



# Book Consulting Basics

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## Recommendation

Independent consulting is not for everyone. Do you have the discipline, drive and determination to leave your day job, set up your own office, sell yourself every day, produce first-rate work and keep track of a thousand mundane details that have nothing to do with being creative? If you think you might, you need grounding in the basics of the job, how to set yourself up for success and how to thrive. Like any good consultant, author Joel Gendelman presents what you need to know in clear, concise prose. He covers every detail and offers solutions to problems you probably didn’t think even existed. Worksheets and questionnaires help you analyze your strengths and weaknesses and understand all aspects of the consulting business. *BooksInShort* recommends this fast – but by no means superficial – read, which aspiring and working consultants will return to again and again.

## Take-Aways

- Consulting is not for everyone; to be successful you must have drive, strength, discipline and, if possible, “an angel.”
- Before you launch your own firm, have at least six months’ income on hand.
- Be prepared for expenses to amount to about half of what you earn.
- Consider where your first sales will come from; cultivate your network of contacts.
- To build your consultancy, join organizations, write articles and give speeches.
- You do not need an outside office; create your own at-home workspace.
- You must market yourself one day a week, every week.
- A verbal agreement is not worth the paper it’s (not) written on; secure all agreements in writing.
- Ask your client for a retainer, and know when to follow up on unpaid receivables.
- Reach out to your clients at least once a quarter; write letters, send electronic newsletters and make phone calls.

## Summary

### Who Are You?

Before you leave the comfy if limiting confines of a full-time salaried position, you must ask yourself if you are ready for self-employment. You must know yourself objectively: What are your talents? What tasks do you like and dislike? Where would you most want to live? Can you deal with the emotional and financial costs “for the freedom of being your own boss”?

“Consulting is one of the greatest professions in the universe.”

Working for yourself is much harder than working for someone else. You will labor more for less money and suffer more anxiety. You must self-promote nonstop; don’t

expect your former employer to hire you. As a freelancer, you will be treated with less respect, and at least half your work time won't be billable. Of the money you do take in, expect that 50% will go toward expenses. And sadly, you still will have to do lots of work you loathe, like accounting, cold calling and selling yourself to strangers.

“If you handle it right, you can live in that special corner of the world that you’ve dreamed about, do what you enjoy most, have more free time...and make a good living.”

An “angel” – a financial backer with both funds and patience – is your start-up’s best asset. Barring that support, set aside at least six months’ income before you begin. You also need decent health insurance and the fortitude to cope with uncertainty. You should have the “discipline” to work on your own – and not watch TV or procrastinate. You must possess “motivation” and “good survival instincts” to sniff out potential jobs and function under pressure. “Strength” helps you keep it all together, and your “presence” will make clients want to work with you.

## Starting Out

Leaving a secure job is stressful. No one’s life is ever perfect, but if you are in turmoil – getting divorced or dealing with illness – don’t quit your day job. Wait until your life is more stable. You need connections that can lead to clients and jobs. Get out and about in your professional universe. “Networking, speaking, publishing and participating actively in a professional society” are four excellent ways to make those links. Contact trade journals to pitch articles. Offer to speak at industry gatherings. Make yourself known. Professional associations also can introduce you to a mentor – someone in your field who can guide you in the early days of your consultancy.

“Unless you are very well connected...you may go several months without a contract.”

Understand that prospective employers are likely to view you as either a “snake oil” salesperson or an annoyance. After all, you come through their door without the imprimatur of a corporation behind you. Since clients are likely to distrust you at first, dispel those doubts from the beginning – be sincere, sell without hustling and get to know your clients.

“Many companies view consultants not as highly qualified professionals, but as dime-a-dozen peddlers.”

Be careful of your expenses, and always respect your financial backers. If you can find subcontracting work, you can pay your rent as you seek your first private client. Subcontracting has its drawbacks – foremost among them being that you will not own your work – but it does keep money coming into your coffers.

“If you miss the friendship of your [work] companions...buy a dog.”

Don’t mix your personal finances and business income; open a commercial account at your local bank. It’s worth paying for any operating licenses your community requires. Also, hire an accountant and an attorney who understand what your business intends to accomplish. Set up “invoicing and accounting systems,” and, if you can afford to, hire someone to run them.

“It takes years to establish a consulting practice, and there may never be a time when you do not have to get out there and hustle.”

To survive those first critical months, watch your cash flow. Ask your clients to pay you up front, or charge a retainer, which can be a significant part of your total fees. Make sure you invoice at “Net 30,” which means your client agrees to pay you no later than 30 days after billing. Don’t use your own money to pay subcontractors, and know when to follow up on unpaid receivables.

## Working at Home

You don’t need the expense of an outside office; clients rarely come to you. All you need is a room in your home and the basics: a functional desk, a good chair, deep file cabinets, a high-quality printer for your computer and at least one dedicated phone line. Various kinds of conferencing software enable you to engage with clients worldwide. Use “a different technology for your phone and Internet”; that way, if one goes down the other will still work. Plan to spend “no more than one month’s worth of income” on your workspace.

“Just like working in an office, working at home has its good points and its bad points.”

Once your home office is up and running, defend against your greatest enemy: distraction. The fridge, the TV, your kids, your spouse, your dog and even your computer can keep you from focusing on the job at hand. Set and respect your business hours. When you are working, shut the door. And when you’re done, leave the office behind you. Don’t wander back in; avoid it until the next day. It can be lonely working at home, and you may feel trapped, so get out – on a schedule. Take a walk, share a meal with colleagues and arrange outside meetings.

## Making Sales

To whom will you sell your services? Who are your contacts in your field? Do the people you know have the resources or the need to buy what you’re offering? Might they recommend you to others? To sell effectively, do your research before you make a cold call. Find out when in the fiscal year potential clients buy services like yours and how much sooner they start planning those purchases. What do they need that they do not have? Do they deal with external vendors, and “do they have established relationships with other consultants”? Learn the issues facing your prospects, and craft ideas that address their problems.

“The most important aspects of selling are timing, timing and timing.”

Cold calling is tough to do, but don’t sell on that first contact; instead, probe to find out if your prospects require your expertise and if they can pay you for it. Get their attention with a “five-second hook” and a short description of your services. Keep information about yourself brief: what you do, how you help your clients, and what you can deliver to the person on the other end of the phone or across the desk.

“It takes a year of knowing somebody before you get a penny’s worth of business.”

Always be nice to administrative assistants. They are the gatekeepers: If they like you, you will get through to your prospects. When you are done with your pitch, ask for permission to follow up. Tell them when you’ll call back, depending on how you perceive their needs. Never let more than three months go by without reaching out to clients and potential clients. Make sure they remember who you are.

## Marketing

When you’re self-employed, you never stop marketing. Consider the time you spend marketing as an investment in your business. Devote at least one day every week to it. Using the same day every week is best, so your clients know when they’ll hear from you. Make cold calls, network with your peers and shake a lot of hands.

“By itself, a proposal is worth nothing. What will sell a project is all that came before it and all that comes after it.”

Find out what works and do it again. Swallow your nervousness or your pride or your sense of dignity and find work. And once you have a client base, start narrowing down the scope of your work by specializing. Become known for that skill set or area of expertise – make that subject your brand.

“The most important thing to remember is that no matter what it says in your contract, clients have all the cards. They have the money and...the legal departments.”

Create your own electronic newsletter. Think carefully about the message that you are going to convey. Your newsletter may not directly get you one new job, and it may not sell any products, but it will develop your brand. Consider your “business cycle.” When do your clients need you? Plan your publishing schedule around trade shows, conventions and your own most significant presentations. A newsletter is not just an advertisement for you and your firm. It must contain information your clients need and won’t get elsewhere. Remember that every word in your newsletter reflects you and your brand.

“Everyone likes to know someone who has gone out on his or her own and done well.”

Your business must have its own website. Get a friend or hire an editor to review the copy and make sure its content is error-free and visually appealing. Check out your rivals’ sites. Include information about your firm, its services and even other site links. Change the content often to keep it fresh. Don’t bother with direct mail – a mass-market approach is not worth the effort. You are in the business of developing professional relationships.

“When do you need an agreement? Always!”

When you first meet prospects, give them a “presentation folder” in addition to your business card. Insert an introduction letter that shows you understand the needs of that particular client. Your folder also should contain a “project description,” your newsletter, any articles that you’ve written or that are about you, and a “capabilities presentation” that demonstrates what you can do, who you are, what you’ve done for other clients and “what makes you better than every other consultant in the world.”

## Put It and Get It in Writing

Don’t use a proposal as a substitute for promotion, and never write one just after a first, short meeting – the client probably is looking for “free ideas” or wants to use your price quote to set his or her budget. When you do write proposals – for money – place your copyright clearly on the first and all subsequent pages. Then the client will know that the content of the proposal – the intellectual property – belongs to you.

If the job seems fishy or the client wants too much for free, politely decline. Trust your gut. If you write a proposal, ask the client to ensure that everyone who has a say in the potential job attends the meeting when you make your presentation. If they balk, something is not right. Find out how many other firms are bidding on the job. If it’s more than four, walk away.

Writing a proposal represents a significant investment of your time and effort, so you should be reasonably certain that the client is sincere about needing your services. Use your proposal as a “sales tool” that recaps your marketing effort.

It should list your client’s needs; a summary of the “business environment” that provides context for the problem you’re addressing; your solution, or “the meat of your proposal”; your approach in implementing that solution and its “benefits”; “project specifics”; the experience you bring to the job at hand; and the backgrounds of the staff you’ll use on the project. The “final word” is where you should “appeal to the client as a person – one to one.” It is at this point that you say “the right thing, in just the right way” to ensure that you secure the contract.

Never take an assignment on a verbal agreement – always get it in writing. “The goal of a well-written agreement” is to outline each party’s responsibilities. Don’t confuse it with a contract. An agreement is simply a “letter between friends” that spells out “deliverables,” your payment, “a simple statement indicating that you own the work” until you are paid in full, termination and arbitration contingencies, the amount of revision included and what the client’s role will be, how to handle expenses, your right to use “demonstration copies” of your work for prospective clients, confidentiality conditions, and a detailed project schedule. Insisting on a clear and simple agreement is in no way adversarial.

And when all your hard work succeeds and your efforts are rewarded, don’t become “a hog.” Pay it forward by donating time or money to a charity, becoming a mentor to someone starting out, or hiring someone who wants to learn. Remember what it was like for you at the beginning.

## The Nine Essential Rules of Independent Consulting

As you sit down at your desk to nurture your consulting career, just remember:

1. You'll keep only half the money you earn.
2. Always get a "signed agreement" before beginning a project.
3. Get paid up front or ask for a retainer.
4. Establish your business basics first and deal with the rest as the need arises.
5. Bill at Net 30 days, pursue your receivables and "pay yourself first."
6. Stay in touch with all your clients – reach out at least once every few months.
7. Reserve one day a week, every week, for marketing.
8. Don't rely on verbal contracts; always get it in writing.
9. Designate one person who will be responsible for each step in a project.

## About the Author

**Joel Gendelman** is the president and founder of Future Technologies, Inc. He holds a doctorate in education and has been a consultant for more than 20 years.

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