

Becoming a Successful Independent Consultant

by Jela Webb

Introduction

Independent consultancy is becoming a popular career choice for many who want to take greater control of their future; being your own boss is an attractive proposition and in today's economy where 'knowledge is king' there are many individuals who feel that they can make a very good living by selling their particular knowledge specialism.

Consulting is a viable and growing option, I read a statistic recently which indicated that some 30% of MBA students opt for independent consultancy as a career choice; this article aims to provide some guidance to those who are thinking of embarking upon the journey towards independent consultancy.

More than half of consulting firms are businesses operated on a sole trader basis. Moving away from a corporate environment, giving up full-time paid employment for an alternative lifestyle will present challenges but with careful thought and planning you can build a successful consulting business. Keys to success lie in having the right personal qualities and skills as well as an understanding of management practices.

Consultancy may be defined as 'providing independent services to meet clients' needs in exchange for a fee'. The fee element is important, there are plenty of people willing to take advice but making sure that you get paid for your consulting expertise is key and I will tackle the issue of how to establish your chargeable rates later in this article.

Establishing your own consultancy

I don't think that many will disagree when I say that establishing your own consultancy is a risk and that you should not underestimate the potential pressures associated with setting up a consultancy business. You will be staking everything on your own ability and must be able to deal with the highs and lows you will inevitably face. There is no doubt that independence can be very rewarding (not just financially) and firstly I always encourage people to ask themselves why they want to set up as an independent consultant. The reasons I am given include:

- Independence, getting out of corporate life, leaving behind 'office politics' – however, consultancy will entail working with and for others so you still need to be able to work in and as part of a team
- Job satisfaction – wanting to set up your own business in your own way and style will often lead down the self employed (consultancy) route

- Achievement and success – there is a real sense of achievement attached to running your own successful business but be prepared to deal with the challenges this brings and equip yourself as best as you possibly can to deal with any difficulties
- Money – starting and running your own consultancy does not guarantee wealth. It can be a very good source of income, but income generation can be erratic so you do need to start off with a financial cushion to ensure that you can pay the bills whilst you start generating consultancy income.

Is consultancy for you?

As a consultant you will need an area of expertise – your services will be bought when what you offer is not available internally to a client. Think about what it is that you are selling – clients are busy people so you need to make it quite clear at the outset what it is you can deliver and how it will benefit them. Having an area of expertise may mean that you want to concentrate on a specific discipline or in a specific sector. If you limit yourself to a particular sector then do consider how the impact of any industry downturn might affect your own business.

Some consultants prefer to market themselves as generalists, selling a range of skills/services across the market. A word of warning - clients may be suspicious of someone who purports to be able to solve all their issues. If you feel that you are more likely to succeed as a generalist then I'd advise you to sell your services as an expert in the area that you consider a priority for the client then introduce other generalist skills as assignments develop.

Self-audit

It is advisable to undertake some self-assessment and analysis before embarking on a new consultancy venture. Firstly assess your skills, undertake a self audit exercise - detail your skills (technical, business, leadership, selling, organisational) and attributes; consider how you might apply these in consultancy work. Be honest and objective; ask friends, colleagues and family members their opinion.

Undertake a SWOT (strengths, weaknesses, opportunities, threats) analysis. This will help you to get an overview of what is working for and against your consulting business and will also help you to plan your strategy.

Consider the type of consultancy projects you would like to work on – hopefully you have undertaken similar work in the past and have built your area/s of expertise. Can you provide evidence of your ability? Have you published any work in related subjects? Are you able to construct a portfolio of consultancy type projects, references and articles that can help you sell yourself to potential clients?

To run your own consultancy business you need to be pretty resilient and answer some searching questions honestly:

- Are you realistic about your own capabilities and limitations?
- Are you motivated and self-disciplined?
- Do you have a support network? Is your family behind you?
- Are you prepared to work long hours to establish the business?
- Do you have good interpersonal skills?
- Are you decisive?
- Do you 'stick with it' when times get difficult?
- Do you take advice, learn from mistakes and reflect on assignments?
- Are you in good health and can you cope with stressful situations, tight timescales and demanding clients?
- Have you fully weighed up the risks in establishing your own consultancy?

If you are able to answer positively then you are well on your way but if any of your responses to these questions are negative then don't despair, think carefully about these areas and develop a plan to work on them.

Selling yourself

Consultants need to be able to promote and market themselves. You will be responsible for your own marketing and although it is relatively straightforward to set up as an independent consultant, establishing, sustaining and growing your business requires marketing and promotion. Promoting yourself, persuading people to support you and winning clients is key.

As a new consultant you may become involved in speculative work in order to establish a client portfolio; sometimes you have to offer services for free or at a lower cost to get in the door but don't offer too much for free as you will run the risk of devaluing your services if you don't charge for them. It's a careful balancing act, which becomes easier as you become established.

Most potential consultants will have contacts in their area of expertise from their previous employment and can target these for work. I always encourage people starting up not to overlook existing work contacts as potential future clients.

All publicity material and business cards should be well designed and printed on good quality paper. These days, with suitable software, it is possible to produce professionally looking material relatively straightforwardly. Also give some thought to your brand and ensure that your marketing messages are consistent.

Other marketing related activity might include speaking at conferences, local business events, presenting to professional associations and writing articles for relevant industry journals. Publishers are always looking to fill space so don't be afraid to approach them with your ideas for articles and/or adverts. Local newspapers run 'advertorials' in their business sections so you may want to advertise the launch of your consultancy this way.

Mailing packs can be distributed to potential clients – these could include a personal profile, the services offered, details of memberships of professional bodies, details of previous assignments (opportunities may have been possible whilst still in full time paid employment), details of any conference speaking engagements, published articles, references and feedback from previous projects. Think about presenting the material in a creative way – in an unusually shaped package or in a tube (this happened to me once and really captured my attention!).

The Internet provides opportunities to establish your own web site for marketing and promotional purposes. The investment in a web site can be money well spent and helps to present a professional image. Do you meet the ‘Google factor?’ If a potential client types your name into a search engine what results are returned?

Networking

Networking is very important and for most consultants it is the single most important business getting tool. To succeed in consultancy you need to establish a personal and professional network. Your network needs to be nurtured and continuously developed. I suggest that your network should be in the region of 200, this might seem high but if you think about it you probably already have a personal network from:

- Family
- Friends and neighbours
- Colleagues
- College/University

and a professional network from:

- Previous employment
- Conferences
- Exhibitions
- Trade associations
- Business/professional associations
- Contacts from presentations attended/given

Make a list and start building and cultivating your network in advance of starting your consultancy.

Formal networking events can sometimes feel like going into ‘the lion’s den’ but remember others feel the same – look out for someone standing on their own, initiate an approach, ask them about projects they are involved in, find common ground. Be sincere and remember to circulate; set yourself a target of making three new contacts at each networking event. Networking is a two-way activity – you need to be interested in others and you need to make yourself interesting to others. Always take a supply of business cards with you and make sure that you collect business cards from the people you make contact with. Know when to follow up – perhaps you see an article that might be of

interest to someone- send it to them, they will be impressed that you took the time and trouble to do so.

Develop what I call 'elevator pitch' describe what you do and importantly how you benefits clients, in the time it takes to travel from the ground to the fourth floor.

Keeping in touch with many contacts is made easier with e-mail – think about a regular newsletter, advertise and send a link to your new web site, send e-Christmas cards – these are just a few examples of how to keep in touch with your network.

How much should you charge?

The amount you charge a client will be dependent upon the market, so do your research and price accordingly. Setting too high a rate may not secure work, alternatively if you price too low, then you may not secure work because you may give the impression of a cheap and not very valuable service.

How much can you charge? This is an age-old challenge for new consultants – perhaps you want to follow my five-step plan to work out your chargeable rate:

1. Calculate annual household and personal expenditure (food, clothes, mortgage, holidays, rent, telephone, tax, pension, insurance etc.)
2. Calculate how much is required to cover the above items
3. Add all the annual business costs to the income calculation
4. Divide the total by the number of days you plan to work each year
5. Add on the profit you wish to make (a margin of 15% to 25% is not unreasonable)

Remember that you will not be generating income on every 'working day' of the year. There will be days when you need to upskill, (attend Courses, Conferences, Exhibitions etc), days spent on administrative matters, days spent on marketing activities, days spent putting proposals together etc. As a broad rule of thumb, I suggest using 60% of the available working days for fee income work and pricing your services accordingly.

Legal Aspects and Other Requirements

Other aspects that you need to consider are bank accounts, insurance, tax, VAT, NI as well as deciding what form the business will take – sole trader or limited company. It is best to seek professional advice.

Write a business plan, it will help channel your thoughts and remind you why you are in business, set targets and goals and don't forget your own continuing professional development so write yourself a training and development plan.

Summary

Setting up as an independent consultant can be done relatively easily and at minimal cost. I hope that the issues I have outlined provide you with some basic guidance. There is much to consider, so give it some careful thought and planning. There are risks and pressures associated with becoming an independent consultant but and it can be a very satisfying experience. You need to have the right skills and temperament to succeed. It is important to assess your abilities and aptitude honestly before proceeding with your ideas.

Do your homework, you are taking a chance; if after considering all the issues, you feel you have a viable proposition then go ahead – give it your full attention and energy – I wish you every success!

Some useful links

www.imc.co.uk - The Institute of Management Consultancy, a professional body for management consultants. It merged with the Chartered Management Institute in January 2005

www.mca.org.uk - The Management Consultancies Association, it represents the consulting industry to its clients, the media and government.

www.cim.co.uk - The Chartered Institute of Marketing, a worldwide professional marketing organisation

www.bni.com - Business Network International, a business and professional networking organization that offers members the opportunity to share ideas, contacts and referrals.

ABOUT THE AUTHOR

Jela Webb is an independent consultant specialising in information and knowledge management. She established her own consultancy, Azione, in 2000 and works with clients in both the public and private sector. She is the author of ‘KM for SMEs: Solutions and Strategies (published by Ark Group) and the ‘Learning Guide to Knowledge Management’ (published by Ashridge Business School). Writing articles and book reviews for a variety of publications she has also presented at national and international conferences.

Jela is also a visiting university and business school lecturer, running ‘Consultancy Skills’ workshops and is the Module Convenor for the MBA Elective ‘Consultancy Skills’ at the University of Brighton.

Jela also offers one-to-one coaching services to individuals embarking upon a consultancy career.

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