

Title:

Consulting Firms: Should You Be a Product Reseller?

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471

Summary:

Consulting firms do not see great benefits from being product resellers. Don't be seen as a commodities broker in your computer consulting firms.

Keywords:

Consulting firms, computer consulting firms, computer consulting

Article Body:

In this article, we'll explore the two schools of thought on whether computer consulting firms should resell products.

Pure Computer Consulting Firms Defined

Some consulting firms want to be pure consulting firms. They believe that they are never going to make a penny off product margin and that there are potential conflicts when reselling products. So these kinds of consulting firms don't choose to resell hardware, software, or peripherals. As consultants, these companies will help clients decide exactly what to buy, what the specs should be, and show them where they can buy the recommended products.

Purchasing Agents Are Almost Pure

A variation on this scenario includes becoming the purchasing agent for clients. In this case, your firm does the purchasing for clients and your firm bills clients for a couple of hours for that function. Your firm gets and reviews quotes, places orders, tracks orders, and carries the purchase through to completion. Both of these (the referral role and purchase agent role) are more of a pure consulting model.

Hybrid Consulting Firms Are another Option

With a hybrid-consulting model, your consulting business resells some products. A lot of computer resellers do what's known as white box PC reselling; selling what's known as PC clones. A computer reseller offering white box systems is typically selling non-branded desktops, non-branded servers and in some very

limited cases, non-branded notebooks (called white books).

To Resell or Not to Resell in Consulting Firms?

The strategic decision of whether to resell or not depends on where you want to be spending the bulk of your time. Do you want your firm to try to pick up some incremental profit off of product sales? Or do you want most of your consulting firm's income to come from pure consulting dollars? Regardless, if you really want to be in a strong sales position for your consulting business, you really should not be leading off with a product sale.

Are Products Sales a Good "Foot in the Door?"

Now many new computer consulting business owners wonder: Should you sell inexpensive PCs, cheap software and cheap peripherals to get a foot in the door to sell the consulting services? The answer in most cases is no.

Why not? Because then, all of a sudden you've shown customers that you want to be their commodity broker. Will customers hire their commodity broker for consulting? Not likely. They've got your firm pegged as the cheap, low-cost source.

If you want to resell products, resell products to people that you have consulting relationships with. And make sure your consulting firm makes an ample profit margin for the time, capital, space, staff and overhead that you must devote to reselling products.

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