consulting Contracts

Since national service organizations are going to primarily be dealing with warranty repairs on relatively inexpensive hardware, how much labor allowance do you think they're really going to give up on a $1,200 notebook? Many big hardware vendors are so cash strapped that they're always on the verge of going out of business constantly. Dell, HP, and IBM are pretty much the only major hardware players that are still in reasonably good financial shape (even if you consider IBM in the hardware business anymore).

The Profit Margin on Repairs in Consulting Contracts

So, what are you going to make on a repair? Fifty dollars? A hundred dollars?
$150 or $200 at the absolute most? You're going to do a lot better by finding
small businesses in your area that need high-level professional services on a
regular basis.

Consulting Contracts with National Service Providers Aren't Profitable

Acting as a subcontractor for a national service provider is a really hard way
to run a consulting business. Do you want to be in eight different offices
every single day, or do you want to be in one or two? Do you want to be billing
out at $100 or $150 an hour for high-end network support services and network
integration services? Or do you want to be told that you're going to be allowed
a $65 labor allowance to replace a system board, no matter how long it takes
you?

The Bottom Line about Consulting Contracts

Repairing and troubleshooting hardware is low-end commodity work. It's work
that can be done by people that are billing out at $20 or $30 an hour. It's not
the high-end consulting you could be doing with consulting contracts. Don't ever
confuse the two.

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