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THIRD EDITION



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**ALAN WEISS, PhD** 

# GETTING STARTED IN CONSULTING

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# CONSULTING STARTED IN

# THIRD EDITION

# **ALAN WEISS**



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# Contents \_\_\_\_\_

Introduction to the Third Edition About the Author Acknowledgments	xi xiii xv
Chapter 1	
Establishing Goals and Expectations (Including Your Own) You Will Be What You Decide to Be, Nothing Less, Nothing More	1
Starting At Square Zero: Financial Needs	2
Personal Attributes: The Investment from Within	5
Time Use: There's No Such Thing As Not Having Enough Time	
Focus: We're All Working Part-Time	15
Why Collaboration Can Kill You	17
Summary	19
Questions and Answers	20
Notes	21
Chapter 2	
Physical Space and Environmental Needs  Act Like You Have a Business and You'll Have One	23
Alternative Work Spaces	24
The Basics Around You	29
Beyond the Basics	36
Communicating at the Speed of Light	38
Getting Some Help From Some Friends	41
Notes	43
Questions and Answers	44

vi CONTENTS

Chapter 3	
Sorting Out the Legal, Financial, and Administrative First, Let's Kill All the Lawyers	45
Legal Requirements and Organizational Options Accounting, Financial, and Tax Matters—Exploiting Opportunities Finding a Banker and Obtaining Credit Other Professional Help Notes Questions and Answers	48 50 53 56 66
Chapter 4	
Marketing 101 Creating a Market Gravity for Your Business	71
Creating a Press Kit	73
Stationery and Related Image Products	77
Networking	79
Pro Bono Work	86
Listings, Ads, and Passive Sources	88
Summary	90
Notes	91
Questions and Answers	91
Chapter 5	
Advanced Marketing  Creating a Brand	93
Establishing a Web site	93
Publishing	98
Obtaining Media Interviews	103
Speaking	110

### Interlude

Newsletters

Questions and Answers

Notes

Leveraging Technology	117
How to get Started at the Speed of light	
The Importance of Being Earnest	118
The Budget Sampler	120
Best Practices in Leverage	121

110

113

115

115

Contents	vii
----------	-----

	<b>apter 6</b>	
	Initiating the Sales Process and Acquiring Business  Building Relationships	127
	Finding the Right Buyer	129
	What to do About Gatekeepers	131
	Gaining Conceptual Agreement	135
	Creating a Succession of "Yeses"	141
	Notes Questions and Answers	145 145
Ch	apter 7	
	Closing the Sale	147
	How to Write Proposals and Cash Checks	
	The Nature of Excellent Proposals	149
	The Nine Steps of Great Proposals	150
	When to Follow Up	161
	Eight Rules for a Command Appearance	163
	Ten Steps to Follow if the Buyer is Unresponsive	166
	Horrors, What if the Buyer Says "No!": Six Steps to Redemption Notes	167 170
	Questions and Answers	170
Ch	apter 8	
_	Establishing Fees	173
	If You Bill by the Hour, You Cheat Your Client and Yourself	.,,
	The Fallacy and Lunacy of Time-Based Fees and Per Diems	174
	Preparing and Educating the Client	176
	Fifty-one Ways to Increase Your Fees	179
	Summary	192
	Notes	192
	Questions and Answers	193
Ch	apter 9	
	Moving to the Next Level	195
	You May Be Ready for Dramatic Growth Before You Know It	
	Finding Resources: The Pros and Cons of Staffs	197
	Business Planning	200

viii	CONTENTS
viii	CONTENTS

	<b>VVIII 2011 V</b>	
	Creating Dessive Income	203
	Creating Passive Income Working Internationally	203
	Investing In Longer-Term Potential	209
	Notes	212
	Questions and Answers	213
Cha	pter 10	
	Giving Yourself Permission to Succeed	215
	How to Continue to Grow by Paying Back	
	Maximize Retirement Investing	216
	Mentoring	218
	Professional Growth	219
	Retainers	220
	Selective Project Acquisition	222
	Travel	224
	Celebrity Status	227
	Life Balance	229
	The Firm's Future	231
	Giving Back	232
	Notes Questions and Answers	233 233
	Questions and Answers	233
Cha	pter 11	
	The Quick Start	235
	How to Hit the Consulting Ground Running at Full Speed	
	First Dimension: Creating Infrastructure	236
	Second Dimension: Reaching Out for Business	246
	Marketing Technique 1: Call Everyone You Know	247
	Marketing Technique 2: Target Twelve	249
	Marketing Technique 3: Focused Prospecting	251
	Quick Start, Full-Speed Mileposts, and Dangers	254
	Summary	256
	Notes	256
	Questions and Answers	257
Δnn	endices	
144		250
	A. Business Plan to Attract Investment	259
	B. Sample To-Do Lists	261

Contents	İX
----------	----

C. Office Equipment Recommendations	263
D. Trade Associations, Professional Groups, Publicity	
Sources	267
E. Sample Biographical Sketch for a New Consultant	271
F. Sample Position Paper	275
What You Need To Know	276
What You Need To Do	277
G. Sample Magazine Inquiry Letter	279
H. 101 Questions for Any Sales Situation You'll Ever Face	281
An Overview	281
Qualifying the Prospect	282
Finding the Economic Buyer	283
Rebutting Objections	283
Establishing Objectives	284
Establishing Metrics	285
Assessing Value	286
Determining the Budget Range	286
Preventing Unforeseen Obstacles	287
Increasing the Size of the Sale	288
Going for the Close	288
The Most Vital Question	289
Glossary	291
Index	295

### **Introduction to the Third Edition**

his has become the best-selling book in the history of the "Getting Started in . . ." series, and small wonder. The consulting profession not only offers independence, the opportunity for helping businesses and nonprofits, and the potential for great wealth, it may now also be one of the most secure professions!

In this newest iteration, I've included questions that readers of the prior two editions have consistently raised along with my responses, new insights into the electronic marketing arenas, and some surprising myth-busters (blogging comes after a brand, not before it).

References, especially on the Internet, go rapidly out of date. But what doesn't go out of date are the *processes* I've included herein to turbocharge your start in the consulting profession. Nothing changes about identifying your value, finding the buyer, and then inducing the buyer to find you. I've included my latest insights and intellectual capital about how best to do that in the contemporary global economy.

You will find downloads available (summitconsulting.com, select the book, and click as indicated), interviews with people like yourself who have successfully used this book to make the transition to successful consulting practices, and specific templates, lists, and recommendations for everything from computer software to financing, and from legal help to time use.

So, let's get started, for the third time.

—Alan Weiss East Greenwich, Rhode Island September 2008

### **About the Author**

lan Weiss began his own consulting firm, Summit Consulting Group, Inc., out of his home in 1985 after being fired by a boss with whom he shared a mutual antipathy. Today, he still works out of his home, having traveled to 49 states and 57 countries, published 30 books (now in 9 languages) and over 700 articles, and consulted with some of the great organizations of the world, developing a two-million-dollar-plus practice in the process, while maintaining hours that would represent retirement to most.

His clients have included Merck, Hewlett-Packard, State Street Corporation, Fleet Bank (now part of the Bank of America), Coldwell Banker, Merrill Lynch, American Press Institute, JPMorgan Chase, Mercedes-Benz, General Electric, the American Institute of Architects, the Federal Reserve, and over 400 similar organizations. He delivers 30 keynote speeches a year, appears frequently on radio and television to discuss issues pertaining to productivity and performance, and has been featured in teleconferences, videoconferences, and Internet conferences.

He has a Ph.D. in organizational psychology, and has served as a visiting faculty member at Case Western Reserve, St. John's, and a half dozen other major universities. He has held an appointment as adjunct professor at the graduate school of business at the University of Rhode Island, teaching a popular course on advanced consulting skills.

He is the only nonjournalist in the 60-year history of the American Press Institute to have been awarded its Lifetime Achievement Award, and is a member of the Professional Speakers Hall of Fame<sup>®</sup>.

Dr. Weiss resides with his wife of 40 years, Maria, in East Greenwich, Rhode Island, with their dogs, Koufax and Buddy.

## **Acknowledgments**

y thanks to the over seven hundred people who have participated in my Private Roster Mentor Program. The privilege of working with them to build and grow their practices has enriched my life and immeasurably added to my understanding of the attributes and factors required for success in the consulting profession.

To Dr. William Winter and my friends at the American Press Institute over the past 20 years and 50 appearances. Thanks for great times.

My eternal thanks to Maria, Danielle, and Jason for their love and forbearance.

# Establishing Goals and Expectations (Including Your Own)

# You Will Be What You Decide to Be, Nothing Less, Nothing More



#### consulting

the application of talents, expertise, experiences, and other relevant attributes, which results in an improvement in the client's condition.

inston Churchill remarked once that "we build our houses, and then they shape us." He was referring to Parliament. But the statement applies to most of our lives. That is, we create and fulfill our own expectations. When you consider entering the *consulting* field and, intelligently, ask others what to expect and prepare for, you'll probably be told:

- You'll work long hours and travel incessantly.
- You'll have to work the phones daily to get prospects.
- You can't make more than \$300,000 or so annually as a solo practitioner.
- Divide your yearly needs by billable days to create a per diem fee.
- Underpromise and overdeliver.

I produce over two million dollars from my home, with no staff, no office, and no sweat. If I had believed the preceding advice I never would have entered the field because, as much as I desperately wanted to be my own boss, I didn't want to work for any boss—including myself—who would labor under those adverse conditions. If we're going to take the risks inherent in starting and managing our own business, we ought to at least be able to reap the rewards.

The problem is that if you educate yourself incorrectly at the outset, or listen to the wrong sources, you're vulnerable to successfully meeting the exact wrong set of expectations. You will have brilliantly achieved a sorry state (which I see all too frequently in my mentoring program in consultants who are burned out, alienated from their families, losing money while supporting staffs, and generally suffering through conditions that they'd never approve for their own clients). There is a plethora of bad advice in the consulting profession, and there are more people pontificating about how to succeed than there are successful independent consultants. That should tell you something.

So, no matter how gray the hair, no matter how many years in the business, no matter what the claimed experience, don't believe anything you hear about this being an onerous and difficult profession. It's actually one of the absolute best in the world, provided you have the resources, the focus, the talents, and the passion for it. You should expect to become successful in assisting clients, to grow personally prosperous, and to create a rich and rewarding life for yourself and your family. If you don't expect those things, why are you considering any future in this business?

### **Starting At Square Zero: Financial Needs**

One of the primary reasons that people who enter the profession fail is not due to contacts, talent, competition, or methodology, but to undercapitalization. While it doesn't cost a fortune to create a consulting practice, there are the minor expenses of letterhead, phone, and postage, and the major expenses of feeding yourself, paying the mortgage, and putting gas into the car. When you start working as a consultant, you don't stop living as an individual (and, perhaps, as a family supporter).

If you follow the guidelines in this book, you should begin to generate business within six months from your actual start-up. However, this depends on many variables, such as your market, your particular focus, serendipity, and so forth. The stream or pipeline of business won't really be strong until you've been in business for a year or so. Consequently, the ideal starting point financially begins here (which is why I call it *square zero* and not, for example, *square one;* this is the true baseline).

#### **Reduce Monthly Expenses**

Reduce your monthly living expenses as much as you reasonably can. This has to be an accurate calculation. You can't reduce rent payments, but you can put off a vacation this year. You can't reduce the heating bill, but you can dine out less often. Arrive at the lowest monthly expenditure level that you (and your family) can reasonably commit to.

Consider your living expenses as *musts* (utilities, mortgage, insurance, and so forth); *wants* (vacations, college fund, and so on); and *hopes* (new car, put in a pool). Keep the basic "musts," put the "hopes" aside as a reward, and be judicious about the "wants."

#### Establish a Fund for the Year

Find enough money—real money, not future business or projections—to fund that monthly expenditure for a full year. You might not need all of it if business develops early. If you don't develop any business in the course of the year, you can truthfully say that you gave it a shot but the profession is not for you. Some of the best people I know, however, have required 6 to 12 months to bring home the initial bacon, and you cannot afford to lose focus because of bill collectors at the door, or believe you're a failure because business didn't develop in the first few months of your new venture.

If your monthly living expenses are \$7,000, you need to find \$84,000 that is available to you, and you need the mentality to be willing to spend it to support yourself while you launch your business. Here are some typical sources that have worked for others:

- Home equity line of credit. This is a terrific source if you own your own home and have equity, because it is easy to secure, the interest is fully tax deductible, and can either be withdrawn only as needed or in a lump sum and the portion not immediately needed can be invested. You can also pay these back without penalty. Overall, this is a very good funding source. As we've all seen recently, there are times when interest rates dip so low that even the most conservative financial adviser would advocate this route.
- Nonretirement savings. Take a deep breath and cash in the stocks, bonds, and other investments so you can make a still better use of the money—an investment in yourself and your future. The only penalty here would be applicable capital gains taxes, and there is periodic pressure in Congress to reduce those. If you cash in stocks that have lost money, however, you have the secondary benefit of taking a tax deduction on the loss. If you plan to fund your business this way, therefore, consider selling the losers, not the winners.

- Retirement savings. This is more problematic, because you will have to pay some penalty for funds that aren't reinvested in a retirement account (IRA, Roth, SEP IRA, 401(k), and so forth) within 60 days of withdrawal, under current Internal Revenue Service (IRS) provisions. You will also lose the power of tax-free interest appreciation. The younger you are, however, the more viable it is to withdraw funds of this type, since there is that much more time to replenish them. My recommendation: Try not to use this source if you're over 40 and certainly not over 50.
- Credit lines. Actually, it's not difficult to create a substantial fund using only the credit available on existing credit cards. (I once took the time to calculate that if I maximized every cash advance available on every credit card I owned, I could raise four hundred thousand dollars within 24 hours.) The problem is that the interest rates are usually staggering compared to other sources and the revolving credit actually adds to your monthly expenses, which will now be commensurately higher. These are not a good deal, unless they are for the short term (less than 90 days) and you're confident of business that can be used to repay them promptly. (Note: Even an unused credit line causes concern to future lenders because they assume that you may someday access it, meaning your indebtedness could increase, thereby endangering their own loan.)



#### **Career Key**

If you begin by funding your business correctly, you will create a precedent that will lead to prudent fiscal responsibility and maximum profit. Nothing, absolutely nothing, has ruined more consulting careers than concerns about short-term financial pressures. Eliminate them early.

- *Investors.* While some new consultants attempt to put together a prospectus to attract the equivalent of venture capital, such a formality is a waste of time. You're far better off with investors who know you and are willing to help out, even though there is considerable risk. Prepare a brief business plan<sup>1</sup> that reaches out two to three years (beyond that, they are exercises in fantasy) and demonstrate:
  - The nature of your market.
  - How you intend to penetrate the market.
  - What your unique offerings and talents are.
  - The funding necessary to sustain you.
  - The return (revenue and profits) anticipated.
  - Economic conditions that support your theses.

Offer your investors either a payback schedule that provides a decent return on their investment or a very small (for example, 5 percent) *equity* ownership in your nascent business. Do not offer any investor a major or controlling interest, or that person will be justified in making decisions about how you conduct the business, how you spend your time, and what market you pursue, meaning that you've wound up working for someone else again.

• Family. For some this is the easiest, and for some this is the hardest source to approach. Even if you were to seek the entire amount this way, a year's stake of \$84,000 spread over 5 to 10 family members is only \$8,500 to \$17,000 each. And you may want to secure only part of the year's needs this way, making it even more desirable. Hint: Prepare the same business plan that was recommended for outside investors. The family deserves to see it, you will seem more serious and less on a lark, you will divorce yourself from the person they remember as the kid falling off a bike and become a business professional in their eyes, and you'll feel better about the whole thing. Plan to repay the family with the same rigor that you would anyone else. Otherwise, you are on a lark.

There are other sources of funding, such as selling valuables, a spouse taking on a part-time or full-time job, seriously reducing your lifestyle (for example, taking children out of private tuition schools), hitting the lottery, severance pay from a prior job, selling a second home, and so forth. The alternatives described are the common ones, but the key is to set aside a full year's amount of reasonable (not extravagant and not desti-

#### equity

ownership of an enterprise. In this case, it is sometimes offered in place of cash compensation for services rendered. Equity can be attractive as a portion of compensation, but should never represent total compensation, especially for new consultants.

tute) living expenses. If you decide to enter the consulting profession full-time (not as a between-jobs stopgap) and create a career, and you do so with only a few months of reserves, you may be lucky and manage it. But the odds will be against you, so at least be cognizant of the dangers.<sup>2</sup>

# Personal Attributes: The Investment from Within

I'm asked all the time what skills are required to be a successful consultant. But it's actually the wrong question, since skills can be learned. The more important issue is what behaviors and attributes are required, since these are not usually learnable and our behavioral range is finite. (Learning how to conduct a meeting is a skill set, for example, but the tolerance for sitting through tedious meetings is a behavioral trait that many of us don't possess, myself included.)

Here are the ideal consultant behaviors and attributes as they apply to a solo practitioner, based on my observations of success and failure over 35 years. Be advised that the greatest danger to the start-up venture in this profession is a lack of self-esteem of the principal. If you don't believe you can help others, no one else will believe it. And if you don't manifest it, no one else will see it.

#### 10 Traits

1. Humor and perspective. There are few things as important as remaining on an even keel. You shouldn't be as high as the last victory (sale) or as low as the last defeat (rejection). See both the comic and tragic within client engagements. You must retain your objectivity—and sanity—which can be easily distorted when you work alone. Humor is also a sign of high intelligence and mental agility. If you can't laugh at yourself and at the world around you, join the corporate ranks or become a philosopher, but don't put out a consulting shingle.



#### client

an organization or individual that engages the consultant to achieve certain results in return for agreed-upon compensation.

- 2. Influence. You have to be able to speak, either formally or informally, in such a way that you can command a room or persuade an individual. Many consultants are horrible public speakers, which severely limits their effectiveness and their practice. A grasp of proper English, a wide-ranging vocabulary, and a talent for metaphor will serve you well in both marketing and implementation.
- **3.** Confidence and self-esteem. This is no profession for the faint of heart. Strong and powerful people will stare in your face, and weak and frightened people will nip at your heels. People know it when they see it, and it's the ability to exude confidence and power. You should be seen as a credible peer by clients and prospects, not as a vendor, salesperson, or subordinate.



#### **Career Key**

The effective use of language influences a discussion; influencing a discussion influences the relationship; and influencing the relationship controls the business. Language is the most dramatic asset you can use.

- 4. Fearlessness. This is different from confidence. This is the ability to walk away from business you don't want and buyers you don't like. It's the ability to say to prospects that their basic premises are incorrect and that you'd be doing them a disservice if you proposed a project based on their current expectations. Nothing increases credibility (and, ultimately, business) like the willingness to stand your own ground, disagree when you have better information and insights, and offer a differing view of a situation. You may get thrown out. Or you may be embraced as an honest person. You cannot fear failure.
- 5. Rapid framing. This is a little-known and little-understood trait that I've identified as one of the keys in differentiating consultants early in discussions with a prospective client. It is the ability to quickly summarize the issues—not to propose solutions, which are premature in early meetings—so that the discussion can focus rapidly on the next steps. For example, "Jill, what I'm hearing is that your customer retention is declining, but you're not really sure why, and you're reluctant to take any corrective actions until you're positive about the cause." Many clients aren't sure themselves how to articulate their concerns and needs, and the consultant who can do so for them becomes a partner and solidifies the relationship.
- 6. Value generation. Most consultants make the mistake of zealously guarding what they consider to be their intellectual property. In reality, there's nothing new under the sun. The ability to provide a prospect with real value right from the initial contact will create a subliminal message: "If I'm getting this much from our preliminary discussions, how much would I gain if I actually hired

#### buyer

that person who can write a check (expend budget without further approvals) for the consultant's products and services: also called economic buyer or true buyer.

#### **Starting Point**

this person?!" Smoothly and deftly work into the conversation ideas,

Throughout history, from the Tyrannosaurus Rex to the modern cheetah, predators have been successful about one time in 10. Rejection is more common than acceptance. You must be able to understand that failing is simply a form of learning for future success.

books, articles, approaches, references, experiences, and anything else that will create early value and reliance.



the degree of improvement to the client represented by the achievement of the objectives. These may be quantitative (2 percent increase in sales) or qualitative (there will be much less stress for me).

- 7. Intellect. There may be no greater asset than intellectual firepower. The more you are able to quickly use examples, paraphrase, cite historical analogies, recognize weakness in an argument, ask penetrating questions, and so forth, the more you will at least be seen as a peer and probably be seen as an invaluable asset to the client's business. Powerful people tend to hire powerful people, and powerful people are the ones with large sums to invest. Weak people are frightened by powerful people, but they are not the buyers you want to appeal to in any case.
- **8.** Active listening. Instead of tuning out and thinking about still another way to tell the prospect how good you are, demonstrate your ability to listen clearly, take part in the conversation through reflective listening (replying "in other words . . ." and paraphrasing, for exam-
- ple), and assure the other party that you're involved in and concerned about these issues. This will do wonders not only in securing business, but also in *networking*, dealing with your bankers, resolving confrontations, and so on. Active listening is one of the rarer traits in consulting, since most consultants try to talk too much (and when they're talking, they can't be listening and learning).
- 9. Instantiation. I couldn't help it—this is one of my favorite words. It means "making abstract examples and concepts tangible." Consultants tend to talk at 35,000 feet while the client is dealing with problems on the ground. It is a tremendous advantage to be able to say, "By participation, I don't mean anarchy, but rather people taking on accountability for the outcome of their work, such as following up the next day with a customer who complained about late shipments." Clients are concerned with the pragmatic improvement tomorrow. You have to take your approaches and translate them into that improved future.



#### **Career Key**

Continually improve your intellectual breadth. Do not focus solely on business skills, consulting methodologies, or even marketing. Consulting is a relationship business, and the more you are conversant in a variety of areas, the better your chances of building those relationships.

10. Bang-bang responsiveness. I'm convinced that responsiveness is an innate character trait, because it's so easy, yet done so poorly by so many consultants. I promise a 90-minute response to all phone calls, and I meet that standard 99 percent of the time. Yet many consultants don't get back to people for days. In this profession, getting there first is a major advantage. You must have the disposition to return calls, respond to letters, answer e-mails, and meet commitments faithfully and reliably. If you are disorganized, can't seem to move the piles of papers off your desk, and have a yard of pink phone messages sticking out of your pockets, find a day job. You won't make it as a consultant.



#### networking

the activity of meeting others in a systematic manner, particularly those who can buy, recommend, or otherwise support your services. The best networking is accomplished one-on-one by providing value to the other party first.



#### **Talking to Consultants**

- **Q:** What one key approach or activity would you do differently today from when you started?
- **A:** I would have included interviews with the target group as a precursor for any and all work that I embark on. I never realized how much value, how many answers to the problem I was hired to help solve, and how much rapport I could create throughout an organization with a dozen well-placed phone calls. I found that the best answers, training, innovation, and ideas almost always come from within. I am just a facilitator to pull it out, keep the project on course, prioritize the solutions, and hold the team accountable to implementation.
- **Q:** What was your biggest surprise—what do you wish you had known that you didn't know?
- **A:** How much money the large organizations have to invest in quality solutions that I can offer and how valuable my solutions can be for the right organizations. Good consultants should never work on any opportunity that they can't quantify and get agreement about having significant potential value. By doing this, it becomes much easier to charge six figures for the solutions that have a tenfold return on investment.

—Mark Faust, president, Echelonmanagement.com If you have a reasonable chance of performing well in these 10 areas, you've got an excellent shot at making it as an independent consultant. Eight of 10 might do it. Less than that and you may be setting yourself up for high stress at least and failure at most.

To return to self-esteem and self-confidence (the former being an action and the latter being a condition resulting from that action), let me state a sometimes terrifying but valid fact: Self-esteem is largely based on healthy relationships. If you can't maintain positive and healthy relationships with others (or if you have no close relationships), you may not want to read further.

You will need a support system that alerts you when you're off the deep end and validates you when you're on target. I have rarely observed a successful consultant who cannot maintain and nurture personal relationships in his or her personal life. That is a great place to get started in consulting.

# Time Use: There's No Such Thing As Not Having Enough Time

I work with consultants every day who don't have time to be with their families, enjoy their hobbies, or even work with all the clients they would like to. In fact, many of them have to schedule coaching calls with me weeks in advance, even though I have the time and my practice is many times the size of theirs. What's wrong with this picture?



#### **Career Key**

Your consulting practice is a means to an end. The ultimate objective is to provide for loved ones, enjoy life, maximize your contributions to the environment around you, and fulfill your ambitions and dreams. It's counterintuitive, perhaps, but you'll be more successful launching and building your career if you see it as a means and not an end in itself.

Never lose sight of the fact that time is the great equalizer. We all have the same amount of time, man or woman, young or old, wealthy or impoverished, neophyte or veteran. The question, of course, is *how we choose to invest it*. There is no such phenomenon as not having enough time. When we say, "I'd like to, but I don't have time," what we're really communicating in that statement is, "That particular activity is not a priority, so I'm spending my available time on something I consider more important." So if you don't have time to market your services, to write an article, to spend a romantic evening with your spouse, or to attend your kids' soccer games, then you're simply choosing not to. This is a sobering but vital fact to understand as you create and build a professional consulting practice.

#### **Starting Point**



Time should not be viewed as a resource issue, but rather as a *priority issue*. Make sure you truly comprehend what is important for you and to you.

As you get organized, get organized. Create lists—folders are effective only if you see them daily and look through them; I prefer lists that sit on your desktop and can be toted along, not computer screen lists that disappear behind screen savers when you're away from the monitor. The lists should establish your priorities for *both professional and personal goals*. Whenever I ask consultants what their current status is and where they'd like to be in two years, they inevitably provide purely business objectives: revenues, number of clients, name recognition, and so on. This is a fundamental weakness, because our professional and personal lives are so intertwined in this profession.

(By the way, paper lists that are constantly in view are far superior to electronic lists kept on a computer or PDA. A list that takes work to access may as well not be there.)

Here are the 10 keys to effective time investment as you proceed from square zero. They will stand you in good stead throughout your consulting career, no matter how large and successful the business becomes.

#### **Friendly Advice**



#### 1. Find advisors whom you trust

I had never run my own business before so I needed to quickly learn all about how to do it. This included simple things like how to track my revenue and expenses, how to pay myself a salary and the tax implications, how to get clients, how to structure my bank accounts, how to position my business . . . you get the drift. I relied very heavily on a few key people (mainly parents and friends) who had been through this before and were happy to guide me through the process.

#### 2. Find a mentor

Luckily, I was able to find someone who was running his own consulting firm and was happy to share his wisdom and experiences with me. This got me through the first 6 months of my startup. Discussing issues around whether or not to take on employees, the advantages and disadvantages of owning client relationships, and handling problem clients was invaluable.

(continued)

#### 3. Hire specialists

I had no idea how to structure my finances and payroll, so I hired an accountant. I had no idea how to incorporate a company so I hired a lawyer. I am not a design expert so I hired a graphic designer for my stationary and web site. I was not an expert in any of these areas (or many others for that matter), so I hired people that were.

—Andrew Miller President, ACM Consulting Inc. Toronto, Canada

#### 10 Time Investment Tips

- 1. Integrate your professional life and your personal life. You only have a single life. Don't compartmentalize, trying to create 8-, 10-, or 12-hour workdays. If you feel like writing an article on Saturday afternoon, do it. If you want to see your daughter's dance recital on Wednesday morning, do that. A week has an enormous amount of time if it's not arbitrarily chopped up and apportioned. (When you say that you "don't have the time" to see your kids' events, you really mean that you regard other things as more important and you've decided not to see their events.)
- 2. Use lists to create forward progress. At the outset, keep a monthly, weekly, and daily to-do list. This will not only create an important feeling of accomplishment as you cross off successfully completed tasks, but it will also forge momentum. In other words, you won't be able to say that you're still working on that article 90 days later. (It takes 90 minutes, not 90 days, to write an article.) Integrate personal and professional needs on the lists, so that your life and business are moving forward together, and you're not leaving one behind to advance the other.<sup>3</sup> (These list formats are available in every type of personal calendar product, but I reiterate that I like simple pieces of paper that you can keep in a pocket or purse or on a desktop.)
- 3. Don't do things that are easily delegated or for which you aren't skilled. Invest in a graphic designer to do your letterhead and logo. Have a web expert develop your web site. Hire a lawyer to incorporate your business. Select an accountant to do your taxes and filing. If you can't type and you have a large volume of literature to create, hire a student by the hour. Place a premium on your time. You're not saving money by struggling over something you have no flair for or ability to complete. You're wasting money.

- **4.** *Don't dally over low-priority decisions.* The name of your firm is not of cosmic importance. Make a decision and move on. If you want feedback, ask a few potential clients (not friends, since only clients buy your services, not friends) and then make a decision. Don't agonize over the look of a presentation folder or business card. They can always be changed later. Your initial sentiment is usually valid, and weeks of analysis won't change the decision.<sup>4</sup>
- 5. Do what feels right at the time. Don't sit uselessly at your desk and force yourself to make phone calls if the spirit doesn't move you, even though it's 10 o'clock in the morning and you're supposed to be working. That's a construct from an old, bureaucratic system. If you're not ready to do some work, then go to a personal item on your list, and clean out the garage, get the car washed, or buy your spouse's anniversary gift. Conversely, don't mindlessly surf the cable channels if there's nothing interesting on television, even if it is 8 o'clock in the evening. Move to your business items, and write a publicity piece, sketch out a speech, or put a proposal together.
- **6.** *Maintain a sanctum sanctorum.* Never attempt to work in a public area in your home (even if you live alone). Designate a den, a spare bedroom, or a heated part of the garage as your private office. Use what I call a "focused workspace" that has all of your equipment and support needs with minimum distractions. When you are working, keep the television off, the door closed, the interruptions few.
- 7. Spend money to maximize efficiency. Have the phone company install a dedicated fax line and a minimum of two lines for your residence/ home office—one for personal use, one for business use. (Or use your computer to send and receive faxes.) There is nothing worse than having your phone line tied in to your fax line. Install call waiting, voice mail, your own postage meter, a high-speed copier, a plain-paper fax with memory, a superb computer, and a laser printer. Buy an excellent cell phone. This is all investment, not cost.<sup>5</sup>

#### **Career Key**



I do not know of a single full-time consultant. Even if it were possible, who on earth would want to do it?

**8.** Be selfish with your personal time. Don't allow people to invade your time at their whim. Tell people on the phone that you're busy and can spare only a minute or will have to call them back later.

Tell your family that they need to give you another hour to finish what you're doing. Schedule installations, repairs, and maintenance around your convenience, not the vendors'. (You'd be surprised how flexible schedulers and dispatchers get when you say, "Look, either you can schedule this when it's convenient for me or you can cancel our order, and I'll tell the owner of the firm exactly why you've lost our business.")



#### **Starting Point**

Use your cell phone only to return calls. Never allow anyone to interrupt you at *their* discretion. Check your messages and return calls when best for you (but always within a short time frame).

- 9. Plan your long-term time investment. When you know that you have a major time commitment—preparing a speech, creating a marketing piece, working with web designers, writing a proposal—start with the deadline, work backward, and break it up into manageable chunks. If something is due in four weeks, set your deadline at three weeks out, thereby allowing yourself an entire week for contingencies and problems. Then allocate time each week from the finished product back to the present and the initial steps. Schedule on your calendar (and to-do lists) three hours every other day, or five hours a week, or one day a week, or whatever will enable you to get the major project completed while also working on a myriad of other things during the same time period. It's all in the planning.
- 10. Allow for the unexpected. Medical consultants advise doctors never to schedule wall-to-wall appointments during the day, because inevitably there are emergencies, late patients, complications on routine exams, and so forth. These create a domino effect by day's end, and some very unhappy scheduled patients. Instead, they advise some built-in slack time that can absorb the contingencies. If not needed, slack time provides valuable respite. You should do the same. Allow yourself some deliberate slack time during the day and during the week. It will be like money in the bank.

When you're 80 percent ready, move! The other 20 percent can be attended to with midcourse corrections. To quote Confederate General Nathan Bedford Forrest, "Get there firstest with the mostest."

#### **Talking to Consultants**



- **Q:** What was your entry into your own practice?
- A: When I started my practice in 1989, it was not exactly a planned experience. I was at that time a vice president of marketing at a software start-up in Berkeley, and the new CEO took me to lunch one day and fired me. This was for political, not competency reasons. So as I drove home, I was trying to figure out what to do. When my wife got home from work that night, I said, "Guess what. I'm now in the consulting business."
- Q: What would you do differently in your start-up if you had to do it again?
- A: If I had it to do over again, I would have done a lot more planning and had a lot more money in the bank before starting. It has taken me almost ten years to overcome starting undercapitalized. In starting my next company, I am making sure this does not happen. If I had it to do over, what I would have done more of is [I would have] planned what I would do, how I would do it, and who I would do it for. I had to learn as I went, and it took me a good three years to craft a service offering that was really meeting the needs of an easily identifiable group of clients.
- **Q:** What has been your biggest surprise?
- **A:** My biggest surprise in all of this is that I really could do it, and be a success at it. I always thought I needed a corporate structure (or some structure) to work within. I found out a lot about myself in the process. I find working for yourself is like constantly being in group therapy, with your clients as the group. They are constantly giving me feedback. The better the relationship with the client, the richer the feedback!

—David Coleman, Managing Director, Collaborative Strategies LLC

## Focus: We're All Working Part-Time

The pseudo-sage advice in this business is, "You have to be a full-time consultant and work at this profession exclusively if you want to succeed." The only problems with this sagacity are that it's based on a false premise, has never been actually exemplified, and wouldn't work anyway. Other than these drawbacks, it's great.

You have to be serious about your craft, but that doesn't mean you have to engage in it to the exclusion of all else. You have to develop your consulting skills and market your services, but that doesn't mean you have to zealously sacrifice all other interests or even all other sources of income. College professors have moonlighted successfully for years as consultants, as have expert witnesses in a variety of fields, business executives on the lecture circuit, and all sorts of entrepreneurs.

I probably work at the combination of consulting, coaching, speaking, and writing about 25 percent of my waking, available time. That's why I'm in this profession—I'm a refugee from the mindless rigors of the nine-to-five corporate world. The key is not how many hours you work. (Nor, for that matter, is it how much you make. The only test of business success is how much you *keep*.)

There isn't much chance to launch a successful consulting career if you're holding down the traditional daily job and want to consult only at night and on weekends; this is mainly because your prospective clients don't want your help at night and on weekends (although there are exceptions here, such as consulting in computers and programming, certain health care and medical consulting, and so forth). You do have to give up the proverbial day job.

However, true consultants aren't constantly on the client's site and, when not there, don't continually work the phones, write, and network. There is a lot of down time in the profession. This isn't unusual or bizarre. Walk around any major organization, and you'll find people chatting in the hallways, spending an inordinate amount of time at unnecessary meetings, and playing solitaire on their computers. We all goof off, because no job requires constant attention and no human could endure that demand if the job did.

In this electronic age, it's easier to consult remotely than ever before. Client personnel are often interacting solely by phone and email and virtual meeting; why shouldn't you fit right in?

I'm a part-time keynote speaker, even though that part of my practice generates almost \$600,000 annually. Yet I speak only about 30 times a year, for about an hour. That's less than a traditional workweek, one out of 52, for over a half a million bucks. Ironically, it's the fact that I don't speak more often that makes me so successful, keeps me fresh, creates demand, and makes my fee appropriately high.

Don't judge yourself by your time commitment. Judge yourself by your results. My ideal, I often tell people (and silence a room in doing so) is to work five minutes a year for \$10 million. My wife says that if I can work five minutes at those rates, I should be able to work 10. We'll see.

Keep the following separation in mind at all times, however, as you launch your career and plan its growth:

• Condition one is that you intend to build a self-sustaining business in consulting, one that is profitable, creates a personal or company identity, and can support your lifestyle and goals, no matter how much or how little you are actively engaged in it.

Condition two is that you intend to consult on the side as opportunity
presents itself, and the resultant income is simply gravy on top of the
predominant income derived in your other pursuit or pursuits.

Conditions one and two are mutually exclusive. In the first condition, you must proactively market; in the second condition, you can simply reactively accept business. A business failure in condition two is almost inconsequential, while a failure in condition one is catastrophic. The first is an occupation, the second an avocation. Do you really want to be a "consulting dilettante"?

One of the key determinants here is how you identify yourself. When a stranger at a party asks, "What do you do?" and you reply, "I'm a consultant," you've staked out condition one. But if you were to reply, "I'm in insurance," or "I'm in insurance and do a little consulting," then you're in condition two. Condition two is virtually never an entry point for condition one, because it provides too much security, too many comfortable factors, too much status and ego involvement, and very small risk.

This book is written for those in condition one, although the concepts are mostly applicable to condition two, as well. Both approaches are valid and can be quite successful, but there is a big difference between being a consultant and being someone who consults on the side. None of those college professors alluded to previously refer to themselves as "consultants who teach." They are professors who consult on the side. Their advantage is in their academic haven and secure salary and benefits, but their disadvantage is their time obligation to the university and the fact that they are not dedicated, focused consultants. (I can't begin to tell you how many clients have said, "Please, not another academic or theoretician" when offered a professor's help.)

A consulting practice is not a question of volume of time but rather of quality of focus.

#### **Starting Point**



This is really the marketing business. Marketing—aggressively and passively—is a full-time endeavor.

## **Why Collaboration Can Kill You**

Everyone in the world wants to collaborate. Unfortunately, this means mostly exchanging business cards and hoping for the best.

Understand that people are not going to give you business. Many new consultants want to *collaborate* with me by getting subcontracting work or participating in one of my projects. There is nothing in those deals for me, no value

added, no synergy. Similarly, you'd be crazy to offer hard-won business of your own to someone else just on the promise of some vague, future reciprocity.



#### **Career Key**

Don't simply assume that your content expertise from your former career will be sufficient to meet client needs as a consultant. Ask what results clients need, determine what interventions will enable you to deliver those results, and then make a plan to acquire and continually hone those skills.

Collaboration, alliances, partners, and other "Let's work together" offers are just like bank loans, agents, and speakers bureaus: You can't get them when you need them, but they're all over you when you no longer need them. Don't get lulled into wasting precious time, effort, and money on offers of collaboration that don't have a specific piece of business on the table to discuss. Also, remember that in collaborative efforts, one plus one must equal 64. That means that if I can create \$10,000 of business and you can create \$10,000 of business, it's silly to collaborate if the result is only \$20,000. In fact, we'll lose money, because collaboration soaks up time and energy. Only if the joint application of our respective skills can build a \$50,000 or \$100,000 piece of business where there was only \$10,000 before is collaboration worth considering.

There are only two reasons to bring other people into business you've secured early in your career:

- 1. You need help with the legwork, since you can't manage all of the interviewing, or training, or writing that's required within the client's time frame. This is actually quite rare and usually the result of poor planning. When you're just starting out, try to get to everything yourself so that you maximize your profit.
- 2. You don't have the expertise for a certain part of the project, and need help with, say, the financial planning or the technical specifications. This is valid, but not so if you need help with basic consulting techniques that you should have mastered, such as running focus groups, conducting surveys, or creating training materials.

(Later in your career you may use subcontractors if the work is tedious and provides no learning, or you simply want to work less.)

In fact, here are some basic consulting *methodologies* that may be in your tool kit if you are a generalist or deal with the people side of the business:

- Focus groups, interviewing, and similar sampling techniques.
- Problem solving, decision making, and planning.

- Innovation and creativity.
- Communication, feedback, and interpersonal relations.
- Strategy formulation and implementation.
- Behavior modification and morale.
- Performance evaluation and succession planning.
- Coaching and counseling.
- Conflict resolution and negotiating.
- Project management.
- Cross-cultural synthesis.
- Product commercialization.

If you are a specialist in technology, finance, or health care, for example, your list should include the comparable needs in your field. If you find yourself constantly looking for help because of a lack of competence, then you simply haven't prepared yourself adequately to

meet client needs, and you should consider some educational help in the form of books, consulting seminars, mentoring, or an apprenticeship.

#### methodology

the systematic, procedural approaches that a consultant uses to implement a project (for example, surveys, training programs, competitive analyses, and so on).

#### **Career Key**

Always be cognizant of the difference between *process* and *content*. Content refers to the work of the business (for example, health care or producing cement). Process refers to techniques to run a business that can be applied to any content (for example, decision making or conflict resolution, the approaches to which are the same in both health care and cement).

#### **Summary**

If you're going to start from square zero, begin with a secure financial base, determine whether you have the requisite behaviors and temperament, carefully manage your time, focus on the quality of your approaches, resolve that this is your profession, develop the proper skill sets, and avoid useless collaborations.



#### content

the work of the business (for example, health care or producing cement).



#### process

techniques to run a business that can be applied to any content (for example, decision making or conflict resolution). Managing time is about priorities, not resources. You need physical lists you can readily and easily consult to allocate your time to the proper personal and professional priorities.

The number of people who enter the consulting field and fail is staggeringly high. But even more unfortunate are those who enter the field, eke out a living, and get caught in the "success trap." That is, they hit a wall or plateau because they are working hard but not working smart, and are running too fast to stop and understand their own plight.

You have the advantage of beginning the right way, learning from others' mistakes and not placing yourself in a position of having to unlearn before you can learn. Take the time, the energy, and the moderate

risk of creating the right start, so that you can more quickly move from square zero to square one.

*Final thought:* Do not simply emulate others. Determine why they are successful and then adapt their steps to your personal style.

#### **Questions and Answers**

- Q. Why do some people obtain their first business so much faster than others?
- **A.** There is a variety of variables:
  - Larger contact base.
  - Business from a former employer.
  - Bolder in pursuing networking and leads.
  - Higher confidence and self-esteem.
  - Luck and serendipity.
  - Faster with publicity, web presence, promotion.
  - If you can't acquire business in six months or so, it's a warning sign; if you can't in a year, it's an exit sign in most cases.
- **Q.** Does it matter whether or not my key suppliers are physically in proximity to me?
- **A.** Yes and no. You can have graphics design, answering services, office supplies, and so forth done at a distance. But I'd recommend that you be able to look your bookkeeper, accountant, and attorney in the eye. Also, your printer should be close, because it minimizes shipping of materials and you can have things done on an emergency basis much more easily.

- **Q.** Doesn't it make sense to develop products and offerings well before you launch your practice?
- A. Actually, no. You should focus on your value and results for clients. Arbitrary offerings may not be needed in the marketplace, or may restrict you right out of the box to training, or coaching, or facilitating, or whatever. Determine how the client is better off when you are finished, and you'll know what your real value is to the client's business.
- **Q.** How do you overcome the problem of being a single consultant when the prospect asks, "Is it just you, or are there others involved?"?
- **A.** Always prepare for common objections and questions. In this case: "The largest organizations in the world—GE, JPMorgan Chase, Toyota, the Federal Reserve—use independent consultants because they are highly focused and very cost-effective. That's why I operate alone. I assume you'd want those same advantages in a consultant."
- **Q.** I'm told that brokers and agents and common listings can really help the beginning consultant. Is that accurate?
- **A.** Not in the least. This is a relationship business, so middlemen don't help at all. They are the only ones who make any money from your working with them. Ask yourself this: Would a corporate buyer go through lists and web sites to find a consultant, or would the buyer rely on referral and word of mouth? Focus on building your brand, not your band.

#### **Notes**

- See Appendix A for a sample business plan for the purpose of raising funds from investors.
- 2. One exception: If you are beginning with a contract already in place from a prior employer or business contact, you already have some cash flow to offset the year's expenses. But the caveat here is to ensure that you are marketing to attract other business during the initial term of the contract, or you'll be back at square zero when the contract is done and the fees have been spent. See Chapters 4 and 5 on creating a marketing presence from the outset.
- 3. See Appendix B for sample to-do lists.
- **4.** By the way, this is why you should never have extra thousands of copies of anything printed, no matter how often you're told, "It's only an extra \$200." Keep inventories low on items that you're likely to change. The savings don't justify being stuck with out-of-date or out-of-style materials.
- **5.** See Appendix C for suggested office equipment and recommendations.

# Physical Space and Environmental Needs

## Act Like You Have a Business and You'll Have One

n 1985, I was fired by the owner of the small company I had been employed by as president for two years. It was an unceremonious, and rather parsimonious, departure. My wife and I decided that my best chance for success was to neither work for someone else nor have others work for me. I would be a solo practitioner.

My immediate focus was to secure an office.

"Why do you want an office?" asked my wife.

"Well, I'll be running my own practice, formally incorporated."

"But why do you want an office?" she persisted.

"I'm going to need my own work space, materials, support, image."

"Are clients going to come to your office? Is consulting a walk-in business, like a manicurist or a flower shop?"

I realized that the real consultant was giving me some invaluable advice. I wanted a formal office because I thought it was an accourrement of the job. What I really needed was a work space.

I've worked out of my home ever since then, from the time I launched my solo practice to the time I'm writing these words in this latest edition. I know that will never change. A home-based practice is viable for the beginner and for the successful veteran. So don't feel that if you're starting out working in a spare bedroom that you're inferior, temporary, or cutting corners.

Moreover, I estimate that office rent, equipment, utilities, insurance, and even part-time staff would have cost me at least \$30,000 a year, which totals \$690,000 to date, and still counting. That's significantly more than the amount of money it cost to put our two kids through 17 years of private schooling (\$450,000), and pay for my daughter's wedding, which took place in a Newport mansion. Spending money for image is one thing, but spending it for ego is another. Spending it on family is best.

Your clients don't see your physical space. You do. If you can work successfully, productively, and happily there, that's all that matters. This chapter details how to set up an initial office environment using one's residence. It also covers office-sharing techniques and formal, external offices. We begin with the most common configurations.

#### **Alternative Work Spaces**

You have several options starting out, depending on your budget, work style, personal preferences, and existing physical assets. All of them can be successful, though I want to stress that a home office is by far the most economical alternative available.

#### Office at Home

This option depends on two factors: the size of your residence and the size of your family. If you live in a three-room apartment but have no family, you have ideal conditions for a home office. If you live in a 10-room house, but have 6 kids, 5 pets, and live-in parents, you might be a tad too squeezed to accommodate an office in the house.

You need two primary elements for your office: space and privacy. The space is important because you must have certain equipment with appropriate support (electrical outlets, phone lines, files, and so forth). The privacy is important because you must be able to talk to clients uninterrupted by domestic noise. (I always allowed my dogs free run of my office without any problem until one day, while I was using the speakerphone as I took notes, my 100-pound shepherd-husky mix, Trotsky, wandered over after a meal and belched right into the speaker.)

#### **Career Key**



Most prospects and clients never, ever ask about your office. They will simply inquire, "Where are you located?" or "Where are you based?" Simply say, "Our office is in East Greenwich" and don't offer anything more, or move the conversation onward by saying, "Our office is in East Greenwich. Have you always been located in this area?"

#### **Starting Point**



If a person's home is the castle, then the office is the castle keep.

A home office should minimally have the following characteristics:

- An enclosed, private area with a door.1
- Sufficient space for at least primary equipment, such as a computer and printer, phone, postage meter, and desk. (The copy machine, for example, might be in another room if necessary.)
- At least two phone lines, but preferably three (office number, home number, and fax if you don't use your computer for this).
- Heating and air conditioning as needed in your area.
- Enough storage for *frequently* needed files, support materials, and supplies.

Ideally, the office should also provide:

- Natural lighting from outdoors.
- Space for support equipment: copier, reference materials, fax machine.
- Accommodations for a television, radio, and digital recorder.
- Room for a large, spacious desk and chair.

Your home office should be your work refuge for two important reasons: First, you'll need a quiet, private space in which you can leave things in the exact condition you'll want to find them again the next morning. This isn't a hobby, like model building, stamp collecting, or knitting, where you can clear up your stuff from the kitchen table so that dinner can be served and homework can be done, and return again later. You have to be able to create a sanctum sanctorum, no matter how modest, in which your work materials are unmolested by

family, visitors, and anyone else in the house. (Our cleaning crew is prohibited from entering my den. My wife and I clean it. Well, I sort of help.)

Second, the IRS will allow you to deduct an office at home only to the extent that it is a full-time office. A shared family room or bedroom won't count. Even a dedicated room, if also used for other functions and not kept exclusively as your place of work, won't count. This is a significant income tax deduction, and it is still viable.

Ideally, carve out a spare bedroom, den, library, finished basement, attic, guest room over the garage, or whatever space you can manage to use as your initial office. It will serve you nicely at the outset, and you might just find yourself comfortably ensconced there a decade or so later. But if you find that your only alternative at home is a corner of the living room, the kitchen table, or the workbench in the garage, take a look at other options.

You can charge rent to your company for your home office, and deduct such things as repairs, renovations, utilities, and so on. But keep careful tabs on this since it has implications if you sell your home. The rent provides tax-free money to you from the company, temporarily, since it will be personal income offset by some of those maintenance expenses come tax time.

One final advantage of a home office: You'll never have to complain about the commute. The disadvantage: You get no bad-weather days or other excuses for not being there.

#### **Shared Space**

There is a great variety of office suites that allow you to use the facility, usually a cubicle but sometimes an office, for a set monthly fee. You will have a receptionist who will forward calls to you if you happen to be on site, or to your voice mail if you're not. There is often a shared secretarial-administrative function for correspondence, copying, faxing, and so forth. You can get your mail there and also use the postage meter to send your mail. Some provide conference rooms you can reserve.

These spaces exist in most cities of at least medium size, and many people use them, especially as temporary support when getting started. Their advantage is that they provide primary support services in a professional setting, affording you both the help and socialization of other people.<sup>2</sup>

The disadvantage, aside from the investment required, which can range from \$300 to over \$2,000 a month depending on the level of service, location, and space, is that many people fool themselves that they are working because they've "gone to the office." In fact, you use these places on the fly, meaning that you can't leave personal possessions of any significance, the equipment is shared, and sometimes there are even limits on the amount of time you can occupy the space. Simply reporting in doesn't constitute *marketing* or working.

Another disadvantage of shared space is that you can't drop in at 10 o'clock at night if you have a great urge to accomplish something, because the facility probably isn't open and definitely isn't next door. There is no permanence that allows for a continuity of effort and focus.

A different kind of shared space, however, is offered by many professional service firms that rent out their offices. Your accountant, lawyer, designer, or other professional friends and colleagues may have office space available. You can often work out a deal in which a nice office is permanently yours for an annual fee, and the



#### marketing the creation

of need for your services among potential buyers.

company receptionist will dedicate one incoming line to you and answer your phone appropriately, even taking messages when you're out. You can make arrangements to pay for the use of a copier, fax, and so on. Many professional firms take on more space than they immediately need, and renting out the excess for even a modest fee is better than allowing it to lie fallow.

#### **Starting Point**



Your work space has to be comfortable, friendly, and practical, because you should be happy to be there and positive in the environment.

These are good arrangements, because you can personalize your office, interact with others, have use of a receptionist, and enjoy most of the benefits of a small organizational setting while being on your own. The only slight disadvantages would be things like the fax headings, which might indicate a law firm and won't have your company name (these are set in the fax machine—I'm not talking about letterhead or stationery). Also, you might not get your own key, so you might be subject to the owner's office hours, meaning you might not have access to your files and computer on the weekends or in the evenings. This can be solved with a laptop computer and some duplicate files, or by securing your own off-hours office access.

#### **Career Key**



Since consultants go to clients and not the other way around, it's usually more important to have an office in proximity to your home rather than in a major business center. This will make your commute easier and also keep costs lower.

Shared space with your own office in a small organization of professionals is a good deal, and preferable, for many, to even an excellent office at home. The increased cost for renting the space is offset by the business environment and formal separation of personal and professional life. (You may also be able to obtain the space for bartered services, such as consulting on the firm's human resource, compensation, benefit, and other issues.)

There is one final type of shared space, similar to the last one. You might be able to borrow space if you have a relative or close friend who has an office arrangement with extra space. Almost everything would be the same as in the previous example, but with two important exceptions: First, there would probably be no fee at all, hence the term *borrow*. Second, you will have some of the advantages and disadvantages of working with family members or close friends. That dynamic can infringe on your privacy and can be uncomfortable. It's one thing if your paid landlord sees you doing a crossword puzzle at two in the afternoon, but it's a different thing if you're seen by your father-in-law or your spouse's best friend's brother.

Look for such borrowed space if the social dynamic will be comfortable and undemanding. However, make sure that the space is part of a compatible business. You don't want to borrow an office in a meatpacking plant or an auto body repair operation, no matter what the savings.

#### **Formal Office**

You can rent, lease, or even buy an office that is part of a larger building or stand-alone. For example, I have a friend who bought a condo to use as her office, also looking at it as an investment to sell or rent out should she decide to move to larger quarters or retire. You can acquire a storefront type of office, such as are usually occupied by real estate offices and insurance agencies. You can rent office suites or single rooms in larger office buildings.

Virtually all of these will come unfurnished and unequipped. This means that your initial investment will have to include:

- Down payment for mortgage, lease, or rental costs (and probably a security payment).
- Insurance, including fire, theft, liability, and so on.
- Utilities.
- Phones and phone lines.
- Basic decorating and design.
- Equipment purchase and installation.
- Locks and security measures.

- Possibly part-time or full-time administrative help.<sup>3</sup>
- Cleaning services.
- Office amenities: cooler, coffee machine, and so on.

Some words of caution are offered here, even to those who may easily be able to afford an office from the outset due to severance pay, intelligently saved resources, or the lottery. A formal office provides as much distraction as it does privacy. There will be mail and parcel deliveries, solicitations, cleaning crews, building maintenance, chamber of commerce requests, and a myriad of other intrusions. If you hire someone, you will have further time demands for managing the help, no matter how pleasant, how professional, and how dedicated that help may be.

If you've been a successful consultant for a while and honestly believe that your productivity and performance will be enhanced by making the move to a formal office of your own—and you're not being sideswiped by your own ego—then, by all means, have a go at it. But if you're new to the profession and trying to establish priorities as you begin your career, put the external office on hold for as long as you can. *Use one of the alternatives just described, for at least the first year.* You can always find an office later.

And, above all else, remember that half-million-plus that could have gone into the office but wound up in my pocket. How much business at what average fee would it take to recoup that amount of money?

#### The Basics Around You

This is what you'll minimally require from the outset. We'll tackle the more esoteric, nonessential stuff a little later. But don't start your practice without the following:<sup>4</sup>

#### Two-Line (or more) Phone

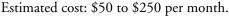
Like most other technological advances, phones are becoming cheaper and more diverse all the time. The two lines I'm talking about are not two business lines, but rather one line for the business and one line for home if you're working at home. If you're working in an office outside of your home, two business lines are fine, but call waiting works equally well. The phone service should include call waiting, call forwarding, and caller ID. Ideally, the phone should have both speed dial and memory capability so that you can store and quickly retrieve your most frequently called numbers. A speaker feature is nice but not essential. Many people like to use a headset, which affords very high quality while leaving your hands free for notes and providing mobility to look for files or search

on the computer. Also, a conference capability can allow you to include two to four callers on the line. Some phones also have an incoming message feature, which will safeguard you should your voice mail fail or you forget to forward your phone calls.

Estimated cost: \$95 to \$300.

#### **Voice Mail**

Don't use an answering machine, which has limited flexibility. Acquire voice mail support from your phone company or from a private supplier. The primary features you'll need are message length and capacity. Some people are verbose, and you don't want the system to cut them off before they finally get to their phone number. Nor do you want the dreaded "voice mail box full" announcement to be made to a potential client. Most voice mail will also provide branching, whereby the caller has an option to leave a message for you or someone else. This can be helpful if you want to differentiate between general messages for the firm and private messages for you, or if you sell products and want to use one of the branches for product orders. If you're a trainer, you could provide a branch for seminar registration, as well. No one minds voice mail too much anymore, since it's become a part of our business culture. What they do mind is not being called back promptly, so make sure your system retains messages indefinitely, can be accessed easily from the road, and has security devices built in to protect privacy.





#### **Starting Point**

It's useful to "educate" your callers to speak their return number slowly or repeat it, *even if they think you know it*. You'll be surprised at how many people leave messages but not their return number.

#### Fax with Dedicated Line

Select a plain-paper fax with a memory. The memory is absolutely mandatory, since faxes will always run out of paper, jam, or lose the ink cartridge precisely when important documents are being sent. The memory feature has saved me grief more times than I can count. Do not have a system wherein there is one line for phone and fax, and the caller has to wait for the prompt to choose phone message or fax. It's unprofessional, annoying, and unreliable. Have a separate line installed just for the fax, which can also be used as a backup phone line in an emergency. Sharp and Canon and Panasonic make good, small faxes for home offices, and they can be purchased through discount office supply stores such as Staples. If you choose to use your computer as your fax machine,

the software is generally pretty good, as are some web-based services. This is a matter of preference, and fax machines are quite inexpensive.

Estimated cost: \$150 to \$400.

#### Copier

You can't run to Kinko's every time you need copies, and you can't rely on the fax machine, because even the best are good at being fax machines and terrible at being copiers. Minimally, you'll want excellent resolution, the ability to make 100 copies at a time, and small size and footprint. Don't buy a used copier. These are notoriously temperamental machines to begin with. Buy a new one with a warranty, which, in the case of a copier, is well worth the small extra investment. You don't need automated paper feeders or sorters, but the ability to copy photographs and book text, and to enlarge and reduce are important features. Find a model that can make a lot of copies before toner cartridges have to be changed. Have preventive maintenance and cleaning performed at least yearly. Canon, Xerox, and Sharp all make fine home office copiers, and are available at discount office supply stores. (*Note:* The machines that offer copying, printing, and fax capabilities together have had mixed reviews, in that they can do all three things pretty well, but no single one superbly well, and are that much more prone to technical problems.)

Estimated cost: \$200 to \$500. A one-year warranty is often included.

#### **Computer and Peripherals**

Your computer needs are going to overwhelmingly be for word processing (letters, invoices, reports), spreadsheets (tracking revenues, logging mileage, client reporting) and databases (clients, prospects, newsletter subscribers). You may have some graphics needs (slides, charts, course materials, presentations). Those are four primary software needs at the outset. Invest in the best machine you can that will handle all of your basic needs supremely well, but don't worry about additional bells and whistles. I've found that my scanner was used so infrequently that, when I upgraded my system, I removed it.

#### **Talking to Consultants**



- **Q.** What one key approach or activity would you do differently today from when you started?
- **A.** Being the first person in my family who didn't have "a real job," I didn't know what I didn't know about marketing my services. I was so concerned about bootstrapping and positive cash flow that I didn't

(continued)

take the long view and invest in getting outside help to advise me on pricing and other issues. As a result, I left a lot of money on the table because I didn't know my worth in the marketplace, or even where the most profitable clients were. Looking back, that unwillingness to invest cost me at least five years of struggle—the only thing that saved me was that I had a good track record and reputation.

- **Q.** What was your biggest surprise—what do you wish you had known that you didn't know?
- **A.** I am surprised at how successful you can be without knowing everything you need to know. In the beginning, I wouldn't implement a new idea until it was analyzed to death. I realize now that I was using perfection to hide my fear of failing. Now I'm willing to have more faith in my abilities and just jump in and learn along the way.

—Vickie Sullivan, President, Sullivan Speaker Services



#### **Career Key**

Learn supremely well the 20 percent of the computer system that you actually need and ignore the rest. Be expert at all the word processing shortcuts, for example, but don't worry about the more esoteric sound features. You can always look up some rarely used feature in the manual when you need it.

I favor Macs (Apple's Macintosh computers) because the technology is so user-friendly and intuitive, and they can handle anything from clients, no matter what platform the client is using. Modern software allows you to open nearly any application on any platform, so compatibility is not an issue. No matter what brand you purchase, however, include the following as a wise investment:

 A computer with the maximum storage space and speed that your budget can afford.<sup>5</sup> You should buy enough extra capability that the computer can serve you well for a minimum of three years without upgrading. You'll need a backup drive of some kind, to protect you in the case of a crash or other data loss. There are also web-based resources that can be used to save your key data. I strongly recommend a flash drive, which can move information quickly between a laptop and a desktop, or just save key material quickly.

- A first-rate monitor with a diagonal screen size of at least 16 inches.
   Planar is highly rated and is a fine monitor at a reasonable price. Apple makes outstanding monitors.
- A laser printer with the fastest printing you can afford. Hewlett-Packard makes terrific, highly reliable printers. Purchase a model with at least two paper trays. (You can also acquire an HP color printer for less than \$200. But this should be a second printer, not the primary one.)
- A high-speed cable connection. If you can in your area, create your Internet access through the local cable system.

Estimated cost for the entire computer system: \$2,500 to \$4,000.

#### Postage Meter and Electronic Scale

Someone actually criticized this book for suggesting that consultants invest in postage meters, because it was such an expensive item! My response is that you're either serious about this business or you're not. This device makes your life easier and also provides a professional image. Clients and prospects aren't accustomed to seeing postage stamps on business correspondence. Meters are generally leased from organizations such as Pitney Bowes, although there is a growing trend toward electronic postage from the Internet, which hasn't yet proved very popular or easy to use. The latter is still problematic, requires special software, and can't accommodate certain envelopes, so a meter is still required, especially for larger packages. You should obtain an electronic scale with it that will allow you to be economical with postage, determine what class of service makes sense (for example, Priority Mail versus book rate), and most of all help you avoid the long lines at the post office. Final major advantage: You can insert additional postage in the meter using a code over the phone lines at any time. Both items come with varied capabilities, depending on the volume of mail.

Estimated cost: Leases from \$800 to \$2,000 per year.

#### The Bottom Line

The basic investment in your office equipment, if you have absolutely nothing and have to purchase it all, probably ranges from \$3,500 to \$10,000, depending on quality and capabilities. You can offset this if you have existing equipment, by purchasing from discount houses and catalogs, by purchasing used equipment, or by borrowing or sharing equipment. However, for \$5,000 at

square zero, you can equip yourself professionally and well with equipment that will last for years. (See the Quick Start chapter that concludes this book for still another view of basic purchases that can be made rapidly to maximize start-up success and speed.)



#### **Friendly Advice**

I was burned out, disillusioned, and angry. After investing fifteen years in pursuit of all the advanced credentials my profession had to offer, they changed the rules of the game and I was earning less income and working more hours than before earning my doctorate. Out of a dare from an arrogant seminar participant during my search for a new career and some desperation I read a book called *The Million Dollar Consulting*. My initial impression was that this guy, Alan Weiss, was more arrogant than the referral source but, I thought, you can't argue with success, which he appeared to have plenty of. I devoured the book, was reluctantly impressed, and had to give up my notion that consulting was akin to being a car salesman with a self-aggrandizing message to change the world. And am I ever glad I did.

Five years later, *I* am a million-dollar consultant; have a national coaching, training, and consulting firm; am a published author; appear on media; and have a life I love and is worth living because it works for me while I contribute to others in meaningful ways. How did that happen in such short order? Credit must be given where it is due. The arrogant guy turned out to be the real deal—I met the author of that book, the Pied Piper of consulting, Dr. Alan Weiss, who rocked my paradigms to their footings and then challenged me to reconstruct them in ways that changed me as a person and a professional. Then, I did three things that were key to my success:

Key Number One: Let Go of What You Already Know

The biggest constraint to success is knowing something. Once you "know something," learning stops and you cannot be contributed to in ways that make a difference. Being a trained psychologist, I thought I knew a lot of stuff, but the truth is my own professional arrogance got in the way of trying different things, taking necessary risks and getting out of the limiting business model that doc-in-a box clinicians relegate themselves to in dead-end practices that suck the life out of them by the hoards. Give up what you know, step into the possibility of doing what you do in ways you never imagined, or in my case, negatively

judged and dismissed as viable, and above all, take decisive action in the margins—outside your comfort zone—where you will discover "what you didn't know, you didn't know." That's where success lives!

Key Number Two: Find People Smarter than You

This was a tough one for a recovering shrink from New York who had a fair dose of chutzpah to contend with, but I'm telling you, it works! I spent a lot of time and money traveling the country, going to seminars with people I wouldn't normally choose to hang out with, and letting myself be coached by people I didn't always like who were both smarter and more successful than I was. Success is not an accident and most definitely leaves clues. And for those of us who are a bit stubborn, find a mentor who will tell it to you like it is, won't hold your hand or do it for you, but give you rock solid advice to build a practice on. And yes, that's a plug for Alan Weiss. Seriously, there is a wealth of information out there and a community of very talented people to learn from. Pay your dues, get into networks, start mastermind groups, hire a coach or mentor, open your mind, and leave your ego at the door!

Key Number Three: Own Your Value or Stay Employed

This one was worth the price of admission: You cannot give away what you don't have and what you have as a consultant is *value* in the form of expertise that has the power of changing your client's condition and their lives. I'm not just a consultant. I'm an expert. My expertise enhances the quality of human life, be it personal or business, giving people access to what didn't exist before I was there. That's priceless. I will never allow myself to be a commodity in a world that asks us to be increasingly homogenized and undifferentiated. People pay us for *value*, not deliverables; and if it's deliverables they want, then they don't need a consultant who is the best in class and an unprecedented expert at what they do. Own it or stay employed!

I see no contradiction in the paradigms of Wall Street versus Mother Teresa. In fact, one can protect the other from greed and stupid altruism respectively. Understanding this distinction catapulted me from being a fixed-income employee to one of the more successful consultants in my field. Success or mediocrity—choose!

—Jay Kent-Ferraro, Ph.D., MBA President Empowerment Technologies, Inc. Tulsa, Oklahoma

#### **Beyond the Basics**

As you're able to afford them, there are additional items that can significantly improve productivity. Although they may seem like luxuries, after one use, you begin to wonder how you could have survived without them.

#### **Laptop Computer**

These have become tremendous aids to productivity for those of us who travel a great deal. (*Note:* Some people have opted to use these exclusively, and forego desktops altogether.) You can switch files readily with your desktop machine, sometimes as easily as with an infrared connection, but usually through a FireWire or USB cable, flash drives, exchanging disks, or sending yourself e-mail. Again, Apple makes some wonderful, easy-to-use machines. Whatever you buy, purchase the maximum speed, storage, and screen size that your budget will allow. Make sure it has a keyboard that is comfortable to use. Battery life is steadily improving, and many airlines have introduced on-board power sources at the seats. If you're careful, you can sometimes find excellent used machines that will fit your needs nicely for a fraction of the original price.

Estimated cost: \$1,000 to \$2,500.

#### Scanners, Digital Cameras, Color Printers

If you will be doing a lot of graphics work, materials production, course design, and similar types of production, scanners are a major asset in integrating external sources, color printers provide a more professional touch, and digital cameras can immediately insert contemporary photos. They all are of help with your web site, blog, and other Internet presence, as well. Nikon makes great digital cameras, and Hewlett-Packard continues to make the finest printers on the market.

Estimated cost: Varies with models and abilities, and is continually declining, but probably from \$200 to \$1,000 each.

#### Cell Phone/Pager/PDA

These ubiquitous devices have become less and less expensive and more and more reliable, proving that they are legitimate business tools. Contrary to popular opinion, you don't need a cell phone to be a consultant, but it does help. This is a must: Use a service provider that has nationwide *and* international affiliations and coverage; otherwise your roaming feature will be limited and the phone will be useless in certain locations. Many services offer one-fee roaming rates, meaning that unlimited roaming throughout the country can be done at a set fee each month. That's a huge money saver. The phone will often

be free or leased for \$5 a month if you take the provider's service plan. Some phones also serve as beepers or pagers, or you may choose a separate device. These services vary widely from simply informing you that you're wanted to providing callback numbers and messages.<sup>6</sup>

#### **Talking to Consultants**



- Q. What was an early example of new learning for marketing?
- **A.** I had no idea how deeply interrelated speaking and consulting are. Providing you speak to the right level of audience, you have before you a captive group of high-value prospects. Through careful honing of the communication and leaving the audience knowing that you have much, much more to offer them, you will have them lining up with their business cards after the presentation. I wish I had realized much earlier that speaking was a perfect road to consulting work.
- Q. What was your biggest surprise?
- **A.** The biggest surprise for me was that I got the fee I asked for when I had priced the job to the point where I thought the client would turn me down. I wish that I had known that value to the client and your perception of your value can be miles apart. The skill is to bring the two together.

—Michael Hick, President, Global Business Initiatives

Caveat: No executives wear beepers, or holsters for cell phones, or metal things in their ears. If you want to look like your buyers, don't walk around looking like an electronics display that escaped from the store. If you have a cell phone to call and retrieve messages from your answering service, that's probably sufficient if you discipline yourself to do so a few times a day. None of us is so urgently needed that we have to be located instantly. But do not wear the thing in a holster on your belt unless you have delusions of starring in *Deadwood*.

Combination devices work quite well, and the best thing on the market at this writing is the iPhone, which can browse the Internet, send and receive email, work flawlessly overseas, provide music and photos, and even has GPS capability. Estimated cost for cellular service: \$50 to \$250 per month, depending on your usage. The iPhone is about \$200, not including airtime.

#### **Dictation/Recording Device**

These small recorders come in handy when you're driving and realize that you forgot something, want to dictate some notes for later, and need to update your to-do list. A small one fits neatly in a pocket or in the car console. I use it to take notes during a phone call in the car (since I don't want to write) while I listen to the hands-free speaker. You can also record a short opening you've practiced in anticipation of an important meeting or presentation, and play it back as you prepare to enter the room as a reminder. Many of my colleagues record entire workshops on them.

Estimated cost: \$50 to \$150.

#### **Some Final Considerations**

I'm not going to go into detail about the obvious, but you should have in your office a television with video playback so that you can keep abreast of news and watch videos that pertain to your business. A radio is important for everything from local traffic conditions to background music. A music recorder and player will take care of your practicing and replaying speeches or presentations as well as listening to some educational material.

My father-in-law was terrific at fixing nearly anything, no matter what the problem. He told me that the secret was in having the right tools for the job. Don't try to get by with poor equipment or without essentials. You'll wind up spending more time on your busywork than you do marketing, and you'll tarnish your image as well. Get things right from the outset.<sup>7</sup>



#### **Career Key**

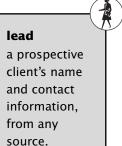
Confederate General Nathan Bedford Forrest was credited with explaining his success by saying, "I get there firstest with the mostest," although he was an educated man who actually said something like, "I arrive more quickly with the greater force of arms." In either case, he was right.

#### Communicating at the Speed of Light

Your office is your base of operations, no matter how modest or how grand. The only important perspective is that of the caller—prospect or client, *lead* or supplier. The most important process as you enter consulting is *responsiveness*.

Before we even talk about marketing or the sales process, you have to embrace this philosophy: You must respond to inquiries, messages, and other contacts rapidly. A rapid response denotes a professional firm, even if the firm is actually in a spare bedroom. A slow (or missing) response denotes an unprofessional firm, even if that firm occupies 10,000 square feet on the 40th floor of a modern office building.

Decide at the outset how you will handle your communications. (How do *you* feel about the lawyer, accountant, or travel agent who doesn't get back to



you promptly? Do you recommend them to others?) After all, the object of your marketing will be to generate interest and leads—contacts, people coming to you, interested parties seeking you out. Here are some guidelines to consider to make the best of your investment and to appear highly professional.

#### **Phone Response**

If you use voice mail, keep your message short and simple. Don't attempt to use voice mail as an opportunity to advertise, which many misguided consultants do because they are consultant-centered. We ought to be buyer-centered, meaning that we have to use the buyer's perspective when providing service, and the buyer doesn't want to listen to an ad and may be calling from an airplane or car, where time is precious.

Here is a poor, but all too common, voice mail greeting:

"Hi, this is Andy Jones of Vista Consulting. I'm not in the office because I'm in Peoria this week providing training for Acme Plumbing. I'm then going to Dubuque to make a speech for the American Society of Software Engineers. I'll be back in the office on the twenty-first. Be sure to visit our web site, vistaconsulting.com. Remember, no one has a day like today tomorrow if they continually improve. Press 1 for a general message, and 2 for a personal message for Andy. Have a great day!"

Here is a professional greeting:

"You've reached Vista Consulting. Please leave a message of any length with your phone number and we'll return your call within two hours. Please repeat your number slowly, even if you think we already have it. Thank you."

Keep voice mail concise and oriented toward the caller. Even the statement, "We're either out of the office or on another line" is silly, since the caller can tell that from the voice mail itself that you're not personally answering!



#### **Starting Point**

No one is calling you to listen to an advertisement or hear your personal philosophy. Those messages are the sure signs of an amateur. They are calling to leave you a message. Make it easy for them to do so. That's the sign of a pro.

If you choose to use an answering service, which is a poor alternative because of both cost and the unreliability of the operators to represent you well (How many times has an answering service slapped you onto hold without allowing you to say a thing?), take the time to educate the operators about your services and business. Provide some basic literature and tell them how you want the phone answered and how messages should be taken. Even more important, check up on your own service a few times a month by calling in as someone seeking to speak to you. From the way you're treated you can tell how others are being treated.

#### **General Response Time**

My commitment is a response to all phone calls within 90 minutes during Eastern U.S. business hours. I meet that standard 99 percent of the time, and it distinguishes me from most other firms. You needn't choose that same standard, but you should make a commitment to at least return all calls the same day, unless received late in the day. If you commit to that in your voice mail message, then you create an expectation for the caller and a commitment for yourself. In an age of cell phones in briefcases and phones in cars and on airplanes, there is no excuse for not returning calls promptly. Even if you're in a class or a prolonged meeting, there are breaks.<sup>8</sup>

Letters and faxes requiring a response should be addressed on the same day when you're in the office, and within a day of your return if you're traveling. E-mail should be responded to as read—or at least acknowledged, if further investigation is required on your part—and you should access it three or four times a day. If you don't travel with a laptop, use a PDA that has excellent e-mail and Web capabilities.

#### **Packaged Responses**

I talk more about this in later chapters, but it helps to have preassembled packages ready to use when responding to inquiries about your work. These *press kits* are nothing more than presentation folders with information about you, your firm, client results, testimonials, articles, and so forth. By writing a one-page, tailored cover letter, you can personalize each kit for that inquiry, and you can respond quickly with a professional package to any business lead.

I can't begin to count the amount of business I've secured by getting back to the prospect before anyone else, thereby not only gaining an inside track but also demonstrating how responsive I'd be during our project. This is a no-cost asset you can use that is particularly powerful when you begin your career. Get into the response groove early and continually increase the speed of your reactions.

It's the return contact that's important. If you have just a few moments, return the call anyway to acknowledge that it was received, and ask when a mutually convenient time might be to have a lengthier discussion. People greatly appreciate the mere thoughtfulness in getting back to them quickly.

#### **Getting Some Help From Some** Friends

There are times when a one-person show needs help. Extended business trips can lead to a huge pileup of mail, overseas travel and time zone changes make return calls impractical, and sometimes skills are simply limited (for example, you're a poor typist and there is a lot of correspondence demanding a reply). 10

It's always a good idea to have some help. Sometimes a spouse, partner, or teenager can be of help, but not all of us have families, and sometimes those families have their own jobs and time commitments. Here are some alternatives if you need help at first to coordinate your work demands with your travels or priorities.

> 1. Employ a neighbor. This sounds bizarre, but I'm speaking factually and from experience in contemporary America. There happen to be a great many people who are permanently or temporarily unemployed outside of the home. They are home for their school-age children for all or a major portion of their schooling. They constitute an educated and reliable untapped workforce, many of whom relish the opportunity to apply their talents while the children are attending school.



#### press kit

a formalized, professional set of documents assembled in a folder that is used for promotion and credibility. Press kits typically include references, testimonials, a biographical sketch, client lists, articles. interviews. and related materials: also called media kit, publicity kit.



#### testimonial

a written endorsement on a client's stationery validating vour value and contributions to the writer's organization.

I've employed such people to respond to my phone messages when I'm traveling, get the mail, respond to certain types of mail, check for faxes, forward me important material, and, generally, keep things up to date. I pay an hourly wage that is mutually agreed upon, and it's a win-win proposition. When you're able to use the same people over and over, you no longer have to train your assistant, and a nice partnership forms. <sup>11</sup> I once used a neighbor's basement to store my excess books and materials and paid a rental fee each year. (Later, when I had more funds available, I found formal, climate-controlled storage facilities.)

- **2.** Employ a student. The local college or community college will have a list of students seeking work. You can usually find a responsible student—preferably a business major—whose schedule coordinates with your needs. Sometimes this can be an intern relationship with college credit, meaning that no pay is required. (For your logo and other graphics needs, find an art student at a nearby college. They are excellent, are happy to earn the money, and can sometimes get class credit for working with you as an intern.)
- **3.** *Use a temporary help agency.* This is more expensive, but you'll have a choice of competent people to choose from, supported by the agency. You can hire people for an hour, a day, a week, or any time allotment that makes sense for your needs.
- **4.** Establish a reciprocal arrangement with another professional. Find someone in your network who is in approximately the same position (though preferably not a direct competitor) and make a deal that you will cover for each other as needed. This doesn't help with skill deficits (for example, you need typing help), but it does help when you're out of town or otherwise occupied. This is my least favored approach, since the other person also has a business to run, but I have seen it work when the relationship is solid.

If you're in shared space, some of these ideas will not matter, since there will be some central support present. Nonetheless, no one will be opening your mail or returning phone messages unless you arrange for it. It's a good idea to have those press kits prepared so that your assistant can simply send them out with a cover letter in response to certain inquiries. Also, don't expect your assistant to qualitatively and substantively respond to a call. The assistant should simply state that you're unavailable, but the call has been received, and you'll get back to the caller as quickly as possible.

In your networking, association meetings, and socializing, stay alert for people whom you might want to call upon for assistance. It's always better to have sounded out a few and have a tentative plan in place than to madly scramble for help just before you board an airplane.

You don't need full-time help, and you should not make that expenditure. But situational help can make sense if you use it wisely.

*Final thought:* The only perception that matters is the prospect's. What image is the prospect seeing when calling or writing to you?

#### **Notes**

- 1. Exception: If you live alone, you don't need the same degree of privacy protection, but you still need a dedicated area.
- 2. Not a small issue. Many people find it difficult to leave an organizational setting and its complex social structure for the isolation of working by themselves.
- **3.** With any kind of employee you will also incur payroll costs, benefits, additional insurance, added paperwork, and so on.
- 4. The last edition of this book drew a heated critique from a woman on Amazon .com who was upset that equipment and electronic suggestions weren't up-to-date in her mind. I would remind all of you that progress is constant and rapid, but hard copy books can't be revised on a monthly basis, so use your judgment better than she used hers!
- **5.** I'm not listing specific system requirements because they change and improve before I can finish a sentence.
- **6.** Virtually all public phones today accept credit cards, so you should always be able to make calls without cash while traveling if you forget your cell or it runs out of juice.
- 7. There are legions of places on the Web to get high quality equipment in every category listed at greatly discounted prices.
- **8.** This is one of the strongest arguments for buying a cell phone. Public phones, even when available, are usually mobbed during meeting breaks.
- 9. This is the reason for a laptop computer on the road, especially if your practice relies heavily on e-mail. Otherwise, a week's trip can result in 200 to 1,000 e-mails awaiting your return.
- 10. One of the most productive things I've ever done is to teach myself to touch-type. I can type 60 words a minute, which greatly facilitates my communications. Self-teaching packages in books, on tape, and on the computer can increase your speed in just a few hours of practice.
- 11. Check with your own financial adviser on issues related to taxes and reporting, but generally, this is a simple part-time and situational relationship.

#### **Questions and Answers**

- **Q.** How often do I need to update and upgrade my hardware and software? I feel "ancient" at times.
- **A.** The test is whether you're getting things done rapidly and effectively with what you're using. Don't change just because a new model comes along. However, most computer software will automatically alert you to updates available at the touch of a key at periods set up by you. I check once a month.
- **Q.** My spouse and kids come into the office as though it's just another room, even if I'm on the phone or working on a paper and expect me to drop what I'm doing. How do I stop this?
- **A.** You might have to point out that you won't be buying any more food. Get a sign that you hang on the outside of your door that indicates when you can't be disturbed and have everyone agree to the rule. Never leave your door ajar, so that a child or dog can simply push it open.
- **Q.** I may be a victim of too much success too early, but I get calls all day on my cell, often in meetings or when I'm already on the line with someone else. How do I best organize this?
- **A.** Shut it off. Use it only to access your messages and return calls, *thereby ensuring that it's at your service and you are not at its service!* It's rude to take a cell phone call when you're talking to someone else, period. Unless you're expecting news of the birth of a child, or the results of a key medical procedure, or the President has indicated that our counsel may be necessary to defuse a potential war, turn it off.
- **Q.** How do I handle calls and messages when I'm tied up for the day in a workshop, or intense client meeting?
- **A.** Ask someone else to check your messages and reply to those requiring it with, "I'm sorry, but Jane Hudson is in a meeting all day. I can reach her if it's an emergency, or she can call you back first thing in the morning." People gladly accept that, because the important thing is that the call is returned.
- **Q.** I'm told that I should invest most heavily in the Internet and access to social networks, blogs, and so on. Does that make sense?
- **A.** No, because corporate executives who are purchasing consulting services do not do so through Twitter, or FaceBook, or LinkedIn. You may avail yourself of those communications alternatives for personal benefit, but this is a relationship business based on referrals and your explicit expertise reaching key buyers through their favored means: colleagues, interviews, publications, public appearances, and so on.

# Sorting Out the Legal, Financial, and Administrative

### First, Let's Kill All the Lawyers

he information in this chapter is designed to provide you with options as you organize legally and financially. It is not intended to be legal or investment advice, and you should see your personal attorney and financial adviser to determine what is best for you. (But make absolutely certain that they are professionals who understand solo practitioners and small, professional services firms. Not every lawyer and accountant is good at this, though they all claim to be. More on this later.)

Now, having made that disclaimer, let's look at some smart moves. That quote above about killing the lawyers is almost always misconstrued. Shakespeare put the words into the mouth of his character Dick Butcher in *Henry VI*, meaning it satirically: If we blame the lawyers and kill them all, we'll be in even worse shape than we are now.

Here is an unqualified rule: Find the absolute best help you can for your legal and financial matters. Do not use your cousin Louie, or the attorney who closed on your mortgage, or the accountant who does your taxes. You need professionals who are wise in the ways of small business and

entrepreneurship and, believe me, those traits do not reside in every lawyer and accountant. *Ideally, you want someone who was once where you are*, beginning a firm, forging a new business, balancing work and private lives, and prone to take prudent risk. That person will empathize with you and appreciate your position.

How to do you find them? Ask other entrepreneurs whom they use for legal and financial advice. (This isn't like the hairdressing or catering business where people want to keep their favorites a secret. Referral business is considered a professional courtesy.) Interview the referrals through a brief visit to their offices. Look around. Get to know them. Experience the chemistry.

This is a person whom you're going to have to trust implicitly. Don't be bashful about exploring your position and learning what kind of help you can get. One great advantage: Attorneys and accountants still bill by the hour (though more and more are joining my Mentor Program, finally understanding that hourly billing cannot create wealth), so you'll have a controlled investment, without worrying about *retainers*, although you will have



#### retainer

a set fee paid for access to the consultant's expertise and support without regard for specific projects or objectives. Retainers should be paid in one sum or in installments at the beginning of each designated period.

to worry about a meter running during tax season, incorporation, and so on.<sup>1</sup> Having said that, don't go shopping for the cheapest help unless you also believe in finding the least expensive heart surgeon when you need bypass surgery.

These are the criteria to use in selecting an attorney and an accountant:

- *Professional staff.* You do not want a one-person operation, even though you are one, yourself. You will need backup when they are not there, and you will want a support staff and resources. This is no time for a one-person band, no matter how inexpensive.
- Entrepreneurial experience. The managing partner should have the experience of building a professional services firm, and the firm should have other entrepreneurs as clients. Ask for references.
- Accessibility of managing partner. You don't want to be foisted off on the most junior person. Ask to meet the managing partner and establish a relationship with him or her.
- Contacts. It is quite common for your attorney or financial adviser to refer business to you, to recommend banking relationships, to introduce you to key pro bono work, and so forth. Find out if the firm has that kind of history and culture.

- Atmosphere. Is the office professional and pleasant? Although not a must, is there the potential for a borrowed office on occasion? There may be times when you have to refer people to your lawyer or accountant. Is the office run professionally?
- Support resources. Does the office reach out with newsletters, advisories, and proactive services about issues affecting your practice? Or will they simply respond when you send in your taxes or a legal question? Ask about such services, or check with references.
- *Risk-taking match*. You and your professional advisers should have a common value set about the amount of risk you want to take in financing, taxes, investment, and so on. This is essential to your ultimate comfort level. It's equally as bad to have an adviser who is too conservative for your taste as it is to have one who is too aggressive. The younger you are, the more prudent risk you should be willing to assume.



#### pro bono work

work
undertaken
deliberately
for no
compensation,
for the
purposes of
marketing,
charitable
contribution,
longer-term
visibility,
networking,
and other such
purposes.

#### **Starting Point**



Test the office responsiveness by placing a call and timing how long it takes for a return if you can't be spoken with immediately. If it's longer than a half-day, you may want to go elsewhere. If it's longer than a day, you do want to go elsewhere.

Make your decisions carefully about these two professionals, and your business will be helped immeasurably. Make hasty decisions here, and you will find yourself paying for support that isn't effective at best, and costs you money at worst.

#### **Career Key**



Your legal and financial advisers should ask you a lot of questions about your objectives, risk toleration, and professional plans. If they do all the talking and fit you into a pigeonhole, go elsewhere. You have to soar with the eagles, not sit in a coop.

## Legal Requirements and Organizational Options

Always incorporate. There are various ways to incorporate, but choose one of them. You do not want to be Charles Jones d/b/a (doing business as) Jones Consulting. The reasons are unequivocal:

- A legal entity affords legal protection. Although your company can be sued (and this is an increasingly litigious society), you can purchase errors and omissions (malpractice) insurance to protect it, and your company will not have much in the way of assets, anyway. This protects you from someone coming after your house, car, and personal property.
- **2.** A legal entity can raise money on its own. Your firm can secure its own credit line, borrow money, own property, and so forth.
- **3.** It is always a good idea to separate personal from business affairs in the event of unanticipated trauma. Divorces, deaths, family lawsuits, private lawsuits, and other unpleasantness can be isolated from the business if it is a corporate entity.
- **4.** You should look like your clients. You will have to file certain forms with clients to obtain payment, and a federal corporate identification number looks a lot better than a personal Social Security number. You want to give the impression of a complete professional operation, and that means incorporation.
- **5.** There are people, including some very poor attorneys I've met, who will advise you that you needn't incorporate. Listen to me: RUN, do not walk, from their presence.

Incorporation can take several forms, all of which have their own advantages. The most common ones follow. Consult with your financial and legal advisers to determine which is best in your circumstances. The costs for these configurations vary, but the range should be from \$300 to \$1,000, which will include all government forms, corporate seal, all registrations, and related matters. You will be required to file annual reports with a fee in most cases, which your law firm should handle for you automatically. Annual filings generally cost from \$50 to \$300 in most states.

• *C corporation*. The C corporation is the common form of incorporation in the United States, and mirrors what the overwhelming number of your clients use. The corporation here is a completely discrete and separate entity, with separate bank accounts, tax returns, and so forth. There will be shares issued in the company, presumably in your name and in the names of any others you designate.

The advantages of a C corporation have largely disappeared over the last couple of years (and since the prior edition of this book) as the laws have changed. You may still choose this alternative, but it may be somewhat more expensive. However, the next point is the key:

As long as you take all profits out of the C corporation at the end of the year as salary or bonus, you will avoid double taxation (corporate tax and personal tax on the same earnings). There's nothing wrong, unethical, or illegal about your company's simply breaking even each year. If you fail to do this, you will be taxed twice, once corporately, and again personally when you take the funds as personal income.

- *Subchapter S corporation*. In the S corporation configuration, the corporate money flows through the individual's tax return. This is an advantage for small personal services firms. There is less administrative work, and no need to zero out the company accounts.
- If you start as an S corporation, you can always change to a C corporation and vice versa, should the laws or your circumstances merit it.
- Limited liability company. Unlike the aforementioned two forms, which have traditional stockholders, the limited liability company (LLC) has *members*, although the principle is the same. This is often a desired configuration for two or more partners, and you'll find many medical, legal, and accounting firms use it. Instead of *Inc.* after the corporate name, as in the first two examples, this form uses *LLC*.

An LLC is usually best for managing assets, such as property, and can own the building, for example, from which your C or S corporation operates. Like an S, the LLC will also flow through your personal tax statement.

Legal configurations can always be changed. Using your advisers, select the one that best meets your needs for the present and the next couple of years. The key is to get this done quickly. When you incorporate, you will have to do a search to make sure the name of your company does not infringe on someone

#### **C** corporation

traditional corporate configuration, which I believe now offers fewer advantages than an S corporation, though either is appropriate for a consulting practice.

### subchapter S corporation

form of incorporation designed for small businesses, wherein the profits flow through the owner's personal tax returns.



#### limited liability company (LLC)

a form of incorporation increasingly popular, and very appropriate for consulting practices.

else's trademark. Your attorney will do this in conjunction with the incorporation. Be prepared, because you may find that your first choice of names is not available.

Also, be aware that you cannot absolutely protect a name nationally. My firm is "Summit Consulting Group, Inc." but there are other firms with that name. The determinants will include proximity, similarity, brands, trademark protection, and related factors. Don't feel that your company name and Web URL must be identical, either. More on that later in the book.

Using your own name is always an option. It certainly worked for McKinsey and others. Since ultimately your brand should be your name itself, there's nothing wrong with using it from the outset: Donald

Walters Corporation, Jamie Johnson Consulting, Inc., or Francis Carrolle and Associates.



#### **Starting Point**

If you use your name, don't worry about being perceived as a lone wolf. Simply admit it. "Yes, you're looking at my 'people,' so you'll always have the entire firm's priority!"

## Accounting, Financial, and Tax Matters—Exploiting Opportunities

Establish your company so as to exploit the advantages that corporate entities and business dealings permit. Legal and financial regulations are not merely constraints, but are really road maps to help determine where you can, and can't, go. You can go more places than you think.

The key consideration here is this: The more you can pay for with corporate, pretax dollars, the wealthier you will be. Depending on your tax bracket and the success of your business, an after-tax dollar (that is, a dollar taken out of the company and paid to you as payroll, subject to federal tax, state tax, city tax, disability tax, Medicare, and other sundry assessments) will be worth only about 60 to 75 cents. The more you can legitimately pay from pretax, company earnings, the more powerful your money (which is worth 100 cents).

In almost all cases, a personal services C corporation should break even at the end of the fiscal year. Any remaining profits in the company should be paid out as salary or bonus; otherwise the money would be double-taxed. Corporate income taxes would apply to these retained earnings, and then individual taxes would apply eventually when the money is ultimately paid as salary. With very rare exceptions, the corporation should show no profit at the end of its year. A large bonus check to you is a pleasant problem to have to deal with.

But that's why S and LLC configurations may make much more sense for you. In any case, here are some advantages that you can establish early by building these into your corporate bylaws and procedures, assuming you have a knowledgeable and aggressive attorney and accountant:

- Medical bills such as noninsurance-reimbursed health costs (for example, eyeglasses, dental bills, aspirin, other nonprescription medicines, and so forth) can be paid from company funds for the employee and dependents.
- Directors' fees can be paid to the members of the board (you and your spouse or significant other, for example) without a tax deduction. Although taxes have to be paid on the director's fee on your personal return, you have use of the entire sum until the next tax return is due.
- Directors' meetings can be held and paid for by the firm. While you can't be outrageous—Naples, Italy, is not a possibility—you can certainly be bold—there's nothing wrong with Naples, Florida. All attendant costs pertaining to business are legitimate company expenses.
- You can pay your spouse, children, or significant other a salary for performing office work or any other support activities. Taxes should be withheld according to the applicable formulas, but this is a fine way to use company funds to pay your kids, for example, for typing, running errands, handling mailings, and so on.
- Establish a credit line and overdraft protection for the company. The quick way to do this is by using your personal assets as collateral (the business at start-up will have no collateral). However, there are credit card companies that will provide a credit line, which is unsecured, and, when you show some decent income, your bank will also begin to consider a separate credit line for the business.

#### **Starting Point**



When you receive any kind of business credit line, take a loan and pay it back with the same funds later that month. The interest cost will be minimal and you'll be establishing a nice credit rating for your business.

• Establish a withholding amount that will pay your taxes but leave you with maximum disposable income. You can determine how much you pay in

payroll taxes (see later in the chapter for advice on payroll services). The best formula is one that manages to pay almost all of your federal and state taxes (so that you're not hit with a major payment in April) while maximizing your after-tax salary. Your financial adviser should be able to give you advice on exact amounts, which might change during the year.



#### **Career Key**

Keep your attorney, financial adviser, banker, and others on your mailing lists and treat them like prospects. This will apprise them of your activities, and might just prompt them to refer business to you.

- An office at home and a myriad of other expenses are payable through company funds. Some things are clearly qualified (computer), some things are clearly not qualified (college tuition for the kids), and some things are qualified but ill-advised (premiums for disability insurance, because if you ever need it, the proceeds will be subject to tax if the premiums were paid by the company and not by you personally).
- Memberships and subscriptions are generally deductible if recognized by your incorporation: health clubs, business clubs, professional journals, newspaper subscriptions, business book purchases, and so on.

Do not listen to friends, others in consulting, or family in these matters. Rely on legal and financial professionals who know their business, know your business, and know the law. That's why a common degree of comfort in risk taking is so important, since the law is often more shades of gray than an October sky in Vermont.



#### **Friendly Advice**

When I began my independent consulting career, the conventional wisdom was to specialize. I resisted that, as I didn't want to be in a box. I believe in transition of knowledge and wanted to use the principles and processes I had mastered in many ways, rather than focusing on one industry or type of consulting. Shortly after starting my company, I found Alan Weiss's *Million Dollar Consulting*, and it sang to my soul. I was then fortunate enough to meet Alan at a National Speakers Association meeting in Dallas. At the time he was offering his Mentor Program. I signed up almost immediately.

Two things that I attribute to my success at reaching one point two million dollars in sales by my third year are reaching a higher level of self-esteem, and forging great proposals:

Alan's proposal book—I applied the method and began to experience greater success in having my proposals accepted. Understanding conceptual agreement is a key part of any successful proposal. The Situation Summary outlines that conceptual agreement visually.

Realizing that most new consultants fail, not because of lack of capital, [but] rather, lack of confidence. As I went through the Mentor Program, I began to understand what my unique background and knowledge could do to make my clients successful and how to articulate that in terms of a value proposition.

Continuing success is attained by getting out there. Speaking, publishing, developing a professional web site and creating valuable and lasting relationships that grow the business by referrals.

Consulting is a great career, offering freedom, independence, and a wonderful lifestyle.

—Leslie Furlow, R.N., Ph.D., President AchieveMentors, Inc. Cleburne, Texas

#### Finding a Banker and Obtaining Credit

Your financial adviser should be able to set you up with a banking relationship if you don't already have one. By a *banking relationship*, I don't mean a bank where you have a checking account and know where the lines to the tellers are. I mean having a bank officer who is familiar with your business, provides personalized assistance, and can expedite matters for you. I mean someone who takes your calls.

If you're dealing with the bank's headquarters, you should seek out a relationship manager, a small business banker, a vice president of commercial business, or a similar title. If you're dealing with a branch, go to the branch manager. Explain that you're starting your own firm, expect substantial growth, and would like to become an increasingly active partner with the bank for all of your financial needs. Don't show up as a supplicant with your hat in your hand. Meet with the officer as a peer who is exploring a banking relationship. Don't be bashful about explaining that you're looking at several different banks

if necessary. (An old bromide: If you borrow \$10,000, you're a debtor; if you borrow \$1 million, you're a partner!)

Ideally, a banking relationship should provide the following:

- A specific professional to handle your questions, not a toll-free number or a generic customer service operation.
- Expedited banking: special ATM cards, special lines, bank by phone, bank online, bank by mail, and so on.
- Small business services: loans, payroll help, rapid crediting of out-ofstate checks, small business advisories, special investment options, and so on.
- Overdraft protection on your business checks, and a flagged account, so that checks will never be returned unpaid until you are called and apprised of the overdraft. (Your credit history is one of your most important assets. Never allow a bank to return a check for insufficient funds.)
- Preferable rates on loans and investments, and low-fee checking options.
- Proactive notice to you of opportunities, for example, new Small Business Administration offerings. (I found a far less expensive loan provision when my banker discovered that the SBA would guarantee the bank's loans to my business.)

Cultivate your banker. Share your printed materials, your client expectations, your marketing strategy, and your methodology. Buy your banker coffee or take him to lunch. Your banker may be able to send business your way, making a win/win/win proposition for two customers and the bank.



#### **Talking to Consultants**

- **Q.** What one key approach or activity would you do differently today from when you started?
- **A.** I undernetworked and overprinted. When I started, I had all kinds of brochures designed and printed, and dutifully mailed them out to all kinds of people—and then sat back waiting for the phone to ring, which it rarely did. What I failed to do was capitalize on the vast network I had (as a result of working for Johnson & Johnson for ten years) and had ignored. As a result, I think it took me much longer to get started.

- **Q.** What was your biggest surprise—what do you wish you had known that you didn't know?
- **A.** I'd actually name two: first, how easy it is to get my name in print once I learned how to approach a writer or editor with a good story idea.

Second, how valuable the maxim "give a little—get a lot" really is. The more I give away (within reason) the more business I get back in return. This was true in the 1980s and is even more true on the Internet.

—Gil Gordon, President, Gil Gordon Associates

You will be offered credit cards for your company from a variety of sources. Your name will be found in the incorporation listings, or the Internet, or from local publicity. Although the rates may be very high, you should accept a couple of these cards so that you have a credit card for the company and to establish credit not related to you personally. The best cards are those with no annual fee and no interest if paid in full each month, but those are virtually nonexistent in the business market. American Express, MasterCard, and Visa all offer business cards, which are easy to obtain *if* you also have a personal card with their companies. These cards also provide a quarterly report of your business expenditures, although that is of dubious value. (Cards tied in to airlines, clubs, stores, and so on so you can build frequent purchasing points may be worthwhile, but can also demand a lot of your time and limit your choices for relatively paltry benefits.)

However, try not to mix your personal and business charges on the same credit card account. Maintain separate accounts so there is no problem at tax time and never a problem if you are audited.<sup>2</sup>

#### **Career Key**



When considering a banker, ask yourself if you're being treated as a successful businessperson or as a neophyte. A professional banker should see you as an excellent customer, with all due consideration, not as a risk, with all due trepidation.

The bank where you have your home mortgage, car loan, or other major business may be very amenable to providing you with business services and gaining the rest of your business. However, that bank may be more retail than commercially oriented, and you may want to explore a second banking relationship with an institution more attuned to small business needs. A first-class financial adviser should be able to expedite your meeting with the right people in the right bank. As my adviser informed me when we started working together 23 years ago, "Alan, if your financial guy can't get you a loan, who can?"

# **Other Professional Help**

#### Design

You will need a designer to help with the following elements at some point in your early business development:

- Letterhead, business cards, labels.
- · Logo.
- Brochure and other publicity material you create.
- Presentation folder or media kit.
- Course materials, if you use them.
- Product catalogs, if you mail them.
- Online design and electronic images.

Of these, absolutely essential at the outset are the logo, business card, and related stationery. Your image to the world will reflect on your professionalism and what you think about yourself. In the first week I had been thrust into my own business, with no logistical preparation, I received a significant lead from a major bank in New York City. My choice was to wait to respond until I had business stationery in about two weeks, or respond immediately on plain white paper. I chose the latter, and was never able to make any progress. I'm convinced that in this case speed was not an asset but image would have been. Don't kid yourself; people do judge the book by the cover.



#### **Starting Point**

Never compromise on what the prospect sees: clothing, accessories, letterhead, web site, business card, and so forth. You have only one chance at a first impression.

Don't use computer-generated stationery, nor material you buy off the shelf. As a stopgap, there are catalogs that offer an attractive and inexpensive array of stationery with various logo options and your particulars printed into their templates. The disadvantage is that many people use them, they've become fairly evident, and a buyer might actually find that your stationery is of the same design as another consultant's. It's like generic music: It's music, but not memorable.

The ideal approach is to invest in a designer who will create a look that will pervade all of your print materials as they appear. (There is no law that these have to be eternal. I've changed my logo and look as my business has matured, and so can you.)

Find brochures and letterhead you like, from any source, and inquire about the designer. Ask for references in your early networking activity. I called the president of a public relations firm whose materials I liked, and asked for recommendations for designers. She provided two, one of whom I hired.

A good designer should always provide options. I received about two dozen that my wife and I could combine to our hearts' content. Always remember this, however: The designer provides the aesthetic images, but you provide the copy. *Never allow the designer to do the writing*. If you need help in committing your intent and concepts to paper, then hire a copywriter, but don't use your designer as a writer.<sup>3</sup>

Here are two examples from my own firm. Figure 3.1 is called a type solution because the logo uses the firm's name with some artwork around the type. Figure 3.2 is a logo incorporating my firm's name, which I had changed after some years in the business and feedback from clients indicated that the first version didn't adequately represent my quality.

Finally, try to deal with a local designer if you can find one who offers the quality you're seeking in the general area. It's important to meet face to face, to look at visual ideas together, and to be able to quickly exchange and critique material that would otherwise have to be sent by courier. Don't settle for just anyone, and don't use the least expensive person available. You're designing your future.



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FIGURE 3.2 Graphic logo projecting quality image.

#### **Insurance**

You'll need the following types of insurance in your business:

**Disability** You are much more likely to be disabled than to die while running your business. Since your independent income is key to your future and your family's future, you must protect it with disability insurance. Normally, disability payments are tax-free if you pay the premiums, but taxed if your company has paid them, so pay them out of after-tax income. Disability insurance will usually pay a maximum of 80 percent of normal income, but since it's tax-free, that's a good deal. Multiple carriers engage in coordination of benefits, meaning that if you have more than one policy, their sum total will match the 80 percent, though there is a movement now that any one policy will pay up to 80 percent despite other coverage.



### **Talking to Consultants**

- Q. What was your biggest surprise?
- A. I have to say that my biggest surprise was the amount of work involved (the number of ten- to twelve-hour days was astonishing), the amount of fear I felt (which is very humbling), and the amount of growth I experienced from both of the above. Without these, I feel I would have been much less effective with my clients, generally small businesses, who face these realities almost every day. Looking back, I actually give thanks to the workload, the fear, and the growth I have had from facing these and a myriad of other challenges in the fifteen years I have been in business.
- Q. What is your greatest insight at this point?
- **A.** I'm sure these thoughts are hardly profound, and maybe they are obvious, but I really was not prepared for facing my fears in the

beginning. As someone said, what doesn't kill us makes us stronger. I am quite strong now. I still work hard and have fears, but I have learned to understand that these are the times when we start to really grow—as people, as parents, as students, and as teachers—which is what we as consultants really are.

—Idora Silver, CEO, I. Silver Management Group

Keep careful records, since consultants' income tends to vary widely from year to year, especially at the outset. That's one good reason to use a payroll service.

Disability insurance is cheapest when purchased through groups, and many trade associations offer it. Individual policies are more expensive, but generally have better benefits. (If you've left a prior employer with disability insurance, you are often offered the option of converting that policy to your individual use. That's almost always a wise move.)

#### **Career Key**



Don't attempt to cut back or ignore insurance needs. By all means look for the best deals, but make sure that you're fully covered from the outset for peace of mind and prudence.

The two keys about disability insurance provisions are these:

- **1.** Obtain a policy that will pay until you're able to fully perform *your normal, prior job*, not just until you're able to work at any job no matter what the pay.
- 2. You can adjust premium amounts by the length of the waiting period, which is the amount of time—typically one month to six months—that you're disabled before benefits begin. The longer the wait, the lower the premium, so this will depend on whether you have other resources to draw upon during the waiting period.

Keep careful track of your income through tax returns, W-2 statements, pay stubs, and so on, because your income will vary from year to year in this business, and the disability amount should be based on accurate recent averages, not on the lowest-paying year the insurance company can find.

Individual policies can cost several thousand dollars a year, depending on benefits and age, and group policies generally cost a few hundred dollars a year. In many cases, leaving the group will mean forfeiting the insurance.

**Errors and Omissions** This is the colloquial malpractice insurance, called  $E \not\subset O$  (errors and omissions) in the industry. You can obtain individual policies or coverage through group plans in some trade associations. This protects you from a suit alleging that your advice, training, interventions, coaching, or other actions caused the client harm. This insurance will normally pay for legal fees as well as any actual judgments against you, up to the limit of the policy. It is relatively inexpensive when you're starting out, since premiums are usually based on revenue volume.

Some organizations—Hewlett-Packard being a large and prime example—will usually not do business with a consultant or consulting firm without evidence of an in-force malpractice policy, so this insurance is often a pragmatic business necessity; but it should be a must in any case. Expect to pay a few hundred dollars annually in your first years in business, but this can easily reach \$2,500 or more for a solo consultant.

Note that there is a prior-condition clause in good policies, which means they will reach back and cover you for a period of a year or two before taking the policy, which is an excellent feature.

*Liability* Liability insurance protects you in the event someone trips over the wire leading to the projector you're using during your presentation. It doesn't matter that the projector isn't yours or the participant was drunk or clumsy. The hotel, client, projector manufacturer, and you will all be sued.

This coverage is inexpensive and also available individually or in groups. You can expect to pay a few hundred dollars annually.

**Property** This insurance comes under several names, including the misleading *marine policy*. Essentially, it covers your equipment and property in your office and while traveling. Be very careful, because business equipment you own and leased equipment in your home office are often not covered by your homeowner's or renter's insurance, unless you specifically pay for a rider. Consequently, you need either a separate endorsement with an extra premium from your homeowner's or renter's insurance company, or separate business coverage.

Since we're talking about computers, copiers, fax machines, and the like, the cost of damage or theft is significant. And some leasing companies will want themselves named as first payee on a discrete policy. Under whatever

name, make sure all of your expensive equipment is covered, especially since the premium cost is minimal.

*Major Medical and Health* Your company should provide for health coverage. You can often access very favorable rates through collaboratives that put small businesses together so they may secure group rates. Sometimes you can continue coverage from a former employer, although that is usually limited in duration. If a spouse works and plans to continue working, and coverage is provided through that employment, then this coverage is probably not needed (and can't be duplicated legally, anyway).

You can secure hospitalization, major medical, dental, eye care, and other coverages, depending on what you need and the size and ages of your family. My bias is that you should incorporate in such a way that all health insurance premiums are paid by the company for your entire family, all uninsured costs are paid directly from company funds, and you pay no health costs whatsoever from after-tax income. This is simply smart money management in an era of rising health care costs.

*Life* I'm not going to dwell on this, since it's important regardless of your employment status. Under current laws, the company can pay for only the first \$50,000 in coverage as a business expense, and even that will be reflected as compensation, so life insurance is essentially a private matter. My bias: Never use insurance as an investment vehicle, so use term insurance solely.

Umbrella Liability This is also an individual coverage that can't be paid for through company funds. However, this is very inexpensive insurance (costing only hundreds of dollars for millions in coverage) which kicks in when your auto insurance, liability insurance, or other insurance runs out in the event of a lawsuit or judgment. Consequently, it can protect your company and your family, and should be a part of every professional's insurance portfolio.

**Long-Term Care (LTC)** Increasingly popular in the last few years, this provides for support should you suffer a major illness or accident requiring extended care. It is much less expensive to purchase when young, of course, so buy it as soon as feasible. It can be quite expensive at older ages. But it provides for care services within the home, a huge benefit to avoid institutionalized care.

#### **Payroll Services**

At first, it will seem easy to merely pay yourself a salary out of company funds and make the appropriate tax deductions. However, determining the appropriate tax deductions is never easy, the government has made electronic filings mandatory, and an error here can result in serious repercussions. My financial adviser ordered me to get a payroll service and a bookkeeper when I turned in an overflowing shoe box of receipts and salary records.

The two largest services I know of are Paychex and ADT. Both services will issue payroll checks electronically deducted from your business account and deposited into your personal account. The checks can be scheduled, identical amounts, or they can be situational in any amount you desire. If other family members are on the payroll, they will be included according to your instructions. They will deduct taxes at all levels, Medicare, Social Security, and other liens automatically. You can specify the withholding amounts to further regulate your cash flow. They will provide electronic reporting to all necessary agencies and provide you with a hard copy for your records. They also offer ancillary services, such as 401(k) investing.

The best payroll service at our levels of transactions will generally cost from \$125 to \$250 per month, depending on frequency of use. You can't afford not to do this.

#### **Bookkeeper**

You may not need a bookkeeper at the outset, but you will once you move into six figures. Find a local person who will charge you by the hour only when services are actually needed, usually monthly.<sup>4</sup> The bookkeeper will run a general ledger, furnish a balance sheet with expense and income statements, print comparisons with prior periods, and balance your checkbooks, reconciling differences. The bookkeeper will also provide the input for your financial adviser's tax requirements at the end of the year.

A good bookkeeper and payroll service will actually save you thousands of dollars of your time, and hundreds of hours of stress. You should be able to get a first-rate bookkeeper for \$15 to \$30 per hour, or about \$125 to \$225 per month's returns.



#### **Starting Point**

If you think you're saving money and time using software to keep your own books, think again. You're in the consulting business, not the accounting business.

#### **Career Key**



The more your legal, financial, and administrative-logistical needs are built into your routine and handled by competent professionals, the more you can focus solely on growing your business. If you are not output oriented and are consumed by tasks, you will not succeed as an entrepreneur. Wise professional services investments actually save you money. Aren't you telling your prospects the exact same thing?

#### **Web Designer**

You may not have a web site from the beginning, but you'll need one relatively quickly.<sup>5</sup> The Internet is too much of a global marketing and credibility asset for individual consultants to ignore for long.<sup>6</sup>

The web site designer will probably be different from the literature designer discussed earlier. This person should be able to create a unique and attractive site, making the best use of technology while not overwhelming your message with too many bells and whistles. There is nothing wrong with using your graphic designer to carry over themes and images to the web design.

The best web site designers are people whose work you can see on others' sites, who will work with you personally (even if only by phone and e-mail—they're not likely to be down the block), and who create user-friendly sites. As with any other designer, you provide the copy and what you want to communicate, and the designer should take care of the aesthetics and technology. Never accept marketing advice from a web designer, who will tend to see the world only through that medium.

The hallmarks of an effective web site for consultants are:

- Ability to download desired items quickly.
- Graphics and photos that accentuate the site (but don't unduly delay downloads).
- Lack of forced downloads to listen to or watch. No cutesy introductions that delay getting in to the site.
- Easy navigability. The visitor can move from one page to another expeditiously, and readily return to the first page. You can easily return to the top of the page by clicking.
- Value offered. On a monthly basis, there are free articles to download, techniques for clients to employ, and links to other relevant sites, products, and so on. These change regularly.

- Clear client results. The site doesn't talk endlessly about what you do, but rather about how the client benefits. Supporting these results statements should be testimonials, references, and client lists, as they become available.
- An easy way to contact you. A visitor should be able to e-mail you with
  ease while visiting. There should not be mandatory capture of names
  and addresses, since this will scare people away, fearing spam and promotional mailings.
- However, an ability to capture names of interested visitors by offering them the choice of sending for something for free, buying a product, or otherwise leaving their names with you for follow-up.

If you don't establish a web page from the outset, at least make it a habit to visit others and find out what makes sense for you. Merely being a small part of other sites (trade associations, consultant listings) is not sufficient. These days, a web site is more important than a corporate brochure.

#### The Blog!

And now some words on blogging and what is called *social networking* (LinkedIn, Facebook, Twitter, YouTube, and so on).

Blogs work best when you already have a brand. While crazy claims abound, most bloggers do not build a brand, and most blogs (there are an estimated 200 million blogs as of this writing) are inane.

The key for you is this: How are corporate executives buying consulting services? They are buying them through references, referrals, hearing people speak, reading commercially published books, and so forth. For the new consultant trying to reach corporate buyers from a standing start, social media are not the place to be investing time and money and effort. Not for this buying audience. They are easy to create and access, but can be a huge energy drain with little result.

Don't be lulled by the exception, and be aware that many successes are actually people who are marketing to other bloggers, not to corporate buyers. People such as David Maister and Seth Godin and Jeff Gitomer and I have established brands through a myriad of approaches, making our blogs popular as a result. You can get there, but don't start there.<sup>7</sup>

#### **Trade Associations**

Finally, let's briefly discuss trade association membership. These associations serve the following purposes for a start-up practice:

- Networking, not only for business, but for business services to support your practice.
- Learning how others have moved from start-up to success.
- Education in your field.
- Access to further resources and support (for example, web site inclusion, directories, advertising).
- Visibility and marketing (assuming leadership positions, presenting at meetings, attending sponsored events, and so on).
- Opportunities to publish in newsletters and magazines.
- Group rates for insurance, rentals, and other business needs.
- Credibility in being a part of the voice of your profession.

The major trade association for consultants in the United States is the Institute of Management Consultants (IMC).<sup>8</sup> It has chapters around the country, and affiliations internationally with similar organizations. It provides the Certified Management Consultant (CMC) designation when certain criteria are met (successful consulting assignments, testimonials, examination on ethics, and so on) although, alas, the designation is not widely known or respected outside of the organization itself. The local chapter meetings can provide solid networking support, and an annual meeting in Reno attracts about 250 consultants at all levels. Annual dues are \$300. The IMC is headquartered in Washington, D.C. (http://imcusa.org).

I have founded an organization, The Society for Advancement of Consulting (SAC) which provides professional discounts, an annual meeting, monthly newsletters and press releases, a featured "consultant of the month," and other benefits. New consultants may join as affiliate members. Initial dues are \$400, renewal \$335 (consultingsociety.com).

#### **Starting Point**



Networking is great, but most of it should be done with potential buyers and recommenders, not other consultants. The one thing for sure at almost any gathering of consultants is that most are lying about how well they are doing.

The American Society for Training and Development (ASTD) is the longtime trade association for training professionals, although increasingly (more than half) the people at both chapter and annual conventions seem to

be consultants. The ASTD provides a resource center and monthly magazine (T&D Journal) as well as other products and services, including a buyers guide, and a members directory. If you focus on training or human resources issues, membership makes sense, if for nothing else than to monitor the state of the art and current hot topics.

An allied group is the Society for Human Resource Management (SHRM). This is strongly oriented toward human resources executives and managers. It, too, hosts an annual convention and regional meetings, and it publishes *HRMagazine*. It has a very large and active special interest group for consultants across the country, with local chapters (shrm.org).

The OD Network has chapter and national meetings, and is focused on consultants, internal and external, specializing in organizational development and change management (odnetwork.org).

All of these groups offer a variety of insurance, travel, and related benefits group plans that may make sense for you to consider.

Take the time to establish your practice with the professional underpinning it needs for success, and you won't have to waste time while you're pursuing that success.

*Final thought:* There is no one right way, but there are uniquely correct destinations. Ensure that your legal and financial status is in good hands and providing the proper support.

#### **Notes**

- 1. I talk about fees in Chapter 8, but suffice it to say here that you should never pattern your billing practices after your lawyer or accountant. They have never learned how to bill for value. See my book *Million Dollar Consulting* (McGraw-Hill, 1992, 1998, 2002, 2009) for a detailed discussion, or more specifically *Value-Based Fees* (Jossey-Bass/Pfeiffer, 2002, 2008).
- 2. I've been audited twice in my life, once personally and once professionally, both through random luck of the draw. I've seen firsthand that meticulous, separate accounting with receipts and appropriate details not only speeds the audit (and reduces your accountant's fees) but also satisfies the IRS that nothing is hidden and that the audit is routine.
- 3. Caveat: There's reason to believe that if you can't write your own marketing copy about what you do, then you don't understand your value proposition or your potential buyer sufficiently.
- **4.** I tell these folks never to read my books on value-based fees, since they're not very good! Get references from other small businesses.
- 5. If you're thinking about entering the business but are still employed elsewhere, it makes sense, on your own time, to prepare your literature, set up your web site,

- and find the key resources that will help you hit the ground running when you do go out on your own.
- **6.** Do *not* worry about search engine optimization (SEO) and improving your listing or ranking on Google or anywhere else. Your web site is not a sales tool. Most people will go there *after* they've heard of you from other sources to learn more about your expertise and credibility. Corporate buyers do not surf the Web to find consultants, though HR departments do to find vendors.
- To see how I use print, audio (podcasting), and video, visit contrarianconsulting. com.
- **8.** See Appendix D for contact points for all groups mentioned and others.
- **9.** I obtained a \$156,000 contract with the American Institute of Architects as a result of a \$120 listing in the buyers' guide. That ad has literally paid for itself for a lifetime.

# **Questions and Answers**

- **Q.** I'm told that I can incorporate over the Internet, and also apply for trademarks and copyrights. Is that a less expensive method than finding legal help?
- **A.** No, it's more expensive in the long run because you'll use days of your time with less effective results. Would you prefer that your clients used consulting software, or Internet consulting help? Do you think those alternatives would be as effective as you are? You get what you pay for, and you need to get the best here, which still isn't very expensive.
- **Q.** What's the difference or advantage of *cash* versus *accrual* bookkeeping and reporting?
- **A.** You want to be on a cash basis, whereby you count payment to you as revenue when it's received, and bills you pay as expenses when you pay them. In the accrual method, you're not counting revenue until certain work is performed and you connect the expense to the work. Unless your accountant has a superb reason for the latter, which I can't imagine, you're far better off on a cash basis.
- **Q.** Isn't there an advantage to having a different fiscal year from the calendar year, since you can bill clients to arrange for receipt of payments in the tax year most beneficial for you?
- **A.** Not any more, since the government felt that was far too generous a provision, and personal services firms—you and I—have to have a fiscal year that is the same as the calendar year. Nice try, though!
- **Q.** Should I have my attorney review all proposals and contracts that I create or respond to? Isn't that time consuming and expensive?
- **A.** Yes it is and, worse, it puts your attorney in contact with the *clients' attorneys*. If you have a strong relationship with your buyer, you don't have to worry about

legal contracts. In nearly 30 years no client has ever sued me nor have I had to consider suing a client. When the Federal Reserve was forced by their own policy to send my 2.5-page proposal to the legal department, it delayed the project by three weeks, and the result was a 32-page document that changed nothing, not a payment term, not an amount, not an accountability. You can't make this stuff up.

- **Q.** What kind of publicity shot is best for my materials and web site? How can I stand out?
- **A.** First, use a professional photographer who specializes in publicity photos. Second choose clothes and accessories carefully (women should have a professional do their hair and makeup). Finally, think about an environmental shot as opposed to the old, boring head shot. You can use a variety of backgrounds and even other people. Here are two examples:





# **Marketing 101**

# Creating a Market Gravity for Your Business

onsulting services are not a cold call sale. Think about this long and hard before you spend money on someone's audio series, seminar, or "fail-safe cold call system." Buyers no more would purchase from someone calling them from out of the blue than you would send a check to the smarmy securities salesperson who calls you at home at 8:30 in the evening and says, "Alan, how are you? This is John Smith from XYZ Investments and I was given your name by a mutual friend. . . . "

Buyers must be attracted to you. That might sound counterintuitive, but it makes the difference between your beating the bushes trying to sell a commodity, and dealing with a buyer on a peer-level, collaborative basis. The buying psychology is 180 degrees different when you are sought out, rather than attempting to ingratiate yourself with a buyer.

When you pursue someone, they have the right to demand to know how good you are, who says so, and what kind of "toe in the water" might be an appropriate test. When the prospect pursues you, they are solely interested in how quickly you can help them, credibility is already established, and fee is not an issue. (You don't haggle over price with the Bentley dealer.)

The gravitational pull has many spokes to it, some of which can wait until you're more firmly established, more confident, and wealthier. (See Figure 4.1.) But you should begin the marketing gravity as soon as you decide to go into the profession. *Note that this can and should be begun even before you've formally established* 

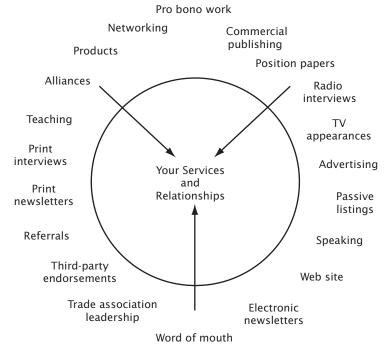


FIGURE 4.1 Creating marketing gravity

*your firm.* The fundamental components of your gravity can be begun at any time, and the sooner the better.

Marketing is not selling. Marketing is the act of creating and accentuating need among potential buyers of your services. That creation is important, because not all buyers realize that they need your help, and even what they want is not always what they actually need. The difference between what clients want and what they really need is your added value as a consultant. (More about that later.) The accentuation is vital because even when the need is felt, it may not be of sufficient priority or urgency to merit the buyer's taking action.



# **Starting Point**

The difference between what clients perceive they want, and what you establish they *need,* is what I call "the value distance." The greater that distance, the more you are worth and the higher the fee you can readily justify.

In this chapter, we explore the fundamental spokes of the gravity:

- · Press kit.
- · Stationery and related image products.

- Networking.
- · Pro bono work.
- Listings, ads, and other passive sources.

These initial aspects of gravitational pull do not require that you be a known entity. In fact, you can begin with them even though you're the only one at the moment who realizes you're a consultant!

# **Creating a Press Kit**

A press kit (or media kit, or client information kit, or presentation kit) is a primary marketing tool because it is flexible, immediately required, and the mark of a professional. It also obviates the immediate need for more expensive alternatives, such as brochures and four-color flyers, though you may choose to include those later. Despite the wonders of the electronic age, a great many prospects want hard copy they can look at, pass around, and make notes on. Moreover, you want to have an attractive package, not a download from someone else's computer and printer representing you.

A solid beginning press kit can be assembled using a presentation folder, which is simply a large folder with two deep pockets inside, and usually a diecut opening to accommodate a business card. You can purchase these at large office supply houses such as Staples or with catalogs through the mail. They range from plain stock to expensive finishes, and they can be blank, printed with your firm's contact information, or embossed. Begin with the best one you can afford, but remember that you can always upgrade when finances permit. If you have them printed, don't order more than a few hundred to begin with, no matter what the cost savings of printing larger amounts.

The press kit is the single item that will be ubiquitous for your marketing purposes. It will go to prospects, serve as a leave-behind, be used for media inquiries and interviews, house proposals and confirmations, and be employed for a myriad of other purposes as you progress. There is nothing worse than a prospect's receiving from you a mass of loose papers or uncoordinated materials.

#### **Career Key**



Once you know that you're going to launch a consulting practice, immediately begin on your marketing gravity, no matter how modest or early. Don't wait until you're officially independent, or you'll be confined to a standing start.

A good beginning press kit contains the following items.

#### **Results a Client Can Expect**

Don't make the mistake of listing everything you do or want to do and leaving it at that. Prospects don't care how good you think you are; they care about how they might benefit if they hired you. Consequently, insert a sheet with a heading such as Typical Client Results or Benefits of Our Approaches, or something similar. Practice stating and writing these as client outcomes, not as your inputs. Examples:

Consultant Input	Client Output or Result		
Conduct focus groups.	Remove the distraction of workplace environmental concerns.		
Lead sales training program.	Accelerate sales and build business.		
Facilitate strategy retreat.	Create a pragmatic strategy with buy-in to improve market share.		
Teach presentation skills.	Create messages that establish uniformity for customers and non-duplication of efforts.		
Teach delegation skills.	Empower employees as business owners to preserve resources and maximize opportunities.		
Implement Internet solutions.	Enhance business using viral selling.		
Provide for diversity sensitivity.	Create a global mind-set and business to attract new customers.		

Orient your results toward organizational improvement, not toward tasks or programs.

#### **Testimonials**

Buyers want assurances. When you're just beginning, however, you don't have any clients, let alone testimonials. Here's what you do about that. Provide a free speech or do some pro bono work (discussed later in the chapter). When people in the audience or on your committee or task force say, "Nice job!" simply say "Thanks!" and ask for their cards if you don't already know them. Then send them a letter explaining that references and testimonials are key to any professional services firm, and ask if they'd be willing to put their brief laudatory remarks in writing on their letterhead. You'll then have a testimonial letter on the letterhead of a vice president of the local bank or utility. You're not claiming them as clients, merely providing support that they believe you do good work. Try to obtain five or six of these for inclusion in the press kit. (When you actually get them from clients, be sure to include them!)

You can also obtain character testimonials about your honesty, work ethic, quality, intellect, and so on at any time.

#### **Biographical Sketch**

Your biographical sketch should be a brief description of who you are, not a resume. You're not looking for a job; you're looking for a client. No one cares if you love to travel or play golf. Keep this professional. It will also double as an introduction when you speak, and can be distributed to people in your meetings and presentations. Keep it simple, honest, and relevant. Don't be afraid to use some humor. Many consultants make the mistake of not updating their biographical sketch. You'll be surprised how much you can add every six months if you're active in the business.<sup>2</sup>

#### **Position Papers**

These are also known as *white papers*, and they are one of the most powerful marketing tools for beginners. A position paper is simply your firm's (your) position on

#### biographical sketch

a brief (one page or less) description of the consultant's accomplishments, credentials, and credible background. *Note:* This is not a resume.

an issue in an area about which you consult. They are nonpromotional, and should be filled with pragmatic information and/or provocative opinions. For example, if you consult about employee recruiting and retention, your position papers might be on:<sup>3</sup>

- How to find the right person the first time.
- How to conduct behavioral interviews.
- The fallacy of personality profile tests.
- Why money is not a motivator.
- Why exit interviews must be mandatory.

Position papers should be from two to six pages. The longer ones may contain graphics and illustrations. They should have your copyright at the bottom of each page, including the cover sheet. You should use attractive borders and fonts and you can simply whip them off the computer or have your local print shop publish them. In either case, do not use copier paper. Use higher quality bond, either matte or glossy, for a quality image. (Position papers will also serve as the basis for articles, pamphlets, web site postings, and, perhaps, even a book.)

Position papers enable you to quickly establish credibility and value for the reader and prospect. You should plan to create at least one a month until you have a couple of dozen. They will also force you to think through your positions and justify the nature of your work. If you use others' ideas or words, give full and complete attribution. Keep such excerpts minimal. As long as your work is original, you can copyright it. Place this copyright line at the bottom of every page:

© (or) Copyright John Smith 2009. All rights reserved. (You do not need both © and "copyright." Either one suffices.)

You can update a copyright to the current year by adding to or changing the copy with more examples, updated references, and so on.

#### References

Since you don't want to make the prospect work, provide *references* automatically, rather than force the prospect to request them. When you're new to the profes-



#### reference

a source, usually a client, serving as a contact for prospective clients to ascertain the quality of your work, veracity of your claims, and so on. sion, use character references: your attorney, accountant, former employer if you left under good circumstances, customers of your former employer, civic and charitable contacts, friends and acquaintances who hold professional or managerial positions. Always ask permission and alert the references that they are on your reference list. Do not assume a positive response or take chances. I've personally contacted references who gave poor feedback on individuals on no fewer than three occasions.

Hint: If and when you can, fill up one piece of stationery with references, including for each name a title, organization, address, phone, fax, and e-mail. The more references you provide, the less likely the prospect is to call any of them. The psychology is not surprising: The more references provided, the more the prospect assumes that none need be called. When you provide only two or three, the prospect may be uncomfortable and not only call all of

them, but ask the references for further references (a very common technique these days). Provide as many as possible, up to a complete page (about 15 will do it, in three columns of five).



#### **Career Key**

When you put things in writing, they will be passed around if they are any good. It's better to be brief with powerful points than lengthy and boring. Write from the outside in: Think about what will create the most reaction on the part of the reader, not about recording everything you know.

Your press kit will grow with articles, interviews, advertising reprints, and so forth, but for now this is a solid beginning.

#### **Starting Point**



When I introduce someone as a superb consultant, the other party believes it instantly. They don't ask for references and aren't skeptical. Treat yourself and your own introduction the same way.

# **Stationery and Related Image Products**

The initial image your prospects will actually see is usually your print materials. This is why a good designer is a wise investment at the outset. In any case, following are the must-have items when you open the doors.

#### Letterhead

Your stationery should have your company name and logo printed on it, as well as a minimum of phone number and address. You may wish to include fax, web site, and e-mail address. Don't overdo it. The letterhead design and layout should allow you to write a standard business letter cleanly and should be unobtrusive. If you choose a colored paper, make sure it's professional looking and dignified. Earth tones usually work well; pastels never do.

#### **Second Sheets**

An inexpensive way to add a great deal of class is to purchase matching second sheets. A great deal of your correspondence—as well as nearly all your reports, proposals, and evaluations—will require multiple sheets. Use your letterhead for the opening page (except for reports) and the matching second sheets for all other pages. The second sheets can be completely plain, simply matching the color and texture of the letterhead. Some consultants, however, like to have their firm's name printed on the second sheet as well, aesthetically as a design element, and pragmatically in case the sheets are inadvertently separated by the reader. In this case, use small print and a small portion of the page, and never include contact information on second sheets.

## **Envelopes**

Envelopes should be the same color and texture as the letterhead, with your company name, address, and logo in the upper left-hand corner. (They can be on the reverse, but your company will be recognized faster when they're on the front, which is also more professional.) Buy number 10 envelopes for this purpose, so that you're able to put quite a bit of material into them.

#### Labels

Create a matching address label to use with shipments requiring boxes and larger envelopes that won't go through your printer for addressing. These should also have your name, address, and logo, and should be self-adhesive. *Hint:* Use labels that are the same size as number 10 envelopes so that you can simply feed them through the envelope feeder of your printer. This way you don't have to reconfigure anything to put sheets of labels through, and can either print them one at a time or feed them automatically for large mailings. These large labels also should display your name and logo.

#### **Business Cards**

Contrary to contemporary trends and advice from marketing coaches, business cards should be elegant in their simplicity. These are not advertising posters; they are reminders for people who may want to call you. (And remember that automatic scanning devices that import business card information into a computer still often have trouble identifying a myriad of data and graphics.)



#### brochure

a bound booklet that describes your firm's services, client results, and approaches; provides testimonials: and contains other relevant information for a prospective buyer. You are better off with no brochure than a cheap foldout version. Wait until you can afford a decent one of four to a dozen pages.

Your business card should have your name, title, organization, phone, and fax. You may also include your e-mail address and web site. That's it, however. Information such as cell phone, pager, home phone, alternative addresses, and a variety of association memberships and honorifics simply cheapen the card. Printing information about yourself or your offerings on the reverse side of the card is a waste of money, and amateurish. Your photo should not be on your card, although this is a beloved technique of professional speakers and Realtors. (When was the last time you read an executive's business card and it had promotional material about the business on the back? Never?)

The card should be of the same color and design as your letterhead and envelopes. Make sure you use a quality, sturdy stock, however, so that corners won't tend to bend and it can stand up to life in a pocket or briefcase. The only thing worse than having no business card for a prospect is whipping out one that looks like it had been serving as a beer coaster at a rowdy bar. Keep your card to the standard size, since many people store them in holders that assume a common size. You don't want to be cast out as a misfit. (The notion that an odd-size

card is memorable and will be kept separate is a myth. Cards that don't fit in a holder with others are usually discarded, no pun intended.)

Your initial purchase of letterhead, second sheets, envelopes, labels, and business cards will take care of the immediate future. If you can afford it, carry the same design and logo over to the presentation folder itself. When you're ready, you can add more sophisticated image literature, such as a brochure and one-sheet, which I discuss later. For now, keep your initial order volume relatively low—a thousand of each item should be more than sufficient. If you have so many prospects and inquiries that you're running out of materials, simply order more and thank your lucky stars for such a wonderful problem.

Ask your designer to provide you with a graphics file of your logo and other artwork to keep on your computer. This is very useful for inclusion on your web site, on certain mailings, and for others who want to run graphics with your articles, reports, and so on. You want to replicate your logo and design on the electronic reports, letters, invoices, press releases, and so

forth that you send electronically.



#### one-sheet

a single sheet in black and white (for faxing) and color that succinctly describes the consultant's accomplishments, clients, results, and credibility. The one-sheet is particularly important for speaking engagements.

#### **Career Key**



Keep your business card simple, but personalize it for the other party. It's a nice gesture to write your home phone on the reverse if appropriate, or to write down a book title that you're recommending or a business referral. The person will have that useful information and immediately know whom to thank.

# Networking

Now that you have a press kit and appropriate business image literature, you can begin the interactive aspects of marketing. (It makes no sense to try to meet people if there is nothing you can hand them, send them, or leave with them!) The least expensive yet still potentially powerful marketing device for a new consultant is networking.



#### Talking to Consultants

- Q. What has been your greatest challenge setting up your practice?
- **A.** I have found my greatest challenge to be that of honing my message about what I do and the results I can provide to the client. This has been especially daunting in my case, as my expertise is in *process*, rather than *content*. I can work with a client team on almost any problem they are attempting to tackle, and by getting them to work more creatively—both individually and as a team—help them accomplish their goal with fresh, new solutions and action plans. I can also teach the principles of innovative teamwork to project teams, as well as impart an internal capability by training facilitators. However, translating all of this into a clear message of tangible benefits has been a real test.
- Q. How did you overcome that challenge?
- **A.** The challenge goes beyond merely finding the right words. Those consultants whose expertise falls into a fairly circumscribed area of content (say, information technology or finance) not only know what to say about their services, but where and to whom to say it. While few would argue that innovation and creative problem-solving are extremely important in any organization, it is difficult to identify the person within the organization who may be interested enough to buy. This, in turn, has implications for where you might place an article, offer to do a speech, advertise, and so on. In addition, in today's business environment, many decision makers want the answers, not the ability to come up with answers themselves (although I feel that from a strategic standpoint, the latter is far more important). At this point, I feel I am faced with some decisions. I can focus on one or two industries where I've had some success and craft a message specifically for them (thereby limiting possibilities in other kinds of business), or attempt to do a better job at communicating the benefits of my process expertise to a variety of industries. I could use continuing help with this.

—Jeff Govendo, president, Appellation Trails

Networking is not merely talking to people and handing out business cards. In fact, most people who think they're networking really aren't, and they waste their time and resources while wondering, "Why is this highly touted tactic so frustrating?" So, let's define what we mean. It's more than "working a room."

- What: Networking is the interactive pursuit of others and development of reciprocally beneficial relationships through interpersonal, telephonic, electronic, and correspondence activities.
  - *Why:* One networks to reach new buyers and to close business.
- *How:* Effective networking involves a combination of providing value to others so they will be moved to reciprocate, and becoming an object of interest to others so they will direct third parties to you. Direct networking means that you are interacting with potential buyers of your products and services, and indirect networking means that you are interacting with people who can direct you to those buyers or can direct such buyers to you.

#### **Career Key**



Build some kind of networking into your weekly schedule every week, not only at the outset of your career but also throughout your career. You will build a momentum for gathering leads and contacts that will keep your business pipeline filled on a permanent basis.

Is this more formalistic and complex than you thought? I've deliberately tried to interpret it that way, so that you can appreciate that networking is a methodical, systematic, disciplined approach to selected people, and not merely casual chat and haphazard meetings.

#### **Starting Point**



Networking is a *process*, not an *event*. It may take weeks to properly develop a networking relationship, but it will be of much higher quality than some inane elevator-pitch attempt.

Among those who constitute networking potential for you are:

Buyers.

Bankers.

Media people.

Key advisers.

Key vendors.

High-profile individuals in your

Mentors.

business

Recommenders to buyers.

Trade association executives.

Endorsers.

Community leaders.

Executives planning conferences and meetings.

Networking is far easier than ever with e-mail, voice mail, and other communication alternatives, but nothing is as effective as the face-to-face interaction that allows for personal chemistry to develop. If possible, networking should be done in person, and followed up on or reinforced through other communications avenues.

Here is a sequence for networking, whether at a trade association meeting, civic event, business conference, recreational outing, or nearly any other activity that you know in advance you'll be attending.

- 1. Learn who will likely attend the event. Obtain a participant list, a brochure, the names of the committee members, or make an educated guess. Prepare yourself for whom you're likely to encounter, and create a target list of the best prospects. For example, if you know the local newspaper's business page editor is attending a charity fund-raiser, you may want to make her acquaintance so that you can eventually suggest an article. If the general manager for the local utility (and a potential buyer) is at the dance recital, you may want to try to identify him and begin a casual conversation during intermission.
- 2. Begin casual conversations during the gathering to both identify those targets you've chosen and to learn who else might be there who could be of help. For example, you might want to introduce yourself to another consultant whose web pages you think are excellent to explore whether she might make her web designer's number available to you, or approach a local designer because you'd like to understand how she might work with you even as a novice.
- 3. Introduce yourself to people without describing anything about your work and simply listen to them. If in a group, which is likely, don't attempt your personal networking. Wait until you can find the person alone later, and approach him one on one, preferably where you will have a few minutes in private. That's all you need. Don't talk to someone while your eyes work the rest of the room, and talk only as much as required to get others talking. You want to hear about them, their views, and their preferences.
- **4.** When you're able to spend a few minutes one on one, offer something of value, based on what you've heard. For example, if the person is a potential buyer who has mentioned the problem she's having with attracting and retaining good people, suggest a book that you would be happy to pass along or a web site that you'll send by e-mail which has articles on the subject. If the person is a graphic artist, ask permission to give his name to some people you know need literature designed. The key here is to provide value to the other person.

**5.** In the event you're asked what you do, practice providing very succinct responses. Here's a dreadful response:

I'm a consultant who focuses on the interactions of teams, especially cross-functionally, raises sensitivity to synergies possible in greater collaboration, and implements processes to enhance team connectedness. I use instruments such as . . .

Here's a terrific response:

I assist clients in improving individual and organizational performance.

If the other person says, "That's a bit vague. How do you do that?" then you reply,

Well, if you tell me something about your organization and the issues you're facing, I'll show you how the approaches may apply specifically to you.

#### **Talking to Consultants**



- **Q.** What one key approach or activity would you do differently today from when you started?
- **A.** I would offer a specific service to a predetermined-sized market (that is, based on revenues). I tried to offer everything to everyone and eventually burned myself out. Today, I offer two areas of specialization: strategic counseling and interim management to high-growth, technology-based companies.
- **Q.** What was your biggest surprise—what do you wish you had known that you didn't know?
- **A.** I consistently undercharged for my (many) services to the wrong market, thus reaping little or no profit. I didn't realize how much value I was giving away for free! Although flexible (depending on the size of company or overall effort), my fees are now more well-defined and structured.

—Judith W. Isaacson, founder and president, Effective Corporate Communications

**6.** Exchange a card or somehow gather the other person's contact information so that you can send the promised material or information. At a minimum, get a phone number and e-mail address. Do not provide brochures, materials, or any other gimmicks. No one wants to lug around material at any kind of event, and this stuff usually winds up in the nearest discreet garbage can.

- 7. Immediately—the next morning at the latest—deliver what you promised. If you're providing the other party as a resource to someone else, send a copy of your correspondence to the person you're recommending, or let them know that you've given their name to the individuals you had mentioned.
- **8.** In a week or so, follow up to see if the material was helpful, the reference worked out, the prospects called, and so forth. Ask if there is anything further along those lines that might be helpful. Then, summarize or reaffirm your offer of further help with a letter accompanied by your promotional material and literature. Suggest to the other person that you thought he or she might want to learn a little more about you and what you do.
- **9.** In a few weeks, send still more value in the form of a contact, potential customer, article of interest, and so on.
- 10. If the other party replies with a thank-you for your latest offer of value, then get back to him and suggest a brief meeting, breakfast, lunch, or other opportunity to get together at his convenience. Simply say that you'd like to learn more about what he does and also get his advice about what you do. If he has not responded with a thank-you of any kind, then wait one more week, call to see if he received the additional value you sent, and then suggest the meeting as described. (His active response simply enables you to shorten the waiting time.)

You've just been through 10 steps of successful networking. This is not a numbers game. Obviously, if you leave an event with a fistful of unqualified and undifferentiated business cards, you'll spend your entire existence on the steps as laid out. The power of networking is not in the quantity of the contacts, but in the quality of the contacts in terms of what they are able to do for you: buy your services, recommend you to buyers, provide publicity, offer important advice, serve as a vendor or resource, and so forth.

Networking is not about how to work a room, but rather about how to establish your value with others. Working a room is a task and an activity; establishing your value is a marketing strategy. Your success or failure in networking will reside in your own philosophy and discipline in approaching the opportunity strategically.

A reiteration what is often known as *social media* for networking: Services or platforms such as LinkedIn, Facebook, Twitter, and others offer the ability to be in constant touch with a huge diversity of people. I have seen people help one another with traditional jobs, vacations, product deals—you name it. While I do not believe that corporate executives purchase consulting help

through these channels, you can establish personal networks, which constitute a form of networking. Two caveats:

- 1. These can be hugely labor intensive for fairly small business return, so vigorously protect your time.
- **2.** Take what you are told with a three pounds of salt, not just a grain. This is equal to a vast warehouse of people shouting what's on their minds. Look for *patterns* of logical advice, do not follow one-off suggestions, and make sure those to whom you listen are, themselves, successful.

If you provide disciplined and dedicated marketing time and energy to this virtually free opportunity every week, you will always have prospects in your pipeline and always have a surfeit of resources to call upon no matter what your particular needs.

#### **Special Third Edition Focus on Networking**



Reminder: In putting the preceding rules to the test repeatedly with mentees over the past two years, I've found five important tenets to high-powered networking:

- 1. *Distance Power.* You're better off networking with those who don't know you, and therefore have no preconceptions, than you are with people who do know you and have assumptions that color their thinking.
- **2.** *Nexus Contact.* There is often a person who may not be one of the key people just noted, but who can provide a direct introduction. This may be a subordinate, friend, adviser, or peer. Nexus people are very valuable.
- **3.** *Unique Multiplier.* On occasion you will meet someone who knows everyone. This may be a community leader, a long-time employee, a newspaper person, and so on. No one is more valuable in the long term than the unique multiplier.
- **4.** *Adhesion Principle.* What will make you memorable to the other person? How will you adhere to their memory? This is where *give to get* comes in, so try to provide powerful value to the other individual.
- **5.** Contextual Connection. Don't forget that you and the other person are both there in support of a common interest, be it civic, sports, awards, political, charitable, and so on. Use this to achieve rapid commonality and collegiality.

#### Alan's Networking Insights

- 1. Don't worry if you're an introvert. You're probably better off in that you're not as inclined to talk and more inclined to listen. Just focus on a few good people.
- 2. Think of yourself as a cowhand cutting livestock out from the herd. Don't attempt to network in a group of people, maneuver to get one-on-one time with your target.
- **3.** Do not eat or drink while networking. If you do, getting drunk is not even as bad as having lettuce in your teeth and stains on your jacket.
- **4.** Come early but don't stay late. The high powered people "put in an appearance" and seldom close the place. Don't waste your time with the people who just pursue free booze.
- **5.** Follow up assiduously. Only bad things happen the longer you wait. Absence doesn't not make people fonder, it makes them forget.

#### **Pro Bono Work**

Pro bono work is work you deliberately decide to do for free, not work you wish you were getting paid for but aren't! As a general rule, I suggest that you confine pro bono work to nonprofits, and never provide your services for free to profit-making organizations. The latter involvement will stereotype you as a desperate consultant who will work for nothing for exposure only, and will present all kinds of difficulties if you ever want to bid on a project on a normal basis within that organization.



#### **Career Key**

Try to have at least one pro bono activity going on at all times. Fortunately, when you're new to the consulting world, you'll have more time to engage in this work, when you can use the marketing help the most!

The great value of pro bono work is threefold:

- 1. You are legitimately contributing to a worthy cause.
- **2.** You are honing your skills in a nonthreatening, appreciative environment.
- **3.** Potential buyers and recommenders are seeing you in the best possible light—they are watching you perform as a colleague, not as a potential consultant or business partner.

Try to find pro bono opportunities that will involve you with potential customers. Fortunately, no organization soliciting free help is going to question your experience, credentials, or motives. These are ideal opportunities for new consultants.<sup>4</sup> Local associations, civic entities, and community help groups typically have people on their boards, committees, task forces, and fund-raisers who are also senior managers and executives. This could include groups as disparate as the soccer association, United Way campaign, Girl Scouts, shelter for battered women, chamber of commerce, planning commission, or Audubon Society.

#### **Friendly Advice**



Two weeks after co-founding Ascendant Consulting in September 2005, I had no partner, no money, no clients, few contacts, and a lot of debt. My partner had decided that the entrepreneurial gig wasn't for him after all and Hurricane Katrina knocked out our initial contract before it even started. He had been the money and Rolodex (my contribution was the intellectual horsepower), so the outlook was bleak.

Fast forward to mid-2007 and a project that epitomizes Alan's marketing gravity approach. Here's the sequence: I wrote a few articles and issued a press release about them. A reporter picked it up and wrote an article on me, which led a reader to contact me with some ideas. Those ideas just happened to be perfect for a contact given to me by an old grad-school classmate. Three weeks later, I had a signed contract in the mid six-figures.

There's a lot of serendipity in that sequence; yet the luck only happened because I put the effort into writing, networking, speaking, and offering value wherever I could. That early success was amidst hundreds of phone calls to people who said, "No," and a dozen press releases that never got picked up, articles that never got published and speeches that won rave reviews but no client interest. My lesson: relentlessly build a body of work and contacts.

From my inauspicious beginning, I scraped my way through 2006, brought in the better part of seven figures in 2007 and hope to be a seven-figure firm this year or next.

David A. Fields Managing Director Ascendant Consulting, LLC Ridgefield, CT

Assume a position of trust, visibility, and impact. I suggest you volunteer to take on the dirtiest jobs, those that no one else readily accepts. These usually include fund-raising chair, volunteer head, corporate sponsor chair, and so on.

Also, the more your pro bono position lends itself to meeting other potential customers outside the volunteer organization, the more powerful. So tough jobs such as fund-raising and seeking corporate sponsorships do enable you to meet still more potential buyers. (As a rule, pro bono work that involves contact only with individuals within the organizations will be least effective for your networking and marketing, though these may be organizations that you still help because you believe in their causes. I'm simply suggesting that some of your pro bono work be with the former, as well.)

While doing pro bono work, throw yourself into it and get to know your colleagues who represent your potential customers or recommenders. Make their jobs easier. Take on more than your share. Give them credit.

Then, when the time feels right and you've developed a cordial, trusting relationship, suggest that you meet outside the organization for breakfast or lunch simply to get to know each other a little better. Don't make a sales pitch, but merely seek to build on the relationship and find out still more about their issues and priorities so that, eventually, you can suggest how you might be of help.

Two keys: First, patience is essential. Second, don't wait, however, until your pro bono work is done or the event is completed. It's much harder to link up after the fact. So, suggest your meeting and relationship building while you're together and have the opportunity to see each other on some regular basis. This makes stalling almost impossible because the individual is seeing you regularly.

Obviously, networking and pro bono work are closely allied, and the skills of the former should be employed in the latter. Any publicity you gather from the work (newspaper articles, photos, event literature) can play an important role in your press kit to demonstrate your community involvement and the results you help achieve in an organizational setting.

# Listings, Ads, and Passive Sources

There are a wide variety of places where you, your firm, and your services can appear. For information about how to find them, see Appendix G. But as part of your fundamental marketing approach, some bear discussion before we move on.

One place to arrange for your presence is in so-called buyers' guides. These are listings of resources in certain fields offered by a variety of publications. Some listings are free, some require payment (depending on listing size, inclusion of logo, placement, and so on) of about \$200 to \$1,000.

#### **Career Key**



Invest in some permanent (annually renewable) listings, with fewer that require more investment and have a powerful appearance, and more that are simple just to stretch your budget. These can also be sources to which you can refer inquiries ("See our listing in . . .").

Never make the mistake of trying to calculate how many hits you receive from a listing source. One hit that results in a \$25,000 piece of business is far superior to 5,000 hits that produce nothing. (The same will hold true, by the way, for your web site.) Since none of us is smart enough to know when a particular buyer or recommender will be looking in a particular source for a particular service, simply maintaining a presence in these directories annually makes a lot of sense.

Directories also are useful when circulated to editors, reporters, talk show hosts, radio producers, television producers, assignment editors, and other media people, because they afford the opportunity to be interviewed, thereby reaching potential buyers in even more credible ways.

Some of the best directories and buyers' guides for attracting business (which may be offered periodically) and media attention for consultants are published by:

- American Society for Training and Development.
- Training magazine.
- Society for Human Resource Management.
- Kennedy Publications Consultant Guide.
- Institute of Management *Consultants Directory* (membership required).
- Society for Advancement of Consulting online directory (membership required).
- National Press Club *Directory*.
- Yearbook of Experts, Authorities and Spokespersons.
- PRLeads.com.

A modest budget of \$1,000 to \$2,000 annually would probably secure a decent-sized listing in a combination of three or four of these sources, so the investment is very reasonable, and you can add more listings as your business grows.

You should also appear in your local telephone book's Yellow Pages under headings such as *Business Consulting, Management Consulting, Training,* 

Facilitation, and whatever other listings best describe your work. Many local organizations do use the telephone book to locate service providers. Spend the few extra dollars to have a bold listing and a small display ad. Statistics show that such ads draw far more phone calls than do simple one-line listings.

When you create these listings and ads, give some thought to their appearance. Look through the book or magazine to see which ad formats strike you as the most effective. Frequently, the publication will offer free advice on layout, and sometimes even provide complimentary camera-ready production work. It's wise to spend a small amount of money with a designer on your own to maximize the visual appeal of the listing. Your logo, for example, will add eye appeal to it. Bullet points are usually highly effective, and lengthy narrative is not. Don't talk about how good you are, demonstrate how clients will benefit (for example, do not say, "We provide superb presentation skill coaching," but rather, "Our clients are able to deliver their message crisply and powerfully to potential customers and the media.").

# **Summary**

You should begin thinking about marketing before starting your business if possible, but strenuously engage in it as soon as you can. The press kit is your cornerstone, and the look of your literature and stationery will provide your early image for prospects and media sources. Fewer items of high quality are always superior to many items of mediocre quality.

Networking and pro bono work are inexpensive, excellent investments of your time, which can be begun immediately and which should be continued no matter how successful you may be at gaining initial work. The key is to keep the pipeline filled. Too many consultants mistakenly abandon this when they secure their first business. This shortsightedness means that the marketing cycle has to be started from scratch every time an assignment is completed, and is a guaranteed way to destroy cash flow and to flounder.

Passive listings in hard copy and electronically are excellent devices to maintain visibility before certain readers and inquirers. They are valuable for the quality of the business they can generate, not the number of inquiries. Sometimes excessive inquiries can simply mean that an ineffectual or ambiguous listing is providing mixed messages to readers.

When you've mastered the fundamentals, you can embark on advanced marketing techniques, which we now turn to in Chapter 5.

*Final thought:* Revisit your fundamental marketing techniques at least semiannually. You may well find that you've outgrown them, and should either upgrade your contacts or spend more time on more sophisticated techniques.

#### **Notes**

- 1. I realize that there may be no results to date, which is why we're simply stating what can be expected.
- 2. See Appendix E for a sample biographical sketch for a beginning consultant.
- **3.** See Appendix F for a sample position paper.
- **4.** You may well already be involved in pro bono work from current or prior employment. If your colleagues do represent potential customers, then you are fortunate to have already begun this process! Bear in mind, however, that you'll be adopting a somewhat different strategy in the future.

# **Questions and Answers**

- **Q.** What about the electronic consulting sites where you can list what you do and also find potential work?
- **A.** This is a relationship business, and no corporate buyer is trolling the Internet to review listings, as though this is some kind of dating service. You're far better off trying to get articles and columns published in online publications to enhance the reach of your expertise and differentiate you. Never join a "meat market."
- **Q.** Networking and asking people to buy my services embarrasses me. Aren't there less aggressive techniques?
- **A.** This is the marketing business. You have to always remember that you are not "selling," but trying to help the buyer improve her condition by obtaining your value. The first sale is to yourself. You can certainly be successful even though a few spokes in my marketing gravity aren't in our comfort zone, but if most of them are unappealing, then you're in the wrong line of work.
- **Q.** Would it be of benefit to include in my promotional materials other resources, other people's work, biographical sketches of some potential alliance partners, to give the feeling of more heft to my solo practice?
- **A.** No. You are the talent. On my web site, you face a "dead end," in that I'm not even liking the visitor to Amazon.com (you can buy my books right on my own site). If your work or value is based on others' talents, why do I need you? You're better off with less value that is singularly you than trying to lose yourself in a herd.
- **Q.** I've found that I can attract quite a few people following me on Twitter and that I can gain a substantial following by placing podcasts on sites such as "Grammar Girl." Isn't that the express lane to creating a brand?
- **A.** With whom? Bloggers will tell you that blogs are the greatest thing in the world, just like an insurance agent will tell you that insurance is the best investment for you or a Ford dealer will tell you Fords are better than Toyotas. You have to reach corporate buyers who can purchase your consulting services. They are not listening

- or participating in social media to find consultants, except in the case of those of us who already have powerful brands (David Maister, Seth Godin, Jeff Gitomer, Marshall Goldsmith, and so on.)
- **Q.** Isn't it awkward to try to reach someone who is a personal acquaintance on a business level? For example, my best friend's husband is a senior banking executive. We seem them socially, but I'd find it uncomfortable to approach him (or her to reach him professionally).
- **A.** I guess it all depends on whether you believe you'd be helping him or taking something from him, right? Should you be helping his competition before offering that help to him? Isn't he an adult who can say that he appreciates the offer and will let you know, or that they are already doing it, or that *he really needs what you're talking about?* Are you Paul Revere or Chicken Little?

# Advanced Marketing Creating a Brand

fter discussing the fundamental spokes of the marketing gravity chart in the prior chapter, we now examine those aspects of marketing gravity that will tend to create a brand about you and your work. (See Figure 5.1.) By this I mean quite simply that a certain repute and distinction is attached to you by dint of what people read, hear, and experience about you. Branding can be done quite elegantly with minimal investment if you are clearly focused, disciplined, and relentless about it.

For me, branding *in the consulting business*, is the uniform and consistent expression of your quality and value.

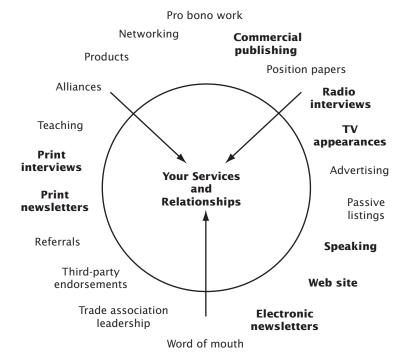
# **Starting Point**



The ultimate brand is your name. "Get me a great strategist," which includes you for consideration, is never as powerful as "Get me Clare Perkins for the strategy work."

# **Establishing a Web Site**

You will need a web site sooner or later, and my rule is to establish one as soon as you can afford to do a quality job. Bear in mind that good web sites are



**FIGURE 5.1** Aspects of marketing gravity that tend to create a brand about you and your work.

organic—they grow and evolve. So your initial effort will never represent your final look or, for that matter, your look even next year.

Your web site is a credibility site, not a sales site. Executive buyers do not troll the Internet to find consultants; they and others might go to your site, however, after they meet or hear of you. Ignore any Internet expert who tells you otherwise, because they do not understand professional service marketing. (And to prove it, they will be charging you by the hour!)

The Internet has presented a huge opportunity for professional services providers to gain visibility, to network (through social media), and even to sell products. There are two problems however, that have blunted most of the opportunity:

- 1. Professionals using the Web for marketing do not do so from the standpoint of the potential customer, but rather as an advertiser.
- **2.** The influence of the technical experts, from web page designers to systems administrators, has been far too profound, creating an emphasis on the technology rather than on the message.

No one gets into the car to drive down the road to look at billboards. No one surfs the 900 cable television channels looking for commercials. No one advertises her phone numbers to direct marketing people lest she have a burning desire to be called in the middle of a favorite program in the evening with an offer to buy securities for a start-up biotech firm in Lithuania.

Similarly, no one in his right mind decides to spend several hours a day combing the Internet for ads. Yet, most web sites read exactly like advertisements. They are the old Burma Shave highway billboards on steroids.

You should use a web site to allow people to find you once they've heard of you, provide value so that they become interested in you and desire to meet you, and enable them to contact you to initiate that relationship. The objectives of excellent, beginning web sites should include:

- *Clarity of your image*. Do you help with team building, or mergers and acquisitions, or executive coaching? Is it crystal clear what your image (brand) is to the visitor? One of the best for its clarity of value and offering is that of a consultant who helps people communicate and sell over the phone. She calls herself the Telephone Doctor (telephonedoctor. com/default.asp).
- An allure to prompt people to return. The key is to have not a single hit but an enduring connection with you, so that the visitor returns periodically until such time as a personal contact can be established, all the while mentioning you to others. (Never track number of hits and ignore appeals to increase traffic. It's easy to get volume, but if they're the wrong people, it's also futile.)
- Credibility of yourself and your firm. The visitor should be able to learn enough so that further investigation of you (or any doubts about you) are overwhelmingly put to rest by the evidence on your site. As you develop testimonials, they should be spread all over your site pages.
- A personal contact. The visitor should be able to reach you by phone or you should be able to reach the visitor by phone, with the intent of closing on the next phase—a personal meeting. (Use a physical address, as well, in case someone wants to mail you something. Not everyone does everything by email.)<sup>1</sup>
- The results your typical clients can expect of you. (You may not have any actual clients yet, but what would typically be the case?) To avoid the bill-board effect, state quickly, boldly, and clearly, what's in it for the reader. Why work with you?



#### **Career Key**

Visit as many other consultants' web sites as you can. Figure out what elements account for the most compelling sites and make sure you include them, without copying any words or proprietary material.

The first step for you is to find a superb web site designer. Fortunately, there are tons of such people around, all charging reasonable (almost always hourly) rates in a highly competitive industry. Don't use your son or daughter or a moonlighting college student. Get the names of the people who have designed the web sites you most admire (the designer will usually have his or her own web site listed in small print on the home page, and you can establish contact merely by clicking on the address). Use these criteria in your selection process:

- 1. Get references about the designer's reliability.
- **2.** Establish costs clearly, both for initial setup, ongoing changes, and yearly fees.
- **3.** Make sure the chemistry is right. If the designer starts telling you how to write your copy or describe your business, head for the hills.
- **4.** Agree to a test site before going live, to work out the inevitable bugs.
- **5.** Test for responsiveness. Some designers seem to disappear into cyber-space for weeks at a time, while others simply pay attention to the squeakiest wheel.
- **6.** Find out if they will secure and register domain names annually.
- 7. Investigate their back-up and redundant systems and how to reach them in case of emergency off-hours.
- **8.** Find out if they will also administer your blog, take care of newsletter mailings, create e-mail addresses, and other services that you may need in the future.

Use your technical expert the way you do your auto expert. You want preventive maintenance, quick fixes to problems, fast response, and modern equipment. But you don't need advice of what your transportation needs are, how much money you have to spend, or why you should continue to upgrade to faster and larger vehicles when all you need is reliability, consistency, and effectiveness.

Expect to pay anywhere from \$2,500 to \$5,000 for an initial design and launch, depending on your complexity and bells and whistles, and from \$1,500 to \$3,500 for annual maintenance (this does not include changes and improvements you choose to make). Make it clear whether your designer will take care

of registering your *domain name* and list you with *search engines* and so forth. If not, you may want to find another resource.

#### **Social Media**

Direct networking and interaction on the Internet has come to be called *social media*, as we've alluded to earlier, including the platforms and communications alternatives such as LinkedIn, Facebook, YouTube, Twitter, and so forth.<sup>2</sup> These aren't actually so revolutionary, since people have run web sites enabling customers and consumers to jointly talk about their experiences with a variety of products and services, since Gutenberg enabled people to begin discussing common issues in, oh, the fifteenth century.

Nonetheless, cyberspace has created instant and continual communication in every realm of our life, from dating to sports injuries, and from job searches to travel bargains. As the distinguished *Wall Street Journal* high tech columnist Walt Mossberg points out, we no more log on to the Internet each day than we log on to the electrical grid. Our computers, cell phones, GPS devices, PDAs, and so forth enable us to be constantly in touch.

You can waste an enormous amount of time on social media, the problem being that, at this writing, there are nearly 200 million blogs, for example, and most of them are absolutely worthless. They are the rantings of a Warholian universe, wherein everyone wants his 15 minutes of fame. The comments on YouTube are often obscene and malicious, ignorant in their lack of creativity or civility. Twitter is showing people walking from their house to their car commenting on their haircut.

#### domain name

your firm's address on the Internet (for example, summitconsulting. com).



#### search engine

those functions on the Internet that provide information about web sites by keywords, topics. subjects, and so on. Your web site and firm should be listed with the major search engines and be updated periodically.

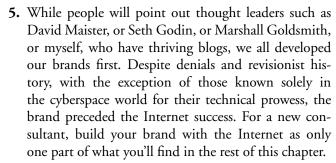
# **Starting Point**



Search Engine Optimization (SEO) is a pursuit that wastes a lot of the time of new consultants. Do *not* worry about how high your name appears in the search engines. If people are seeking you because they've heard about you or met you, they will find you easily enough.

Here are some quick rules for any and all such social media:

- 1. By all means engage in them as a hobby and avocation. They can be fun. But they won't add a lot to your consulting armamenture unless you are highly selective. (For example, see my blog: contrarianconsulting.com, or AlansForums.com.)
- **2.** Limit your hours. If you're spending more than a total of 90 minutes a day on social media sites, you're addicted.
- **3.** Use RSS feeds to stylize and focus your news. You can be selective about online sources and be informed of any new postings in topics of interest to you.
- 4. Always bear in mind that buyers of corporate consulting services do not make buying decisions (or even visit for that purpose) in social media. You may effectively network and learn of firms or names; you may find other kinds of clients, such as coaching clients or training opportunities. But do not abide by anyone who tells you that you'll meet an executive vice president at Mercedes this way. (Someone will always cite some exceptions, which only proves this rule. This will get me beat up among the book reviewers, but I'm trying to save you time and energy here.)



# commercial publishing

producing print or recorded material through a third party, which pays you a royalty for the intellectual property but controls all production and distribution (as opposed to selfpublishing).

# **Publishing**

There are two ways in which to publish:

- Commercial publishing, in which an independent book or magazine publisher publishes your material, usually, but not always, paying you a fee or royalty.
- **2.** *Self-publishing*, in which you publish your own material by contracting for all technological and logistical assistance.

Commercial publishing is the stronger way to gain credibility of the two (and second only behind peer-to-peer referral as a *gravity* channel). A book or article published by an independent source creates tremendous credibility, and a body of work (for example, a dozen articles, two books, a newspaper column, and so on) provides enduring support for the validity of your work and the integrity of your business. (I knew that many clients had never read my strategy book, but they saw a major publisher's name on the spine next to mine, and that was good enough!)<sup>3</sup>

Self-publishing can be useful, however, in providing less expensive books, booklets, and related printed material that you can give away as marketing material, sell on your web site, use in client presentations, and so forth. I both commercially and self-publish, and I advise all consultants to do both through their careers. These are not mutually exclusive endeavors.<sup>4</sup>

Here's how to publish an article:

First, find out what your intended audience tends to read. Ask clients and prospects what they use as valuable sources. Visit any large bookstore and take a look at the periodical racks. Study the *Readers' Guide* 

to Periodical Literature (hwwilson.com/databases/Readersg.htm), which is in any decent-sized library's reference section and online. You can also access sources like Writer's Digest for titles, subjects, contact data, and so on (writersdigest.com).

## selfpublishing

producing your own printed or recorded material by contracting for all technological and logistical assistance (as opposed to commercial publishing).

Be sure to visit my web site for ideas and examples: summitconsulting .com.

# Some Internet Tips from an Expert

- The ethic of the Internet is that it wants to be free. Give away some of your expertise—don't just sell it—using articles, tips, excerpts, links, and so on.
- A site needs frequent attention, since changes are what create interest, repeat visitors, and appeals to new visitors.
- Always design from the viewer's point of view.
- Use search engines intelligently, but understand that there is no magic solution in their use. You will probably get more visitors by promoting

(continued)



your site in other ways, such as articles, ads in trade journals, word of mouth, and targeted mailings.

 Don't cut corners. Invest in a topflight professional to get topflight results. Just because your son or daughter can do it for you doesn't mean it's a good idea.

> —Ken Braly, President, Info Mastery (Ken@Kenb.com)

Read the publications you want to approach. Read at least three or four issues with the following intent:

- Ascertain that the publication accepts outside submissions. Some use only in-house articles. The editorial policy stated at the beginning of the magazine will indicate this.
- Find the tone or voice of the publication. For example, does it favor contrarian opinions or mainstream views? Do the articles usually include interviews, graphs, or statistics?
- Determine the sources of the articles. Are you a likely source, or can you position yourself to be one?
- Get the name of the editor from the masthead. Sometimes, you'll also find instructions listed for submissions, as well.

Send a letter of inquiry to the editor, by name. The letter should fit on a single page or screen, if possible, and should include the following, concisely, and to the point:

- The article you would like to submit, and why it would be of interest to the readers, including skills, insights, techniques, warnings, and so on.
- Your credentials, and why you are the right person to write the article.
- A brief summary of content (for example, who would be interviewed or three points on employee retention).

Enclose a self-addressed, stamped envelope (known as an *SASE* in the trade, if using hard copy), and wait; do not call. If the editor is interested, you will receive her permission to submit on spec (on speculation, meaning there's no guarantee the piece will be published), the publication's specifications

(length, style, deadline, rights being obtained), and payment criteria (which range from no payment to considerable payment—but you're doing this for marketing, not as a revenue stream).

#### **Career Key**



Think of the customer's customers, in this case, the editor's readers, and make a case for how they will benefit, not a case about how good you are.

#### **Starting Point**



You may, and should, submit the same article idea and inquiry to a variety of potential publishers. There is nothing unethical or unacceptable about this. It is called *multiple submission*. The first editor who wants it and whose terms are agreeable to you is the one who may have it.

Some periodicals have theme issues—for example, international business or recruiting—and actively solicit articles for the themes. Typically, these must be provided six months or so in advance. See Appendix H for a sample inquiry letter.

Some people submit entire articles and avoid a letter of inquiry. This technique can work, but I don't think it's as effective in the long run. The article will usually not be exactly what the editor wants, and even good ones need rewriting. But, more important, an editor has the time to quickly scan a letter of inquiry and scribble a response if interested, but unsolicited manuscripts often get thrown into a corner or onto an intern's desk.

If you find that the same publication is publishing several of your articles or, better yet, actively requesting more from you, suggest a column. I once wrote a monthly column for six years, providing me with 72 reprints for circulation, a regular publicity window, and an opportunity to experiment with varied topics. The paper publishing them paid \$50 per column, which was just icing on the cake (and in 1988, it wasn't bad icing).

Finally, for magazines or newspapers, here are some techniques to significantly improve your chances of being published:

• Meet the editor. If the publication is local, stop by, arrange to be at a meeting the editor is attending, or call on the phone. A personal contact is always an advantage. Don't sell yourself; just meet the editor and establish name recognition. If you know a mutual acquaintance, use that edge. (These are areas where social media can pay off.)

- For newspapers in particular, with much shorter deadline dates, attach your story to a current or controversial event. If a local firm is downsizing, use that to support your article on how to avoid being downsized.
- Use facts, examples, and supporting evidence. Opinion pieces are usually harder to sell, unless you are a recognizable name or expert. And research your sources. Editors will throw out hackneyed statistics and questionable premises. Editors love specific names, examples, quotes, and experiences.
- Use some humor. There are few subjects that don't lend themselves to some lightheartedness.
- Use a hook. For example, be contrarian. No editor wants to print the seven-millionth story on employees resisting change. But quite a few would consider a story that focuses on how we actually all change every day, and on how fear of change is an empty rubric tossed around by academics who never

set foot in the business world (which is true).

• There are agents who will help you place articles. Some charge on a monthly retainer basis, and some charge on a placement basis (for example, you pay only for performance). These resources range from quite professional to abjectly awful. If you have the cash to spend, check references carefully. But you might want to try placing articles yourself at the outset in any case, to avoid the expense and, more importantly, to get direct experience in what the process actually entails.

Book publishing is beyond our scope here for someone entering the profession, but if you'd like to read more about how to get a book commercially published, read the words of a top agent, Jeff Herman, in his book, Jeff Herman's Guide to Book Publishers, Editors & Literary Agents 2009: Who they are and what they want. Jeff is my agent, but I have no financial interest in this work, it's just a superb resource.

For self-publishing, don't get involved with *vanity publishing* or with anyone who wants substantial money to print your work. Start with simple but content-heavy booklets about your topics, create them on your computer, have your graphics artist create a nice four-color cover, and have the local print shop run a thousand at a time. These are inexpensive and easy to change and evolve, yet still serve you well as marketing materials, handouts, and salable products.

#### vanity publishing

the paying of a third party to publish your material, sometimes including design, distribution, order fulfillment, and so on. It is more expensive than selfpublishing, in which you are paying only for actual printing, and is not credible in the marketplace. **Eschew vanity** publishing.

Put an *ISBN* number on all of your self-published work, which allows your publications to be distributed by bookstores, Amazon.com, and other sources. ISBN stands for *International Standard Book Number*, and is required by distributors (such as Amazon.com) so one can access a universal location system to find publishers (in this case, you). You can acquire them by writing to R. R. Bowker, 630 Central Ave., New Providence, NJ 07974 (888-269-5372), or by going to Bowker.com.

# **Obtaining Media Interviews**

You can add to your brand by actively pursuing interviews by third parties in independent sources. There are several alternatives available:

- · Print.
- Cyberspace.
- Radio.
- Television.

#### Print

Suggest to your local newspaper, business publication, and trade association newsletters that you have an interesting story to tell. Again, think of *their* readers. Provide an angle or slant that the editors will look on as novel.



#### **ISBN**

"International Standard Book Number." which should be applied to all your printed and recorded products that you wish to sell. This is how all bookstores and online sources order vour material. ISBNs are available from R.R. Bowker. (ISSN is the equivalent for print and electronic newsletters.)

# **Friendly Advice**



I decided if I was going to go into consulting, I wanted to do things right. This was a business, not a hobby. I set up my practice from Day One as a serious business: incorporating as an S corp, setting up the infrastructure, and obtaining all of the necessary licenses and insurance coverage so that I could become established as a preferred supplier at top tier companies.

I set up dedicated home office space with high speed Internet and the right computers, printers, and software to be productive. I purchased my own domain, created a web site, produced marketing collateral, and went out and reconnected with everyone I'd worked with professionally (continued)

throughout my career. I created a regular e-newsletter and built my mailing list.

Not only did I leverage my network, but following Alan Weiss's principles of Marketing Gravity, I began to write, publish, speak, and teach. I volunteered for several nonprofit organizations and took increasingly more responsible positions, until I became the president of one of them, Women in Consulting (WIC). Just as importantly, I identified communities of colleagues I could connect with on an ongoing basis—whether to ask for input, share resources, or simply relate similar experiences.

Before I even began consulting, I attended one of Alan's programs and learned about value-based pricing, developing relationships with economic buyers, and the importance of establishing objectives/ measures/value upfront. I adopted his nine-step proposal process with my first proposal and promptly signed the client.

And I've never looked back.

—Linda Popky President L2M Associates, Inc. Founded May 2003 Redwood City, California 94061

"Local entrepreneur successfully converts from organizational life" is a possibility for the local newspaper, and "Starting your new firm with a contract from your former employer" is a good bet for a trade association newsletter.

# Cyberspace

There are wonderful opportunities to be interviewed on the Web and establish your brand. Send e-mails to the editors of sites that feature interviews and explain why you're a good choice, in the same vein that you would for print sources. But remember that your audience will be far more diverse than with particular periodicals. (I've published an editorial piece monthly for years at places such as HR.com, RainToday.com, and ManagementConsultingNews.com, for example.)



#### **Career Key**

Practice creating sound bites, which are catchy phrases and memorable viewpoints. These will stand you in good stead in interviews of all types, and solidify your brand with readers and listeners.

An outstanding source to garner leads and inquiries is PRLeads.com. For about \$100 per month (less on an annual membership) you can specify topic areas and receive a dozen to three dozen leads per day from reporters and authors on deadline. You can instantly reply with your ideas, and if you do so diligently, you will be interviewed. Many people in my Mentor Program regularly appear in the *Wall Street Journal* and *New York Times*, but even more local sources have a great deal of potential. (If you contact Dan Janal at PRLeads and mention my name when you join, he makes a contribution to charity. Again, I have no financial interest in the operation, but I've used it for years.)

#### **Radio and Television**

The broadcast media sources are surprisingly easy to access if you know the tricks of the trade. There has been such a proliferation of talk shows that they are thirsty for topics and personalities.

Locally, find the talk shows that are on the major radio stations, call the switchboards, and get the names of the producers of the talk shows you're interested in. Listen to the talk shows daily so that you can judge what kind of guests and topics are best received. Send your media kit with a cover letter to the producer, not to the on-air personality. Make your unique case: why you, why now, why this topic is important to the listeners. Remember that radio and television are about ratings, not your message. Follow up in a week with a phone call to see if the material was received. If you're told that "It's not something we can use right now," ask what topics are of interest so that you can adjust your approach.

# **Starting Point**



Do *not* pay to appear on a television show with a national figure, nor host a radio show. These are scams preying on ego and naïveté. Talent gets paid. Also abjure the opportunity to pay to be on the recorded shows on airplane music systems. The only people who make money from these gimmicks are the producers and the D-List celebrities who participate.

Nationally, you can reach talk show producers, on-air talent, assignment editors, and reporters in several ways. Here are three sources that produce pretty good results, although they require an investment:

**1.** The Yearbook of Experts, Authorities and Spokespersons (Broadcast Interview Source, 2233 Wisconsin Avenue, NW, Washington, DC 20007, 202-333-4904, Expertclick.com). This book and online listing provides the

opportunity to place an advertisement in front of a wide variety of media types, including talk show hosts, producers, assignment editors, and reporters. It also provides other services, *such as automated press releases, which you can send out daily.* A half-page ad will probably run from \$700 to \$1,000 for the year, in hard copy and online. You can include photos of yourself, book jackets, and so on, and be listed in a number of categories for cross-reference (for example, change management, strategy, expert witness, and so on). Mention my name to Mitch Davis, the president, for the best possible deal.

**2.** The Directory of Memberships and News Sources (National Press Club of Washington, 529 14th Street, NW, Washington, DC 20045, 202-662-7500, npc.press.org). Published and distributed by the National Press Club, this is a similar listing to the *Yearbook of Experts* and costs roughly the same, although ancillary services are far less.

Both of these directories are distributed for free to professionals having need to interview experts in various fields to support stories, appear in support of (or opposition to) certain theme shows, respond to breaking developments, and so forth. It's not unusual to be called on a very short deadline because of contemporary news developments. Nor is it unusual for otherwise remote sources to ask for interviews (I've been interviewed about both sports and acting from the perspective of a business consultant).

**3.** Radio and TV Interview Report (RTIR, Bradley Communications, 135 East Plumstead Avenue, Lansdowne, PA 19050, 610-259-1070, rtir.com/index .html). This is a tabloid that circulates widely in the industry. You can buy ads, which the publication will help you format for receptivity and punch with its audience of producers and talk show hosts. I've had good results here when I present something topical (a new book, a new approach) and when I appear consistently—you need to have a presence at least once a month for several months. You'll be alongside weight-reduction specialists and UFO trackers, but don't despair. This publication does produce bookings if you are consistent and patient. Rates are determined by the size of the ad and the frequency. The publisher will send you a free copy with suggestions for effective ads if you inquire.

Most radio shows are done from your home over the phone. The interview time may range from five minutes to an hour. Some will be call-in, and some will be simply a dialog with the host. Some hosts will have read your descriptive material and have intelligent questions; some will barely glance at it and will be mostly interested in hearing their own voice.

Since you know this going in (because I just told you), you can prepare yourself for a maximally effective interview, no matter what the length, by following these guidelines:

#### **Talking to Consultants**



- Q. What were you least prepared for and why?
- **A.** The absence of the traditional office environment I had been accustomed to. Suddenly, there were no people to bounce ideas off. While I knew it would be that way, experiencing it was a bit of a shock.
- **Q.** What was the single most important aspect for your early success?
- **A.** Creating a network of contacts to call on as I built the business. It's extremely difficult to open a business and be completely unknown, especially if you're changing geographically.
- Q. What single strength was most important as you began?
- **A.** Confidence in myself. Self-doubt would have killed me during the start-up and during some slow times.
- **Q.** What single piece of advice do you have for a new solo practitioner?
- **A.** Find a quick piece of work, even as a subcontractor, to validate your belief that you can get out there and get things done on your own.

—Stub Estey, Triple E & Associates, LLC

# Ten Steps to Powerful Broadcast Interviews

- **1.** Listen to the show several times to understand the host's biases, tone, and approach.
- **2.** Ask the producer in advance about the demographics: Who listens and at what times?
- **3.** Prepare one to five points that you will include in your responses no matter what you are asked. This is an old political device. In a five-minute interview, one point is all you can manage, but in an hour five points are achievable. (Example: If you're asked about a current company that is in the news for downsizing, your response might include: "Actually, Joan, that's one of the topics that my workshops constantly address . . . ," thereby getting in a plug for your courses.)
- 4. Ensure that you get a tape. If the station doesn't do it as a matter of course, offer to provide the tape or CD or DVD and a mailer. If that is unacceptable, have someone tape the show from the radio or TV on a good piece of equipment (you can't do it yourself unless it's

- done far from your phone interview or the feedback will bring the roof down).
- 5. Use notes. When you know the topic in advance, as is usually the case, make some notes about times, dates, examples, and so on to appear proficient and knowledgeable. Don't ever try to wing it.
- **6.** Be prepared for change. The host will sometimes come up with a bright idea at the last minute and ask you to address another topic. Don't get testy. Go with the flow.
- 7. Use the host's name and speak favorably—for example, "Randy, you just asked a question that I wish I could get corporate America to answer." The more host-friendly you are, the better chance of a return engagement.



#### Talking to Consultants

- **Q.** What approach or activity would you do differently today from when you started?
- **A.** I would have set my playing field a little larger and expanded my marketing (and marketing methods) to cover the whole field. Because of market conditions, I overemphasized one consulting niche in which I specialize. In retrospect, I should have done some marketing for my other areas of expertise. I would have started speaking and writing earlier and more often.

It's a real key to get your name out around town. Many times a prospect will tell me that multiple people mentioned my name as the person to see. On the other hand, one of the things I did right from Day One was cultivate a referral network. I started from scratch. When I met a new source of referral, I mailed them something every week for four weeks and then once a month. I currently send my network some type of mailing eight to ten times per year. This is a variety of articles I wrote, postcards, or, most importantly, a copy of an article relating to my expertise from a known publication along with a cover letter giving my interpretation or critique of the article. I convened a focus group of some of my best sources of referral recently, and their opinion was that the individualized letters offering commentary on an article were valuable, insightful, and very personal (it made them feel good to get an addressed letter, not just a generic mailing). This caused me to shift from a newsletter format back to the letter giving an overview of an article.

- **Q.** What was one of your biggest surprises—what do you wish you had known that you didn't know?
- A. I came out of the financial services field. It is very competitive and you need to treat people with kid gloves because there are plenty of people out there who have the same products and are more than willing to take over your client or prospect. Consultants have power and need to display the attitude of "You need me more than I need you," because it's true. My largest obstacle was overcoming the nice guy approach and displaying an attitude of confidence and power. One of the things I learned in the financial services industry was to walk away from bad business. This has helped me as a consultant. I get stronger every month about telling prospects "No."

—John Martinka, President, Business Resource Group

- **8.** Tell everyone you know that you'll be on the show, and send out a press release if you have time (e-mail is a good alternative here—a colleague of mine sends out a blast e-mail every time she appears as an expert source).
- 9. If it's a call-in show, stack the deck and have some supporters call in to ask questions you want to answer and that will promote your services.
- **10.** Duplicate the recordings with the collected interviews (for about a dollar apiece), and include them in your press kit, to create tremendous credibility.
- 11. Bonus! Offer the host or producer a return interview if it went really well, and offer a compelling follow-up set of topics.

If you pursue local broadcast media opportunities, advertise judiciously in national sources, and put in the work to be a fine interviewee (media producers are constantly talking to each other and even have a private-access web site to exchange suggestions on good guests), you should be able to generate media appearances very early in your career, which helps the branding process enormously.

A word about podcasts: These can be quite simply done with software such as GarageBand on Macs, and are quite useful to run on your web site, blog, or others' Internet sites. Being interviewed for podcasts is problematic, since the listenership is usually very low, but it's good practice and these are occasionally picked up by larger sources.

Here is a fine example on David Maister's site of a variety of streaming video topics: davidmaister.com/videocast/

Ironically, if you mistake his name as "David Meister, you'll get 25 references to a fashion designer, which is why the Web is so tricky. I *knew* whom I wanted, so I took the time to check my spelling again.



#### **Starting Point**

Streaming audio and video on your web site is very effective, but don't be a talking head. Interviews are very appealing, and so are clients speaking on your behalf. Keep these to no longer than two minutes at this stage, on a variety of topics.

# **Speaking**

Many of us pursue professional speaking as a separate, lucrative professional endeavor. That is not my purpose in this chapter.<sup>5</sup> I'm focusing here on speaking as a marketing tactic (part of your gravity) for your consulting business.

At an early stage, you can speak in front of local groups without problems. Groups such as the Rotary, Kiwanis, Elks, Lions, chamber of commerce, and other service and civic clubs are always interested in luncheon and dinner speakers. They don't pay, but the appearances do serve as effective, early ways to accomplish these objectives:

- You will get practice speaking about your approaches and techniques.
- You will be in front of local buyers and recommenders (bank, utility, retail store managers).
- You will be listed in programs and brochures, which you can place in your press kit.
- You may have the opportunity to write an article or be interviewed in the organization's newsletter or magazine. (And you may get press coverage.)
- You can gather testimonials. (If the general manager of the electric company says that you did a good job, ask if he would send you that accolade on the company's letterhead.)
- You can gather references.
- You'll learn what the local hot topics and issues really are.

As you can see, speaking for free locally, which is time-efficient and nonthreatening, offers the new consultant a wonderful set of marketing possibilities.

Once you feel proficient as a speaker (at least insofar as imparting knowledge and helping the audience to understand helpful techniques), you can reach out to organizations further afield. The most important organizations to approach in regard to marketing are trade and professional organizations, since these groups specialize in educating their membership, and the conference participants generally constitute recommenders or buyers of your services.

#### **Career Key**



If you're at a loss for what to write, begin with bullet points or numbered lists of quickly applicable techniques for your readers. People enjoy items they can apply immediately to their lives and professions.

In other words, it's not bad work to speak to 100 people at a trade association conference concurrent session, when many of them will be potential buyers and you're being paid (at least your expenses, and maybe a fee) to be there.

The key source here is a book called *National Trade and Professional Associations of the United States* (published annually by Columbia Books, 1825 Connecticut Ave. NW Washington, DC 20009, 202-464-1662). This amazing source (also available at most libraries and online) provides every trade association in the country, its membership, scheduled meetings (nationally and regionally), meeting themes, annual budget, and the name of the executive director. There's really not much more you can hope for in one source. It costs about \$300 for an online subscription.

Start with a manageable number of associations (I'd recommend no more than a dozen) whose membership and meeting themes are relevant to your work. For each, write a cover letter to the executive director by name, and enclose your press kit. Suggest to the executive director why your topic and techniques would be of immense help to the association's membership. Provide references and testimonials (ergo, the prior local speaking engagements). If you're told that the next year's agenda is full, then inquire about when to be in contact again for the following year, and ask about local chapter meetings and whom you might contact to be considered for them (and then let the local chapter person know that the executive director provided the name).

In speaking for trade associations and other groups that represent potential consulting business, you can stack the deck in your favor.

#### Ten Steps to Powerful Trade Show Presentations

- 1. A speech has a beginning, a middle, and an end. At the beginning, use a hook to draw people in, since audience members will decide in the first two minutes whether they want to listen to what you have to say.
- 2. The hook should be a story, statistic, illustration, humor, or some fact that captivates the audience and generates interest in you. Using something from the audience's own industry or profession and frame of reference is a good idea.
- **3.** The middle of the speech should have clear points you want the audience to remember or practice. It's a good idea to list them: "I have six points about employee retention that I want to share with you today."
- **4.** The end should be a brief summary and call to action. Emphasize your key points and ask the audience to apply what you've discussed.
- 5. Use a professional introduction and ask the introducer to read it verbatim. Bring an extra one with you, because the one you sent will inevitably be lost.
- **6.** Practice in the room, with the microphone and any visual aids, before your speech. Have the audio-visual technician with you.
- 7. Use visuals that can be seen, and make the best use of the medium. For example, don't use PowerPoint slides that simply duplicate pages of text already in people's hands. (In fact, try *not* to use PowerPoint at all in any presentation of an hour of less. It is stale and boring and doesn't add much while taking the focus off you.)
- **8.** Make sure you use handouts with your contact information liberally distributed throughout, and copyright all of your proprietary materials.
- **9.** *Never* use other people's materials, or generic stories. It's all been done before. Be original and use personal examples. Ignoring this is not only bad practice, it's a crime.
- 10. Tape your presentations. You can use these both for practice and as potential marketing aids (and even products). Hire a sound engineer or videotape expert. The relatively small investment is far better than your own amateurish efforts, and you don't want to be distracted in your delivery in any case.

Almost every consultant is going to have to become comfortable making presentations to buyers and evaluators. You might as well turn this trait into a positive and aggressive marketing tactic. If you speak in front of one trade

association each quarter and follow the advice just given, I can promise that your business pipeline will get a considerable boost.<sup>6</sup>

The best organization for *initially* perfecting your speaking skills is Toastmasters, which has chapters in virtually every major city (toastmasters .org). The meetings provide a safe, nonthreatening place to practice public speaking and receive feedback. If you're interested in a professional speaking career, then consider the National Speakers Association, which holds annual and regional conventions and has over 30 active chapters (1500 South Priest Drive, Tempe, AZ 85281, 480-968-2552, nsaspeaker.org). The latter organization will also have lists of professional speaking coaches if you desire to have your technique evaluated and improved by experts.

# **Newsletters**

Newsletters are an ideal way to gain credibility early. The key to any newsletter, which even most veterans lose sight of, is that *it should not be blatantly promotional*. No one is interested in taking precious time to read about how good you are, what clients you've worked with, where you're speaking, or your latest merit badge. What people want to read about is how they can improve, personally and professionally. Simply by providing that help you'll be engaging in powerful soft promotion, because readers will come to depend on your advice and respect your expertise.

# Ten Steps to a Powerful Newsletter

- 1. Keep it brief. In print, four pages or even one two-sided sheet is sufficient. Electronically, one to two screens will be maximum for most people's attention span.
- **2.** Be absolutely consistent. Publish your newsletter on the same day and at the same interval religiously.
- **3.** Monthly is best, quarterly barely adequate, more than monthly too much.
- **4.** Write three or four newsletters in advance so as to avoid being under deadline pressure.
- **5.** Make the format professional. In hard copy, use at least two-color printing from a local print shop, and don't try to print it off your computer. Electronically, don't use smart quotes or other symbols that might cause strange characters to appear on some software, and keep the line width to 76 characters or fewer since not everyone has a word wrap feature. (Consider publishing in HTML, however, which

- allows for any kind of formatting and, in my experience, causes problems for less than 10 percent of possible recipients who insist on using outmoded software and obsolete platforms.)
- **6.** You are better off with short pieces and bullet lists of techniques than with long narratives, so as to maximize the chances of something of relevance for any particular reader.
- 7. Cite other books, articles, web sites, and useful resources, always providing clear attribution.
- **8.** Ask others who have distribution lists and newsletters whether they'd be agreeable to mentioning yours in return for a mention of theirs. You can easily gain 100 or more subscribers at a shot through one such credible mention in a widely distributed list.
- **9.** Encourage readers to write with letters, questions, and comments, and include the pertinent ones in future issues.
- **10.** Have your contact information at the end of each newsletter, and modestly include any important future information (a public appearance, a new article, a radio interview). This can be in a box or smaller print somewhere in the newsletter.
- **11.** Bonus!! Archive past newsletters on your web site to add value and leverage your past work.



# **Starting Point**

Consider using your newsletter as a press release (see the sources mentioned earlier). I place my entire Balancing Act Newsletter in Expertclick.com's press release area every month and make it available it to their entire subscription list of journalists.

Newsletters should be free for your marketing purposes. You can include the latest issue in your press kit, and hand them out at meetings or speeches. They can also be used in your approaches to interview sources and trade associations.

These have been some advanced marketing techniques to help you establish a brand and image in the public eye, and to more effectively create a gravity so that buyers are willing to seek you out. As you can see, even the advanced practices are easily within your grasp and probably your budget.

Assuming you've been successful in creating your gravity, let's turn to the sales process so that you can begin to get some money in the bank.

Final thought: You have to invest money to make money. Marketing activity is about return on investment. If a \$500 ad creates \$150,000 in business, you've done better than the stock market or a casino trip.

### **Notes**

- 1. One of the most bizarre reasons I've heard for not including a physical address is that a criminal might use it to find you. If a criminal wants to find you, the criminal will do so anyway. Trust me, and stop being paranoid. (By the way, a postal box's renter and renter's address must be made available to the public, so that is not an effective hiding place.)
- 2. I love the people who write me (or give me a bad review on Amazon.com) because the book caters to their personal views or reflects something that happened to them yesterday. You learn from books, you don't duel them.
- 3. Make no mistake: You write books to help you get in doors with your consulting services. If the book itself generates major royalties from sales, that's gravy. But you are a consultant who writes, not a writer who consults. Don't waste time on book tours and signing; they do nothing for your purposes.
- **4.** In fact, when a commercially published book goes out of print, the author usually has a reversion-of-rights clause, which means that the book can be self-published by the author at that point, changing nothing but the name of the publisher. My *Making It Work* thereby became *Best Laid Plans* and is still for sale under my own banner.
- **5.** If professional speaking interests you as an additional career option, then read the author's book *Money Talks: How to Make a Million as a Speaker* (McGraw-Hill, 1998).
- 6. And you never know which associations may turn out to be the most promising. I've spoken in front of the National Fisheries Association and generated consulting business, and spoken for the American Council of Life Insurance and generated nothing. You never know.

# **Questions and Answers**

- **Q.** How do I, as a solo practitioner, manage all of these marketing activities effectively?
- **A.** Choose those that are most immediately in your comfort zone (for example, you may prefer speaking to writing or vice versa) and focus on those first. Then pursue those somewhat in your comfort zone. Ignore those that are completely uncomfortable unless you are willing to take the risk. If *none* is in your comfort zone, then you're in the wrong business, because this *is* the marketing business.

- **Q.** You seem somewhat self-promotional in these books, which I'm taking as a deliberate example. Can I be promotional in my speaking, writing, interviews, and so forth?
- **A.** You can be, so long as you're providing value, not just a sales pitch. For example, saying, "Attend my workshop on this subject next week," is one thing, but "Those are exactly the topics I cover in my periodic workshops on the subject, and here's an example of my findings. . . ." Is another. The latter is promotional but with value for the reader and listener. And, yes, I get a kick out of people who find it appalling that I should promote myself in my work!
- Q. What is the key to writing a book?
- **A.** First, have something to say. There is little new under the sun, but the combinations and applications to modern society, technology, and economies are unique. Focus on the positive, not why something is wrong (which is easy, just ask any politician) but on *how to make it right*. Finally, write as if you're having a conversation with a single reader. You're not writing *War and Peace*.
- **Q.** People have told me that their podcasts get great play on others' web sites, and they learn what others are doing through Twitter and LinkedIn. Isn't that the way of the future?
- **A.** Use discretion and perspective. *Most* blogs and postings and insights in the social media are pointless and inane. They are attempts by people to claim a tiny corner of fame. Those who position themselves as experts usually aren't, but merely have a blog or network telling you that they are. Always consider your source. One person bragged that his podcast was moving up the rankings at a site called Grammar Girl. I asked him how many corporate buyers were accessing Grammar Girl to make buying decisions. He had an avocation, not an occupation.
- **Q.** What is the best way to convince a reporter quickly that I'm a credible source?
- **A.** I use the following paragraph as a macro that I paste into my email replies to leads and inquiries. You may not have those credentials, yet, but alter this to reflect your own experiences and talents:

I am an organizational development consultant and executive coach who has written 30 books appearing in nine languages. My clients have included Mercedes-Benz, Hewlett-Packard, the Federal Reserve, the *New York Times*, JPMorgan Chase, and 300 others all over the world. I'm the only nonjournalist to receive the Lifetime Achievement Award from the American Press Institute. Feel free to call.

Yours may be:

"I am an expert in cross-cultural communications, having traveled everywhere from New Zealand to Tibet in my studies. I've authored ten position papers on crossborder workers, and have spoken at two dozen meetings on "The New Global Worker." English is my second language." You get the idea.

# Interlude

# **Leveraging Technology**

# How to get Started at the Speed of Light

e tend to view the Internet and the global Web as a specialized phenomenon. As technological guru and *Wall Street Journal* columnist Walter Mossberg says, "If we don't talk about 'plugging into the electrical grid' when we turn the lights on, why are we constantly talking about 'going onto the Web'?"

Good question.

If you want to accelerate your start in consulting, consider the following:

- Every day you are using combinations of cell phones, cable TV, satellite TV, desktop computers, laptop computers, PDAs, digital cameras, and the variations thereof (for example, both phone calls and paging.)
- We are constantly recombining technology, sending blog entries by cell phone and photos from computers to cell phones, printing out emails, and scanning in hard copy letters.
- Social media, from YouTube to Facebook, from LinkedIn to Twitter, are changing the way people communicate (for better or for worse).
   For the first time, consumers are talking directly to each other without going through the company providing them with products and services. (Hence, you can find many sites such as rossde.com/UPS\_sucks/.)

• Speed—getting there "firstest with the mostest," to quote (probably inaccurately) Confederate General Nathan Bedford Forrest, is often the decisive factor in securing an engagement.

Thus, we'll take this mid-book digression or interlude to consolidate some of the essence of the leverage factor of technology.

# The Importance of Being Earnest

You need to be serious about technology *but not a zealot*. (An old aphorism states, "There is no zealot like the converted.") Here are the guiding principles for using technology, in general, intelligently and efficiently:

# **Alan's Technology Tempest**

1. Never use technology for the sake of technology.

Don't acquire software you'll never need. If you enjoy photography, by all means obtain the Photo12.8 device that allows you to create animation from still forms. (I made that up, please don't search for it.) But if you simply take photos for an electronic album or to use in simple publicity, you don't need that stuff. I tend to use only 25 percent of the capacity of my computers, but at about 90 percent efficiency. But I couldn't even guess at what ICal or PhotoBooth do.

2. Prudence trumps pomposity.

Walking around with a piece of metal in your ear which blinks a blue light is the nuttiest thing I have ever seen. I've actually observed this in meetings and at dinner, and had to tell a lawyer in a bar in Atlanta that I wasn't talking to him unless he pulled the metal out of his ear. (You can always tell the upgrades to first class on a plane because they a) drink as much liquor as they can, even in the early morning, and b) wear a belt holster for a cell phone.)

3. Be master of your own domain.

Never walk around with your cell phone turned on, unless you are expecting an urgent call, which means you're also expecting to have a baby or deliver a baby. Use your cell to check messages which allow you to return the messages on your terms at times best for you. A cell phone's real utility is that it allows you to time-shift your communications to your advantage. If you're a slave to the device, then you're going backward.

#### **Starting Point**



Clients and prospects are delighted with callbacks within a short time (a few hours) in this day when *everyone* expects to leave a message. No one needs you instantly, except for the baby situation.

#### 4. Don't check email constantly, nor allow alerts.

Plan to check your email twice a day while on the road (morning and evening) and three times when home (add mid-day). If you do so more than that you're going to bog yourself down in relatively unimportant matters too often. (Most of your e-mail isn't very important.) And never let the machine tell you that e-mail awaits, or you're back in the subordinate position to a machine.

#### 5. Stop surfing.

Don't follow endless links, exchange jokes, participate in circular chat groups, and so on. The beauty of the Web is that it can be the repository of highly specialized information and content (for example, left-handed fishing rods, or electric forks, or strategy models). Bookmark the sites you will regularly need, and don't spend hours exploring seven billion pages of useless (for you) content.

### **6.** Coordinate your stuff.

Use a cell phone, computer, PDA, camera, or whatever that are compatible with one another and can easily exchange data. Have an "airport" or infrared system in your home office to rapidly exchange files (or use file sharing). Use a flash drive to include important information or presentations when traveling, or to download client data to take back home. Apple is a great provider of all of this, and that's my bias.

# 7. Keep time zones apparent.

Use web-based sources (that is, timeanddate.com/worldclock/) to track corresponding world times, dates, holidays, weather, and so forth. You'll know exactly when you can call someone in Sydney if you live in Orlando, or why no one will be available on a holiday in the United Kingdom. Place the onus on yourself to shift your schedule when you need personal communications beyond e-mail.

#### 8. Create monstrous data banks.

I'm often asked what I would change if I started again, and it would be the acquisition and categorization of names. Even though we were using stone tablets when I began, I still could have arranged for better styluses and more rock. Today, any kind of elemental software (for example, FilemakerPro) can create dynamic lists, and most email programs can separate people into groups. For more extensive

mailings, you can use a listsery (example: databack.com). Develop, retain, nurture, and access key contacts of all kinds for prospecting, referrals, newsletter subscriptions, new product introductions—you name it—and you will be turbocharging your career.

#### **9.** Create electronic templates of, well, everything.

Put your logo, artwork, and other graphics on the computer so that you can send highly professional letters, invoices, statements, and reports electronically. This not only eliminates labor-intensive hard copies, but greatly speeds your contacts, payments, follow-ups, and so on.

#### **10.** Reach out at the speed of light.

Your web site should be a credibility statement, since people will go there who have already heard something about you (true buyers in consulting do not trawl the Web, they ask for referrals from peers; low-level people surf the Web). Your blog should establish you as an expert and offer validation, creating you as a go-to person within that expertise. Keep these (and consequent newsletters, products, chat rooms, and so forth) state of the art, dynamic, and constantly changing.

# The Budget Sampler

You can't start with everything. Here are three levels of investment, which range from a young person entering the profession to someone who is retired and seeking a second career. In between is someone deciding to go out on her own and change careers.

# \$3,500 to invest in technology

- Laptop computer and requisite software
- Cell phone
- Laser printer, black and white
- Postage meter and scale (leased)
- Digital recorde

# \$7,500 to invest in technology

The first list plus:

- Desktop computer
- Color printer

- Scanner
- Separate fax machine
- Copier
- Digital camera

#### \$15,000 to invest in technology

The first two lists plus:

- International cell phone capability
- Credit card terminal or computer access with merchant accounts
- Fax machine that sends and receives color
- Copier with color capability
- · Digital video camera
- Photo printer

These are just ideas, but they do provide general direction. If you shop carefully on the Web, you can get great deals. Always buy new, never used.

# **Starting Point**



There is always more technology. The real trick is to know when to stop.

# **Best Practices in Leverage**

1. Use a signature file.

Use a signature file with *all* your contact information so that people know how to reach you, mail to you conventionally, and so forth. You can also include a brief promo piece in there. You're sending out thousands of e-mails a year, so this is a free, quick, and effective way to reach people in addition to your message. Every time I see merely a name at the end of an e-mail, I think "amateur." Here is a signature file (which requires you use HTML in your outgoing mail to accommodate the graphic):

Alan Weiss, Ph.D. President Summit Consulting Group, Inc. Box 1009 East Greenwich, RI 02818 401/884-2778 Fax: 401/884-5068 summitconsulting.com Alan@summitconsulting.com

Member:

Professional Speaking Hall of Fame

Recipient:

American Press Institute Lifetime Achievement Award

Recipient:

New England Institute of Management Consultants Lifetime Contribution Award

"One of the most highly respected independent consultants in the country." — The New York Post

"One of the top motivational speakers in the country."

— The *Providence Journal* 

Visit Alan's Blog: ContrarianConsulting.com



# 2. Align contacts in groups.

Your e-mail software will allow you to group people (for example, clients, prospects, friends, racquetball team, editors and media, and so forth). By merely clicking on the appropriate group you can send a relevant e-mail to everyone on it.

# 3. Spread testimonials around.

As you acquire testimonials, place them at various places on your web site, blog, and newsletters. Don't restrict them to one page some-place. Even better: Have your web designer arrange for them to alternate and change every seven seconds or so at the top of your home page.

# 4. Use macros as much as possible.

Form text passages that you may use frequently and establish a key on your computer (and cell phone and PDA) that will allow you to enter the text with one single effort. Here's an example of a paragraph I include at the end of all responses to reporter inquiries (for example, to PRLeads.com, which you'll find in the appendix):

I am an organizational development consultant and executive coach who has written 27 books appearing in 8 languages. My clients have included Mercedes-Benz, Hewlett-Packard, The Federal Reserve, The *New York Times*, JPMorgan Chase, and 300 others all over the world. I'm the only nonjournalist to receive the Lifetime Achievement Award from the American Press Institute. Feel free to call.

Here's another I use with many e-mails when I want to try to protect myself from a private reply being used publicly (very common on blogs, so I call the practice "blambushing"):

THIS COMMUNICATION IS INTENDED FOR THE SOLE AND EXCLUSIVE USE OF THE RECIPIENT, AND IT MAY NOT BE USED FOR ANY OTHER PURPOSE OF ANY KIND WITHOUT THE EXPRESS WRITTEN PERMISSION OF THE WRITER.

# **Starting Point**



If you consider the great volume of electronic communication you send, it's crazy not to include relevant information about yourself.

# **5.** Get in the press release habit.

On membership sites such as Expertclick.com (see the appendix) you can send a press release every day at no additional charge to the membership of ten thousand reporters, talk show producers, assignment editors, and so on. Only a small fraction might be relevant for you, and only a portion of those interested, but you can actually track how many hits you get and media people can subscribe to your press releases. This is great publicity.

Keep a separate list (see e-mail groups discussed earlier) of local editors and promotional sources to which you also send press releases. These can be about your speaking appearances, new methodology, client work, travels, awards, and so on. If you include a photo, you have even a better shot at getting the piece published. All of this should be done electronically.

**6.** Create a professional voice mail response.

Mine is professionally recorded. Whether you do it yourself or hire someone, keep these facts in mind:

- No one cares why you're not answering the phone. The fact that
  you're attending a hot air balloon convention in Topeka is irrelevant to everyone but yourself.
- No one cares about your sorrow that you can't answer the phone. It's obvious that you can't (or are choosing not to) and we'll assume there's a good reason for it. We won't be crushed.
- No one cares about your philosophy. Don't leave people any saying of the day, or excerpts from your latest booklet, or a metaphor about waves washing over them on hot sands.
- No one wants to spend a lot of time leaving a message. If you're a solo practitioner, having them hit four buttons for different messages as if you're the phone company is absurd.

Thus: "You've reached the voice mail of John Steinway. Please leave your message and phone number at the prompt, and I'll return your call within four hours during the normal business day. Thank you."

Simple as that. Oh, yeah: No one wants to hear an advertisement, either.

### 7. Promote your brand.

On your web site, in your e-mail, within all of your communications, always try to promote your brand, whether it's a phrase (the All Star Coach) or your name. It should be apparent on your home page, mentioned in your signature file, and used for lists and samples. Instead of "Ten Techniques to Close Sales Faster," use "The All Star Coach's Sales Techniques."

#### **8.** Provide downloadable material.

If the Web is a repository of specialized content, what is your role in it? Make sure that you provide forms, position papers, directions, techniques, tips, resources, and so forth, which visitors can readily and easily download. If you add just one thing each week, you'll create a very valuable commodity: the return reader, and a very valuable offshoot: that person's recommendation to others. Never worry about giving away too much intellectual property. It will never be as good as you, in person.

#### 9. Self-selected video and audio

If you visit my site (summitconsulting.com) or a site such as David Maister's (davidmaister.com/videocast/) you'll find a wide

range of videos that do not automatically load, since that is intrusive, but which provide, at the visitor's selection, a great assortment and variety of content and value. These are inexpensive to create (keep them brief) and can also involve client testimonials, which are even more powerful on video than in writing.

#### **10.** Maximize your web presence.

People will tell you to buy search positions and to use megatags and all sorts of things under SEO—search engine optimization. Most of these people are trying to *sell you* SEO; caveat emptor.

Here's all you really need to know: The more you publish, appear, and participate on the web, the more your name will be known. I remember googling my name once and finding the sale notice for my Aston Martin in an auto magazine. These things *will* find you, just keep publishing.

#### 11. Finally, use Google Alerts or a similar source.

You can put in a name or subject and each day receive a list of where it newly appears. I use it to see where my name and my brands are quoted, but also to find out if anyone is plagiarizing my stuff. You can also put in a resource you want to track for the latest developments, and find things that way.

A similar feature is to use RSS on blogs and similar sites so that new postings will prompt you to be quickly alerted about your favorite topics and authors. These are great ways to learn expeditiously and quickly in the great worldwide, always on, Web.

# Initiating the Sales Process and Acquiring Business

## **Building Relationships**

elling consulting services is about creating *relationships*. No one sells to GE or IBM or Ford, but rather we sell to *people* within those organizations. Those potential buyers have titles such as director of develop-

ment, chief operating officer, division general manager, vice president of sales, chief financial officer, and so on. Within education, the buyers are people in positions such as school superintendent, principal, director of curriculum development, and supervisor of counseling. Even in small businesses, the buyers are readily identifiable: owner, principal, managing partner, executive director. In nonprofits, the buyer is usually the executive director or chair of the board.

Consultants must build relationships, not make sales calls. Think about it: Do you really enjoy listening to those people reading scripts over the phone in an attempt to persuade you to change your long distance provider or cable source? Well, no one buys consulting services through those techniques, either. (A woman

#### relationship

the interaction created between consultant and buyer based on mutual trust, candor, respect, and a perception of peer-level credibility. recently berated me because she did make a cold call telephone appointment and sale. You can also find \$1,000 on the sidewalk, I imagine, or hit the number 24 in roulette with a \$10,000 bet. But do you really want to base your living and future on those odds?)

Here are the six key principles for acquiring business right from the outset in the consulting profession. If you ignore them, you will have to be extraordinarily lucky to be successful in this business. If you heed them, you will accelerate your ability to obtain new clients. As researchers say, you'll be within the *feasible set*.

- Principle 1: Acquiring consulting clients is totally dependent on building solid relationships, not making sales.
- Principle 2: Relationships are always built with specific people, not with organizations or legal entities.
- *Principle 3:* The best way to build relationships is by placing yourself in the buyer's shoes and thinking from the outside in.
- Principle 4: The buyer doesn't care how good you are; the buyer only cares what's in it for the buyer, so you must focus on business outcomes, not methodology.
- *Principle 5:* Trust is the key to strong and healthy relationships, and trust is the honest-to-goodness belief that the other person has your best interests in mind.
- Principle 6: Providing value early is the key to trust and engagement.

These six principles are discussed in detail throughout the business acquisition process described in this chapter. But trust me—put these principles up on the wall over your desk, write them in your daily calendar, ask your spouse to test you on them daily. If you adhere to them, you will be head and shoulders above most people who attempt to enter the consulting business. Kennedy Information, publisher of *Consultant's News* and a resource for statistics on the profession, estimates that there are in excess of 500,000 consultants working in the United States at the moment. And I estimate that most of them—two-thirds of them—are not making even \$100,000 a year from consulting work, and will not be in the profession for longer than two years at a time.



### **Career Key**

Ironically and counterintuitively, if you are patient and methodical about building relationships—taking whatever time is required—you will actually increase the velocity of new business acquisition.

### **Finding the Right Buyer**

There is only one potential buyer who matters. I often call this individual the *true buyer* or the *economic buyer*. This buyer is the person who can write a check for your services.

I presented earlier in the book three questions to determine marketing scope:

- 1. What is the value-added that you bring to clients?
- **2.** Who is likely to write a check for that value?
- 3. How do you reach that person?

The economic buyer is the person identified in the second question. He has a budget, does not need approval from anyone else to spend it, can obtain additional funding if necessary, and can sign a check (or cause the computer to disgorge a check). Here are the criteria to determine if you are interacting with an economic buyer. Note the following critical considerations:

- The economic buyer is not always identifiable by dint of hierarchical title. Although the CEO of DuPont is an economic buyer, the chances are remote that you will interact with that person. Major organizations may have hundreds of economic buyers for consulting services.
- 2. It is self-defeating and futile to attempt to develop long-term relationships with noneconomic buyers, no matter how friendly, promising, or likable they may be. This is one of the toughest lessons for new consultants to learn.
- **3.** With very rare exception, the buyer is virtually never in the human resources or training department, or derivations thereof. Occasionally, the executive vice president of that operation may be a buyer, but these are usually clearinghouses for line needs, and view resources as commodities and suppliers as vendors. You're better off being in Siberia than in HR, because you can leave from Siberia.

### **Starting Point**



If you enter an organization at the training department or HR level, you will never be seen as a peer of the true buyer. If you enter at an economic buyer level, you can always descend to do additional work in HR. Watch where you start.

### Questions to Ask to Identify a True Economic Buyer

- Whose budget will support this initiative?
- Whose operation is most affected by the outcomes?
- Who should set the specific objectives for this project?
- Who will be evaluated for the results of this work?



### gatekeeper

that person who is not a buyer but advertently or inadvertently stands between the consultant and buyer.



### feasibility buyer

that person who is responsible for determining whether a consultant may fit certain criteria or otherwise be acceptable, but who cannot buy the services and can only recommend alternatives to the real economic buyer.

- Who is the most important sponsor?
- Who has the most at stake in regard to credibility?
- Who determined that you should be moving in this direction?
- Whose support is most vital to success?
- To whom will people look to determine whether this project is real, and not just an empty gesture to achieve a short-term goal?
- To whom do you turn for approval on options?
- Who, at the end of the day, will make the final decision?
- If you and I reach agreement today, can we shake hands and begin tomorrow?

This last question I call the handshake test. If someone says, "Yes, we can shake hands and begin, and the paperwork can all follow in due course," then you probably have a buyer. But if the individual says, "Well, there are others who must be involved and approvals to get," then you're dealing with an intermediary or gatekeeper. (Don't forget that an oral approval is a contract.)

You don't have to ask all of these questions, and a police interrogation under a bare lightbulb is usually not necessary. Just a few of these questions and the handshake test will tell you if you're talking to a true buyer or not. Bear in mind that titles are deceptive. My main buyer within Merck & Co. was a man with the title "manager of international management development," and within Hewlett-Packard was a woman with the title "director of knowledge management." Some vice presidents are not economic buyers (partic-

ularly in banks, where *everyone* is a vice president), and some managers are economic buyers (particularly in flat organizations where titles aren't important).

There are other people we meet in attempting to acquire new business, but they are only gatekeepers or *feasibility buyers* if they do not meet the criteria just given. *Note that committees are always gatekeepers*. Committees virtually never have the characteristics we're seeking in our questions. A committee serves as a screening and recommending body to someone who really does have a budget and really can sign a check. Committees don't sign checks (though someone *within* the committee might be a hidden economic buyer).

Warning: This seems simple to comprehend but it's difficult to put into practice. I'm constantly dealing with even veteran consultants who swear up and down that they are dealing with a buyer but their project is held up because the buyer is awaiting clearance on funds. Whoever is clearing those funds is the buyer!

### **Career Key**



Sometimes you will find a gatekeeper who can be a key recommender to help you to meet a true buyer. Develop those relationships but only to the extent that you actually meet the buyer. Otherwise, you'll be meeting with the gatekeeper forever.

### What to do About Gatekeepers

Gatekeepers can be wonderful people. They see their job, however, as shielding the buyer, and your job is to get to the buyer. No gatekeeper, no matter how sincere and reliable, will ever promote you, represent you, or advance your cause as sincerely, passionately, and skillfully as you can. *It's a mistake to expect it, a blunder to allow it, and a waste of time to think anything will come of it.* 

There are three tactics to employ when you find yourself dealing with gatekeepers. These people may be anyone from an administrative assistant, to a training director, to a vice president of human resources. Again, titles don't matter; buying ability does. (In general, as stated earlier, human resources and training functions are almost always gatekeepers, virtually never real buyers.)<sup>1</sup>

Tactic 1: Use rational self-interest to gain access to the economic buyer. Convince the gatekeeper that it's unfair of you to allow the gatekeeper to serve as your marketer, and that the two of you should devise a plan to approach the true buyer. You may do this in tandem, or the gatekeeper may simply set up a meeting for you. Assure the gatekeeper that you'll look forward to collaborating with her on the project itself, and that you'll continue to work closely with her. However, you should be the one taking the risks and making the case for the project at the moment.

This approach, using a partnership but insisting on contact with the real buyer, is accepted about 40 percent of the time.

Tactic 2: Use guile, or artistry, to reach the buyer. Tell the gatekeeper that, as much as you enjoy the relationship with him, you must, ethically, meet with the true buyer. You have to be certain that the buyer is not expecting things that you can't deliver, and that the buyer is clear on the degree of support, sponsorship, and resource commitment required internally. While you trust the gatekeeper, no one can actually speak for what's on the buyer's mind, and it's imperative to have a face-to-face conversation and relationship.

This approach, resorting to your policy on the matter, is accepted about 40 percent of the time when the first tactic doesn't work.

Tactic 3: Sometimes you have to apply brute force. That means that the gatekeeper is intransigent and does not respond to either of the first two tactics, and you will be wasting your time if you continue to pursue things at the gatekeeper's level. In this case, simply contact the buyer by voice mail or e-mail or fax, inform the buyer that you'd love to send a proposal on this project for which you are ideally suited, but you've been unable to make contact with him. Invite the buyer to contact you if a meeting is at all possible. This will undoubtedly ruin your relationship with the gatekeeper, but that doesn't matter, since you're not going to get the business anyway at this rate, and the gatekeeper can't sign a check in any case.

This approach, a last resort, usually works about 10 percent of the time when the first two fail.



### **Talking to Consultants**

- Q. What's the most important thing you've learned?
- A. The first is the simplicity of value-based marketing. Value-based marketing consists of things such as presentation folders with position papers included that add value to prospects even if we don't work together, a web site with articles and ideas that provide value to other people, e-mail, newsletters, articles in magazines, and pro bono presentations. Even at the beginning, I could have taken the basic forty-five-minute speech that I had and spun it into magazine articles, position papers for the presentation folder and web site, and newsletters. This would have created a more diverse client base much faster.

- Q. What do you wish you had known earlier in your start-up?
- A. I wish I had known the variety of ways to provide value to clients such as executive coaching for individuals and groups, facilitating, focus groups, keynotes, workshops, seminars, executive summaries, and so on. I stumbled onto executive coaching and it has become a significant revenue source for me. Also, each of these inputs can lead to other types of work. For example, a training session can lead to a coaching assignment that can lead to a keynote that can lead to . . . Of course, the biggest thing I wish I had known from Day One was the power of outcome-based selling and the ensuing fee structure. Finally, providing prospects with options of how we could work together has multiplied my business several times.

—Dan Coughlin, President, The Coughlin Company

You should always apply the tactics in the order suggested. If Tactic 3 doesn't work, then move on. A chronic mistake that new consultants make is that they tend to hang on to low-level relationships in the hope of somehow getting a recommendation or even actual business. This just compounds the loss of time and money. If you can't forge a relationship with an economic buyer, you are not going to acquire new business. Move on.

### **Career Key**



Although consulting is a relationship business, don't mistake that fact with the need to make friends. If you need love and affection, get a dog.

Here's something of a case study in finding the economic buyer. I was asked by an event planner at the Bank of America if I'd consider submitting materials to be considered for a presentation at the meeting of the relationship managers of the Private Clients Group. I said I would, but then the conversation went this way:

ME: May I ask a question? Whose meeting is this?

HER: The executive vice president of the Private Clients Group holds

this meeting every year for all her management team.

ME: How might I meet her?

HER: Why would you want to do that? No one else has made that request. Her schedule is incredibly tight.

ME: I understand, but it's important to determine whether or not she and I will view this presentation in the same way, how I can tie my talk into her general theme, and what she would like to accomplish. I think you can see that I can do a much better job of meeting her objectives if I can talk to her, even briefly.

HER: I can probably get you 20 minutes on her schedule if you come to Boston.

ME: Deal! I can guarantee it will be worth it.

I met with the buyer for that 20 minutes (while her three subordinates in the room said absolutely nothing and stared straight ahead). We hit it off, I found out what she wanted to accomplish, I gave her some choices, and she hired me on the spot, without asking about fees. She said to her people in the room, "Work out the details with Alan." I eventually obtained \$125,000 in consulting work and \$40,000 in speaking assignments within the organization. The buyer eventually left to become CEO of another firm, and I've gone on to work for her in that company.

Most of the people you initially meet will be gatekeepers. They are paid to do a certain job, and that's fine. But your job is to get to the decision maker and check writer, and that's more than fine; it's mandatory if you want to succeed, let alone thrive, in the consulting profession.

Before moving on, let's be absolutely clear on what a relationship with an economic buyer actually constitutes. By *relationship* I don't mean playing golf, going to lunch, sharing secrets, or exchanging pictures of children. The relationship is usually better, in fact, if it's not social at all. In my terms, the relationship has these attributes:

- Honesty and candor. You and the buyer feel comfortable disagreeing.
- *Peer-level perception*. You are seen as an equal and colleague of the buyer, not as a salesperson, vendor, or supplier. You are not in attendance with your hat in your hand, a sycophant begging for business. You are a peer who is jointly evaluating, with the buyer, whether a business relationship will be mutually beneficial.
- *Patience to develop*. Sometimes you can hit it off immediately; sometimes you need months before the relationship is solid.
- Respect. Although you may not be best buddies and may even agree to disagree, you respect what the buyer's value and intent

are, and the buyer respects your approach to business and your professionalism.

• The aforementioned trust. If I trust you, I'll accept even adverse feedback, because it's in my perceived best interest to do so. If I don't trust you, I won't even accept praise and accolade, because I perceive that you have your own agenda.

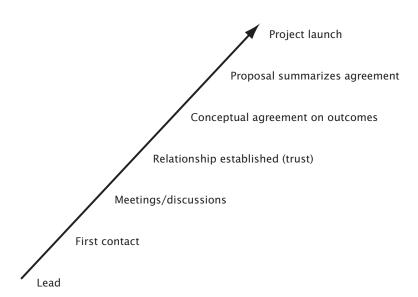
The ability to develop relationships with economic buyers is the single most important factor in launching and perpetuating a consulting practice.

### **Gaining Conceptual Agreement**

In Figure 6.1 we can see that finding the right buyer, establishing shared *values* (for example, you can't do a downsizing project if you don't believe in downsizing, and you shouldn't take on a project to "increase morale while we reduce benefits" unless you really believe in the premise), and developing relationships are the starting points for business success.

#### values

those
fundamental
beliefs that
guide our
behaviors, and
which should
be congruent
between the
consultant
and buyer in
regard to the
project and the
relationship.



**FIGURE 6.1** The business success sequence.



### Conceptual agreement

the oral agreement with the buyer that the objectives, measures of success, and value to the organization are accurate and acknowledged.



### objectives

those end results whose achievement will indicate project success. Objectives should always be stated as business outcomes.

We're now ready to move to the heart of the process, which is what I call *conceptual agreement*. Conceptual agreement means that you and the buyer agree on three basic issues:

- **1.** What are the objectives to be achieved through this project?
- 2. How will we measure progress and success?
- **3.** What is the value or impact to the organization?

# What Are the Objectives to Be Achieved?

Consultants often talk of *scope creep*, which means that they began a project with the rough understanding that they would improve the performance evaluation process, and suddenly find themselves on a scaffold painting the outside of the building. The client kept asking for more and more, and the consultant didn't know how to say no.

The *objectives* constitute the framework within which the project proceeds. They should always be stated in terms of business outcomes, not methodology or interventions. In other words, a training program, focus group, survey, and coaching are only techniques, not ends in themselves. Moreover, focus groups, as an example, are simply a commodity that can be purchased, meaning the buyer will tend to be very price conscious. The results of the focus groups, however—improved cross-functional collaboration and faster customer response time—are significant business outcomes that can justify substantial investment in light of that return.



### **Career Key**

No matter what the client says or how far down the road to alternatives the client has traveled, insist on starting with the objectives for the project, and make absolutely certain that the client identifies and specifies the outcomes to be achieved.

Some examples of interventions or *inputs* turned into business results or *outputs*:

Input	Output
Conduct surveys.	Improve employee morale.
Conduct focus groups.	Design product around customer needs.
Create sales training program.	Improve rate of business acquisition.
Observe the interviewing process.	Reduce attrition among new hires.
Facilitate executive retreat.	Create strategy to guide business.
Redesign performance evaluation.	Reward performance fairly, accurately.

Establishing objectives is the starting point of any consulting project. It's impossible to do anything else until and unless you know the desired ending point. Here are some questions to elicit outcome-based business objectives. You can carry these around in your notebook and readily refer to them to prompt your buyer in the right direction. You don't need to ask them all, but different variations might work in differing circumstances.

**New Premise:** Scope Seep Scope creep seems to blind consultants to a far more insidious phenomenon, which I call scope seep. This occurs when you, not the client, allow extra tasks to insinuate themselves into the project. This is mostly a result of the client's poor self-esteem, feeling that more and more has to be offered to justify the fee. (That's a quick way to go broke. Hewlett-Packard used to call these "undocumented promises" made by lower-level people who were afraid of jeopardizing multimillion dollar contracts, so they kept offering to do additional work that wasn't originally requested.)

Focusing on the business outcomes will also discourage scope seep since you're not obsessed with the dreaded deliverables that warm the cockles of human resource hearts.



### inputs

tasks and activities required to generate outputs.



### outputs

results
that have a
demonstrable
impact in
improving
the client's
condition.
These are
always
businessrelated.

### Questions to Develop Outcome-Based Business Objectives

- How would conditions ideally improve as a result of this project?
- Ideally, what would you like to accomplish?

- What would be the difference in the organization if we were successful?
- How would your customer (the buyer's customer) be better served?
- What is the impact you seek on return on investment/equity/sales/ assets?
- What is the impact you seek on shareholder value?
- What is the market share/profitability/productivity improvement expected?
- How will you (the buyer) be evaluated in terms of the results of this project?
- How would your boss recognize the improvement?
- How would employees notice the difference?
- What precise aspects are most troubling to you? (What keeps you up at night?)
- What are the three top priorities to be accomplished?

In establishing conceptual agreement about objectives you are ensuring the following:

- 1. The client is not expecting anything that you cannot deliver.
- **2.** The client is not expecting anything that is unreasonable under the circumstances and within that culture and environment.
- **3.** There will be no misunderstandings later about why additional work wasn't performed.
- **4.** The client is maximizing your contribution and talents so that the project is maximally effective for the client and maximally lucrative for you.

If you begin with carefully constructed objectives, you create a playing field or a framework within which the project can be launched, can progress, and eventually end. The time to do that is right at the outset, before any proposals or agreements.



### **Starting Point**

The longer you take to establish relationships and ain conceptual agreement, the quicker the high quality sales occur. It's counterintuitive, and absolutely true.

### **How Will We Measure Progress and Success?**

Some objectives are readily quantifiable; for example: percentages of sales increase, number of new employees, reduction in expenses, faster response time. Some, however, are qualitative, not quantitative; for example: improved teamwork, increased aesthetics, greater comfort, reduced stress. In either case, we need measures in place that assure us-and can be used to resolve client uneasethat the intervention is, in fact, making progress toward the objectives (and inform us when the objectives have, in fact, been achieved and it's time to go home).

Thus, the second step in conceptual agreement is establishing measures of success. Here are some questions to assist you.

### Questions to Develop Measures of Success

- How will you (the buyer) know we've accomplished the objective?
- Who will be accountable for determining progress, and how will they do it?
- What information would we need from customers, and in what form?
- What information would we need from vendors, and in what form?
- What information would we need from employees, and in what form?
- How would your boss be convinced that we've met this objective?
- How will the environment or culture be improved?
- What will be the impact on return on investment/equity/sales/assets?
- How will we determine attrition/morale/safety/retention?
- How frequently do we need to assess progress, and how?
- What is acceptable improvement, and what is ideal improvement?
- How will you be able to prove to others that the objective has been met?

Once again, asking all the questions might be overkill, but being prepared to ask several is simply prudent and professional. Sometimes, the prospect will not have any measures in mind, in which case you can suggest what they ought to be (thereby providing both value to the client and the measures of your own eventual success). Sometimes the prospect will have measures in place already (for example, sales reports, response time indexes) and you'll want to be sure that they are functioning well and apply to your project.

### measures of success

those indicators of progress (metrics) that tell the consultant and the buyer whether the project is meeting the agreed-upon objectives.



### **Friendly Advice**

As an early pioneer in the digital music and entertainment space (I drove strategic initiatives in this area for Apple during my ten-year tenure there), I launched a successful consultancy in this field over a decade ago now. During that time, I've had a terrific range of clients ranging from disruptive technology companies to major recording artists to new platform providers for distribution of mainstream entertainment content to consumers. My role has been to advise my clients on strategy, trends, and direction, and to harness my extensive network of senior-level colleagues in this space to allow my clients access to these decision makers for deal-making.

Since I've entered Alan's orbit, and have started to leverage his tools and strategies, I've at least doubled my annual revenues during the past three years. I'm well on my way to doubling them again during the year ahead—based in no small part to his approach around value-based fees, which I've assimilated as a part of my current approach to doing business. I've also published a critically acclaimed book in my field, and have spoken and moderated panels at countless industry conferences over the past several years. Being known as a veteran expert and trusted insider in my world is absolutely core to my success given my business is all about networking, and is strongly referral-based.

—Kelli Richards President & CEO The All Access Group

### What Is the Value or Impact to the Organization?

Most consultants fail ever to gain agreement on the value of the project. Yet this is a keystone of the sequence. Only by obtaining the buyer's assessment of the value to the organization of the objectives being met can you generate:

- 1. Leverage to guarantee the buyer's continuing sponsorship.
- 2. The commitment of organizational resources.
- 3. The proper priority among other client activities.
- 4. Justification for your fee.
- 5. Bypassing purchasing departments and other bureaucracy.
- **6.** The buyer's continuing clout to overcome resistance and inertia.

### **Career Key**



If you don't work with the prospect to determine the worth of the project, you have no basis upon which to establish value-based fees. If you charge by the hour or time unit as a consultant, you're an amateur who will never be very successful in this profession.

You've already established the outcomes desired and how progress toward them will be measured. Now it's time to discuss what the impact will be, while you have the proper momentum created with the buyer. These three questions, comprising conceptual agreement, are in this order for that purpose.

Once again, this is a process through which the buyer can be guided.

### Questions to Establish Value

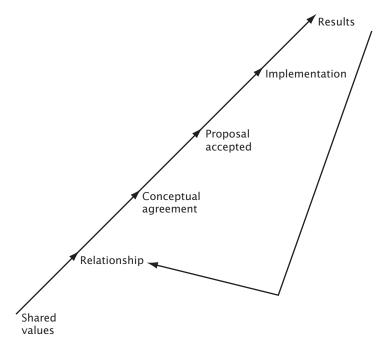
- What would be the impact or result if you (the buyer) did nothing at all?
- What would happen if this project failed?
- What does this mean to you, personally?
- What is the difference for the organization/customers/employees?
- How will this affect performance and productivity?
- How will this affect profitability/market share/competitive advantage?
- What is this currently costing you annually, and what might you save or gain?
- What is the impact on return on investment/equity/sales/assets?

See Figure 6.2. We've now gained conceptual agreement, the heart of our process, by gaining agreement on objectives, measures of success, and value to the organization.

### **Creating a Succession of "Yeses"**

We continue with our business process in the next chapter. Let's conclude this one by focusing on the subtle ways to make progress with a prospect, from initial contact, through first meeting, through relationship building, through conceptual agreement.

One of the most important things I ever learned when managing sales forces was that life is about a series of small closes. I call them *small yeses*. By that I mean that virtually no one is going to buy a car, purchase a home, or undertake a consulting project on first contact. While there is the one-in-a-million



**FIGURE 6.2** The key role of conceptual agreement.

rash and impulsive buyer at these levels, we need to deal with the other 999,999. Thus, the need for small yeses.

This can be called a *consistency approach*, in that you are gaining consistent agreement to proceed, making the overall project unavoidable. Here's a sequence:

- 1. Do you believe in the development of our people?
- **2.** Would you agree that they're our external best practices that can enhance their performance?
- **3.** Is it probable that they are not normally or naturally exposed to those external practices?
- **4.** Would you, therefore, be amenable to discussing how we can provide them rapidly and effectively?

As you can see, every answer is an unavoidable "yes" in most instances.

Never attempt to sell a project, service, product, or approach over the phone. What is reasonable for the small yes? An initial meeting is the reasonable and modest yes that we need. What's reasonable at that meeting? Some agreements on basic values, the beginnings of a relationship, and the willingness to

meet again on more substantive issues. At that meeting, the conceptual agreement might be appropriate, followed by agreement to entertain a *proposal*.

Consultants who talk to someone on the phone and offer to send a proposal are wasting their time. Not only is the potential for business a long shot, but even worse is the fact that if they got lucky and received the business, it would not be optimal for the client or for the consultant.

Bear in mind that life is a series of small yeses, occasionally punctuated by a roaring, yelling acceptance. But it's the small, constant, consistent yeses that put business into the pipeline and provide for a strong stream of business year after year.

The progression usually looks like this:

- 1. Initial contact through lead, *referral*, or serendipity.
  - Yes desired: Hear some background, read some material, agree to second contact.
- **2.** Second contact, after material or information is exchanged.

Yes desired: Agree to a brief meeting.

3. Brief meeting.

*Yes* desired: Form a relationship, agree on second, substantive meeting.

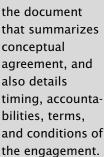
4. Second meeting.

Yes desired: Conceptual agreement, willingness to entertain a proposal.

5. Proposal.

Yes desired: Acceptance and project initiation.

### proposal





### referral

a prospective client's name provided by another source. The best referrals include an introduction of some kind. The barest are those that simply provide a name of someone who may be interested.

### **Starting Point**



Always keep the next step of your business model clearly in mind and move toward that particular yes. You won't get agreement on a project during your initial phone conversation no matter how hard you try. But you can get agreement for a personal meeting fairly easily.



### **Career Key**

With each prospect and lead, determine where you are in the process described in this chapter, and move to create a small yes leading to the next step. That is the methodical, organized way to create and maintain a pipeline of potential business.

You may be able to shortcut my five steps, or you might find that you become involved in steps 2a, 2b, and so on. I've completed this process at times within a week and at other times over a year. The key is that you realize that you have a template to use a methodical, systematic sequence to follow, and a *royal road*, if you will, toward a comprehensive proposal with a high chance of acceptance.

I submit far fewer proposals than most consultants, but I connect on upward of 80 percent of them (and some Mentor Program members are documenting above 90 percent) because I already have conceptual agreement with the client. That's what I mean by a more patient, systematic approach actually being more efficient and productive than trying to accomplish too much too soon with too little agreement.

One of the ways to accelerate your way through the process—to increase the velocity of the small yeses—is to provide value to the prospect early and often. In other words, you want the buyer to think, "If I'm getting this much value from this consultant already, what would I get if I hired him and had the benefit of this relationship on a regular basis?"

Some consultants feel they should share virtually nothing unless they are paid for it. I don't agree at all. I think we should provide value immediately, for free, so that the prospect comes to value our relationship and is readily disposed to formalize it.

### Techniques to Use to Provide Value Early in the Relationship

- Provide experiences similar to the buyer's from elsewhere.
- Offer suggestions (not solutions) from experience, reading, research.
- Refer books, articles, Internet sites of relevance.
- Provide a contact or reference who has experienced similar issues.
- Provide a concise description of what you've heard, with analysis.<sup>2</sup>
- Ask questions to help clarify the issues and problems.
- Provide reactions to what the buyer is already doing well.

A British visitor to the court of the sultan, at the height of the Ottoman Empire, was amazed to see a line of petitioners waiting patiently to have their cases heard personally by the sultan himself. When the visitor asked why the sultan bothered spending his time this way, an aide explained, "Most men are satisfied merely by having their stories heard."

Allow your prospect to tell his or her story. It will help both of you immeasurably.

I discuss fees and proposals in the next chapters. But remember that before establishing any fee, you must:

- 1. Determine who the economic buyer is and how to reach that person.
- 2. Develop a trusting relationship with the economic buyer.
- 3. Establish outcome-based business objectives.
- 4. Establish measures of success.
- 5. Establish the value or impact for the organization of the project.

*Final thought:* Be patient with prospects and follow a methodical sequence that will lead to a client relationship. No one pays you for speed, and once you've lost prospects, they're usually gone for good.<sup>3</sup>

### Notes

- 1. An interesting aspect to dealing with economic buyers is that they are decisive and professional, return their phone calls, and will candidly tell you yes or no. A commentary on gatekeepers, and this is especially true of the human resources function, is that they will not return phone calls, will play political games, and don't always tell you the truth. This is still another reason to seek out real buyers and not waste valuable time on gatekeepers.
- 2. I once listened to a buyer for 45 minutes while occasionally offering a summary or paraphrase, after which he told me, "You're the first consultant to sit in my office who really understands my business."
- **3.** See Appendix I for 101 Questions to ask throughout all aspects of the sales sequence.

### **Questions and Answers**

- **Q.** Don't some real buyers still have to abide by company policy and go through purchasing or a similar unit?
- **A.** No. A true buyer can circumvent policy to achieve results. It's true that many won't have budgeted funds for your project, which is a surprise opportunity, but they can move the money from somewhere else. Buyers tell purchasing what to do, not vice versa.

- **Q.** What about when you are dealing with RFPs (Requests for Proposals)? They always go to committees.
- **A.** The best way to deal with RFPs is to become a sole-source provider, meaning the project doesn't have to go out for competitive bid because you have unique capabilities (a book, travel, industry experience, and so on). Low-level people review RFPs and make their recommendations, but there is nonetheless a buyer somewhere. And be aware that even the federal government (through the Farr Act) permits RFP decisions to be based on highest value, not lowest price.
- **Q.** Won't the gatekeepers undermine the eventual project if I run around them?
- **A.** That's a common fear and fallacy. No lower-level people try to derail a project initiated by a true buyer. *Au contraire*, they break their legs trying to board the bandwagon. They want to be seen as supporters, not resistance.
- **Q.** Might you starve to death if it takes months to forge the right relationships before trying to create a proposal for a given buyer?
- **A.** Yes, if that were your sole prospect. That's the reason you need a lot of prospects at varying stages of relationship building, so that some of them are constantly reaching fruition in the proposal stage. One of the stupidest questions I receive is, "What happens if I get too much business?" I tell that person to call me when they have that problem. They never do.
- **Q.** What if the buyer asks you to work with his direct reports to put together a proposal? How do I avoid being delegated downward?
- **A.** Simple. Say the following, "I'm happy to do that, and let's pick a date to debrief together, since I regularly hear things doing that which are contrary to what you will have told me, and we need to iron those discrepancies out between ourselves before proceeding." This will always bring you back to the buyer.

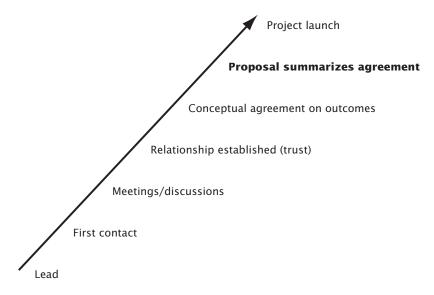
# Closing the Sale

# How to Write Proposals and Cash Checks

roposals are summations, not explorations. Ironically, consultants aren't more successful in getting their proposals accepted when they send out too many, rather than too few. This isn't a numbers game; it's a quality game. (I once worked with a consulting firm in New York that actually used as a metric of success how many proposals were submitted a week. When I asked what the hit rate was, they told me they weren't instructed to track that!)

The key to an effective proposal is gaining the conceptual agreement beforehand (described in the prior chapter). Consequently, a proposal isn't a document or an event, or a one-time crucible in which the business is gained or lost. It's simply a normal (though highly important) part of the sales acquisition process. (See Figure 7.1.)

There is a methodical sequence you can use to write proposals. A good proposal needn't be much longer than two or three pages, no matter how large the contract or how elaborate the methodology, because the proposal should not be serving as a negotiating document, a sales brochure, a credibility piece, or any other purpose. It should simply be placing the conceptual agreement in context with other required elements of a good proposal (for example, accountabilities, terms, and so on).



**FIGURE 7.1** The proposal's place in the project life cycle.



### **Starting Point**

If you find yourself placing information about your background, credentials, and references in the proposal—or, worse, citing resources you can bring to bear and *their* credentials—you simply have not created a trusting relationship with an economic buyer.

Finally, proposals shouldn't attempt to be legal contracts, with boilerplate language, "parties of the third part," "agree to hold harmless," and other such legalese. There are several critical reasons to keep proposals conversational, not legalistic:

- This is a relationship business. You should be willing to begin a project on a handshake with a true buyer with whom you've developed a trusting relationship.
- Legalese will immediately be sent to two places you never want to go: the legal department and the purchasing department. Either place will delay, crush, attempt to abbreviate, and try to change the project for its own interests. If I speak disparagingly about these departments, it is deliberate.
- The notion of protection through a legal contract is silly, since you're dealing with clients who will have the resources to contest anything written on

paper in any case, and you don't have the resources to contest a contract for too long before you'll lose money even if you win.

- In the best of cases, a legal contract will cause delay while it is being routed to the right people for approval, and delay is never good. Only bad things happen during delays. No one ever comes back and says, "Make it bigger."
- Lawyers are paid to be conservative and avoid all risk. They'd prefer that the building not even be opened in the morning. Hence, the potential dangers of an interventionist consulting project creates shock waves that reverberate throughout the legal department. (I'm being hypothetical. In reality, it's much worse than this.)

### The Nature of Excellent Proposals

Let's begin with the parameters of what proposals can legitimately and pragmatically do and not do:

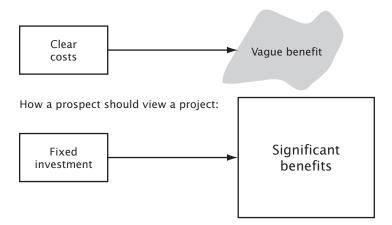
### Proposals Can and Should Do the Following

- Stipulate the outcomes of the project.
- Describe how progress will be measured.
- Establish accountabilities.
- Set the intended start and stop dates.
- Provide methodologies to be employed.
- Explain options available to the client.
- Convey the value of the project.
- Detail the terms and conditions of payment of fees and reimbursements.
- Serve as an ongoing template for the project.
- Establish boundaries to avoid scope creep.
- Protect both consultant and client.
- Offer reasonable guarantees and assurances.

### **Career Key**



The ability to write a clear, concise proposal after gaining conceptual agreement and getting it to the true buyer as rapidly as possible is actually the most important factor in closing business.



**FIGURE 7.2** Creating the right perception of return on investment.

### Proposals Cannot and Should Not Do the Following

- Sell the interventions being recommended.
- Create the relationship.
- Serve as a commodity against which other proposals are compared.
- Provide the legitimacy or credentials of your firm and approaches.
- Validate the proposed intervention.
- Make a sale to a buyer you have not met.
- Serve as a negotiating position.
- Allow for unilateral changes during the project.
- Protect one party at the expense of the other.
- Position approaches so vaguely as to be unmeasurable and unenforceable.

The climate or perception that a good proposal creates with the buyer is shown at the bottom of Figure 7.2, as opposed to the top perception, which is too often the default position unless we educate the buyer differently.

### The Nine Steps of Great Proposals

Here is the sequence that I have perfected over the years. It isn't sacrosanct, meaning that you may choose to add two more steps, delete one, or otherwise modify it to your best interests. However, if you follow my general sequence, and you've gained conceptual agreement beforehand, I can guarantee that you'll

take less time writing proposals and gain a higher degree of acceptance the very first time. You can't beat those benefits.

- 1. Situation appraisal.
- 2. Objectives.
- 3. Measures of success.
- **4.** Expression of value.
- 5. Methodologies and options.
- **6.** Timing.
- 7. Joint accountabilities.
- 8. Terms and conditions.
- 9. Acceptance.

### **Situation Appraisal**

What: The situation appraisal consists of one or two paragraphs that reiterate the nature of the issues that brought you and the prospect together.

Why: This allows you to start the proposal on a basis of prior understanding and enables the prospect to figuratively (and sometimes literally) nod her head in agreement at your opening paragraphs. Psychologically, you're starting on a series of small yeses.

*How:* Simply define the current issue with as much brevity and impact as possible. Don't state the obvious, but focus on the real burning issues.

Example: Here's a poor situation appraisal:<sup>2</sup>

### facing a prospective client that need to be improved as a result of the

situation appraisal

a summary of the conditions

consulting engagement. This brief description should be the first part of a proposal.

Boston Gimungus Bank is the eighth-largest bank holding company in the United States, headquartered in Boston, and continually seeking growth through mergers and acquisitions of institutions providing synergy to the bank's strategic goals.

Your buyer is aware of this. It sounds like something from the annual report. Here's a far better example for the purposes of your proposal:

Boston Gimungous Bank has recently merged with BankHugantic, which has created both expected and unexpected cultural problems



among the Private Clients Group and within the human resources function. The new organization is seeking to create a new culture in these two units that represents the best of the strengths of each former organization, and to do so without disruption to client management and retention. In addition, superfluous positions must be eliminated while providing ethical and legal protection to employees in the form of transfer, reassignment, and outplacement.

The second example demonstrates why you were contacted, what issue must be resolved, and why it's of significant import.

Summary: The situation appraisal leads off the proposal by reminding the buyer of the nature and urgency of the issue to be addressed, and gaining a connection with your prior conversations and conceptual agreement.

### **Objectives**

This is the first of three elements in conceptual agreement.

What: The objectives naturally follow the situation appraisal in order to move from the general to the specific. The objectives are the business outcomes to be achieved as a result of your intervention with the client.

Why: The specific business outcomes are the basis for the value that the client will derive, and constitute the raison d'etre for the project. Unless business outcomes are achieved or enhanced, there is no real reason to invest in any change. Also, clear objectives prevent scope creep later, enabling you to explain to the client that certain additional (and inevitable) requests are outside of the objectives established.

*How:* List the objectives, preferably with bullet points, so they are clear and strongly worded. Objectives should be fairly limited, since you can accomplish only so much with any given intervention, or else they are simply pie-in-the-sky wishes and not practical business objectives.



### **Career Key**

Never be bashful about suggesting to the buyer just how important the resolution of the issues is. The more value the buyer sees in the rapid and effective solution, the more your fee is seen as an investment and not a cost.

*Example:* I discussed outputs versus inputs in Chapter 6, so the list of business-based outcomes might look like this:

### The objectives for the project will be to:

- Determine the leanest management team required to speed decision making and reduce overhead.
- Determine the best candidates for those positions and recommend them on the basis of objective criteria to ensure the finest possible leadership.
- Improve new business acquisition by creating and separating a new business development team.
- Improve current response levels by investigating customer needs, anticipating future needs, and educating service staff accordingly.

### **Measures of Success**

This is the second of three elements in conceptual agreement.

What: These are the indicators of what progress is being made toward the objectives, and of when the objectives are actually accomplished.

Why: Without measures or metrics, there is no objective way to determine whether your intervention is working—or worse, if there is huge success, whether you've had anything to do with it! The metrics enable you and the buyer to jointly determine both progress and your role in achieving it.

*How:* Measures can be both quantitative and qualitative, the latter being acceptable as long as there is agreement on whose judgment or values are being used to assess results.<sup>3</sup> They should be assigned so that every objective has effective progress indicators to evaluate success.

*Example:* Measures are also best written in bullet-point form, with precise reference back to prior discussions with the buyer.

### As discussed, the measures for this project will be:

- Current client base is maintained for at least three months with less than 5 percent (industry average) attrition.
- Client base begins to grow at a greater rate than historical rate beginning six months from now.
- New management team and structure are in place within 30 days.
- Any managers or employees without a position after restructuring are reassigned or outplaced within 30 days, with no grievances or lawsuits filed.
- Staff survey on morale shows improvement from current levels in six months.
- Customer surveys reveal increased happiness with response levels and ability of service team to handle concerns within six months.



### **Starting Point**

A great criterion for any metric is training legend Robert Mager's great line: How would you know it if you tripped over it?

### **Expression of Value**

This is the third of three elements of conceptual agreement.

*What:* This is the description of improvement, enhancement, and success that the organization will derive as a result of a successful project.

Why: It's vital for fee acceptance that the buyer be intimately and emotionally connected with the benefits to the organization (and to the buyer) so that the fees that appear later in the proposal are seen as appropriate and even a modest investment for the perceived value return. Otherwise, the fees will be seen as costs and will be attacked to try to reduce them. Note: Costs are always subject to attempts at reduction, but investments are almost always justified if the return is perceived to be significant and proportional.



### **Career Key**

The simpler, clearer, and briefer a proposal is, the more likely it is that a buyer can simply approve it rapidly without conferring with others or even responding to you with additional questions. Less is more.

*How:* You may wish to enumerate the value in a narrative or in bullet points. I prefer bullet points because they keep things unambiguously simple and direct.

*Example:* The value should be expressed in business-related, bold terms, per your prior discussions.

The value that the organization will derive from the successful completion of this project will include but not be limited to:

- Overhead costs and administrative expenses will decline by approximately \$600,000 annually through the reduction of direct salaries, benefits, and certain support activities.
- A growth in the customer base of average private client assets will equal additional assets of about \$1 million for each 1 percent gain.
- Reduction in the attrition rate to the industry average will result in assets not lost of about \$1 million for each 1 percent retained.

- The ability to anticipate customer needs and suggest applicable additional products should result in additional revenues of \$400,000 annually, growing at a rate of at least 5 percent.
- Reduction in unwanted turnover of top performers will improve morale, create better succession planning, and improve client relationships since customers will not be losing their familiar faces.

This sequence is often misunderstood, so let me explain it again this way:

- Objectives: Those business outcomes to be achieved due to a contribution from this project.
- *Measures of success:* Those indicators that inform us of progress along the way and, ultimately, degree of success.
- Value: The impact on the organization (including but not limited to people, finances, customers, repute, strategic goals) from meeting the objectives according to the metrics.

In the event you have very long-term objectives that may be met long after the project itself is complete, make sure your measures of success focus on shorter-term, interim steps. For example, if your objective is a market share

increase that can't reasonably be expected until the next season or beyond, emphasize measuring that proves that progress is being made; for example, new shops agreeing to take merchandise, existing shops agreeing to take new products, higher public recognition of the product in focus groups, and so forth.

### **Methodologies and Options**

What: This is the section where you provide the buyer with an overview of the varying ways you may address the issues. Note: These are not deliverables, which many consultants confuse with outcome-based objectives. A deliverable is usually a report, training class, or manual, and has very little intrinsic value.

Why: In presenting the buyer with options, you are creating a choice of yeses so that the buyer moves from "Should I use Alan?" to "How should I use Alan?" This is an extremely important nuance, and one that you control. Proposals with options have a much higher rate of acceptance than those that are simply take-it-or-leave-it binary (accept or reject) formats.

### options

alternative approaches to reach the client's objectives, which provide the client with the ability to determine how to use the consultant. rather than whether to use the consultant; also called a "choice of yeses."

*How:* Explain to the buyer that there are several ways to achieve the objectives, that all of them will work, but that some options provide more value than others. Therefore, the buyer should have the flexibility to decide on what kind of return is most attractive in relation to the various investments.<sup>4</sup>



### **About Scope Creep**

With clear objectives you'll avoid the dreaded *scope creep*, which occurs when buyers approach you during the project to "just add one more element" or "take this over to that department, as well." You're afraid to endanger the business, so you gracefully keep accepting these additional requests until you completely destroy your profit margin! (And don't forget about "scope seep" which was discussed earlier.)

Objectives create the parameters within which you and the client agree to operate, thereby allowing you to say, "I'll be happy to add that department, but since it's not within our current scope, I'll get a new proposal to you tomorrow that will cover that." The buyer has already expressed need, so you've turned scope creep into revenue enhancement.

### Example

Here is an example of three options provided for the project we've been examining thus far.

Option 1:We will interview all management and supervisory members of the staff of the combined organizations, conduct 360-degree assessments for senior management, monitor customer calls and response times, recommend a new, leaner management staff with specific personnel staffing alternatives, develop methods to speed response time, and identify both people and organizational structure for a new business acquisition team, including goals and performance measures.

Option 2: We will implement option 1, and also interview a select number of randomly chosen clients to determine their service experiences and preferences, create an evolving organizational structure that will safeguard the status quo while preparing for anticipated client demands, and implement a mail survey for all employees of the department, which we will design, distribute, and administer to obtain inclusion of all employees.

Option 3: We will implement options 1 and 2, and also examine industry standards and other institutions to formulate a

best-practices standard to beat in the marketplace, run focus groups to validate the data gathered in interviews and mail surveys, and interview clients who have left the bank to determine what might be done to prevent such occurrences in the future or attract them back to the bank through the new business acquisitions unit.

Note that the options are separate and stand alone, and that any of the three will meet the objectives as stated. It would be unethical to propose options that do not meet the agreed-upon business outcomes. However, options 2 and 3 provide more and more value in the form of more valid data, more inclusion, more focus on business retention and acquisition, and so on. These are not phases or steps that run sequentially. Nor are they needs analyses, which unduly delay any project.

By offering the buyer a choice of yeses in the form of increasing value, you tend to migrate up the value chain toward more expensive fees. I call this *the Mercedes-Benz syndrome:* Buyers expect to get what they pay for. (If it's a Mercedes, one assumes that the engineering is top-notch and the reliability is superb.)

Always provide stand-alone options for your buyer to consider, and you will increase the rate of proposal acceptance exponentially. *It is not necessary* to detail how many focus groups, how many interviews, how many people trained, and so on, because with value-based billing, the numbers of days and numbers of people are irrelevant. The client might ask you to include another 10 people or you may decide you need four fewer focus groups, but it has no bearing on fees. The value of the results are all that counts.<sup>5</sup>

### **Timing**

What: The timing section gives an estimate of when the project should probably begin and end.

Why: Both the buyer and you need to know when services will be performed, when results are likely, and when disengagement is probable.

How: Provide a range of time, since nothing is completely within your control, and always use calendar dates, not relative dates such as "30 days after commencement," because you and the client might have different perceptions of starting dates and other milestones. But the calendar offers concrete terms.



### timing

that part of the proposal that deals with start and end dates, and when certain events are scheduled to occur. Timing should always revolve around calendar dates. not relative dates (for example, "June 1," not "30 days after our agreement").

Example: Provide timing for each option.

For all options, we estimate a March 1 starting date. Option 1 should be completed in 30 to 45 days, or between April 1 and 15; option 2 should be completed within 45 to 60 days, or between April 15 and May 1; option 3 should be completed within 60 to 90 days, or between May 1 and June 1.

### **Joint Accountabilities**

What: These are the responsibilities of the client and you to ensure that the project is successfully undertaken and completed.

Why: One of the most frequent causes of a consultant's being accused of not doing a good job is that the client didn't actually support the project as agreed or didn't supply resources in a timely manner. This is the part of the proposal that prevents that potential disaster.

How: State simply what is the client's responsibility, your responsibility, and joint responsibilities. These will depend on the nature of the project, and should be specific to each one. For example, an executive coaching project, an information technology (IT) project, and a recruiting project will have very different accountabilities.

*Example:* Given the ongoing scenario:

- Boston Gimungous Bank will be responsible for making employees available for confidential interviews, informing them of the project, and providing a private area to conduct the interviews; for providing information about the business and past performance indexes to evaluate competencies; for adhering to the payment schedules established for this project; for client names and contact information for interviews; for reasonable access to senior management for ongoing progress reports, discussions, and problems; and for coordinating work flow and priorities to allow for the project to meet its time frames.
- We are responsible for all interviews, focus groups, surveys, and other interventions called for in this proposal; we will sign all appropriate nondisclosure documents; we carry comprehensive errors and omissions insurance; we will ensure minimal disruption in work procedures and adhere to all schedules; we will provide updates and progress reports at your request; we will immediately inform you of any peripheral issues that emerge that we think merit management's attention.
- We will both inform each other immediately of any unforeseen changes, new developments, or other issues that affect and influence

this project so that we can both adjust accordingly; we will accommodate each other's unexpected scheduling conflicts; we agree to err on the side of overcommunication to keep each other abreast of all aspects of the project.

### **Career Key**



In any project, you are likely to find tangential and seemingly unrelated issues that will still be of concern to management (for example, employee theft, a hostile work environment, turf battles disrupting work flow). Report these to your buyer immediately with suggestions as to how to correct them, irrespective of whether you are involved. This will minimally enhance the relationship, and maximally result in still more business.

### **Terms and Conditions**

What: The terms and conditions component specifies fees, expenses, and other financial arrangements.

Why: This must be established in writing in case the buyer changes, company circumstances change, and so forth. But most important, this is the first time the buyer actually sees the investment options after basically being in agreement with your entire proposal thus far. Stated simply: You want to prolong the head nodding in agreement right through the fees section.

How: Cite the fees clearly and in an unqualified manner. Cite expense reimbursement policy in the same way, also stressing what is not going to be billed. Provide in this area any discount you offer for advance payment (see the fees chapter, which follows this one). This section needs to be short, crisp, and professional.

Example: Using our current three options:

• Fees: The fees for this project are as follows:<sup>7</sup>

Option 1: \$58,000 Option 2: \$72,000 Option 3: \$86,000<sup>8</sup>

One-half of the fee is due upon acceptance of this proposal, and the balance is due 45 days following that payment. As a professional courtesy, we offer a 10 percent discount if the full fee is paid on commencement.<sup>9</sup>



that part of the consulting proposal that deals with fees, payment schedules, expense reimbursement, and related matters.

- Expenses: Expenses will be billed as actually accrued on a monthly basis and are due on receipt of our statement. Reasonable travel expenses include full coach airfare, train, taxi, hotel, meals, and tips. We do not bill for fax, courier, administrative work, telephone, duplication, or related office expenses.
- *Conditions:* The quality of our work is guaranteed. Once accepted, this offer is noncancelable for any reason, and payments are to be made at the times specified. However, you may reschedule, postpone, or delay this project as your business needs may unexpectedly dictate without penalty and without time limit, subject only to mutually agreeable time frames in the future.<sup>10</sup>



### **Career Key**

All you need is a two-to-three-page proposal on excellent paper in your presentation folder, with two copies: one to keep, one to return. It's that simple if you do the preparatory work well.



### acceptance

that part of the proposal that the buyer signs indicating agreement with all details, terms, and provisions included. An acceptance can also be oral, or can be in the form of a payment when you've indicated that a payment will indicate acceptance of the terms.

We've established a quid pro quo here that means that the client can't cancel and must make payments as scheduled; there is no risk, however, because we will refund the fee if the quality of our work is not as promised (it is unethical to guarantee results being met due to uncontrollable variables such as turnover and competitive acts), and there is no penalty for rescheduling or postponing the project.

### Acceptance

*What:* The *acceptance* is the buyer's sign-off indicating approval to begin work.

Why: No matter how trusted a handshake or an oral approval, conditions in client companies change frequently, and you have to have a signed agreement to enforce your rights.

How: Include this as the last item in the proposal, with room to sign off, and return one of two copies. Execute your signature ahead of time to speed up the process (in other words, don't wait for the buyer to sign, then sign yours, then return the buyer's copy). This circumvents the need for a separate

contract, involvement of legal, involvement of purchasing, and all the other landmines that lurk beneath the ground. Also, by specifying that "a check is as good as a signature" in the verbiage, you're saying that paying you the deposit deems that all terms have been agreed upon.<sup>11</sup>

*Example:* These are fairly standard, and can be inserted into any proposal.

### **Starting Point**



You will find legitimate buyers who can approve substantial checks but not innocuous agreements or contracts. Make it easy for them to authorize a check by not demanding the written proposal be signed. Simply document the agreement in a follow-up note, indicating your acknowledgment of the buyer's acceptance with the deposit or full payment.

The signatures below indicate acceptance of the details, terms, and conditions in this proposal, and provide approval to begin work as specified. Alternatively, your deposit indicates full acceptance, and also will signify approval to begin.

For Summit Consulting Group, Inc.:
Alan Weiss, Ph.D.
President
Date:
For Bank of America:
Name
Title
Date:

### When to Follow Up

Plan your follow-up in advance with the buyer. There are three ways to do this: 12

1. In the discussions leading up to the actual creation of the proposal, mention that your habit is to give the buyer a day or two to review the details and options, and then to call to respond to any questions or to actually begin the project. You merely want to set the stage for your proposal management. (Don't

provide the initial proposal in person if you can avoid it, since you want to give the buyer time to read it and think about it. This sounds counterintuitive, but it's an important tactic, preventing the buyer from saying, "I need more time," which would be quite legitimate.)

When you are actually ready to prepare the proposal, mention to the buyer the exact time he will be receiving it, and check for a good follow-up date. "I'll be sending this by courier so that it arrives on your desk Thursday morning. I'd like to call you between ten o'clock and noon on Monday to discuss your reaction. Does that fit your schedule?" If the buyer says no, that there's a field trip scheduled next week, then ask what a good time would be. Two key criteria:

- You want a phone call (or personal visit), not e-mail or voice mail.
- You want to initiate it, not the buyer, to ensure positive contact.
- **2.** Mention your intent in your cover letter, which should be a brief note saying, "Here's the proposal you and I discussed." Let the buyer know that you'll be following up at a specified time and date. Leave nothing to chance. Invite the buyer to let you know if that arrangement is not agreeable, but stipulate that, unless you hear otherwise, you'll be contacting the buyer at that time. <sup>13</sup> This technique also enables you to say, "I'm calling as agreed."
- **3.** Do both 1 and 2. If you constantly reinforce the fact that your normal policy is to submit a proposal rapidly after the conceptual agreement, then follow up promptly for reaction, and then are prepared to launch the actual project quickly, you will create the proper expectations—and, one hopes, behaviors—on the part of the buyer.



### **Friendly Advice**

For me, the key to starting my practice successfully was in finding three months prior to opening up the practice when I could focus primarily on marketing, branding, and putting a structure in place to actually do client work.

During the three months I sought the advice of the top solo practice professionals I could find, from Alan to attorneys who had built seven-figure legal practices. I also wrote prolifically in the area of legal ethics and networked with publishers, eventually getting several of the articles published. And I used the three months to aggressively keep up and expand my contacts from prior firms and law school.

These contacts were and still are the backbone of my business, as several have turned into clients as in-house attorneys at various companies. While I continue to find time to write, network, and seek advice from others while I manage my client work, I attribute this initial burst to much of my success, even five years later. This burst would not have been as effective if I were busy with a lot of client work.

To me, the ability to focus on getting started was absolutely essential.

—Daniel L. Abrams Law Office of Daniel L. Abrams, PLLC New York, New York

# **Eight Rules for a Command Appearance**

Sometimes the buyer will say, "We need to discuss this in person, and I'd like to get some other people in on it."

#### **Career Key**



Sometimes proposals are perfect and buyers are imperfect. Be prepared for other contingencies and don't let go of the relationship. Never reduce fees, however, without reducing value.

This is good news and bad news. The good news is that the buyer is willing to spend more personal time on the proposal, and wants to give you a chance to close the deal. The bad news is that the proposal itself wasn't sufficient, and that conceptual agreement might not have been as solid as you thought.

Some rules for a personal appearance follow-up:

- 1. Always accept. Don't try to close on the business by phone.
- **2.** Arrange it as quickly as possible. Remember, the longer the process takes, the more that can go haywire.
- **3.** Ensure that the buyer will be there personally. If she will not be, then arrange to see the buyer privately before and after the meeting with subordinates or colleagues.
- **4.** Find out who else will be there. Ask the buyer whether the proposal can be made available to them so that everyone is at the same level of understanding.

- **5.** Ask quite candidly if there are any objections, drawbacks, unexpected developments, or anything else that you should know about and prepare for to make the best use of everyone's time. Don't wait for an ambush, and then go in unarmed, and refuse to fight. Determine who will be shooting, from where, and with what, and arm yourself accordingly.
- **6.** Test the status. Ask, "If we can reach agreement at that meeting, are you prepared to proceed?" Try to get the buyer to commit to a proposed course of action (for example, amend a part of the methodology and we can go on, or shorten the time frame for data gathering and we can probably agree on a start date). If you're particularly assertive, ask this great question: "What will you and I (or you, your colleagues, and I) have to accomplish at that meeting so that we may begin the project?"
- 7. Be prepared for good news. You might just be clearing up some minor details or ambiguity, so be prepared to close the deal and shake hands. You'll want to be able to start immediately to pour cement on the deal.
- **8.** If things are not resolved but still alive, *make sure you do not leave without a definitive next step, including date and time and accountability.* Example: "Okay, I'll bring an example of the survey I would intend to use to a meeting here on Friday at ten o'clock, and you will make whatever suggestions necessary to ensure cultural acceptance. Once we have that, you'll sign the proposal and I'll start the next week."

As a rule, the more specific the buyer is in response to point 6, the better your chances. The more vague the buyer sounds, the more trouble awaiting you. In point 8, you must return to the buyer, no matter who else might or might not be present.

Let's take one item off the table right now: fees. If the buyer says that your fees are too high—for all of your options—do not offer to lower fees. That tactic will either lose the business immediately ("Hmmm, how low can he go?") or will gain you business that you hate ("I'm actually losing money on this deal"). 14

Instead, offer to reduce value. That's right. All buyers want to reduce fees, but they seldom want to reduce value. Fees are never a question of resources, but rather of priority. The money is available somewhere, the only question being are you and your project important enough to the recipient?

There are other objections, unrelated to fees, that you might hear, either from the buyer in advance or from the buyer or colleagues at the actual meeting. They typically include: 15

- The timing is too aggressive or too tame.
- Subordinates are threatened by the outside intervention.

- Sensitive political or cultural issues are involved (for example, compensation).
- A union is presenting problems.
- Other projects, planned or ongoing, are threatened.

No matter what the objection, you should use the same tactic: Make the resistance a part of the solution. Don't attempt to smash through it, overcome it heroically, or throw yourself onto your sword ("You'll have to trust me on this, I've seen it before, and I'm confident we can overcome it").

#### Remember:



There is *no* objection we haven't heard! You may not be able to overcome every one, but to not be prepared for them is negligent. Practice your response to these objections until you're comfortable, compelling, and virtually irresistible.

Tell the buyer and others that the objection makes sense, and ask what *they would recommend* to overcome it. Tell them that you have some ideas and experience from other clients, but that they know their culture best and you'd be happy to work in their resolutions. At the same time, assure them that there are always objections, that the timing is never perfect (time is; life and money are matters of priority, not resources, since there is always time for important issues), and there will probably be some more stumbling blocks before this is over. "Nevertheless, successful projects are launched every day in far worse scenarios than this one and we're all intelligent people here, so let's work out the best resolution we can while we're together."

A personal appearance is still a fine opportunity. But take it very seriously and prepare assiduously: It's probably a make-or-break point.

### **Career Key**



Don't always assume the worst, but always expect courtesy and civility. A refusal to return a series of calls over a prolonged period means that you had a relationship with an amateur. Don't throw good money after bad.

# Ten Steps to Follow if the Buyer is Unresponsive

A chronic complaint I hear from colleagues is, "We had such a good relationship, but the buyer won't return my calls!" Here are some safeguards:

- 1. Make your phone call as planned (agreed-upon day).
- **2.** Make a second phone call, with a courteous message (next day).
- **3.** Make a third and final phone call indicating your confusion and saying that you'll send something in writing (three days later).
- **4.** Simultaneously send an e-mail and letter marked personal and confidential, politely asking for a response so that you can plan your time accordingly and offering to see the buyer personally, if desired (one week later).
- 5. Send a certified letter to the buyer indicating professionally that the proposal terms will be honored for only another 30 days, at which time all terms would have to be reviewed and renegotiated. Indicate that this will be your final letter (two weeks later).

I usually don't go beyond this, because I don't want to throw good money after bad, and I never take it personally. After all, just because your buyer has a personality disorder or is neurotic (one of which is probably the case with these disappearances) doesn't mean that you're a bad person. Further, psychologically, it's depressing to deal with this passive-aggressive rejection, so it's best to remove ourselves from it, which we're quite capable of doing.

If you want to escalate beyond my steps, however, here is the nuclear arsenal:

- **6.** Ask the secretary if the buyer is sick or if something unexpected has happened; then find out what the buyer's schedule is. If the buyer is visiting the Philadelphia field office on Friday, for example, you can place a call there and almost assuredly ambush the buyer through an unsuspecting local switchboard operator.
- 7. Send an invoice to the buyer for your expenses to date (which you should actually absorb as marketing expenses) given the fact that the meetings and interaction were apparently to gain information from you but not to consider a project seriously.
- **8.** Send an invoice for your fee in terms of the value you've provided, per step 7.

- **9.** Send a letter with a copy of the proposal to the buyer's boss. Explain the steps you've taken to try to obtain a response, and that you're worried that your proprietary information, models, material, and so on might be used without your consent or appropriate payment. Ask if there is some way to resolve the impasse.
- 10. Send a certified letter to the buyer explaining that the buyer's failure to conform to your agreement for response and your consequent inability to determine the status of the project (and the material you've provided) mean that all agreements are null and void. Therefore, you do not feel constrained to conform to any real or implied nondisclosure agreement about what you've learned, nor will you return any of the proprietary materials the company has provided to you.

I do not advocate steps 6 through 10, but you may occasionally be unable to exorcise the demon of the disappearing buyer without resorting to stronger actions. I have met a couple of these people. If you think you're unfortunate for having had to deal with them, think of the great misfortune of their companies, which pay them significant amounts of money in support of unprofessional, aberrant behavior.

#### **Starting Point**



All of the 10 steps are contingent actions. *The preventive action* is a solid, trusting, mutually respectful relationship with the buyer. If that exists, your calls will be among the first to be returned.

#### **Career Key**



Never take rejection personally, which leads to the desire to get even. View rejection as a flaw in the buyer's thinking, and work to reeducate the buyer so that she can eventually take advantage of your talents.

# Horrors, What if the Buyer Says "No!": Six Steps to Redemption

Even with this methodical approach of relationship building, conceptual agreement, proposal as summation, choice of yeses, and planned follow-up, you sometimes don't get the business. As someone once said, that's not a failure, only the start of a new opportunity.

First, find out the only important piece of information for the moment: Why? You can't do anything effectively until you learn the reason for your non-acceptance. The causes usually range among these:

- 1. A legitimate, competing proposal was accepted.
- **2.** Your proposal was flawed in some way.
- 3. Despite value, you were deemed too expensive.
- 4. The project was canceled or postponed.
- 5. The prospect has decided to proceed using internal resources.
- 6. You weren't dealing with the true buyer.
- 7. There was an internal upheaval or reorganization.
- **8.** Someone talked the buyer out of using you (you were a threat).
- 9. Poor profitability has put a freeze on all expenditures.
- 10. The situation unexpectedly improved or the problem disappeared.
- 11. Unexpected profits have diminished the problem's priority.
- **12.** A scandal has occurred in the company (harassment, embezzlement, and so on).
- **13.** The organization is being sold, merged, or divested.
- 14. New technology is eliminating the problem or opportunity.
- 15. There was a misunderstanding on your part.
- **16.** There was a misunderstanding on their part.
- 17. Some combination of these.

Believe it or not, I've heard every one of these reasons and excuses after submitting proposals over 27 years as a consultant. The main reason to find out the cause of your rejection is that you want to be able to correct anything that was in your power to do so. Reasons 2, 3, 6, and 15 are the ones to learn from. You can correct your mistakes or omissions in future proposals (it's too late for this one). The others are simply part of the fates and futures that await all consultants, and there's no use getting upset about them.

Rejection needn't be the final bell. All that it signifies is that at that particular point, for that particular buyer, under those particular conditions, there wasn't sufficient perceived value. You've lost the battle, but the war is far from over. The good news is that you've met the buyer, you've established enough of a relationship to have been able to submit a proposal, and you know where the buyer lives. This is all the ammunition you'll need to begin mounting your counteroffensive.

For goodness sake, do not take rejection personally. It is not a commentary on your worth.

Here are the six steps to take to turn short-term rejection into long-term business:

First, never walk away angry. The failure to consummate a business deal isn't the buyer's fault or your fault. It's not about fault, it's about *cause*. Take your setback gracefully, thank the buyer for all of the support and interest she has demonstrated along the way, and, if another resource was chosen, say something nice about them and assure the buyer that you believe they'll do a fine job. Now, this is *very important:* Ask permission to stay in touch. This vague and simple request is rarely denied, but its acceptance by the buyer creates a legitimacy to the next steps. It's the difference between structured follow-up and incessant hounding.

Second, ask for the cause of your not being chosen. Tell the buyer that we all learn best with honest feedback, and in the spirit of improving your approaches and helping other clients better in the future, ask what you could have done better, included, omitted, or changed. Don't settle for generic pap. ("It was close—it could have just as easily been you who was selected." Yeah, but it wasn't.) Ask for specific areas to work on and, no matter what you think of the advice, demonstrably take notes. (If you're on the phone, say something like, "Just a second, I want to make a note of that.") Use the 17-point list of causes if you want to stimulate the conversation. Remember that there may be multiple causes.

Third, make an open offer to be of informal assistance if the buyer needs anything during the project (for example, another opinion, a sounding board, and so on). At that juncture, provide your card and brochure or media kit again, for future reference (these are often discarded after a consultant hasn't made the cut).

Fourth, mail something—virtually anything of some value—to the buyer a month later, and bimonthly thereafter. Let the buyer know that there are no hard feelings, and that you have his interests in mind on a regular basis. Don't attempt to resurface the project you lost out on; simply send articles and materials that are relevant for the buyer's position, company, and industry.

Fifth, call the buyer three to four months after your rejection, and ask any one of, or all of, the following questions: Has the material you've been sending been appropriate? Should you alter the content in any fashion? How has the project progressed? (If it's gone very well, indicate that you're delighted; if it's gone poorly, provide genuine empathy.) Tell the buyer that you'll be in the neighborhood on three different dates, and ask if you might have lunch or briefly meet on any of the three dates that might be convenient.

Sixth, if you can meet with the buyer while you're in the neighborhood, do so. During that meeting, develop a conversation about the current concerns and needs of the organization. Bring the buyer up-to-date on anything you've been doing that's relevant to the buyer's needs. If you're unable to arrange such a meeting, then go back to the fifth step over the phone.

If you're disciplined and unselfishly helpful, eventually the buyer will either agree to see you again or request that you submit a proposal on some issue that has arisen. I've been called continually through the years by people who originally did not click with me, or who did a small amount of business in an unrelated area, merely because I've kept in touch. Consistency is everything. Don't contact people only when you want something, or when it's convenient for you. Establish regular helping patterns. You've already done the hard part in establishing the relationship to begin with.

The legendary coach Vince Lombardi said once that his teams had never lost a football game, although occasionally they had run out of time before they could win it. You have all the time in the world if you're consistent, professional, low-key, and oriented toward a helping relationship.

Final thought: If you can send out just two proposals a month that average, among their options, \$50,000 in fees, and you hit 75 percent of them, you have a practice that is generating \$450,000 annually. That's just two a month, using this system! Do you think you can live on that, at least at the outset of your career in this profession?

#### Notes

- 1. Although we're dealing with proposals in a full chapter here, if you want an in-depth approach, including templates in hard copy and on CD, see my book *How to Write a Proposal That's Accepted Every Time* (Peterborough, NH: Kennedy Publications, Second Edition, 1999, 2003) or find it on my web site: summitconsulting.com.
- **2.** I'm using a fictitious merger and organizations, but the specifics of the project are taken from an actual pair of assignments.
- **3.** For example, if several people all agree that the office aesthetics should be improved, it's far better to also agree that one of them will determine that, rather than try to gain agreement among several people on what is, basically, a subjective matter.
- **4.** And I want to emphasize that you still haven't discussed fees in any manner yet. Patience.
- **5.** I've long held that I'd be completely happy working 10 minutes a year for a single client for \$5 million. My wife tells me that if I can work 10 minutes, I can work 20 minutes.
- **6.** This is the colloquial malpractice insurance cited in Chapter 3.
- 7. These fees are entirely fictitious. Ignore the amounts and focus on the process.
- **8.** For non-U.S. business, you would specify in this section that all funds quoted are in U.S. dollars, and are to be paid in U.S. dollars drawn on accounts in U.S. banks. In that way, you will not be subject to exchange fluctuations or to severe bank fees applicable to exchanging foreign checks. Wired funds are usually fastest and best.

- 9. Many organizations have a purchasing policy that states that all discounts must be accepted, meaning that you will always get the full fee less 10 percent in advance. That is 10 percent well invested on your part, since the money is in your pocket and the project cannot now be canceled (or at least the money can't be returned).
- 10. This is my quid pro quo for a noncancelable project agreement.
- 11. I actually had a client make two payments of \$125,000 each over 45 days and completed a highly successful six-month project without ever receiving my signed proposal back. The reason was that it was far easier for the executive vice president I was dealing with to approve six-figure checks than it was to get an agreement through his legal department! So, "a check is as good as a signature!"
- **12.** *Note:* Since there are only so many ways to express simple concepts, much of what follows also appears in similar context in my book *How to Write a Proposal That's Accepted Every Time*, previously cited, and used with permission of the publisher.
- 13. This is as good a time as any to mention that it's always a good idea to get the buyer's private line, private e-mail, and private fax number. Early in the relationship, you might provide your home phone number or private line on a card for the buyer, and ask if there is an expeditious way to reach him. This usually avoids gatekeepers entirely.
- 14. For a detailed discussion of fees, see the next chapter.
- 15. Don't forget, all of the foregoing assumes that you've been dealing with the real economic buyer. If subsequent events indicate that the resistance is caused by the fact that your presumed buyer doesn't really have that authority, then you must begin the courtship again by finding out who the real buyer is. You cannot sell anything to gatekeepers or recommenders.

## **Questions and Answers**

- Q. My attorney tells me that I need a formal contract in addition to the proposal. Isn't that safer?
- **A.** No, any contract can be broken, and a trusting relationship with the buyer trumps legalese. Your lawyer will never read this book and charges by the hour, which is why he's suggesting you ask him to write your contracts.
- Q. Can't an objective also be a value as you've explained it?
- **A.** Yes, absolutely. If the objective is to increase profits by at least 2 percent, that could also be the value or impact. However, the additional value could be that there is more money for investment in R&D, more incentive for people in the profit-sharing plan to remain, and so on. So it needn't be a one-to-one ratio.
- **Q.** Is it appropriate to be paid for travel days?
- **A.** No. That's is just a cost of doing business, and in value-based pricing, your margins are huge and do not depend on where you spend your day. You are, of course,

- entitled to reasonable travel reimbursement, but never nickel and dime people by charging for copying or couriers and so forth.
- **Q.** Can I use this proposal format when an organization insists on a reply to an RFP (Request for Proposal) in a stipulated template?
- **A.** Yes. My advice is to complete the RFP and also attach your proposal to it. Remember that you can *exceed* the requirements of an RFP in your proposal, which can give you an inside track. However, RFPs are usually evaluated by low-level committees.
- Q. Would I complete this type of proposal for every assignment?
- **A.** No. For a simple training program or speech, a streamlined letter of agreement would do. For a retainer, which is solely access to your smarts, there are no specific objectives and you're more concerned about scope and timing. (See the next chapter on fees for more about this.)

# **Establishing Fees**

# If You Bill By The Hour, You Cheat Your Client and Yourself

hose of you who have turned immediately to this chapter are welcome to my book. May I suggest that the prior chapters have some important information, and you should go back and read them before going on to Chapter 9. For those of you

let's continue along!

A *fee* is compensation that is paid to you in return for the value you are delivering to the client. That compensation may be in the form of equity, bartered services, chicken dinners, or future consideration, but 99 percent of the time it is (and had better be) in the form of hard currency. That value may be in the form of your talent, expertise, background, experience, contacts, or other attributes.

who have had the discipline to tackle this in sequence,

Consequently, value delivered that improves the client's condition should be rewarded with a fee. If we can agree on that, we can start down the road to preventing you from doing a lot of business for a little money.

Here is how I explain my fee basis to clients:

"My fee represents my contribution to the results of this project with a dramatic return on that investment for you and equitable compensation for me."

#### fees

those
payments,
usually in cash
but sometimes
in equity,
bartered
services,
or other
forms, which
compensate
the consultant
for the value
delivered to
the client.



If you have a trusting, partnering relationship with a true buyer, you will receive zero resistance to that position, which is why this is Chapter 8 and not Chapter 1.

# The Fallacy and Lunacy of Time-Based Fees and Per Diems

Most consultants in this country are using time as the basis for their fees, and most consultants in this country are not making much of a living in good economies or bad. Attorneys are the prototypical hourly billers, and the average private practice attorney in the United States (according to the U.S. Department of Labor) is making less than \$100,000.¹ (And the average family practice doctor makes less than \$150,000 if you want to really understand how lucrative consulting can be.)² Accountants fall into the same dreadful dead end. The reason is that there are only so many hours in a week and so much you can charge per hour (and limits to how much you can fudge the figures). These are two immutable caps on income if time is your determinant of your value.

In the best New York law firms, the most senior partners may be at \$500 or \$600 per hour (forget the promotional nonsense of the \$1,000 an hour claims; no one is paying that) and, even if they magically bill 80 hours a week, that's still a weekly cap. Yes, you're saying, but that's a \$40,000 weekly cap, which is a cool \$2 million a year. But that 80-hour grind, with no personal life (if indeed the 80 hours are real), also requires a substantial staff and office support to deliver the \$2 million. Yet I've consistently made a minimum \$1 million every year working about 20 to 30 hours a week. (I'm currently breaking the \$2 million mark with net decreases in labor intensity or travel.) I began my practice from scratch in 1985, after I had been fired as CEO of a consulting firm, and reached the seven-figure mark by 1991. Do I have your attention yet?

This hourly cap is insidious. Of course, most attorneys are lucky to get \$200 an hour, and be billable for 30 hours a week, and that's only about \$270,000 a year assuming vacation and holiday time off, and \$100,000 ain't what is used to be. But that is a gross fee, before costs of doing business, staff, insurance, and so forth. That's why the really big legal earners are those who accept *contingency fees*—fees based on a sharing of the value gained by the client, often as much as 30 to 40 percent—and lawmakers are starting to consider limits on that huge share. Many people understandably feel that a dynamic in which the attorneys make more than the plaintiffs is essentially unethical and wrong.

(There may be hope. I recently keynoted for the Australian Legal Professional Management Association on revamping the profession and innovating. Value base fees was one of the topics.)

Aside from the concrete caps on amounts of hourly charges and hours in a day, there is a more pragmatic reason not to charge by the time unit—namely, that it doesn't represent true value. When I stand on a stage and deliver a keynote speech for 45 minutes for a fee of \$15,000, I'm under no illusion that 45 minutes of my time is worth \$15,000 (or that the same amount of Colin Powell's time is worth his rate of \$75,000, as fascinating as he may be). However, my experiences, talents, background, and intellectual property, combined with my communications abilities and talents to convey a synthesis of that totality, plus the lingering impact, influence, and change within the client organization that follows my presentation, are worth far more than \$15,000. The client feels as if it were a bargain, and I feel well paid.



#### contingency fees

fees paid only upon achievement of some predetermined goal. As a rule, this is not an attractive fee arrangement.

#### **Starting Point**



The benefit of getting started in consulting is that you can begin your billing practices correctly, and you don't have dozens of clients billed the incorrect way, costing you a fortune in time and money.

The same dynamic holds true in our consulting work. It's not the day on site, the training program, the survey, the new IT program, or the new director of sales recruited,<sup>3</sup> it's the improved morale, the better teamwork, the faster customer responsiveness, and the higher departmental productivity that constitutes the real bang for the buck.

The reason that the chapters are in this order in this book is that, if you recall our discussion on input versus output, a sales training program is often sold by a trainer for \$2,500 a day, or \$250 per participant, or some such calculation. Suppose there are 60 salespeople nationally, who are trained in three groups of 20. Our daily per diem would generate \$7,500 for three days of work, and our per head charge would generate \$15,000.

Now, suppose that this sales training were able to increase sales by just 5 percent on an annualized basis (if not, why even do it?). If each salesperson were generating \$300,000 in new business on average (\$18 million in business), and you succeeded in raising the total to \$18,900,000—a \$900,000 increase—would the organization be prepared to invest in a 10:1 return? In other words, is a \$900,000 first year (and continuing and annualized) increase worth an investment of \$90,000?



#### **Career Key**

You must educate the prospect from the outset that you never charge by the day or by the person, because it is unfair to the client. Position valuebased billing as the best method for your client's investment and return.

It certainly is. And even if you took only 5 percent, you still have three times higher a fee than you did under the per head charges, and six times higher a fee than the per diem rate. In fact, even a 1 percent return on the increased profit is larger than the per diem rate in my example, and that per diem rate of \$2,500 per day is higher than many consultants and trainers are currently charging.

Imagine: Many consultants are not working for even a penny on the dollar of client improvement, savings, and bettered circumstances.

If you're going to invest the hard work, discipline, talent, and dedication that this profession requires, let alone tolerate the travel, client demands, and tough environments, you might as well earn money commensurate with your talents and results. Otherwise, you're accepting all the risks and detriments without exploiting the rewards and benefits. You'd never advise a client to do that, so why do it yourself?

Two ironclad rules:

- 1. Always work on a project fee or value-based fee, period.
- **2.** Always demonstrate to the client that this arrangement is in the client's best interest.

Oh, and one third point: Charging by the hour is ethically questionable and a direct conflict of interest, because the more you work, the more you get paid, and there really is no impetus or benefit to resolving the client issue rapidly. On the other hand, if you're paid a set fee, then you and the client will both be delighted if you resolve the issue as quickly as possible.

Do you really want the client to have to make an investment decision (start the meter running) every single time your advice and counsel are needed? Every time you have a question to ask your attorney, you know that those 15-minute increments are swinging into action. Does that prompt you to rely on that attorney more or less?

# Preparing and Educating the Client

As we've established earlier, the basic conversations with a new prospect should be around relationship building, followed by conceptual agreement over objectives, measures, and value to the organization. This is a deliberate and pragmatic sequence. In focusing on objectives—outcomes—you enable the buyer to visualize and appreciate the end result of the project. The measures deliver a sense of security in understanding progress and recognizing when the objectives have been met. And agreeing on the value establishes early on, before the proposal, what is the worth to the buyer and to the organization of the new state created at the conclusion of the project.

The proposal, in its sequence, does not mention fees until after these points have been summarized and enumerated in writing, options of varying value have been provided for the buyer's selection, and a succession of small yeses has been created throughout the proposal. Then, when the buyer is ready to select an option of ultimate value, the proper investment amount can be chosen.

#### **Career Key**



If you find yourself discussing fees and not value at any time, you have lost control of the discussion with the buyer. Refocus the conversation on outcomes and results immediately.

Here are some reasoning points to use to convince the buyer that a value-based fee is always in the buyer's best interest.

#### Twelve Ways to Convince a Buyer That Value-Based Fees Are Best

- **1.** There is a cap on your investment. You know exactly what is to be spent and there are no surprises.
- 2. There is never a meter running. You do not have to worry each time my help is requested that I might be here for an hour, a day, or a week.
- 3. It would be unfair to you to place you in the position of making an investment decision every time you may need my help. Otherwise, you're trying to determine the impossible: Is this an issue that justifies a \$2,000 visit or a \$500 phone call, or should I just make my own decision? No client should ever be in that position.
- **4.** Your people should feel free to use my assistance and to ask for my help without feeling they have to go to someone for budgetary approval. This only makes them more resistant to sharing their views, and at best delays the flow of important information.
- 5. If I find additional, relevant work that was unanticipated but must be performed, I can do it without having to come to you for additional funds. In those instances, legitimate, additional work would otherwise be viewed as self-aggrandizing and an attempt to generate additional hours or days.

- **6.** If you find additional, related work that must be done, you can freely request it without worrying about increased costs.
- 7. The overall, set fee, in relation to the project outcomes to be delivered, is inevitably less of a perceived investment than hourly billing.
- **8.** If conditions change in your organization, you won't be in the difficult situation of having to request that the project be completed in less time. The quality approach is assured, since the fee is set and paid. (And your project probably can't be canceled if it's already paid for!)
- **9.** If I decide that additional resources are necessary, there is no cost to you and I can employ additional help as I see fit.
- **10.** This is the most uncomplicated way to work together. There will never be a debate about what is billable time (for example, travel, report writing) or what should be done on site or off site.
- 11. We're trying to build a powerful partnership, and reliance isn't fostered when there is always a monetary consideration or a price.
- **12.** You can demonstrate to the board, the shareholders, or anyone else required that there is a fixed investment and that budget has been allocated, and an expected return to justify the budget.

Feel free to add others to my list as you come across them for your practice. The important thing is that I introduce this concept early in my discussions, using as many of these arguments as I have to in order to persuade the prospect, and I do so in the relationship-building part of the sequence. In other words, although the prospect sees my fees for the first time in the proposal itself, the buyer is educated to the point that he or she expects to see a single quoted fee per option, and not a per diem or per head fee assigned.

The key to achieving any kind of interpersonal change is to convince the other person that the change is in his best interest. That's why you have to marshal your arguments around the prospect's improved condition, and the sagacity of using a project fee approach. Any and all work required in the early stages is more than justified by the outcome in the acceptance of the fee structure in the proposal. That's why preparatory work is so important in gaining business.

One more hint in buyer education. If the buyer says, "You're the first consultant to propose a single fee," or "We're accustomed to evaluating hourly fees for these projects," respond, "Exactly! That's what makes me different and so popular with clients. I've removed the uncertainty and questionable investments entirely. Here are some reasons that my approach works in your favor. . . ." Then go back to the reasons I've listed.

#### **Career Key**



Unless you're convinced that a set project fee is better for the client, you'll never be able to convey the concept effectively. Don't worry about yourself; worry about your client's best interests.

#### **Starting Point**



When you hear that no one else does something the way you do, simply reply, "And that's been very appealing to other clients, who have evidently appreciated the benefits to them in this approach."

Whenever someone says that everyone else is doing it the other way, use that as a means to stand out in the crowd, and don't flee because you appear to be different.

# Fifty-one Ways to Increase Your Fees

If you buy into the concept strategically, then here are the tactics to help you continually raise fees. You might want to start applying Post-it Notes to the following pages.

- 1. Establish the fee collaboratively with the client. This means that you work through the objectives/measures/value sequence of conceptual agreement, so that the buyer is continually apprised of the results and the fee is simply the investment that will generate them.
- **2.** Base fees on value, not tasks. Don't specify how many focus groups, how many classes, how much observation, and so forth there will be. Focus on improved sales, not sales training; focus on better communication of corporate values, not executive coaching; focus on highly productive and lean organizations, not reengineering.
  - **3.** Never, ever, use time as the basis of your value.
- **4.** Don't stop with what the client wants, but pursue what the client needs. Every client will know exactly what's wanted ("better delegation skills") but few will understand what they really need (an environment that rewards risk taking and innovation). The difference between *want* and *need* is your value-added. No one knew they needed a Walkman until Akio Morita and Sony produced them. I've received some of my largest assignments by probing beneath the simplistic want *(training)* to find out the true need (a culture of less authoritarianism and more personal empowerment).

- 5. Think of the fourth sale first. Fees are cumulative, not situational. Don't get overly greedy. Get a decent fee and do great work, and you'll probably have significant additional projects far into the future. Plan for at least 70 percent of your business to be repeat business in this manner, because new business acquisition is always harder and more expensive. You're far better off receiving \$100,000 from one company over two years than \$10,000 from 10 companies over two years, because your costs will be far less, the time demands will be significantly lower, and you'll keep much more of the revenues from a single source.
- **6.** Engage the client in the diagnosis—don't be prescriptive. An internist makes a lot more than a druggist. The former diagnoses, while the latter simply dispenses pills. Don't confront the client with set solutions, pigeonholed responses, and off-the-shelf products. Listen and converse. Provide the client with the opportunity to be your partner right from the early relationship-building process. If the client feels an ownership in the joint diagnosis of the issues, two things immediately occur: First, your value is perceived as much greater in the collaboration and, second, the resultant fee structure will be far more the result of your joint efforts. The best internists engage the patient ("Does it hurt here? How long has this been occurring? When did this first come to your attention?") and involve the patient's behaviors and lifestyle in the course of the treatment. When the patient buys into the regimen, the healing proceeds much more quickly.<sup>4</sup>



#### **Career Key**

Look into the mirror and say, "The fee is \$50,000." I'm not kidding. You have to be able to state a fee confidently without losing eye contact, laughing, or hemming and hawing. Most consultants can't do it.

- 7. Never voluntarily offer options to decrease fees. I once had a member of my private mentoring program who was not happy with the fees she was able to generate. When I role-played a meeting as one of her buyers, we got to the stage when I said, "Joan, you're exactly what we need around here. How much would it be for that customer service program you outlined?" She replied, "Well, it's \$7,500, but I could do it for less if that's a problem." (Who could make this up??) Whenever you offer a deal, you express two adverse conditions: The first is that deals are available, and there could be still more. The second is that you lack enough confidence in your own worth to suggest that the buyer should probably get a better deal. If you offer reductions unilaterally, you are undermining not only your fee, but your credibility.
- **8.** Add a premium if you, personally, do it all. Most consultants operate in the reverse. In their options, they tell the client that if they have to bring in more people there will be additional charges. I tell the client the opposite:

The fees assume that I'll use whatever resources I need to without additional costs. However, if the client wishes that I do all of the work personally to reduce the number of outsiders, maintain a single filter, keep the same level of quality for all officers, and so on, then there will be a 10 percent premium for my total, personal involvement. In other words, I cost more, not the hired help. I've gained 10 percent on six-figure contracts through this offer. And it's not surprising, since I'm the one who has established that all-important relationship with the buyer early on.

9. If you are forced to consider fee reduction, reduce the value commensurately. Sometimes a buyer will say, "Alan, we just love option one, but we don't have the discretionary money right now. Can we do it for \$20,000 less?" And I reply, "Of course we can. What value shall we take out? Should we remove the international surveys?" ("No, international always feels left out.") "Should we remove the one-on-one interviews?" ("No, we need that measure of personal feedback.") "Or should we remove the communications with former customers?" ("No, how else will we know why they left?") Prospects love to reduce fees, but they hate to reduce value, and given this dynamic will probably find the extra money somewhere. But if you reduce fees without a commensurate reduction in value, then the question is simply, "Well, how low can he go? There was certainly enough padding to get a quick reduction with no problem." Don't do anything for a sale. Build a relationship.

### **Career Key**



Never allow yourself to be cornered. When you're asked a tough question (for example, "How long?" or "How much?" or "Why you?"), turn it around by appealing to the buyer's self-interest. "I'll be able to explain that better once I've heard just a few things from you. Can I begin with a couple of questions, and then we'll return to your concerns?"

### **Talking to Consultants**



- **Q.** What one key approach or activity would you do differently today from when you started?
- **A.** Looking back, I would make myself get marketing help sooner. Even though I knew I should do something, I did not pay attention until I almost had no work. I would also build into my schedule marketing time each week and make a marketing plan (not an easy thing to do when starting out and business is good).

(continued)

- **Q.** What was your biggest surprise—what do you wish you had known that you didn't know?
- **A.** Believe it or not, my biggest surprise when I started consulting was how to write a proposal. I had thought about how to work my sales pitch and who to influence to make a decision, but—wham—now I had to write a proposal! I had not been exposed to many proposals, so I called a few colleagues, got some ideas, and used the templates provided to draft my first proposal. And it was accepted!

—Barbara Callan-Bogia, President, Callan Consulting

- **10.** Provide options every time—the choice of yeses. Do this for a couple of reasons:
  - · Clients believe they get what they pay for.
  - The choice becomes "how to use Alan" not "whether to use Alan."
  - Buyers tend to migrate up the ladder of choices (which is why you should lead with the least expensive and proceed to the most expensive).

Never allow a prospect to have a go-no go decision.



#### **Friendly Advice**

Time is in short supply, so a productive focus is of the utmost importance.

- 1. Pursue strategy and activities top down: *first* you determine where your strengths and most valuable contributions lie, *then* formulate a value proposition that capitalizes on those strengths. From this, follow your priorities of what publications (paper, not Internet) to get published in, what conferences to speak at, and how to advertise your services on the Web (remember that the only purpose of your web site is to give credibility to your activities, *not* to attract leads or—heaven forbid—clients).
- **2.** Do not cold call, and don't pursue lukewarm prospects. All this is a waste of your most precious resource: time. That's right, do *not* spend time acquiring clients in any traditional way. Instead invest

- your time in developing intellectual property, building status as a thought leader in your discipline. High-level buyers do not want to be sold to; they want to share their thoughts with knowledgeable people. Learning to become a true peer to high-level executives may take some time but is dramatically accelerated when they seek you out for your intellectual property.
- **3.** Master the value-based fee *framework*. This means approaching each prospect conversation with value creation toward the economic buyer in mind. Keep your acquisition model in the back of your head so that you can give the prospect your undivided attention and engage in a normal (and succinct!) conversation with an economic buyer. Do *not* talk about your services, methods, or what you have. Talk instead about the prospect's goals and challenges! In the process, you will routinely gather objectives, measures of success, and value if and when it is appropriate for you to work together.
- **4.** Avoid noneconomic buyers like the plague.
- **5.** Never stop developing your mastery of language.

—Tom Breur Principal, XLNT Consulting Amsterdam, The Netherlands

- 11. Always provide an option that is comprehensive and over any stated budget. In many instances, a prospect will share a budget amount, candidly stating that the proposal should stay within the bounds of the available funds. One of the advantages of providing options is that you can provide one that is deliberately over the budgetary limit. By providing two or more within the limit, you give the prospect the opportunity to make a choice of how to use you within current parameters. But seeing one that is packed with value over the budget, the buyer might just say, "You know, option 4 is so attractive that we're going to invest more money to have you implement that one." You never know until you ask, and no prospect will ever say, "Make sure one of your options is over our budget limit." Yet we all control more aspects of the sales process than we suspect, and this is a wonderful device that will result in much larger fees every once in a while. If you position it correctly—"I just wanted you to see what we've done for another client at a higher level"—you can do this quite gracefully.
- 12. Ensure that, as early as possible, you've asked the Question Guaranteed to Result in Higher Fees: "What are your objectives?" Always begin

with end results that can be equated with a value and demonstrable return to the client. When a prospect asks early on, "How much will this be?" or "What are your rates?" gently turn the question back and reply, "I can answer that specifically when I understand what's to be accomplished, so perhaps you can start by explaining what results will represent an ideal outcome?" Never discuss fees before value, period.

- 13. Broaden the objectives as appropriate to increase value. When a buyer says, "We need better sales training," ask, "Why?" The buyer is likely to say, "We have to accelerate the time it takes to close new business, because we're losing ground in compensating for attrition." Your response can then be, "Well, would it also make sense to take a look at the attrition you've accepted, to see if it's reasonable, can be reduced, or is being reported incorrectly?" Every buyer who states early that he or she has an alternative approach in mind, rather than objectives to be met, is usually taking much too narrow a view of the issues. The time to broaden these is before the proposal and the fees, not after the narrow project has begun.
- 14. Ensure that the client is aware of the full range of your services. Many times you will be inadvertently typecast as a trainer, or a survey specialist, or a coach, simply because that was an early role for the organization, or because a source who referred you knew you only in that capacity. Early in the conversation acquaint the buyer with the gamut of your abilities, not by citing a laundry list of options, but rather by providing examples of how you have worked (or are capable of working) with other clients. For example: "I can certainly prepare an approach to coach your sales directors, and I've done that in the past in conjunction with helping clients recruit new sales directors when there are no incumbents capable of doing the job."
- 15. If a minor part of the proposed project is not within your competence, talents, or interests, don't abandon it—subcontract it. There's a key distinction here. If the entire project is financial in nature, and you know little about financial analysis or balance sheets, you're best off by referring the buyer to someone who can better handle the project. However, if that financial analysis is a minor part of a larger project—say, analyzing customer buying habits—then you should pursue the project with the knowledge that you'll find a competent subcontractor to handle the aspects that you can't. My rule of thumb: If your competence can accommodate the majority of the project, then attempt to own it; if your competence can accommodate a sizable minority of the project, then attempt a collaboration; if your competence isn't relevant for the project, then attempt to refer it to someone else as a professional courtesy to the client and the other consultant. Even this last effort will return dividends from two grateful parties at a later date.

- 16. Always ask yourself, "Why me, why now, why in this manner?" If you are virtually alone in your ability to provide a service—due to unique talents, experiences, timing, or whatever—you are much more valuable than if any number of readily available people can accomplish the same ends. If timing is key, or the use of an external resource is mandated, or the client has continually failed in the past trying to resolve the same issue, your services are more valuable than otherwise. This is neither mercenary nor greedy. If your particular talent and assistance at a specific time are extremely valuable to the client, you are entitled to charge commensurately for that value. Hotels charge more for the exact same rooms around the holidays. It's more expensive to have someone meet you on the road and tow your car than it is to have preventive maintenance done at set intervals. Timing and need are important indicators of value.
- 17. Determine how many options the buyer perceives, other than you. If you are the sole source being considered, you're quite valuable. If you have to take a ticket in the waiting room that says "212," you're not very special. Don't forget, you may find that you're also competing against internal resources. Understand the nature of the competition to better understand your own potential value.
- **18.** Use proposals as confirmations and summations, not explorations. As described in Chapter 7, the proposal is not a negotiating document. The fees established in it should be based on prior areas of conceptual agreement. In the worst case, if options are desired but fees are considered too high, offer to reduce value, not unilaterally reduce fees.

### **Career Key**



If you don't know what the competition is charging for similar services, I can guarantee that you're undercharging. Keep your eyes and ears open about market intelligence.

19. When the buyer insists on nailing down rates, use the magic response: "I don't know." The buyer says, "You must have a daily rate. All consultants do." You reply, "Well, I'm different, and in your best interest, I don't have one." Then the buyer says, "Okay, but you can at least give me an estimate of the costs here." And you reply, "I will once I learn more, but I just don't know at the moment. I haven't enough information about outcomes to know what methodology might be most effective, and I'm not sure about scope. It would be irresponsible to quote you any fees without knowing more, but I can get them to you as early as tomorrow in my proposal if you can provide me with some basic information (objectives, measures, value) while we're

together." There's nothing wrong with a good old "I don't know." At this point, you're supposed to have questions, not all the answers.

- **20.** If you must lower fees, gain a quid pro quo from the buyer. You will sometimes feel that it makes sense to accept a lower fee: You want to gain entry into an important and potentially long-term client; you know for a fact that money is temporarily tight but will flow again in the new fiscal year; you want to do a favor for someone in need. In those cases, seek a nonfinancial reciprocity. This might be in the form of bartered merchandise, company stock, complimentary services, access to company functions, printing of your materials, an endorsement or testimonial, recording or videotaping of your presentation, and so on. Some of this value might be even higher than the partial fee you're sacrificing. Think in terms of value to you and your career, not just money.
- 21. Do not accept troublesome, unpleasant, or suspicious business. Annoying prospects inevitably make for worse clients. The chances are that you're going to have trouble collecting your money, or that there will be demands that far exceed the original objectives, or that you'll be blamed for problems that the client should have been accountable for preventing. The only thing worse than lost business is bad business. Every consultant who has succeeded in the profession agrees with me on that one. Stay away from the quicksand and landmines. You'll lose money, no matter what fee you cited.



#### **Career Key**

You will be pegged within an organization according to the way you enter it. If you take an early project for a cheap fee to get in the door, it is unlikely that the client will accept later projects at significantly higher fees. Early impressions will last, so don't sacrifice too much, too early.

22. When collaborating or subcontracting, use an objective apportionment. This will keep all parties confident that they're treated fairly, and will allow fees to flow unhindered. Here's my rough rule of thumb: The business acquisition itself is one third, the methodology or technology is one third, and the delivery is one third. That means that if you acquire the business and provide the methodology, and subcontract for someone else to deliver it, you keep two thirds of the fee and pay the subcontractor one third. If you were to share the delivery equally, then you'd each receive one sixth. Use whatever categories and breakdowns you like (some people believe that the business acquisition aspect deserves more than one third in my breakdown, for example), but make them manifest to others and gain their full agreement before proceeding with any collaboration.

- 23. Any highly compensated employee must bring in new business. Many of you will be prone to take on partners or employees quickly because you prefer to work with others. If you are paying anyone a salary or any fixed income at all of substantial amount, that person must be accountable for new business acquisition. If people are merely responsible for delivery that you can't personally handle, pay them market rates, which are relatively low, because delivery people are in abundant supply. One of the biggest errors of new consultants who quickly generate business is that they build staffs that do not add to business growth but only represent overhead. Do not pay highly for a commodity, but only for unique talent.
- 24. Seek out new economic buyers laterally during your projects. The time to build new projects and additional fees is while you're visibly on site and providing results, not after you've packed up and gone. That doesn't mean blatant promotion. It does mean mentioning to the vice president of European operations that you're going to be traveling to Europe for other reasons, but while you're there you'd be happy to provide some feedback on market conditions, if desirable. Or you can share with the director of human resources some nonconfidential practices you've seen elsewhere or read about. There are scores of economic buyers in most organizations. You can reach out to them while implementing in a professional and helpful manner.
- **25.** It is better to do something pro bono than to do it for a lower fee. When there is a significant fee problem and there is no middle ground, consider doing a small project on a pro bono basis to build goodwill, rather than be seen as a consultant who will accept virtually any amount of money. However, here is my ironclad guideline: I'll do pro bono work for nonprofits, but never for profit-making organizations.
- **26.** Fees have nothing to do with supply and demand, only with value. Some experts will tell you that you should raise your fees when demand exceeds supply. There are two massive problems with this superficial philosophy. First, demand will never exceed supply, since being employed every working day during a year is both unlikely and impractical. Second, who wants to work that hard? Isn't the idea to work smart, not hard? Raise your fees when your value increases, due to developing expertise, experience, accolades, publishing, unique approaches, references, and so forth.
- 27. Find out what consultants are charging and what clients are paying. In your networking, reading, and discussion, determine what the ranges are in the marketplace. Then decide whether you want to be the low-end provider to gain volume, the mid-range provider to compete in a wide spectrum, or the highend provider to be the "Mercedes-Benz of the business." It's difficult (and self-defeating) to set fees in total ignorance of what the market is currently sustaining, irrespective of whether you seek to be below, at, or above current averages.

- 28. Psychologically, higher fees create higher value in buyers' perceptions. Buyers don't brag to colleagues that they've managed to hire the cheapest consultant around, who has no other business, and was just waiting by the phone. Their own egos are very much involved. They prefer to say, "Listen to this person. We're lucky to have her, and we're investing a small fortune because of the kind of help she can provide. Do everything you can for her." Higher fees enable the buyer to both fulfill personal ego needs and make a stronger case for supporting your project.
- 29. Value can include subjective as well as objective measures. Increases in sales, improvements in retention, and more rapid response times are measurable and clearly objective standards. However, a buyer's comment that "Improved teamwork would be invaluable" or "Higher morale would be priceless to me" is also quite powerful. Your fees can be based on a buyer's admission of more confidence, reduced stress, renewed focus, and so on.
- **30.** Introduce new value in existing clients to raise fees within those accounts. Too many consultants agonize over how to raise fees within existing clients, because they want higher fees for doing the exact same thing they're already doing. The client is understandably not interested. However, if you introduce additional value—in the form of integration into business plans, comparisons to best practices, creation of a longitudinal validation study, and so on—then you can raise fees based on the additional value.
- **31.** Do not accept referral work on the same basis as the referent. That means that just because the person who recommended you has accepted client business on an hourly basis doesn't mean that you have to. If the client says, "But your colleague always worked on an hourly rate," simply reply, "I know that, but he and I work differently and I've always maintained that my approach has some unique benefits to the client. Let me explain what they are. . . . "



#### **Career Key**

Just as clients have policies, so can you. Explain that fee-based projects, or 50-percent-down payments, or expenses paid monthly are your policies, and other clients have no problems with them. Simply assert this as a matter of fact, and don't apologize for it.

**32.** When forced into phases, offer partial rebates to guarantee future business. Sometimes, justifiably, the client will say, "Our organization needs to take this slowly. Let's begin in one department and then see how it goes." I like to offer a series of phases in these cases where I'll always provide a rebate in the form of a lower subsequent fee if the client agrees to go with phase two before phase

one is completed. This is especially helpful when you're forced to begin with a needs analysis prior to embarking on the major project. If you charge \$15,000 for the needs analysis, and \$45,000 for the major project, offer to do both for \$50,000 if the project is accepted at the time the needs analysis is concluded. This could preempt another consultant being sought at the last minute.

- 33. At least every two years, jettison the bottom 15 percent of your business. Particularly when entering the profession, you'll be tempted to stay with original clients, interventions that you can do blindfolded, and relationships that are comfortable. The problem is that your early business is seldom representative of the future business you'll need, and unless you consciously abandon the bottom rung of your business you'll have no room to reach out for new business. This is extremely important. Treat the older clients well, provide them with a smooth handoff to someone who will appreciate the business, but do not continue to service clients who are not paying you well, from whom you are not learning, and who are tying up time that should better be used to penetrate larger organizations and more lucrative markets.
- **34.** Start with payment terms maximally beneficial to you every time. Ask for full payment in advance, with a discount option to make it attractive. Otherwise, demand 50 percent on acceptance, and 50 percent in 30 days. The payment schedule does not have to match the work schedule at all. The faster you are paid, the more valuable your money. Never wait until the project is completed. (When you order something over the phone, you're asked to pay by credit card at the time.) If you start with tough terms, you can at least compromise on pretty good terms (50 percent on acceptance, 25 percent in 45 days, 25 percent in 90 days).
- **35.** Offer incentives to accelerate payments. Fast pay is the equivalent of more money in your pocket. We've discussed offering an incentive for full payment at the outset. You can also offer a one-time fee of X that will include all expenses, thereby removing the need to create more billing and delays. You can offer a 2 percent discount for any fees paid within 10 days of your invoice date. Think about win-win situations that will appeal to the buyer or the accounts payable department.
- **36.** Never accept payment subject to conditions to be met upon completion. Many clients—particularly small businesses and family-owned concerns—will insist that final payment be contingent upon a final output or product. Don't do it. The client will often find something wrong and, since you've already done all the work, you have no bargaining chip at all. There will inevitably be variables that you can't control in any case, sometimes the buyer's own errors. The way to avoid this is to never agree to it at all.<sup>5</sup>
- **37.** Focus on improvement, not problem solving. Anyone can solve problems, including most internal people. There are highly methodical approaches

to problem solving, and the result is the restoration of prior standards. Frankly, that has limited value. However, raising the bar—creating still higher standards of performance—is extremely valuable. So, don't merely offer to "fix the performance evaluation process," but suggest that "we will link performance evaluation to succession planning in an integrated manner for the first time."

**38.** Provide proactive ideas, benchmarking, and best practices. Suggest to your buyer that if the two of you are going to intervene in the organization anyway, why not do so with the idea of becoming industry or market leaders? Stretch the buyer's imagination and goals. Any change involves some risk, so why not plan for a higher return based on that risk?



#### **Sober Fact to Remember:**

If you leave money on the table by undercharging, you can never regain it. Therefore, if you're undercharging in the cumulative amount of \$50,000 per year, after 10 years that's a half million dollars that should have been in your bank account but isn't and can never be regained or retrieved. How would you like an additional half million in your bank account today? You can make it happen in the future if you charge for your value.

- **39.** Practice stating and explaining your fees. Do this alone until you're completely confident stating, "I'm not sure what the fee will be until I learn more, but these projects have typically required an investment of between \$35,000 and \$65,000. Does that present any difficulty?"
- **40.** Always be prepared to walk away from business. Ironically enough, few behaviors will tend to secure business as much as your readiness to walk away from it. If the buyer realizes that you're serious in your approaches, and are intent to protect the client's and your best interests even to the point of refusing the business, your credibility will soar. So expect at times to have to say, "I just can't take this project on within these constraints, and I'd rather be considered for future projects on better terms than take this on unfairly to you. But I do appreciate the opportunity to have discussed this with you." The buyer will often reply, "Well, wait a minute, let's talk some more. . . ."
- **41.** If value differs, fees can differ. Just because you're doing the exact same thing for two different clients doesn't mean the fee must be the same. Coaching a vice president running a \$200 million division and coaching a manager running a \$350,000 sales center have two vastly differing outcomes, even if the coaching regimen is the same in each case.
- **42.** Forget about what's happened before. It doesn't matter if the client has always paid by the day for a certain type of help or if the client places limits

on fees for consultants. No one needed a fat pen until Mont Blanc produced one. If you allow yourself to be guided by the client's history, you're helping neither the client nor yourself.

- **43.** Practice stating high fees. That's right, practice saying, "It will be between \$150,000 and \$225,000" out loud. When you say these things matter-of-factly, the client assumes that he is out of step if the amount sounds high. If you giggle or turn red, you lose a certain amount of credibility.
- 44. Don't use round numbers, but don't be ridiculous. It's probably best not to position options at \$100,000, \$125,000, and \$150,000, but it's also ridiculous to cite \$123,687.90. The client is going to want to see the worksheet that generated that kind of precision. Remember, if the client walks away thinking that the value was a bargain and you walk away feeling that you were paid well, there is no third consideration.
- 45. Engage the client in the diagnosis; don't be prescriptive. The client perceives much greater value when you and the buyer are jointly diagnosing the issues, instead of you prescribing some off-the-shelf medicine. Internists make much more money than pharmacists because they are so much more valuable in diagnosing illness. And when the patient is involved in the diagnosis and the ensuing course of treatment, the quality and success of the treatment are greatly enhanced. One simple way to do this quickly is to provide a process visual and let the buyer decide where the organization belongs. See Figure 7.1 for an example. Ask the buyer to profile the organization for each factor.
- **46.** Never deal with a purchasing manager or accounts payable. If the buyer suggests that "finance will take it from here," insist that you and the buyer absolutely agree on the fees and the payment terms. Emphasize that the handoff is fine if finance merely implements the paperwork and generates the checks but that in your experience, such people often try to show their worth by pressuring for a better deal. Obtain firm agreement on your agreement while you and the buyer are together.
- 47. Remove fees from all printed materials. Purge any reference to fees in your printed, Web, and other promotional materials. Make sure that old testimonials do not inadvertently provide a fee schedule (for example, "Joan was expensive at \$5,000 per day but a bargain in the long run!").
- **48.** When asked prematurely about fees, reply, "I Don't Know." Don't be cornered. Simply tell the buyer that you can't quote a fee until you have more information—in fact, it would be unfair to the prospect to do so—but you can have the options ready within twenty-four hours. When consultants allow themselves to be forced into fee quotes prematurely, they almost always quote too low, and the prospect expects to negotiate down from there.

- **49.** Respond to scope creep with "I'll Send a New Proposal." Whenever the client requests work clearly outside the objectives of your original agreement, accept it graciously provided that you can send a new proposal—with new objectives and new fees—to cover the additional work. Regard your original project objectives as lines in the sand, and don't allow them to be blurred.
- **50.** If you do something pro bono, send an invoice. Show the pro bono client what your actual fee would have been, and then waive it, showing a net of nothing due. That way you've established your fee for that particular project in the mind of that buyer and of anyone else on the board, on the committee, or in the room. (*Note:* This does not constitute a donation or a tax-deductible item under current IRS rules, so don't attempt to use the invoice to justify a deduction.)
- 51. Stay acutely sensitive to margins. It's not what you make but what you keep that's crucial. You may actually be increasing your fees while increasing your expenses at a faster clip. (This tends to happen as we become flush and invest more in marketing and client acquisition.) Analyze how much you are keeping, and adjust your fees or your expenses accordingly to maximize margins.

# **Summary**

You control the education of the buyer insofar as your fees and value are concerned. Many consultants are performing excellent work for \$15,000 when they might have done the same work for \$45,000 without any protest from the buyer. However, they've now pegged themselves at a certain level that will stay with them forever within that organization, and probably with references from that organization.

If you leave \$100,000 on the table each year that you could have charged for but did not, that's one million dollars you will never see again and can never recover. Now is the time to prevent that.

The ideal project is one after which the buyer says, "That was a bargain," and you say, "I was well compensated." If you follow the advice in this chapter, that reaction can occur every single time.

Final thought: You deserve your fees in return for the value you are providing. If you don't perceive your own value, you will never demand high fees. The sales start with you.

### Notes

1. Even in major law firms or consulting firms, the top graduates are receiving \$125,000 or so to join and may well advance to strong six figures if they are not washed out in the rat race to make partner. But that is before-tax money and requires 50- and 60-hour weeks. Good luck with that.

- 2. Most general practice doctors I meet complain about reimbursement, insurance companies, malpractice threats, pressure to provide inferior care, costs of staying in business, and so forth. Many tell me they are retiring early and there are parts of the country, including major urban centers, where it's tough to find young doctors going into private practice.
- 3. Although you'll note that the best and most lucrative recruiting firms generally charge a set fee that is equal to about a third of the new hire's first-year total compensation, meaning that a first-year salary and bonus of \$250,000 for a vice president will immediately net the search firm almost \$85,000, or about the full year's earnings of a typical private practice attorney.
- **4.** I'd also like to point out that no one with a serious illness goes shopping for the most economical surgeon. What they say is, "Get me the best heart specialist in the East and we'll figure out how to pay for this later."
- 5. And by the way, if any client is not conforming to your payment schedule or is seriously in arrears, stop work. It's your only leverage, and some clients will continue to pressure you with "just one more month" during which you'll be throwing good money after bad. The time to deal with late payments is as soon as they're late.

### **Questions and Answers**

- **Q.** What if I judge things incorrectly and my fee is simply too high? I need to close some business since I'm new to the profession.
- **A.** That's why we talked previously of options and a choice of yeses. The buyer can choose the appropriate investment given the return that is likely. I would agree that you never want to present a take-it-or-leave-it proposal.
- **Q.** The client tells me that consultants are hired by purchasing or human resources and a strict average hourly payment schedule is universally applied. How do I deal with this?
- **A.** Deal with it by finding a true buyer. Buyers have budgets that they can spend in a manner of their choosing. Human resources, believe me, doesn't tell them how to run their profit center or division or company. Anyone who refers you to a low-level person to consummate a deal with is not a true buyer (or one you want to be working with, in any case).
- **Q.** Are you serious that it's unethical to charge by the hour? Do you think a client actually believes that?
- A. I've been charging this way since 1985, so we're not talking about some crazy theory I've just developed. Moreover, I've helped people all over the world raise their revenues by a combined \$600 million, with ecstatic clients asking for repeat work, so listen carefully: The best result for a buyer is a speedy resolution. Yet if you resolve something worth \$5 million in just one hour (I've seen it happen) you charge, what, \$250?!! In an hourly situation, you're best served financially by staying forever. Why do you think the Big Four consulting firms, which all come from an audit mentality, descend with a hundred junior partners and stay for a year? Do you think the client is well served that way? I don't.

- **Q.** Is the value you're talking about the same as my value proposition we discussed before?
- **A.** No. Your value proposition is an indication of the type of result you create. But the value for a client (following objectives and measures of success) is a specific rendition of the likely results of the project in question for that buyer. You appeal to people on the basis of your value proposition, but you *charge* clients on the basis of a great return on investment given the actual value you and the buyer project as likely for the project.
- **Q.** How do I determine if I should have charged \$125,000 or \$135,000, or \$145,000? Isn't that like leaving money on the table?
- **A.** No, leaving money on the table occurs when you only charge \$45,000 for the example you cite. As long as the client is overjoyed with the return on investment, and you are equitably paid, don't worry about relatively small differences. Your options in the proposal will take care of major differences in investment. In this system, the entire fee is also profit. Don't be greedy, and never beat yourself up. You're making more money than 99 percent of the population in any case.

# **Moving to the Next Level**

# You May Be Ready for Dramatic Growth Before You Know It

y unscientific estimate is that only one in 20 people who enter the consulting profession as independent practitioners without a game plan or coaching help makes it to the point where they are supporting themselves in a comfortable lifestyle (in excess of \$150,000 of annual income) within two years. And only one in 40 establishes a long-term, viable practice, meaning that the business continues to grow, the principal can take time off, more prospects call than have to be called, and so on.

Most of the experts in entrepreneurialism and small business startups agree that the three-year mark is the critical milestone. On average, people beginning their own business have run out of contacts, friends, and luck by three years, and must have forged independent marketing channels and attracted new business sources to survive beyond that point. If they've done that, then they probably have what the accountants refer to as a *going concern*. If they haven't, then they will probably go back to work in a corporate setting or return from whence they came.

Add to this the reality that at least three-quarters of those beginning a solo-practitioner consulting practice are experienced veterans of the work-force—in many cases, a refugee from a large company or an early retiree seeking a second career—and are unwilling to spend five or 10 years building that career. Consequently, people entering consulting not only have to hit the

ground running and create clients during the first year of operation, but also have to establish a thriving business. (Many people who enter my mentoring program tell me that they are consultants, not business people. I tell them they *are* business people, but just lousy ones.)



#### **Starting Point**

You have to be even more prepared for success than you are for failure, otherwise you'll miss the big opportunities.

Here are the hallmarks of the successful transfer from acquisition of initial clients to the building of a practice.

#### Twelve Characteristics of a Successful Consulting Practice

- 1. More business comes to you via referral and passive marketing than you actively pursue and solicit.
- 2. You have a fully funded retirement plan that grows every year.
- **3.** You are taking at least two vacations of one week each per year, and they have no tie-in to business or business travel.
- **4.** You have the appropriate and modern equipment that you need, and you are not merely making do until you can afford something more advanced.
- **5.** The practice does not require your 24-hour attention. You have procedures, people (albeit subcontractors or temps), and resources to accommodate normal needs.
- **6.** About 75 percent of business is repeat business, and about 25 percent is new business.
- 7. You are personally growing each year, learning new approaches, gaining new experiences, and helping to achieve new results.
- **8.** You control your travel to the extent that less than 25 percent of it is on-demand, unpleasant, or outside of your influence.
- **9.** You control your client composition, so that you reject work you do not want or like, periodically end unproductive long-term relationships, and are selective about the projects you accept. Stated succinctly: You can turn down business without threatening your business or lifestyle.
- **10.** You contribute to the profession in some way (for example, with trade association leadership, publishing, speeches, interns, and so forth).

- 11. You have a brand or brands, trademarks, service marks, and clear intellectual property of your own.
- **12.** Your name, work, and resources appear in multimedia and you can easily be searched for *and found*. (If you search for your name or company in Google, for example, and you're in forty-seventh place behind high school students and dog trainers, you have a problem. And I love dogs.)

#### **Career Key**



Always think of the fourth sale first. This is a relationship business, which means building and *nurturing* relationships with key buyers.

# Finding Resources: The Pros and Cons of Staffs

Some practitioners (I among them) have done just fine with no full-time staff and precious little subcontracting or temp use. My philosophy has always been to maximize the profit I keep; otherwise what I make is irrelevant. And I've mentored too many people who generate well into six and seven figures of business but who have to personally barely scrape by because they are supporting a corporate welfare system of staffers who must be paid, housed, and cared for.

There are consultants, however, who will accurately make the case that they could never be as productive as they are without a few well-chosen and carefully placed staff members who free them up for both the professional accountabilities that are theirs alone and the personal time that they would otherwise sacrifice.

As the French would say, *chacun à son gout*, which basically means for you, "Now what do I do?" But no matter which side of the debate you favor, there are some unequivocal rules for hiring people, which can serve as an objective template when you're ready to make that decision.

## Rule 1: Implementers Are a Dime a Dozen

If you need people to deliver or implement, then pay them by the project as subcontractors (do not hire them), because the need for this ability is situational and in abundant supply. This category includes training, interviewing, surveys, computer work, assessments, coaching, and so forth. Some of the large seminar companies have successfully hired appropriate talent *for as little as \$300 per day*, which is close to indentured servitude. Any time you need

another pair of hands, simply rely on a cadre or network of capable people that you can easily develop amid your professional dealing and travels. They will be grateful for the work, since they cannot do what you are doing: find, solicit, and acquire the business. Never fall victim to the myth that delivery quality is everything, because it is in large abundance, while your name, brand, and intellectual property are not.

#### Rule 2: One and One Must Equal at Least 64

Anyone whom you hire or collaborate with must provide a synergy that creates an exponential degree of business. In other words, if you and the other party could each generate \$50,000 independently, it makes no sense to collaborate to generate \$100,000 (or even \$125,000) together, because the relationship is going to require energy and resources to manage. Don't team up with people who have the same skills that you already possess (that's duplication, not growth), who must rely on you before they can do something (that's support, not synergy), or who are simply friends and great people (that's loyalty, not strategy). If you're going to partner on a formal, business basis, or collaborate on an informal, trusting basis, begin with a clear piece of business on the table. Otherwise, you're leaving the landing lights on for Amelia Earhart. It's a nice gesture, but it won't help.

# Rule 3: Hire the Help that Provides for Abilities or Interests You Do Not Possess

I would never take the time to learn the software that would enable me to develop slides or computer-generated presentations from my own computer. I have zero interest in this level of techno-mindedness. I prefer to spend my time on more interesting pursuits (such as playing with my electric trains), and I have absolutely no affinity for learning that software. I've gladly paid as much as \$3,500 for a visual presentation for a major piece of business, because it would have required \$50,000 of my precious time and made me impossible to live with had I tried to do it myself. Similarly, I don't do my own taxes or attempt to balance the books, since I can't even begin to understand the instructions. Your time is valuable. Don't do the difficult or the painful. Find people who will. (This work is almost always situational, meaning you don't need staff, but merely contract help. My bookkeeper costs about \$240 per month for a few hours' work, and your business is smaller than mine. Yet I know consultants with smaller practices who employ bookkeepers part-time for \$25,000 a year, simply because they don't believe they should be sending out their own invoices or writing their own checks.)

# Rule 4: Demand that Any Service You Pay For, Full- or Part-Time, Be Constructed Totally in Your Self-Interest

When I first interviewed bookkeepers 23 years ago (and you should interview many candidates and make careful choices, so that you can then forget about it after the selection), I found one who manually posted all entries and charged by the hour. "Let me get this straight," I blurted out. "You refuse to use a computer, which makes you slower than those who do use one, and then you penalize me for your slowness by charging by the hour??!!"

She replied, "Yes, and no one has ever questioned me about it before."

I told her that her streak had just ended, and that she ought to begin considering another kind of work, perhaps calligraphy.

I want my tax estimates done far in advance of year-end, so that I can make adjustments in my favor before it's too late. I want my design work completed in a week for my review, and my printer to give me top priority when I have an infrequent emergency request. I treat my clients with great care and responsiveness; I expect people I pay to see me as that kind of client.

#### **Career Key**



Try not to hire, collaborate, or otherwise entangle yourself with staff and external help for at least the first six months and, preferably, the first year of your practice. After that, you'll have an accurate assessment of where you need help, to what degree, and what it would be worth to you.

#### Rule 5: Don't Confuse Ego with Business Needs

Many consultants can't bear to tell a prospect that their office is at home, they have no staff, they don't have six PhDs¹ and five MBAs, and so on. Get over it. First of all, few prospects ever ask. Most of the time, the poorly prepared consultant is busy spilling all of this irrelevant information all over the carpet. Second, most prospects don't care. They want to know what you can do for them, not how many phone lines you have and how many assistants are standing by to answer them.

Having an office, a staff, a payroll, and an accountability to employees does not make you a professional. It simply makes you a labor supporter. If you need skills and resources beyond your personal abilities, then subcontract for them, and hire only if you need them 100 percent of the time.

Some final thoughts on hiring a staff:

- I've built a seven-figure business without one.
- Managing people is not a sign of expertise or maturity.

- Staff must enable you to grow your business dramatically, not cause hardship through gobbling up precious resources.
- Think about those people sitting there, with a secure salary, mandatory benefits, and commuting to their homes, while you're on an airplane missing your family and also about to miss your connecting flight on a dank February night.
- You have to be able to fire them if economic circumstances dictate.
- Under many benefit plans, you can't take certain advantages unless you extend them equally to every employee. (This may limit retirement funding, for example.)
- No matter how careful you are, there will be attempts at threat, forming competitive companies with your material, personal issues that intrude into the business, and a lot of whining.

# **Business Planning**

I have this to say about planning: Don't do it.

I'm not kidding. Plans have an invidious aspect about them, in that sometimes you hit them, which is horrible. I'll explain.

I've had a lot of clients who have plastered their business plans on every available wall: We will grow by 7 percent in the Northeast next year. Every secretary, sales manager, marketing director, and visitor knows clearly what the plan is. And through constant repetition, undiminished focus, and fanatic dedication, the organization indeed hits the unprecedented 7 percent growth mark in the Northeast.

The problem is that the business should have grown by 22 percent, given the robust economy, poor competitive services, and unique demographic shifts. But it wasn't geared to do that. It was geared to grow by 7 percent, which it inefficiently did.

I had a conversation once with Marsh Carter, the former CEO of State Street Bank, which is one of the largest and most successful custodial securities operations in the world. We were discussing the feasibility of a new project.

"We've grown by over 20 percent compounded annually for five straight years under my watch," said Marsh. "That's almost unprecedented. A lot of people would kill to achieve that kind of growth."

"That's true enough," I said. "I just have one question."

"What's that?"

"How do you know it shouldn't have been thirty-four percent?"

Marsh developed a small twinkle in his eye, paused, and then replied simply, "We don't."

The project was approved.

Don't make business growth plans, no matter how grand—because they are inherently delimiting. I know that this is counterintuitive. Nevertheless, you are not General Electric, where there are shareholders, Wall Street analysts, budgeting requisites, and governmental regulators staring you in the face. (And even GE had a magnificently simple overall strategy under former CEO Jack Welch: To be number one or two in every market it enters, be it light bulbs, appliances, locomotives, or aircraft engines. If he were still there at this writing, I think NBC would be gone from the fold.) What you should do is put the marketing tactics in place, which we've discussed earlier, and try to maximize your business acquisition and development as the year progresses. The harder you work, the luckier you'll get. It's far better to turn down or delay business because you're generating so much than it is to scratch and claw to reach a certain predetermined ideal.

In this profession, you want a pipeline that is always active and, preferably, filled, beginning with leads and prospects, and ending with signed contracts and enduring business. The major mistake that consultants who are initially successful in the profession make is that they separate and compartmentalize *delivery* and *marketing*, thinking that they can't do both simultaneously. The fatal result is that a project consumes them, eliminating all marketing activity, so that after completing one or two projects they have to begin all over again generating business. This is a crazy hand-to-mouth strategy that is always feast or famine.

It's far better to have marketing devices always in place and active, to be on the lookout for continued marketing opportunities even while implementing,<sup>2</sup> and to constantly bring on board new business, rather than fitfully starting and stopping. The goal is to develop a long-term, viable business, not to generate individual consulting assignments. A business plan tends to reward the latter and ignore the former.

Don't waste your time with one.

#### **Career Key**



Never stop marketing. The creation of a long-term successful practice depends on marketing, not delivery. You are better off effectively marketing for a month without delivering a project than you are effectively delivering a project for a month without marketing. This is a tough, counterintuitive lesson for most consultants.



#### **Talking to Consultants**

- **Q.** If you were starting all over today, but knowing what you now know, what would you do differently?
- A. If I were starting over from scratch (I can't believe it's been over five years), the key thing I'd do is focus on internal clarity. As a consultant in the information technology field, I've been able to set myself apart from most consultants by bringing clarity to my clients' projects. With clarity comes clearly defined inputs, processes, outcomes, expectations, and, ultimately, project success. I'm very good at helping others define this clarity. What I'd do differently is focus on clarity when defining the features, benefits, and detriments of my own company. What is it they say about shoemakers' children?
- Q. What's the biggest surprise you found in building your practice?
- A. The biggest surprise I've found is how easy it is to sell services to people after you've told them how to do it themselves. For instance, our primary customers are chief information officers. With their former focus on Y2K, we found ourselves helping them to organize and manage their Year 2000 Talking to Consultants projects, which provide grounding for later business. One of the areas we focused on was top-down contingency planning, where you define how the workers will get their jobs done while the technicians are fixing the problems. It wasn't until we wrote an article that thoroughly described the planning process that we began to get lots of business. And, the sales process was extremely short. In fact, I actually sold a \$60,000 contingency planning engagement in five minutes over the phone, because the prospect had read and understood the entire process that would occur if he hired us.
- Q. What do you wish you had known better and earlier?
- A. The one thing I wish I'd known is the massive difference a subtle change in wording can have. For instance, most IT consultants will tell you that one of the biggest reasons projects fail is a lack of clearly defined requirements. I agree with the "clearly defined" part, but the word "requirements" should not be used, because it creates an adversarial reaction. When you ask the buyer for requirements, the answer is from an "I must have" point of view. It's much better to ask for "conditions of satisfaction," because the answer comes from an "I'll be happy with" point of view. This results in a collaborative effort to define project features, instead of a contest of

wills. I use this same wording change in my sales process. The result can be seen almost immediately in the quality of the relationships I establish. If I knew then what I know now.

—Gill Wagner, Principal, Orbtechprojects

# **Creating Passive Income**

If value-based fees enable you to deliver consulting expertise without having to depend on labor-intensive practices, products and certain services can create income without the need to show up anyplace at all. When you reach a certain point in your career—and it may be much earlier than you'd suspect, hence, the subtitle of this chapter—you can create products and services that will generate income while you sleep.

We've spoken earlier about the use of print, audio, and Internet materials for marketing purposes, which may double as products. In moving to the next level and further developing your practice, these credibility items can also become substantial revenue generators.

#### **Career Key**



After your first year in business, as you've gained clients, experiences, and repute, try to create at least two products a year thereafter. In no time at all, you'll have a catalog of products providing passive income.

Here are some examples of products and services to consider, depending on your expertise, comfort, and interests:

- Booklets and pamphlets.
- Manuals, guides, templates, and checklists.
- Audiotapes.
- Videos.
- Self-published books.
- Commercially published books.
- Newsletters.
- Licensing your technology or methodology.

- Testing, assessments, and evaluations.
- Remote advice and coaching.
- Teleconferences.
- Podcasts
- Chat rooms on your web site.
- Combinations of the above to form albums or libraries.

There are others. Simply bear this in mind: If you can create passive income of just \$500 per week, *you've generated a quarter of a six-figure income without ever leaving your home.* That amount alone can pay a mortgage, finance private schooling, fund a SEP-IRA (simplified employee pension individual retirement account), pay off significant indebtedness, and so forth.

Here are some shortcuts and secrets to effectively creating products and services that will generate significant passive income:

- Design from the buyer's perspective. Don't create a tape or booklet with everything you know about strategy formulation and call it How to Set Strategy Using the 14D Questar Process. Create the product focused on immediate, practical help to the buyer, and use a title such as How to Get Everyone to Support Your Strategy Every Day. People are interested in tomorrow's business improvement, not theoretical excursions that make them work hard.
- *Provide choices.* This is our options tactic again, but it works. Try to have a choice of booklets, a choice of print and audio material, a choice of electronic or hard copy. Let people decide which products to buy, not whether they should buy.
- *Be contrarian*. Don't be the four-millionth person to write about teamwork. Write instead "Why Teams Don't Work," and make your points in that context. Stand out in a crowd. Challenge the potential buyer.
- Accept credit cards. It's easy to arrange for an electronic terminal right on your desk through your local bank and/or American Express. If you accept MasterCard, Visa, Discover, and American Express, you'll cover 99.9 percent of the waterfront, which is good enough. The fees for accepting credit purchases are small compared to the dramatically increased business you'll receive. Arrange for your web site to use a secure server, so that people can confidently provide credit information over the Web. Similarly, have a discrete phone line or voice mail option for product orders that only you access. Accept orders by mail, voice, fax, Internet, and on site (for example, when you speak at a conference). Establish a privacy policy so that people are assured their names and addresses won't be sold or shared. (You can arrange to process payments by way of computer instead of terminal, as well.)
- *Keep CD tracks to 30 minutes*, which is approximately auto commuting time for most people. This is by far the most popular length. Make sure you provide for MP3 downloads on all of your audio products, if possible.

- Obtain ISBN numbers for all products and make sure they are carried by Amazon.com, other Internet providers, and as many other sources as you can persuade. (For newsletters: ISSN)
- Take pains to create and maintain timeless products. Don't use examples with dates, or examples that can easily be dated. Avoid passing fads and temporary buzzwords. The less dated the material appears, the longer shelf life it will have without need of revision.
- When you do reprint, *make some small changes and thereby update the copyright date*, so it always is as recent as possible.
- If you commercially publish a book, *ensure that the contract contains a reversion-of-rights clause*, which allows you to publish the book yourself once the original publisher declares it out of print. Even after paying to print it, you'll still make a profit of almost 90 percent on a hardcover, compared with the 10 percent to 15 percent the publisher was paying you in royalties. And the marketing value of keeping a book with your name on it, "as originally published by . . . ," is significant.
- *Include product catalogs* as a normal part of your press kit, speech handouts, client information, and other relevant packages. These are often handed around, filed, or otherwise kept, and people will eventually order something. They may ignore your catalog, but they definitely won't order if they don't have one. Make sure your web site has an electronic catalog that leads to a secure ordering page. (Secure pages are indicated by "https" instead of the normal "http.")
- Provide services—such as business coaching, mentoring, surveys—that can be done from the comfort of your office at convenient times. You can't build a business solely on these, because credibility and word of mouth are so important, but you can build a nice source of income from them once you have established something of a reputation. Teleconferences, podcasts, and even webinars are easy to do from your home with a minimum of equipment.
- Be vigilant for joint venture partners who will bear the cost of product development and promotion in return for your intellectual property. There is a constantly growing number of Internet training, video production, audio production, and print publishers who are seeking such relationships. In return for a smaller piece of the pie, you are freed of all production costs, fulfillment responsibilities, and bad debts. In addition, these arrangements can usually be fashioned so that you can have your own version of a product that you continue to sell under certain circumstances. Some universities also sponsor these as part of their management extension programs.
- *Keep abreast of what the competition is offering.* Find out what your clients are buying. I consistently browse my clients' bookshelves, internal course offerings, and libraries to find out what's popular and why. I started producing audio products when I found out how much clients love to listen to them in their cars, and then made them available as MP3 downloads when the iPod became so popular.



#### **Starting Points**

If a product isn't selling, then don't reprint it and remove it from your catalogs. Don't worry, if you're not failing, you're not trying. Just don't create too great an inventory of nonelectronic product.

Product development and passive income sources probably aren't for everybody. But they can be a quite natural investment and by-product of growing your own practice successfully. One thing I know I would have done differently is to have created products much earlier in the life cycle of my own firm.

# **Working Internationally**

All businesses are increasingly global businesses, and yours should be no exception. While some consultants prefer never to leave their general geographic area, others realize that maximum learning and business development occur when they are willing to board airplanes.<sup>3</sup>

The best way for new consultants to work internationally is to work with multinational, U.S.-based businesses, or the U.S. headquarters of an overseas-based multinational. By doing excellent work locally, and by developing relationships with people here, you are relatively well positioned to do business with their colleagues overseas.



#### **Career Key**

The international marketplace is dramatically growing for the consulting profession, and American consultants enjoy a high reputation abroad. You can begin to avail yourself of that happy dynamic very early in your career if you focus correctly

An example of a U.S.-based global company would be Merck, or Ford, or Coca-Cola. An example of foreign-based global companies with North American headquarters here would be Daimler-Benz, Allianz Insurance, or Sony. When you work with such firms locally, you're almost guaranteed to meet foreign nationals who are here on a temporary or rotational assignment. American expertise is highly respected in most parts of the world (in Asia, we're often called "the wise men from the East," which is overstated but makes my point), and is an ongoing import of most nations seeking management improvement. It is not unusual for people in their first year in consulting who

are in my mentoring program to acquire overseas business commensurate with their U.S. business development. (Peter Drucker has claimed that knowledge export is the most valuable aspect of the U.S. international balance of trade, though it is not calculated or included in statistics.)

Here, then, are some tips on fostering an international business.

#### Thirteen Tips for Generating International Business

- 1. Use the Internet. Produce a first-rate web site as described previously, and use articles, tips, techniques, and references that have a global appeal (or an appeal to a particular part of the world you'd like to work in).<sup>4</sup>
- 2. Stay culturally neutral. Don't be xenophobic, and don't focus on strictly U.S. events. There are plenty of international occurrences, from the European Union struggling with a common currency and uncertain treaty provisions, to the growing capitalistic reality in China, to give some variety to your examples and focus. (Two of my books have been translated in long-form Chinese, one of which is *Million Dollar Consulting*, which tells you something.)
- **3.** Develop overseas contacts. Subscribe to *The Economist* or the *International Herald Tribune* (both great publications, and in English). Look up the Hong Kong Management Association on the Web, and see what they're doing and offering. Write to colleagues in your trade associations who reside abroad.
- 4. Market to trade associations that host international conferences. The Young Presidents Association holds meetings all over the world. The Institute of Management Studies has local chairs in five European cities. Most international trade associations, from retailing to banking, hold conferences all over the globe.
- **5.** Build your international and cultural knowledge. Read articles from the international sections of *Business Week*, the *Wall Street Journal*, and other periodicals with international coverage. Do some research about your areas of focus and expertise as they apply to other countries (but be aware that much cultural transition information you'll hear is wrong, and perpetuated by people who have never been abroad).
- **6.** Learn to value diversity. The differences in gender, race, ethnicity, sexual orientation, background, and other factors that enrich the American business environment are representative of what you'll encounter overseas. The more practice you have in diverse environments here, the better equipped you'll be to handle diversity there.

- 7. Seek out consultants who have worked successfully overseas. Network with them and find out how they started and what mistakes they made. Don't attempt to reinvent the wheel. Who knows—they may just need subcontracting help, which is as good a way as any to start.
- **8.** Focus on a single country or locale. Many consultants have focused on primarily English-speaking countries, which greatly reduces initial difficulties. Some focus narrowly on a single country, attempting to get work, say, in Britain or Australia. In the early stages, barring serendipity, it's a good idea to limit the search in this manner.
- 9. Try Canada first. We take it for granted too often, but it's a fine place to work and, although English is predominant in the West, the significance of French in the East will get you accustomed to a bilingual environment. It is easier than ever to do business in Canada, and U.S. citizens are welcomed across the longest undefended border in the world.
- 10. Be alert for serendipity. Keep your radar tuned. You may meet someone at a conference who's an officer of a German company, or you may see a request for help in Peru listed in the back of a management journal. You may publish an article and get a request to reprint it in Italian. Respond strongly, and pursue whatever possible areas of synergy may exist.
- 11. Exploit the fact that English is the world's language and the dollar the world's currency (and, for better or worse, U.S. culture has vast influence).
- **12.** Focus on strongly developing economies: At this writing, Russia, China, India, and so forth.
- **13.** Accept wire transfers for payment (and international credit cards). Sometimes this is vital if you are to consummate business, *and* you will be paid more quickly with fewer conversion penalties.



#### **Career Key**

Be bold in your marketing plans. Even if you fail to reach the goal, you'll have advanced significantly. Never create modest goals for yourself, out of fear that you'll achieve them and be content.

Most consultants who do not work internationally are those who choose not to pursue such work, either consciously or unconsciously. How far can you go if you pursue it? Well, I've been to 56 countries thus far.

#### Friendly Advice



I began my consulting career January 1, 2000. Like most consultants, I started with an hourly rate that I thought would be acceptable to the market I served (nonprofits). I was fortunate that within just a few months, I was as busy as I had hoped I would be.

Over time I realized that billing by the hour not only limited my income, but was a complete hassle to keep track of. In addition, I found myself having to justify my time to my clients (or at least to myself).

About four years into my practice, I switched to value-based fees. With value-based fees, the client and I jointly determine what the total value of the project is, and based on that value, I establish a fee that is commensurate with my contribution to the success of the project. There have been many benefits to moving to value-based fees, including:

- I no longer have the headache of keeping track of time spent on client projects;
- I can spend as much time as I need to on a particular client's work without having to justify to them why I'm spending time on it.
- My income is no longer limited by the amount of time I spend on projects.
- And my clients like that there are no billing surprises. The fee we set is the fee they pay.

As a result of this switch, I have more than doubled my net income, and have actually decreased the amount of time I spend on client work.

—Wes Trochlil, President Effective Database Management, LLC Hamilton, Virginia

# **Investing In Longer-Term Potential**

If you have the attitude, means, and determination, there are a variety of things you can do to build your business to the next level in a more aggressive manner. Some consultants prefer to wait until they have some money in the bank from early business success; others feel that life is short and want to accelerate the

process. In either case, it's never too soon to at least contemplate the more dramatic ways to grow your business, so that you're always creating some stretch goals for yourself.

#### **Become a Trade Association Leader**

I've listed some of the more prominent trade associations earlier in the book, and you'll find more details in Appendix D. There are also many more local and regional organizations to consider. Most of these trade and professional associations don't exactly have a line of people waiting to run for office. In fact, most are desperate for talented, creative, and energetic professionals to assume key responsibilities, so much so that I know a person who served on three different trade association boards simultaneously, without breathing hard.

Begin by joining the association, attending every meeting, and networking. Then offer to make a presentation to the group, serve on a panel, or coordinate a fundraiser. Volunteer for a committee chair, especially something that no one else likes to do: programming, membership, treasurer, and so on. Then run for a seat on the board. Most of the time, a nomination is as good as an election because the seats are uncontested. That means that the nominating committee is the key, so that's where your networking, volunteering, and support will pay off the most.

Many of these organizations have a progression of president-elect, president, and immediate past president, meaning that you'll have an apprentice-ship and a guaranteed three-year stint in a highly influential position.

Leadership in a trade association at the local level affords the opportunity to meet key people on an intimate basis (guest speakers, national officers, and so forth), form relationships with other organizations with which yours collaborates, and gain visibility as a leader in the profession. You will also have the opportunity to run for a national office, present at regional and national conventions, publish in association periodicals, and network with an enormous portion of the membership. This is a strong accelerator of learning and visibility that you can begin quite early in your career.

Warning: Don't allow your business to be subsumed by your volunteer work. Use your elected office and accountabilities to showcase your expertise and abilities. But be wise with your time and subordinate volunteer activities to your business needs. (The worth of value-based fees is that you never have to worry about where a day of your time is being invested.)

#### **Publish a Column**

I have colleagues who are syndicated in business publications and metropolitan newspapers. Some publish weekly in 6, some in 36, publications. Other colleagues publish their own faxed column to a subscriber base every week. After publishing a contrarian article early in my career ("Why Quality Circles Don't Work") of 650 words in a training newsletter, the editor asked for another, and I went on to write 72 consecutive columns, one a month for six years. The reprints served for a decade as invaluable marketing tools.

A regular weekly or monthly column—whether syndicated or simply appearing in a single publication—provides for a consistency of visibility and a forum for your philosophy and approaches. Advertisers appear consistently in select media over long periods of time because research shows that people are influenced over time by repetitive exposure. Similarly, your appearing consistently in print, on the Internet, or by newsletter will create a buzz about you.<sup>5</sup>

You never know until you ask. Start modestly with a local weekly business newspaper and work your way up if you must. *Hint:* The minimum frequency for effective influence is monthly; quarterly is too infrequently.

A column will provide credibility, leads, reprints, exposure to additional publishing opportunities, the core material for a book, introduction to people in the media, and very high visibility. You can begin pursuing this at any time you have the energy, nerve, and ideas to sustain a continuing column.

The needs of the Internet have created capacious space for more and more columns and thought pieces, so the potential is greater than ever.

#### **Develop into a Professional Speaker**

We've discussed speaking as a marketing device, but I'm talking here of becoming a keynote speaker at conventions and business meetings. This is a discipline requiring discrete skills, but it's a lucrative one from three aspects.

First, noncelebrity keynoters demand anywhere from \$3,500 to \$20,000, depending on the event, for about 45 to 90 minutes of platform time.<sup>6</sup>

Second, I have closed huge consulting contracts after addressing virtually every key manager and executive in an organization, establishing credibility and rapport, and suggesting ways that they can improve their condition—all within an hour while being paid five figures. That's not a bad day's work.<sup>7</sup>

#### **Starting Points**



Motivational speaking is not a profound subject area. *Every* speaker had better be motivational. Focus on pragmatic, clear methods that people can use to improve immediately, delivered in an enthusiastic and interactive manner.

Third, clients don't want to have to educate a lot of people, and one person who can do many things is that much more valuable and economical to

them. As a consultant who can also address the annual convention, deliver the results of a project to a major management meeting, or address the parent company of the local operation while representing local management's choice well, you provide exponential value to your client. (One CEO client, who was program chair for his trade association, asked me if I knew "any first-rate keynoters." He never knew that I was one, and it took me awhile to convince him!)

Professional speaking will create a second source of income, generate incredible visibility, provide for additional products (audio and video products are easily created), and raise your stature as a consultant. Just remember, you're a consultant who speaks, not a speaker who consults. The former position holds far more credibility.

At this point we've covered the creation and growth of your business, and how to then raise it to ensuing and higher levels of success. The next issue to address: What happens when you get there?

Final thought: Your success is never relative to someone else's, because there's always someone who's making more, running faster, driving harder. Your success is a function of exceeding your life goals, which are uniquely yours. Consulting is a wonderful profession, but it's a means to another end.

*TIAABB:* There is always a bigger boat. Just worry about keeping yours shipshape.

#### Notes

- 1. I pursued a PhD in my forties from a nontraditional school over two and a half years, using Brown University for my research, and three Fortune 100 companies for my dissertation experiments, merely because I wanted to increase my knowledge about things I already knew worked and didn't work. The degree itself has never helped me at all in marketing, and sometimes the specter of an academic turns people off. It does, however, help tremendously with dinner reservations: "Ah, right this way, Dr. Weiss." I actually had my first dissertation rejected and got into an argument at my oral defense.
- 2. For example, reaching out laterally to additional buyers within the current client, as discussed earlier.
- **3.** Readers interested particularly in global consulting should are referred to the author's (with Omar Kahn) *The Global Consultant* (Wiley, 2009).
- 4. This could be something as simple as using soccer instead of baseball in a sports analogy, or citing Mercedes as an example of a large merger and subsequent divestiture. If you wanted to focus on, say, Australia, then use Australian Rules (a type of soccer-football hybrid) and talk about Qantas Airlines.
- **5.** A warning here: *Do not* fall for the blandishments of radio stations that want you to host a program and charge you for the privilege. This is a scam. The audience

is not suitable for you, and the radio station is simply playing on ego—yours—to gain some revenue. For some reason, professional speakers are constantly taken by this scam, perpetuated most aggressively by a radio station in Providence, Rhode Island. Don't forget: The talent usually gets paid, not the other way around. (Another scam: Asking to pay to be on a cable TV show with a faded personality. The only ones getting wealthy are the producers and the personality.)

- **6.** I'm talking here of noncelebrity speakers who are not in the news or voracious self-promoters, but who are merely competent, engrossing speakers who do a good job for their clients. See my book *Money Talks: How to Make a Million as a Speaker* (McGraw-Hill, 1998) if you want to pursue the business aspects of making it big on the speaking circuit. Of note: This also has been translated into Chinese!
- 7. One executive vice president who ran up on the stage to thank me during sustained applause said into my still-live mike, "We're hiring you!"—which gained even louder applause, including my own!

# **Questions and Answers**

- **Q.** Isn't there a danger in products insofar as people can take our intellectual material, put it to use, and not require your services?
- **A.** That is a fear akin to being afraid of the dark. The more intellectual property you put into the public domain, the more people will recognize your expertise. And no one can learn as much from a book or audio as they can with you, interactively. If you observe those of us with the strongest brands, you'll find we constantly place things into the mainstream. Just visit my blog for examples (contrarianconsulting.com).
- **Q.** Don't I need local partnerships to do work in certain countries?
- **A.** Not usually. Most of the time you can simply operate on your own. If you were to open a local office (which is usually unnecessary) you sometimes need a local partner in countries such as China. Of course, local alliances are always helpful to provide the introductions and local support needed.
- Q. I'm helpless when it comes to "administrivia". Isn't is wise to get staff to help me?
- **A.** Sure, but hire on an hourly or part-time basis. Do not take on employees unless there are extenuating circumstances. Your expenses at least triple with employees, and if they are support people and not revenue generators then there is no commensurate increase in business to offset their expense (except your working harder!).
- **Q.** Are the people who can place articles for you useful in helping to get printed material into publication?
- **A.** Outside of literary agents, few are. They generally try to represent a lot of people, so your particular article gets lost in the herd, and they will never be as passionate about your work as you are. Plus, they represent still another expense.

- **Q.** Can I recycle material, say, printing it in a newsletter, putting it on my site as a position paper, and recording it in a podcast?
- **A.** You can, but carefully. The easiest way to do it is to say, "Originally appeared. . . ." and fill in the details. Another excellent way is to alter the material with different examples or graphics or openings and closings, so that there is differentiation. People do catch on to recycled stuff, meaning they won't be as eager to open your next newsletter or audio offering.

# Chapter

# Giving Yourself Permission to Succeed

# How to Continue to Grow by Paying Back

he wonderful thing about the profession of consulting is that you are paid to learn, which makes you more valuable to the next client, who will pay you even more to learn still more, which makes you still more valuable to the next client, ad infinitum. There aren't too many professions that create a cycle of value that drives fees up and accelerates learning. Lawyers don't have it, nor do physicians, nor do most business executives.<sup>1</sup>

This dynamic means that there isn't a prescribed dues-paying tenure in the profession. Some of you reading this book may become very successful very rapidly, and many of you could become highly successful more quickly than you thought. It's never too early to prepare for success, and the worst condition of all is to be caught in the success trap, wherein rapid, early success causes you to believe that this is all there is and you're stuck on a relatively moderate plateau forever, no longer learning, no longer increasing your value, and dead in the water at far too early a point in your career. Figure 10.1 shows the plateaus that are the success traps that undermine continued growth.

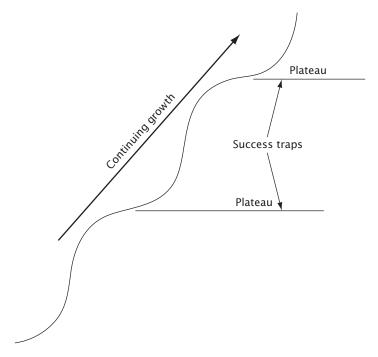


FIGURE 10.1 The success traps.

So, in no special order, here are 10 goals or pursuits to keep in mind to drive you off plateaus and keep you focused on constant growth.

# **Maximize Retirement Investing**

For most of you who have not entered consulting as a second, retirement career, you're not in the position of having a large company or the government taking care of your long-term future. Start a retirement plan immediately, and try to maximize your contribution to it, especially the tax-free incentives.

Most consultants who enter the field at a younger age put off retirement planning as a luxury, and plunge profits back into the business, or use them to pay off indebtedness, or simply live large. With some intelligent planning, these are not mutually exclusive goals. It's as important, for example, to invest in a tax-free retirement account as it is to pay down debt. The reason is that the younger you are when you begin, the more opportunity there is for the investment to grow and the relatively less you have to put away, since you have the benefit of time and compound interest.

#### **Career Key**



Spend as much time planning for the long-term future as you do for the short-term future. The long term is short term before you know it.

Consult your financial adviser on the best vehicle for your circumstances. But you can shelter an increasing amount of money (\$46,000 maximum at this writing, depending on age, but scheduled to increase over the years) in a SEP-IRA (simplified employee pension individual retirement account). This donation is paid by the company in pretax, deductible dollars, and gains interest and dividends from your chosen investments tax-free until withdrawn. Moreover, the investments are determined by you, be they stocks, bonds, or other kinds of qualified investments. A regular IRA, in which you can contribute up to \$6,000 at this writing (if you're 50 or older), can be made only with after-tax salary dollars, but all of the subsequent appreciation is tax free until withdrawn, and a nonworking spouse can also make that investment. Roth IRAs are increasingly favored by many financial advisers at the moment. Your firm can create a Keogh or 401(k) plan, subject to your organization and personal situation. These latter plans provide for the company to use pretax dollars to match your own contributions, and also allow for diverse investments.

#### **Starting Points**



One excellent reason *not* to have employees is that they have to receive similar contributions to the ones you take for yourself. Pretty soon, you are either denying yourself or creating a corporate welfare state.

Some retirement alternatives require that all employees be automatically included, but that is a moot point when you are the sole employee, or your spouse is also an employee of the firm.

At the very least, you should plan to invest the maximum amount permitted by current laws into your SEP-IRA or Keogh or 401(k) plans (these are usually mutually exclusive devices). As an overall guide as you become more successful, try to invest a minimum of 5 percent to 10 percent every year in retirement investments. You want to place yourself in the position that enables you to determine what kind of work you will take on in later years, and not be forced to take on whatever is available because you need the money.

Intelligent retirement planning and investing right from the outset is an important part of your business strategy.

In addition to strictly retirement planning, you should create a reserve fund to cover six months on minimum living expenses, and a slush fund that

varies in amount, but can buy you that new plasma TV or send you on that vacation without your having to go into debt.

# **Mentoring**

The finest way to learn that I'm aware of is by teaching. I learn more than my clients do every time. Consequently, I've begun a large-scale mentoring program that has now had nearly 800 graduates. This interaction has kept me in touch with all aspects of the profession (and enabled me to authoritatively write books like this one), and has exposed me to many consulting situations through the mentees that I don't personally experience (for example, small business, education, government, technology, and so forth).

Once you've achieved a modest measure of success (and, remember, this is not time related), you can begin to consider serving as a mentor. You don't have to do it on my scale. Simply offer your help to someone who is currently where you were when you started or were at an earlier point in your growth. The mentoring can be quite informal—"Call me if you need to bounce something off me"—or quite systematic—"Let's meet twice a month to talk about your issues."

When you mentor others, you can't help but learn yourself, you establish a name as someone investing back in the profession, and you might just find some people whom you get to know well who might make significant contributions to your own business as subcontractors or even employees.

Here are some guidelines for effective mentoring:

- 1. Don't choose someone exactly like you. That doesn't maximize learning. Consider someone of the other gender, different racial background, different consulting focus, or different geography (you can effectively mentor by phone and e-mail).
- 2. Use diagnosis, not prescription. Help the other person to understand the issues and to arrive at solutions. Don't merely provide answers, templates, or your own experiences, which are too easy an outcome (and may be ineffective for others).
- **3.** Use real-time consulting, and encourage the mentee to contact you when an actual meeting, proposal, or intervention is approaching.
- **4.** Vary the media, so that fax, e-mail, correspondence, phone, instant messaging, and personal interaction are mixed, as issues may require.
- **5.** Create a disengagement point. There will be a juncture at which the learning curves of both you and the mentee will flatten. It's time for both of you to find new partners.

- **6.** Don't attempt to collaborate. Money will only complicate things. You may choose to take the mentee along on a call or a project visit if appropriate, but don't attempt to actually work together, which mars the mentoring relationship.
- 7. Try to provide some leads as well as suggestions. There may be business that you choose not to pursue, or some avenues that were fruitful for you some time ago. Provide substantive help if possible.
- **8.** Make sure the fundamentals are in place. Many people jump the gun and ignore the essentials, such as press kit, networking, and so on. Use this book as a template to ensure that the basics are in place for the mentee.
- **9.** Do not reveal confidences. It is unnecessary in your mentoring to provide specific client names, examples, or outcomes. Always observe your duty to your clients first.
- 10. Try to make it international, since modern communications enable time-shifting and global interaction (for example, through virtual offices).
- **11.** Codify your experiences. Don't keep reinventing the same wheel. Create templates that might apply to given, common situations.
- **12.** Have a good time. You don't want to take on someone else's stress. Make sure that discussions are lighthearted and positive. If a mentee is sapping your energy, simply end the relationship.

Once you've become successful in consulting, you should make a habit of always having a mentoring relationship with someone. If you choose, as some point, to turn this into a revenue-producing service, you'll be well established and positioned.

#### **Professional Growth**

Most of us who make it big in consulting do so as lone wolves. If that is your situation (or even if you're in collaboration with one or two others), you must take precautions to maximize your professional growth and not become a hermit.

As your success grows, also increase both the number of professional organizations to which you belong and your profile in the organizations. Take on more of a leadership role, to ensure that you are as interactive with others as possible.

Organize a reading regimen that puts you in touch with both contemporary writing on consulting and the classics in areas such as leadership,

communication, and other organizational needs. Get to the books you've heard others talk about but haven't yet read. Aside from recreational reading, a growing consultant should read at least one professional book a month in his field.

Think about teaching at some level. The local colleges or community colleges may be interested in a course on consulting skills. Or a professional association may be having a convention that lends itself to such a theme. In creating and organizing some kind of course you'll be forcing yourself to critically examine what you do, how you do it, and why it's of value.

Consider acquiring new skills that may require formalized instruction. Many consultants pursue MBAs or PhDs part-time. You can also learn, however, about coaching, facilitating, strategic planning, mergers and acquisitions, and a plethora of other fields through seminars, workshops, and courses. Why not deliberately and systematically expand your own competencies?



#### **Starting Points**

Becoming a teacher aligned with a university, junior college, or even commercial enterprise (for example, the Learning Annex) conveys instant credibility and dramatically reduces the path toward visibility.

Finally, use reverse mentoring. That is, find someone to serve as your mentor, someone who will force you out of your comfort zones and demand that you stretch. The key to finding a terrific mentor is not to pursue someone who is at the very top of the profession, but to find someone who two years ago was where you are now. He or she will be most familiar with your current situation, and have relevant, timely experiences and perspective to share.

### Retainers

At a given level of your success, some clients will just want to have access to your smarts, and will not be so concerned about specific projects and objectives. They will, in essence, want you on call in the event you're needed. Sometimes this will be reactive, in the case of some emergency, and sometimes it will be proactive, in the case of a new initiative being planned.

If you're comfortable with the ambiguity, accept this kind of business gladly, but do so on a retainer basis, not on a per diem basis. Retainers are simply variants of project fees.

#### **Career Key**



The more you learn, the more valuable you are. Learning and professional growth are investments in your future. Never shortchange your own development, and never assume that you know all you need to know. The only guaranteed condition in the world from inactivity is obsolescence.

Never guarantee a number of days for a retainer relationship (for example, "I'll be available for one day a week or seven days a month"). Simply promise to be available as a resource, and that actual onsite visits will be subject to mutual scheduling convenience. The client should always pay for travel expenses, so that is not an issue in determining your fee.

I recommend a minimum of 90-day retainers. I like to structure them this way: "I will be available to you as a general consulting resource for a fee of \$10,000 per month.<sup>2</sup> The minimum period is three months, and the fee is to be paid at the beginning of the period. Thirty days before the end of the period, both of us will determine whether to extend it for another, similar period."

This arrangement means that you are paid, in my example, \$30,000 at the beginning of the first month. You don't have to worry about how many times you show up, and you needn't worry about how many times the client calls on you (onsite visits are subject to your schedule and the client pays the expenses). If the client committed to six months of this arrangement, I might lower the fee to \$8,500 per month (now I'm being paid \$45,000), and for a year, perhaps \$7,000 (\$84,000).

Clients virtually never abuse retainer relationships; the work can often be accomplished over the phone and by e-mail; expenses are protected; your scheduling is protected; and the money is in hand. If you can establish two or three of these annually as you become more successful, you'll find that you're making more and working less. I guarantee it, if you use my system.

Three key aspects for retainers:

- **1.** How many people are involved? Just the buyer, or some of the team, as well?
- **2.** What is the duration?
- **3.** What is the scope? Is it business hours Eastern time, or also Pacific time, after hours, personal meetings, weekends included?

The higher each of these valuables, the more the retainer should be.

# **Selective Project Acquisition**

As you become better known and the gravity of your marketing approaches draws more and more interest to you, you can begin to selectively choose your projects and clients. At the outset, we all tend to take on whatever we can to put bread on the table and create some momentum, but too many of us continue in that vein long beyond the need. For several years I accepted full-day training assignments, which I loathed, but which paid well and kept me active in attractive clients. But as soon as I could afford to, I gracefully left those assignments and declined similar, new ones, which allowed me to reach out to better and more fulfilling opportunities.

There is nothing wrong in being selective about the work you accept. Here are some guidelines that may be useful in determining which work you accept and under what conditions:

- Do you enjoy the work? Will you have a good time and be happy? Or will you be stressed, miserable, and regret it later?
- Does the work force you to grow? Will you learn new techniques, operate in new environments, meet a new type of person? Or can you do this blindfolded and it's the same old, same old?
- Does it pay well? Are you making money commensurate with the value you are delivering? Or are you accepting this because the client is accustomed to an old price, or you might as well get something rather than nothing?
- Will it contribute to life balance? If you want to travel more, does it provide for it? Or if you want to travel less, will it allow you to stay local?
   Will it intrude on your personal life, or will it enhance your personal life?
- Is it high visibility work? Will you become better known for having done this work? Does the client offer greater recognition? Or will you labor in obscurity? Does the project require that you immerse yourself solely with this client for a prolonged period?
- Will the work provide a springboard? Can you gain entry into other divisions, related organizations, industry trade associations, and additional opportunities? Or is the work a singular, one-time experience that offers no leveraging or affiliations?
- Would you be proud of it? Is it ethical, proper, and important work that could boldly appear on the front page of the *Wall Street Journal*?
   Or is it rather marginal, shady, and questionable, like downsizing or multilevel marketing, where you'd just as soon have no one know that you were involved?

- Is it cutting edge? Are you in a position to take a role in industry-leading change? Or is it hackneyed and stale, and something that everyone has done a thousand times?
- Will it contribute to publishing? Can you incorporate it in a book or in an article, or collaborate with the client to write about the experience? Or is it humdrum and tiresome, or so secretive that you're precluded from mentioning it?
- Will the relationship endure? Can you think of the fourth sale? Might this create an annuity for years to come? Or is this simply a one-shot, singular event with no longer-term potential?

Once you're in the position to be selective, apply some template or criteria to your new business opportunities so that you can mold the future of your firm and of your own growth. That's a wonderful position to be in, but one that many consultants either can't see or choose to ignore.

#### **Friendly Advice**



There have been many learnings since I started my seven-figure consulting business in November 2005. Here are my top seven:

- Work out who your target market is. If you have a niche market by industry, location, or other form of demographic, you can be very specific in your marketing.
- 2. Create a large database. Marketing is the key to a successful consulting business. You must have a database to market to. Create or buy the database and continually market to it.
- 3. Never stop marketing. I systematically market for prospects using e-mail, teleseminar, media, web, newsletters, seminars, referrals, publications, and even regular mail. Market all the time—especially when you are busy.
- **4.** Do not prospect for business. Your marketing methods should generate the inquiries. Cold calling, even warm calling, is a waste of time.
- 5. Promote how good you are by the results your clients achieve. Shout it from the rooftops what results your clients achieve from your work. Use case studies, statistics, and live interviews such as teleseminars.
- **6.** Test prices and price projects as if you do not need it. Consultants sell intellectual property and as such there is no right or wrong price. You must have maximum courage and test prices all the time. How good your marketing and sales skills are will determine how

(continued)

much the market is prepared to pay. If you price projects as if you do not need them, then you may just get them.

7. Think *leverage* all the time. Work out the three highest dollar-productive activities that you do, then outsource the rest. Leverage your consulting methodology into seminars, DVD and audio products, reports, manuals, teleseminars, and other publications.

These seven continually work for me as I grow my business every year.

—Rob Nixon Sydney, Australia Date company founded—November 2005

#### Travel

Let me admit to a bias here: I think that travel is fulfilling and educational, particularly when you can control or influence it. If you have a spouse or partner whom you can bring with you, it can become absolutely invigorating, and build even better relationships.



#### **Talking to Consultants**

- Q. What do you do differently today from when you started?
- A. Long gone are the hourly and per diem rates! That approach truly diminishes how clients perceive your value. Today I assess how I can solve the client's particular need and provide a project fee that is based on the value of the solution. I now take on more focused assignments, with shorter time frames. I've learned that clients have more respect for consultants who expediently solve problems. (And if you're good, they'll be calling again for help.)
- Q. What was your biggest surprise?
- **A.** The really huge value of a good reputation. Throughout my career, I've always gone the extra distance, whether it's been helping clients think through issues unrelated to my assignments, like their next career move, or spending extra time with employees to help them accelerate their careers. Honesty, frankness, helpfulness, intellectual curiosity, integrity, and plain niceness have always been my mantra. Yet at some points of my career I saw more politically astute and ruthless colleagues surge ahead, and I wondered if I were

- the fool. Yet today, I can tell you I'm way ahead. Almost all of my assignments come from referrals and a reputation for being both smart and rich in integrity.
- Q. What one piece of advice would you provide to other consultants?
- **A.** Dig very deep into your soul to find out not only *what* you like to do, but also *how* you like to work. In my case, I've found that I'm invigorated by short-term assignments (less than three months) in which I work intensely with the CEO and her or his executive team on critical, deadline-driven needs.

—Lois Kelly, President, Foghound, Inc.

I've had the good fortune to have visited 56 countries and 49 states, as of late 2008. I plan to build on my country list (although I don't know about finally getting to North Dakota). When I visited South America frequently, I learned to speak some Spanish. On one trip, I was able to converse in Spanish with the concierge at the Wyndham Palace Hotel in Orlando, and we established a wonderful rapport. There was no request I could make that was inconvenient or burdensome. Travel and its by-products constantly increase our depth and our appeal.

Someone asked me once why travel was so important when current media allow you to view the world from your home. I told them it was the difference between seeing it in black and white and a million colors.

Once you're on a roll of sorts, begin to think about where you'd like to go for vacations and how you can build business around those areas. If your children are grown and living elsewhere, or your own parents are in a distant city, you may want to schedule periodic business in those locales.

#### **Career Key**



At the right time for you, begin to steer your marketing toward geographic locations that are appealing to you. Generate your leads and create your gravity from those areas you want to visit.

As you travel for business, you'll amass a bewildering assortment of frequent flier points, hotel points, credit card points, and a myriad of variations on those themes. My advice is to restrict your purchases and travel to those suppliers who offer the best deals, and build sizable bankrolls of these perks.

(Some sources, such as American Express and Diners Club, allow you to transfer points to any number of travel partners.) Don't use them for frivolous trips or business trips, or fritter them away for minor upgrades. Save them so that you and a partner can fly significant distances in first class, stay in suites in fine hotels, rent cars for free, and enjoy other benefits. When you combine the trips with business, the client will offset most of your remaining costs.<sup>3</sup>

How can you focus your marketing to reach places you'd like to visit? Here are some ideas:

- Publish in those localities.
- Offer to do some pro bono work for expenses only for nonprofits in those areas.
- Contact the local chapters of trade associations you belong to and ask if they would entertain the prospect of you as a guest speaker.
- Contact local trade associations to determine what the local business climate is and who the top prospects may be.
- Tear articles out of the newspapers and magazines you read about the area so that you can create a targeted strategy.
- Find out whether your existing clients have offices or facilities in the area, and investigate how you might work for them.
- Use the Internet to research the area, and find out what prospects might be closest to your ideal buyer.
- Investigate subcontract work with firms you know are doing business in the area.
- Arrange for business beyond that point, and arrange for a stopover on the way out or back.
- Identify a local hotel and offer consulting services in barter for room nights.

Too many consultants view travel as an inescapable evil of the profession. After you've established yourself, travel can actually be a rich enhancement to your job and your life.



#### **Starting Points**

There is a huge difference between involuntary travel and self-directed travel. Make it part of your strategy to minimize the former and maximize the latter.

# **Celebrity Status**

There are celebrities and there are celebrities. Some people are well known for exploits in their field (for example, Lance Armstrong), and some are well known for, well, being well known (for example, television personalities). Some people, however, become well known within more limited bounds for their expertise and competence. And therein lies your possible celebrity.

I'm going to define *celebrity* for our purposes as "that status which confers upon you a credibility and competence that is spoken about by others and readily accepted without further proof or validation by those who do not know you."

It's sort of a personal brand.

#### celebrity

that status that confers upon you a credibility and competence that is spoken about by others and readily accepted without further proof or validation by those who do not know you.

#### **Career Key**



There is nothing illegal or immoral about creating a certain public persona for yourself. Don't be shameless, but don't be bashful, and if you have to choose one over the other, be shameless. If you don't toot your own horn, there is no music.

You need to be proactive about creating celebrity for yourself, but it's not as difficult as it might sound once you have some successful projects under your belt and your gravity has been effective for a while. No one else is going to do it for you, and the harder you work at it, the luckier you'll get.

If you don't blow your own horn, there is no music.

Here are some techniques that might be useful to establish a celebrity about yourself.

- 1. Have a presence on the Internet in all forums and discussions that touch upon your chosen field of celebrity. Aggressively go after the editors and sponsors to make your case for inclusion. Use your web site to post and archive articles, position papers, and media interviews (see below). Start a blog that creates a public discussion about key topics related to your expertise.
- 2. Publish articles that are contrarian, innovative, and different, so that you are seen as an original thinker in the field. Don't simply reinforce

- the chosen path. (Writing in highly specialized newsletters and for similar Internet sites is often better than more general publication.)
- **3.** Write letters to the editor whenever publications print articles or interviews about your field, either pro or con. Make sure that people know that you are the large fish in that pond. Offer to write an op ed piece about it.
- **4.** Solicit testimonials that endorse the fact that you are the person to see when a particular issue or topic is being addressed.
- 5. Speak on your topic or field at major public forums, conventions, and meetings. Create podcasts, teleconferences, and products around the issues. (Make sure your audio gets onto iTunes and your video onto YouTube or whatever is popular when you are reading this.)
- **6.** Offer your services in that field, pro bono, to local government, charities, and nonprofits. Use them both as a showcase and as a laboratory.
- 7. Contact local newspapers, radio shows, and television shows about your expertise, offering your services if an expert commentator is ever needed on the subject in light of breaking news.
- **8.** Start a newsletter with a subtitle such as "The foremost publication on the subject of . . ." and write the editorials, as well as soliciting articles for it.<sup>4</sup>
- 9. Host breakfasts or luncheons on the topic, and include a guest speaker and an opportunity for participants to network. Be a gracious host and an assumed expert; don't attempt to do it all yourself.
- **10.** Send out congratulatory notes to people who achieve things in your field, showing them that you appreciate the contribution they are making to your area of expertise.
- 11. Establish a course on the topic at a local school or extension program.
- **12.** If appropriate and applicable, establish a small scholarship for people studying the field, and run a small competition to determine whom it is awarded to, using outside evaluators as the judges.
- 13. Create brands that reflect expertise in the subject area. (We helped a woman who coaches executives with behavioral problems to name herself "The Lion Tamer." Another, who specializes in biotech firms, became "Lifeblood."
- **14.** Your ultimate celebrity and brand is your name. Make sure that people say, "Get me Jane Hudson for this project." That's the ultimate celebrity, with no competition.

Celebrity is not difficult to achieve if you establish your playing field and assiduously pursue the limelight. Once you've grabbed it, it's fairly simple to stay within the focus of others.

#### **Life Balance**

As successful as I've been in consulting, and as passionate as I am about the work, I've always viewed it as a means to an end. In my case, the end is the success of my family in finding fulfillment in life; my personal learning and growth; our ability to contribute back to society; and the flexibility that comes from security and independence. Your life goals may be different, but your perspective on your chosen career must be a balanced one.<sup>5</sup>

#### **Career Key**



You don't refuel yourself from within the business. You do so by stepping outside the business and recharging your batteries on life, interests, and relationships. The most successful consultants are those who have rich and diverse lives.

As you become more successful, you'll have the opportunity to transfer some of the intensity, passion, focus, time, and perseverance that you've invested in your business—and necessarily so, to launch and sustain it successfully—to your private interests, family, community, and friends. Ironically, that transfer to a greater balance of life and work will actually accelerate your business growth still more. The reason is that no one can sustain a 100 percent focus on the business for too long, or they will become burned out, or bored, or bereft of ideas. The fuel is not in unlimited supply, but must be restocked and restored.

#### **Starting Point**



Money is not wealth. Discretionary time is wealth. This is the time you spend with family, friends, and on personal interests. You can always make more money. You can't make more time.

The ability to pursue nonbusiness passions, to engage in quality family time, to atone for the lost days and perhaps distant travel incurred in a business startup is a valuable asset. The problem is that too many consultants ignore it or never see it. They believe that the route to more business growth is simply to do more and more of the same things that got them to where they are. But businesses mature in the same way that people do, and changes are required.

I've found that the truly successful consultants are those who appreciate life balance to the extent that they significantly change their professional habits once their business becomes successful.<sup>6</sup> Here are some attributes and habits of those who understand and exploit the opportunities posed by business success to maximize personal growth and fulfillment:

- *Planned, sacrosanct vacation time once a quarter.* This might be a trip or a week spent locally, but it's totally nonbusiness and relaxing. Plan these at the beginning of the year, and then work around those weeks to plan business.
- Personal education. Consider nonmatriculated courses, reading, membership in courses and fields of study that are personally fulfilling or have been lacking, be they art, music, cooking, architecture, or other subjects.
- Reduction of work hours. My personal bias is that consultants can make a fortune working—truly working—about 20 hours a week. If you want to double that, it's up to you, but working beyond 40 hours is seldom necessary and always stressful. If you're working more than 40 hours a week, there is something wrong with the job or with you.
- *Health and well-being*. Join a gym or participate in regular sports or exercise. Keep your weight under control.
- Quality, sacrosanct time with partner, children, and friends.
- Attention paid and time spent on investments and financial security. Periodically reevaluate your long-term retirement and financial goals.
- Intellectual breadth and diversity of interests. You become an object of interest to others.

At some point you'll realize that you don't have a professional life and a personal life, but that you only have a life. Once the compartmentalization is overcome, and you've blended your talents, passions, and abilities into an integrated pattern of growth and success, you've achieved true life balance.

One final note: TIAABB: There Is Always A Bigger Boat. Visiting St. Bart's in the Caribbean, I found six \$25 million yachts docked together as though in a parking lot, with a dozen more anchored in the harbor because they couldn't fit. Don't judge your success or yourself by the neighbors, or coaches, or the media. The idea is not to have the biggest boat, which is impossible (at least, for long).

The idea is to be happy.

#### The Firm's Future

Because of the life balance issues, the firm's future is not the key consideration in your long-range planning. While this may seem counterintuitive, consider the fact that your business has served as a means for your individual ends. The business is not an end in and of itself.

If the firm grows to the extent that it employs people, owns significant assets (buildings, property), and has a client base along with goodwill that transcends the individual principal (you), then it is clearly an asset of value that is part of your financial planning. The firm can be sold, for example, or passed on to children. Be careful, however, when selling the firm to outsiders. The only thing worse than expending blood and sweat for your own equity is to do so for someone else's equity, and management contracts that bind the seller into employment for a transition period that is often several years are like indentured servitude. You haven't come this far to be someone else's employee again, so any sale of the business should be clean, with no lingering affiliations or attachments. I've seen too many once-happy former owners become embittered over what new ownership has done to "my company." Cut the strings and move on.

We are talking in most circumstances, however, about solo practices with no employees and, deliberately, no major assets. In these cases, you can consider the following eventual options.

#### **Career Key**



You need never retire in this profession. You can reduce the amount of assignments you accept and limit your travel, but you can continue to consult—and to write and speak—for as long as you feel able and interested. In other words, this career can continue as long as you do.

- Simply maintain the business ad infinitum, but with diminishing activity. The only costs will be some annual filing fees, reports, and taxes. This allows you to do some work within the corporate entity when the spirit—or the opportunity—moves you, even though you are retired.
- Dissolve the firm. Your attorney can do this efficiently and inexpensively. You can still retain trademarks, copyrights, and patents, as the situation merits.
- Sell the practice for a nominal fee to someone who has subcontracted, has interned, or is a contact from networking. This person might just enjoy taking on a known name in the field, and you can serve as an unofficial adviser. The buyer can pay you out of future profits (don't

forget, your intent is not to make money from the firm's sale in this case, so anything you get is gravy). Some consultants take on an associate a few years prior to their planned retirement for this very purpose. (It's quite a common technique in medical practices, for example.)

- Pass the business on to children, if there are any and if they are interested in the profession. What greater gift could there be for an energetic grown child than a thriving consulting practice with strong gravity and a solid reputation?
- Sell or merge the business with another consulting firm of similar nature, so that your clients can continue being served and the firm gains from your repute. However, beware of the need to disassociate yourself and not become someone else's employee.

Most practically, perhaps, in this day of global communications and worldwide access, it's probably best to maintain your presence is a relaxed manner. If you've been successful in getting started, you should be in fine shape to maintain your business at whatever level of work intensity you desire.

# **Giving Back**

When you've reached the points on the climb up the mountainside when your goals are being met, you are financially successful, and your prospects are plentiful, be sure to contribute something back to this wonderful profession. If those of us who approach the summit don't leave handholds and pathways for those further below, then we've abrogated a trust and a professional and ethical responsibility.

Ask yourself what you could have used earlier in your career, and provide it for someone you meet while networking or in a trade association. Establish a section on your web site *For Consultants Only* to share your insights and experiences with colleagues. Take on leadership positions in trade associations. Debunk and refute articles and commentary in the media that unfairly castigate the profession. Provide pro bono help to those organizations that need your expertise but can't afford it, not for the publicity but for the public good.

Establish a scholarship for consultants to attend conventions or further their learning. Provide resources for a local chapter of a professional trade association. Play a role in the debate on national licensing, or codes of ethics, or governance.

Make your voice heard and your presence felt. You've launched your practice, built your career, and improved the profession. Others are looking up to you. Let them hear you.

*Final thought:* Success is never final, and failure is seldom fatal. It's courage that counts.

—Winston Churchill

#### **Notes**

- 1. All of this assumes that you are charging based on value, not time, which is why I've made that strategy so vivid in this book. Consultants who charge for their time diminish their learning and, consequently, their value.
- **2.** This is, of course, an arbitrary example. Establish your fee based on your value or potential value to the client, your uniqueness, your past history, and so on.
- 3. In case you're wondering, there is absolutely nothing wrong with using a free ticket to travel to a client destination, and charging the client for coach airfare reimbursement, which should be built into your proposal in any case. The fact that you've used a free ticket or hotel room is your decision, but the client is still responsible for reimbursement of normal expenditures. But pro-rate expenses across several clients visited on one trip, don't double-dip and charge both the full amounts, which is unethical.
- **4.** A colleague of mine did this many years ago and the newsletter evolved into a major magazine on executive strategy.
- **5.** For a lengthy discussion about life balance, see my book, *Life Balance: Converting Professional Success Into Personal Happiness*, Jossey-Bass/Pfeiffer, 2003.
- **6.** I publish a free, electronic, monthly newsletter for such people: *Balancing Act: Blending Life, Work, and Relationships.* To subscribe, simply send an e-mail to join-balancingact@summitconsulting.com, or visit our web site (summitconsulting.com) and click on the subscription button. To see an example of my blog, go to contrarianconsulting.com.
- 7. For the record, consulting firms are difficult to evaluate for sale, and solo practices are virtually impossible. The beauty and the worth are in the eyes of the beholder. However, many valuation companies have traditionally used one to two times annual sales, or six to eight times annual profits. Others look at excess cash generated after all operating expenses, including principal's salary, are paid. Since the idea is not to leave excess profit in the business, all of these measures are suspect.

#### **Questions and Answers**

- Q. How long, how long?
- **A.** I get this all the time, and understandably so. Here, again, my formula: Expect to close your first business within six months from your incorporation *if* you have no prior clients or contacts to work with. (Many new consultants begin with a contract

from their former employer.) Plan to be supporting a reasonable lifestyle in one year. (In 1985 dollars, I made \$67,000 my first year, \$125,000 my second, \$247,000 my third, and so on.) If you're not making money after a year or so and you've used good advice and hard work, this may not be the profession for you. Remember, it's seldom the economy that's the problem. There is always consulting work.

- **Q.** What is a proper expectation for my style of travel and reimbursement?
- **A.** For consultants, coach airfare domestically, and business class overseas. That is what the client is probably providing internally. Marriott-type hotels. Taxis, not limos. Feel free to upgrade any of that but at your own expense. You can stay at a Ritz-Carlton, for example, but only claim a Marriott-level reimbursement. (For speakers, it's common to require first class travel, since you must be in good shape for an important keynote.)
- Q. Do I keep money under the mattress or in the bank?
- A. Actually, a good question. Always keep cash on hand, say \$1,000, in case you need to dash off on a weekend or in the evening unexpectedly and you'll need money. ATMs and credit cards aren't always a viable option. If you're an LLC or a subchapter S corporation, all money flows through your individual tax return, but it's still important to keep company accounts separate from personal accounts. And it's also a good idea to have a daily checking account and some kind of money market account where you can park excess cash until needed. Don't forget that your cash flow will vary greatly from month to month.
- **Q.** There are a lot of people out there giving advice, how do I know who's legitimate?
- **A.** Two ways. First ask for referrals from people you trust. Many people come to me, for example, and ask for guidance on where to get insurance or legal help. Second, use the "ski instructor test." You don't want a ski instructor who sits in the chalet sipping brandy giving you advice. You want someone who can do what you need to do, right ahead of you, on the slopes. Don't take writing advice from someone who has never published a commercially successful book, and don't take business advice from someone who is dressed sloppily or is always looking for bargains.
- **Q.** In pro bono work, what criteria would help to determine which of thousands of organizations I should work with?
- **A.** Try these:
  - 1. Do I believe in the cause with passion?
  - 2. Can I make a contribution of competency or financial support?
  - 3. Will I be able to employ my skills and models?
  - **4.** Will I be working alongside people I respect, potential buyers, and potential supporters?
  - 5. Can I make a difference?

# **The Quick Start**

# How to Hit the Consulting Ground Running at Full Speed

his chapter is intended as a turbocharged start for those of you seeking to enter the consulting profession both rapidly and effectively. It is not meant for people easing in while they hold current jobs, nor for those considering a part-time focus. It is designed for those who have carefully considered the profession, have read the prior chapters in this book, and who passionately seek a bold and focused entry.

I am using all appropriate resources as of this writing, in late 2008. Make sure you always investigate current trends and advances, particularly in technology, alliances, and global potential. Unfortunately, I cannot travel around updating each copy of the book every month, although some past readers evidently expect that!

Ideally, the people who will best profit from the approaches described in the following list will have these characteristics:

- A minimum of six months of basic living and professional expenses put aside in readily available funds.
- Full-time focus on entering the profession with minimum distractions.
- Access to resources who can accelerate the process (for example, designers, printers, equipment suppliers, lawyers, and so forth).
- Prudent risk takers who are willing to move forward when 80 percent ready and fine-tune the remaining 20 percent as needed.

- A willingness to step out of traditional comfort zones and work hard at using new skills and behaviors.
- The abiding belief that they have value that can improve other people's work and lives.

I assume that you're starting with a tabula rasa—a blank slate—and take you through the Quick Start process from square zero. If, in fact, you've already begun to assemble your practice, then you can pick up at the appropriate point (or undo what you've done and start again with better direction).

We deal here with two basic dimensions: setting up your infrastructure and reaching out for business. They must occur in that order.

# First Dimension: Creating Infrastructure

### **Phase I: Incorporate Your Business**

Don't listen to anyone who tells you not to incorporate, even if that person is an attorney (many attorneys don't understand professional services firms, believe it or not). You must incorporate immediately to create a legal entity that provides a firewall between your professional and personal assets.

- Step 1: Find an attorney who specializes in incorporating professional services firms and solo practices. If you don't know of any, ask someone already incorporated for recommendations. (This is a good reason for professional networking and social media contacts.)
- Step 2: Create a name for the business. Don't spend months on this, or even days. You can name it after yourself or use a name that's more descriptive (my company is Summit Consulting Group, Inc. because I was living in Summit, New Jersey, at the time, nothing deeper or more profound than that). You should create several names or derivations so that the attorney can do a search to find what's legally available.



### **Career Key**

Names are overrated, in that they seldom make much of a difference in closing a sale. Consider using a tag line to refine understanding of what you do, for example, The Sales Acceleration Specialists or The All-Star Coach.

Step 3: Form a subchapter S, Chapter C, or limited liability company (LLC). Any of these will suffice. I favor subchapter S since your business income flows through your personal tax return, and the traditional benefits of

the Chapter C have been legislated out of existence. But these laws change frequently, so confer with your attorney. (I once worked on a strategy project with a \$1.5 billion firm that was a subchapter S.)

Step 4: Set up separate business checking and savings accounts at your bank. Have checks printed. Try to obtain at least a minimal overdraft protection on the account (for example, \$3,000 or more). If you haven't yet done so, meet the branch manager and explain that you're starting a new business and have chosen the bank as your partner.

Step 5: Obtain at least this insurance coverage: Malpractice (errors and omissions); personal liability; disability (it's more likely you will become disabled than die). Premiums will vary by demographic factors. Some companies will insist on seeing your in-force E&O insurance before hiring you. (You should also have, of course, major medical, life, long-term care, and umbrella liability).

Cost estimate: \$500 to \$1,000, depending on state regulations and the attorney you choose. You do not have to be incorporated in your state or residence.

Time estimate: One to two weeks.

### **Starting Point**



Legal incorporation provides a shield for personal assets and an opportunity to create an entity that can borrow money and provide equity.

# Phase II: Set Up Your Office

Whether working at home or elsewhere, you need a private and inviolate space of your own. I've worked out of my home continually for nearly 25 years. During that period I've saved about \$600,000 that rent, utilities, insurance, parttime staff, and so forth, would have cost. My two kids' private schooling for 17 years each cost \$450,000. Get my drift?

- Step 1: Alert the phone company that you'll need at least two lines in addition to your home phone line: one for a business line, and one for a fax, unless you intend to use your computer as your fax machine.
- Step 2: Have the local cable company hook up your house for your computer needs. If you already have cable television, this is very simple. If not, make the investment. If cable is not available for some reason, call your phone company to arrange for an alternative high-speed connection.
- Step 3: Rent a post office box. You can use your street address for courier service, but it's helpful for your company to have a different address from your home address.

Step 4: Create accounts with FedEx and UPS. You'll need these sooner or later, and the ease and expense are improved with standing accounts. FedEx is simply the best overnight delivery service, period, even though others may be somewhat less expensive.

Step 5: Secure at a minimum the following equipment:

- Desktop computer and laser printer. A scanner and color printer are optional.
- Laptop computer for use when traveling and as a backup should your desktop crash or the dog dump coffee on it. (I favor Apple products. They are intuitive, idiot-proof, compatible with virtually any PC software, and rock-solid performers.) Some people work only from a laptop at all times. I like the heft and size of a full desktop with a large screen, so that you can view multiple documents, and the comfort of a second computer. (Use a flash drive, wireless network, or FireWire to transfer files between the two, or simply use file sharing in your office.)
- Two-line phone with speaker, auto-dial, conference capability, and headset. At least a dozen speed dial options are helpful. Also: You'll need a cell phone for your travels. By all means have a land-line in your office, but the cell is mandatory. My great preference is the iPhone, with its ability to handle so many priorities (e-mail, Internet, voice mail, and so forth) and to serve as a recreation center as well.
- Copier with decent speed and the ability to shrink or enlarge copies. (Xerox makes the most reliable one I've ever owned.) Be careful of the printer/copier/fax combination machines. They are very complex, sensitive, and tend to do nothing really outstandingly well.
- Postage meter with electronic scale. Meters are usually leased. Lease
  one that allows you to refill it over the phone, avoiding trips to the
  post office and allowing you to obtain postage around the clock. Pitney
  Bowes, for better or for worse, is usually the major source.
- Fax machine with decent speed. Many people use their computers for this purpose, which is fine. I prefer a separate fax so as not to create more complications or warring applications than I need on my computer. Fax machines are very inexpensive. Most come with memory files for frequently used numbers and to retain incoming faxes when out of paper or jammed. That last feature is a *must*.
- Combination VCR, DVD, television, and radio. You're going to need entertainment, the ability to follow some breaking news events, and the option to watch some tapes.

• Files for clients, prospects, research, paid bills, and so on. You can't eliminate hard copy files and there is no such thing, anywhere, as a paperless office.

Cost estimate: \$7,500 to \$15,000, assuming you're starting from scratch with no equipment or, intelligently, you want to replace your existing personal equipment. (Interestingly, with prices continually declining as technology improves, I haven't had to increase these costs in this latest edition.)

Time estimate: One to two weeks.

# Phase III: Create Your Logo and Image

Step 1: Find a designer who will create a logo and look for your letterhead, business cards, promotional material, labels, web site, and so on. Ask people whose materials you admire for recommendations. (Hint: Go to the art department of a local college and hire a student on an hourly basis. They are talented, need the money, and can often get course credit for helping you.)

# **Career Key**



An excellent source of artistic resources is an art school, school of design, or similar program. You'll find very gifted students who will work quite inexpensively and who are very responsive. The schools will sometimes have a resource list available with samples of work.

- Step 2: Explain your company's purpose, audience, and the image you want to convey. Ask for several different approaches for your review. Consider a tag line if your company name needs more explanation; for example, Developing Tomorrow's Leaders Today.
- Step 3: Ask for assistance in selecting the stationery, business cards, labels, and so forth, so that the paper quality, color, and formatting are of the highest quality. Do not skimp on your professional image, and do not listen to anyone who tells you that you need only electronic materials. High-level buyers like to see, touch, feel, and pass around hard copy, and aren't always technologically literate. Make sure your logo and design can be easily used electronically, as well.
- Step 4: Trademark, service mark copyright, and register any names, phrases, or logos that may qualify. Your attorney can help you determine if these routes are applicable. You may need to consult a trademark attorney. (Do not use web-based searches for your trademark work. They are cheap and notoriously inefficient and inaccurate. You get what you pay for.)

Cost estimate: \$500 to \$1,000 for graphic design, \$300 to \$750 for trademark and registration investigation.

Time estimate: One to three weeks.



### **Starting Points**

Your logo, stationery, cards, web site, and so forth form the first impression even when you are not present. Don't skimp on this resource, and don't use generic templates. Set yourself apart.

### Phase IV: Create Your Press (or Media, or Presentation) Kit

Step 1: Select a presentation folder. You can find them in stores such as Staples, in business catalogs, or online. Choose the highest quality you can afford (for example, better finish, superior die cuts, and so forth). Make sure there is a die cut for a business card consistent with the one your designer has created, and that there are two large pockets to hold promotional material.

*Step 2:* Either have your contact information and logo printed on it, or have that information printed on a self-adhesive label that can be placed on the kit. The former alternative is superior to the latter.



### **Career Key**

Create minimum numbers of materials to start, despite inducements of lower price with a higher quantity. This makes it easier to change ineffective or inaccurate materials. But have no more than 100 presentation folders, and print no more than 500 sheets of letterhead, envelopes, business cards, and so on.

- Step 3: Create the following basic documents for inclusion. Print them on uniform, high quality paper:
  - Typical client results that accrue during your projects.
  - A brief biographical sketch (not a résumé).
  - A list of 5 to 10 references (it's probably too early to have testimonial letters, so use character references; also use testimonials if you have them).
  - A list of the array of services you offer.

• At least three "white papers" or position papers, of two to five pages each, dedicated to your value propositions (for example, Ten Keys to Successful Leadership or Five Reasons Why Coaching Often Fails).

Put your copyright and contact information on all position papers. Separate the position papers on one side and the rest of the material on the other side of the presentation folder.

Note: This is the basis for your web site, as well. See below.

Cost estimate: From \$300 to \$500.

Time estimate: From two to three weeks.

#### **Phase V: Create Your Web Presence**

Some people believe that your web domain name should match your company name, but at this point, with so many names already in use, I don't believe you should subject your corporate name to web availability (hence, I didn't recommend this previously when you're incorporating to explore domain name options). My domain matches my company name (summitconsulting.com) but not exactly—there is a summitconsultinggroup.com somewhere, and also a summitconsulting.net.

The key, in any case, is choosing the proper words and phrases on search engines to drive interested parties to your pages. It is, however, important to have *your own domain* and not to use generic providers such as aol or yahoo or gmail as your home base. Therefore, your e-mail can be directed to your domain site (for example, Alan@summitconsulting.com), which is the professional way to do it. (I've often regarded the use of aol as a home site or e-mail address as Amateur On Line.)

Step 1: Find professional services web sites that you admire and ask for the designer. Sometimes your graphic designer might also provide these services. It is not important, though, to be geographically proximate to your web guru. I've used the same person since the inception of my site, and have never met him. Remember, these are design people. Do not use them for marketing help, because they are usually not great marketers themselves!

# **Career Key**



The power of a web site is not in the number of hits. It's in offering compelling reasons for visitors to return repeatedly and for them to tell others to visit repeatedly.

Step 2: Of those designers whose work you admire, ask for cost estimates and references, and then check the references. These people are notorious for poor follow-up and lack of attentiveness, sometimes despite the quality of their eventual work. Avoid headaches later—after you're committed and waiting for the site to be completed—by assuring yourself now that you're in professional hands.<sup>2</sup>

*Step 3:* You write all the copy and leave the technical bells and whistles to the designer. Never allow the web person to write or alter your copy.<sup>3</sup> See the box for criteria you should insist on for an effective web site.



# **Criteria for Highly Effective Consultant Web Sites**

- Provide value to the buyer immediately. Offer typical client results on the front page. Do not go on at length about your methodology. That's a sleeper.
- Provide testimonials or character references early. People want to know what's in it for them and what assurances they have.
- Provide incremental value. Post a new article, set of techniques, self-tests, or useful links every month. This will do the most to attract repeat visits.
- Ensure it's easy and fast to download. If you want to offer complex graphics, audio, or video, then make it optional to download and not a prerequisite for accessing the site.
- Ensure ease of navigation. Don't force people to use the back or forward browser controls. Provide options on every page to readily reach every other page.
- Break up text with simple graphics or photos. People will not sit and scroll down screens of text, no matter how fascinating you believe it to be.
- Make it easy to contact you. Have *all* of your contact information easily available, including street address, fax, and so forth.
- If and when you're ready, consider an electronic newsletter subscription on the site.
- Have some friends test every aspect of the site and read through everything. Even with the best of designers, broken links and blank screens aren't uncommon. Quality control checks are needed (including whenever you make changes).
- Always be pragmatic, not cute. No one wants to sit through lengthy start-up screens, despite the photos of your kids or of a sailing ship.

Step 4: Have your designer register your domain name annually, provide comprehensive coverage on search engines, and optimize the pages so that they are most likely to turn up in others' searches.

Step 5: Access a site such as namesecure.com to see if you can reserve your own name so that people who seek it will be forwarded to your site. For example, if someone knew of me only by name and searched for AlanWeiss.com, which is a natural attempt to find me, they would automatically be forwarded to summitconsulting.com, my home site.

Estimated cost: \$2,500 to \$7,500. Estimated time: Two to four weeks.

### Friendly Advice



For the past 24 years I have been handling the purchase and sale of businesses. As a supplement to my business I began offering consulting to business owners. During the past decade, I was asked to give a talk on consulting. I outlined my thoughts, and picked up a half dozen books to explore for additional ideas. Alan Weiss wrote one. After reading it, I threw the rest of the books away, and changed the way I ran my practice.

I now provide my clients more value. I probe, listen to their needs, and explore their business discomforts—the key to building relationships. He taught me my experience, my success, and my business process is not that important. Yes, Alan has raised my income, but more importantly, has enabled me to provide greater client value.

I also use another Weiss axiom: offering my clients a range of benefit options to select from—a significant change from "one size fits all."

His wisdom is simple, direct, common sense, and career enhancing.

—Keith McLeod, Owner Business Centre Tucson, Arizona

# Phase VI: Optimize Your E-mail

Step 1: With your web site complete, set up e-mail accounts with convenient providers using your domain name. I advise that you also create a backup or secondary e-mail account for emergencies in case your provider goes down. For example,

you can reach me at Alan@summitconsulting.com, or astonmartin01@earthlink. net, or BentleyGTC@summitconsulting.com, or FerrariF355@Cox.net.

Step 2: Create a signature file on your e-mail (virtually every e-mail program allows this) that includes on every e-mail your name, title, company, full address, phone, and fax. You can also provide a brief advertisement, such as Visit Our Web Site at XXXX.com for Free, Indexed Articles on Improving Teamwork in Any Environment.

Here is my signature file:

Alan Weiss, Ph.D.
President
Summit Consulting Group, Inc.
Box 1009
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401/884-2778 Fax: 401/884-5068
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Member:

Professional Speaking Hall of Fame®

Recipient:

American Press Institute Lifetime Achievement Award

Recipient:

New England Institute of Management Consultants Lifetime Contribution Award

"One of the most highly respected independent consultants in the country." — The *New York Post* 

"One of the top motivational speakers in the country."

— The *Providence Journal* 

Visit Alan's Blog: ContrarianConsulting.com



Step 3: Begin an electronic address book, diligently inserting everyone who may be of even remote importance to you. Most programs allow you to create categories within the address book (for example, clients, prospects, networking partners, and so on). Your email software can take care of this.

Estimated cost: \$0 to \$250. Estimated time: One day.

Total cost: \$12,000 to \$25,000. AVERAGE: \$18,500.

Total time: 7 weeks to 14 weeks.

If you're exceptionally aggressive (or a smart shopper or already well-equipped), you may beat the averages or even the minimums. For most people, from a standing start and following these criteria, however, it's reasonable to expect to be totally in business in about two months with an expenditure for all new equipment in the neighborhood of \$15,000.

### **Starting Points**



If you're embarrassed contacting people and letting them know what you can provide, then you're in the wrong business. If you don't blow your own horn, there is no music.

# Case Study: Lesson Learned the Hard Way



In the game of craps, you can place a high-risk bet that the number to be rolled will be made the hard way, meaning a six would require a three on each die, an eight would require two fours, and so on. It's the hard way because there is only one way to make it (as opposed to a four and a two, or a five and a one, on either die, all of which also create the six).

I responded to a major insurance company with generic charts and graphs and very vanilla ideas about their issues. I literally dumped my graphics file into my response to the client. They were neither impressed nor amused.

I should have taken longer to isolate the key prospect issues, done some homework, and created some approaches and visuals *exclusively prepared for them and their situation*. I was too anxious, not prepared, and much too cavalier.

Don't market until you can professionally support your marketing. Don't try to do it the hard way. With two dice, you can roll a ten with six different combinations, instead of just one combination the hard way.

# Second Dimension: Reaching Out for Business

You can't reach out for business unless you have your infrastructure in place. But once you have the rudiments of a press kit and web site, it's time to start soliciting business.

The techniques that follow can be employed together or singly. While an aggressive approach may seem to promise the earliest new business, it's actually more productive to engage in a manageable and prudent volume of prospecting. This allows you to follow up more assiduously, learn from mistakes, and correct new efforts accordingly in real time, and generally get your feet wet without drowning altogether.

Keep in mind these five principles of rookie marketing:

- 1. This is the marketing business more than it is the consulting business. Yet you're probably far better at implementing than you are at selling. Consequently, strive to hone your business acquisition skills far more than your consulting skills at this point.
- **2.** *Quality trumps quantity.* A few highly promising and high potential leads are far better than a flood of ultimately useless and pointless inquiries.
- **3.** Rejection is the by-product of marketing. If you're not being rejected, turned away, and otherwise impeded, you're just not trying!
- **4.** You must schedule and implement your marketing on a disciplined basis, every day and every week, just as you would plan a project or tend the plants. Marketing doesn't happen by itself; even serendipity demands attention, and you'll find that it's magical how much it's true that the harder you work, the luckier you get.
- **5.** You always need a definitive next step: date, time, action. Never accept or suggest, for example, "I'll get back to you sometime next week."



#### **Career Key**

You must view your marketing activities as your honest and diligent attempt to help bring value to people who need it, and not to separate people from their money, or as a zero-sum game that others must lose so that you can win. Selling is a noble profession, Arthur Miller and Willy Loman notwithstanding.

# Marketing Technique 1: Call Everyone You Know

Make a list of everyone you know, no matter how distantly or casually. The list should include:

- Colleagues from former jobs.
- Friends—locally and removed.
- School alumni.
- Professional association colleagues.
- Past clients and customers.
- Civic association colleagues.
- Vendors and store owners you've patronized.
- Neighbors.
- Sports and recreational colleagues.
- Extended family.
- Mentors, coaches, and therapists.
- Elected representatives at local and regional levels.
- Professional providers: doctors, accountants, lawyers.

If in doubt at all, include people; do not exclude them. Create a computer list with as much information as you have about them. You can use sophisticated software or very simple alternatives, such as Apple's FileMaker Pro, which I've found works fine and is easy to use.

If you can average 10 people per category in this list, you'll have 130 people; if you average 20 people, you'll have 260. You get the idea. Dig up the directories, old address books, the phone book, and other sources of names and locations. Ask your spouse, significant other, and family members to contribute. With some perspicacity, you can probably create a list of 250 to 500 people with this assistance, depending on your age, experience, and length of time in the community. Do not be bashful. You are not trying to take anything from anyone, you are trying to give value to those who need it.

You're going to contact every one of these people by e-mail, regular mail, fax, or phone. You can segment them into categories by communications type (for example, close acquaintances receive a phone call) or you can randomly select.

The reasoning here is that you've referred people to your doctor, attorney, dentist, CPA, designer, hairdresser, and others, but they haven't necessarily reciprocated *because they really don't know what you do*. You're going to remedy that. There is every reason to believe that your dentist might have a general

manager in his or her chair someday who has a need to improve teamwork in the company and, that being your value proposition, the dentist can put you two together *if the dentist is aware of that value proposition*.



# Sample Letter or E-mail (no intent for immediate follow-up)

Dear Ralph,

I'm writing to apprise you that I've created a new business called Theresa Dailey, LLC. My purpose is to provide small businesses and nonprofits with strategic direction and growth formulas, which these enterprises often overlook in the course of frantic daily business concerns.

If I can be of help to you directly, please contact me using the various addresses on this letterhead (or in the signature file below). In addition, if you know of anyone who could benefit from the value I'm delivering, I'd greatly appreciate your passing on those names to me.

If you'd like to learn more, please visit my web site: tdailey.com. I'll probably be in touch with you again in the near future as I continue to increase my customer base and add new services. Thanks in advance for your support and help.

Note that the sample letter or fax or e-mail is brief, to the point, and asks for two favors: the opportunity to do business with this individual if appropriate, and the opportunity to receive referrals from individuals whom the recipient believes might be able to use your services. If you have a mailing list of 300 names, and 20 percent of the recipients pass your name on to two additional people, you've now reached 420 people! Add any referrals you receive to your database, irrespective of whether they agree to see you immediately.

The phone call would be interspersed with some small talk and responses to questions, of course, but the basic message is nevertheless succinct and to the point. If you're leaving a voice mail message, the script offered here will serve nicely. Simply add to it your return phone number and e-mail address.



# Sample Phone Call, including Voice Mail Message (with intent to follow-up)

Hello, Gloria, this is Tom Wright. I worked with you on the School Board campaign a few months ago. I'm calling to let you know that I've founded a new business, and I'm concentrating on improving leadership skills for front-line supervisors and mid-managers. The company is called Walk the Talk, Inc., and I know that you may be aware of some opportunities where you work at Boeing that may be appropriate. So I want to ask two favors: If you do know of opportunities for consultants in that general area, could you point me in the right direction? Second, are there any people whom you would recommend I contact, at Boeing or elsewhere, who could use this kind of help? I'll call you again at ten on Friday if I don't hear from you before.

If you diligently and methodically call everyone you know over a period of about two weeks, and your beginning list is about 200 people, you should receive positive comment, help, or meetings from at least 25 to 40. And that will create a fine buzz to establish your presence, new venture, and value. Moreover, you may well just land your first piece of business.

# **Marketing Technique 2: Target Twelve**

This technique allows you to identify high potential targets of opportunity in a very cost-effective and logistically convenient manner.

Choose 12 organizations (or 10 or 14, but keep the number manageable for effective follow-up) within a reasonable distance of your home. If you're in a metropolitan area, that would mean a car ride. If you're in a more remote area, it may mean a quick overnight trip.

# Criteria for Choosing the Organizations

- Apparently have a need for the value that you deliver. You determine
  this from local newspapers, networking, local television and radio
  reports, friends who work there or know people who work there, history, library research, scanning the annual report, and so on.
- Operate relatively well. They needn't be all-stars, but you don't want to try to get into organizations in dire straits, about to file for bankruptcy, in the midst of massive layoffs, and so forth. (You won't get their attention and you may even not get paid if you do.)
- Are within your target group, that is, small business, large business, financial services, education, and so on.
- Preferably have a history of using external help, which means there is a precedent for consultants and one less hurdle for you to negotiate.

Once you identify the target, make an educated guess as to who the likely buyer would be. If you're dealing with improving sales skills, for example, the buyer would obviously be the vice president of sales; if you help with innovation, it might be the director of R&D; if you provide succession planning and career development improvement, it may be the vice president of human resources. (Note that the smaller the business, the more likely the buyer will be the president, owner, or CEO. The larger the business, the more likely there are appropriate buyers scattered throughout the ranks.)

Call the switchboard and ask for the name of the person in the position you've identified as the economic buyer. Then craft a specific letter to that person, using the issues you've identified, offering value, and asking for the opportunity to meet.



#### **Sample Targeted Letter**

Dear Ms. Hayward:

My impression is that you are facing an unprecedented challenge in finding and retaining talent in this labor market, especially without entering a bidding war with organizations far larger than yours.

My firm specializes in the efficient and effective identification, attraction, acquisition, and retention of top talent without the need to violate existing compensation guidelines or human resource practices. We can provide you with advantages in the marketplace, which include:

- Techniques that drive attractive candidates to your firm.
- Behavioral interviewing skills to quickly arrive at hiring decisions.
- Noncompensation retention and motivation methodology.
- Hit the ground running orientation and development strategies.

I've enclosed one of our position papers, Ten Techniques to Recruit the Talent You Need at the Time You Require. Many of our clients are able to employ these approaches immediately.

I'll call you at 10 on Friday, March 3, to determine whether the position paper is helpful, if you would like additional resources sent, and how we might best pursue the discussion. Thanks in advance. I'm looking forward to speaking with you.

Note that in this targeted letter, you've done the following:

- Focused on a clear and high value need.
- Included specific techniques and help.

- Used very little time and asked for very little time.
- Suggested additional resources and value.
- Cited a specific contact point.

You may choose to enclose your press kit with this letter, or you may merely enclose the position paper. *Never ask the prospect to get back to you.* Always set up a positive point of contact for which you are accountable.

### **Career Key**



Immediate value and brevity are far superior to general promises and verbosity. Whet the buyer's appetite quickly and get back to the kitchen to prepare the main course.

If you call and are connected with an assistant who tells you the person is not there, say, "Well, that happens, but I am calling as promised. When will she be back? At two? Can you write me in the calendar for two and I'll call back then? Thank you." If you receive voice mail, then leave this message: "This is Tom Wright and I'm calling as promised. My phone number is 401-555-5555. If I don't hear from you by tomorrow noon, I'll try calling you again at 2 P.M."

If you target 12 organizations in this fashion and provide the value and follow-up, you are likely to get one or two appointments. If you can target twelve every month (only three per week), in six months you will have contacted 72 organizations and probably obtained 6 to 12 appointments with buyers.

Note: Though cold calling is never a primary marketing technique, this "Target 12" approach makes it at least lukewarm and enables you to begin practicing your approaches in real time with real buyers.

# Marketing Technique 3: Focused Prospecting

You can actually waste time and money by pursuing too many prospects, many of which will be inappropriate for your value or unable to meet your fee requirements.

Here is a highly focused prospecting approach to maximize the quality and potential of your marketing.

Step 1: Create a list of the ideal prospect traits. Determine the ideal prospect. I've included an example following, but change this on the basis of your own preferences and needs.

#### **Ideal Traits**

- History of using consultants
- Within a day's trip of my home
- · Services or financial industries
- Minimum of 250 employees
- Financially strong and stable
- Buyer easily identifiable

Once you identify the traits for the ideal prospect, rate them on a score of 10 to 1 in terms of priority. You must start with at least one 10, and rate the others relative to the 10. In my model, it looks like this:

Ideal Traits		Rating
4	History of using consultants	7
4	Within a day's trip of my home	2
4	Services or financial industries	6
4	Minimum of 250 employees	8
4	Financially strong or stable	9
4	Buyer is easily identifiable	10

Next, fill in the actual traits of a prospect that has come to your attention. (You should print out these blank forecasting sheets on your computer or keep a template on your computer.) I've found a prospect called Acme Mortgage Brokers. Let's continue the example.

Ideal Traits		Rating	Actual
4	History of using consultants	7	Use constantly
4	Within a day's trip of my home	2	Overnight trip
4	Services or financial industries	6	Mortgage lending
4	Minimum of 250 employees	8	625 people
4	Financially strong/stable	9	Number 3 in the industry
4	Buyer easily identifiable	10	VP of operations

Now score the actual profile of your prospect against the ideal. A perfect fit would gain a score of 10, and a total misfit would be 0.

# The Quick Start

Ideal Traits		Rating	Actual	Score
4	History of using consultants	7	Use constantly	10
4	Within a day's trip of my home	2	Overnight trip	0
4	Services or financial industries	6	Mortgage lending	10
4	Minimum of 250 employees	8	625 people	7
4	Financially strong/stable	9	Number 3 in the industry	8
4	Buyer easily identifiable	10	VP of operations	8

Next, multiply the rating times the score for a rated score.

Ideal Traits		Rating	Actual	Score	R/S
4	History of using consultants	7	Use constantly	10	70
4	Within a day's trip of my home	2	Overnight trip	0	0
4	Services or financial industries	6	Mortgage lending	10	60
4	Minimum of 250 employees	8	625 people	7	56
4	Financially strong/stable	9	Number 3 in the industry	8	72
4	Buyer easily identifiable	10	VP of operations	8	80

Finally, arrive at a total rated score by adding the final column.

Ideal Traits		Rating	Actual	Score	R/S
4	History of using consultants	7	Use constantly	10	70
4	Within a day's trip of my home	2	Overnight trip	0	0
4	Services or financial industries	6	Mortgage lending	10	60
4	Minimum of 250 employees	8	625 people	7	56

Ideal Traits		Rating	Actual	Score	R/S
4	Financially strong/stable	9	Number 3 in the industry	8	72
4	Buyer easily identifiable	10	VP of operations	8	80
	Total Rated Score:	338			
	Total Possible Score:	420			
	TRS Percentage:	80 percent			

In my example, the maximum R/S possible (all scores of 10 in every category) would be 420. The actual candidate scored 338, which is 80 percent, or a B. My advice is to submit every single prospect to my template so that you are ensuring that you are following up on mostly A and B prospects, filling in with C prospects when there is time, and *ignoring all other prospects*. This system will serve to ensure that you focus on the most promising areas of potential business, and that you are selecting and not settling for your prospects. (And if you don't have sufficient information to make the determinations, this means you need to find it before spending time and energy pursuing the prospect.)

Note: If you're going to prospect, at least do so with a method behind the madness.



### **Starting Points**

Getting started is about quality, not quantity. You only need one good hit. But since you don't know at first where that will come from, look at the entire horizon, not just what is directly in front of you.

# Quick Start, Full-Speed Mileposts, and Dangers

I believe that a focused, disciplined individual can set up a highly professional consulting practice within 60 days and for less than \$12,000. From a standing start, using the marketing techniques described previously, that person should have consulting income flowing within six months of start-up, and should be able to produce income that can sustain one's current lifestyle within one year.

During the overall first year, all the other aspects of this book—such as marketing gravity—should be implemented, and the start-up materials (for example, press kit and web site) should be evolved and improved.

All of this can be done well within a 40-hour week, though you may well decide to apportion the hours in nontraditional allocations, eschewing the stereotypical nine-to-five day (one would hope). One of the great advantages of this career is being able to watch your kids play soccer at two in the afternoon and write material at seven in the morning if the spirit moves you.

If business does not occur within six months, or if the pipeline is absolutely barren after only three, don't wait longer to analyze your efforts. Not everyone makes it in this profession. Here are the likely causes of lack of business in the early going, assuming you've assiduously followed the advice provided in this chapter.

#### Ten Areas to Examine If You Lack Traction

- 1. You have overestimated the market need. Ask yourself if anyone else is making a living in your chosen market segment. Competition doesn't close markets; it opens and expands markets, which is why Burger King builds outlets across the street from McDonald's—they know that people go there to buy hamburgers. Is there any evidence that people are interested in buying your service?
- **2.** You aren't good enough at what you do. If there is sufficient market need, are others offering more, better, or faster alternatives? Do you suffer competitively? It's hard to compete against someone with an entrenched brand, a respected book, or unique technology. Do you need additional skills?
- **3.** You're taking rejection too personally. The profession requires resilience and swift recovery from setback and rejection. Some people aren't cut out for sales. If you find yourself procrastinating about picking up the phone, following up on overdue commitments, and extolling your value to others, you may not be a comfortable marketer.
- **4.** Your support system isn't helping. You need others—family and friends—to support your efforts, provide constructive feedback, serve as a sounding board, and provide solace. It's extremely tough to operate in a vacuum, but even tougher to operate in a negative environment. One of the greatest causes of start-up failure is a nonsupportive and negative spouse, for example.
- **5.** You're spending too much at too great a rate. There are allures that you need to forgo and ignore. A formal office, a new car, another vacation, top-of-the-line equipment when less expensive alternatives will suffice—all of these can sap your resources and therefore attenuate your marketing efforts. Be frugal with nonessentials to the growth of the business.

- **6.** You are too restricted geographically. While it makes sense to focus around your home base, this can be difficult if you're not near population centers or the markets most suitable for your value propositions (even New York City would be hopeless for someone who's expert in petroleum exploration). You may have to invest more to travel farther.
- 7. You have insufficient contacts or business acumen. Some people do create initial meetings, but nothing ever results and no business ensues. You have to walk and talk like a businessperson. You may be too young, or too inexperienced, or too removed from business pragmatics (a common problem for academics and human resource professionals seeking to enter consulting). Sometimes, more seasoning merits delaying your entry.
- **8.** The timing is really poor. Poor timing is generally an excuse, but a catastrophic event, outbreak of illness, international turmoil, soaring unemployment, and other traumatic factors can adversely affect any start-up.
- **9.** You're in this for the wrong reasons. You're running from something else or trying to prove something to someone. Not everyone is born to be a singer, or a pilot, or a consultant.
- **10.** You have no differentiation. You must be able to develop your own approaches, intellectual property, and appeal. You'll never be successful using others' ideas and methods.

You must honestly assess whether this is the profession for you. For the right people with the right effort, it's a great life!

# **Summary**

This is a fabulous profession. Not everyone can make it—that is, build a sustainable practice that can provide for a superb lifestyle while creating tremendous value for clients. But for those who can, there are few better ways to make a living.

I don't guarantee success merely by following the tenets in this book or within this final chapter. But I do guarantee that by adhering to these principles you will have maximized your prospects for success and given yourself the best possible opportunity to build your career.

And that's not a bad way to get started in consulting.

# **Notes**

1. I've found that discount office supply stores such as Staples or even Wal-Mart offer excellent value and quality, and many catalogs such as PC Mall provide excellent service and delivery.

- 2. An outstanding feature of web designers is that they are ridiculously cheap by almost any standards. They compete by undercutting each other's prices, don't understand value-based pricing, and are too stubborn to change. That's fine for us, and I advise them to never read my books.
- **3.** For those of you considering designing your own site, even if you're technically adept, forget about it. You'll use \$50,000 of your time and energy to do what a good web person can do for \$3,500. If you want to accelerate your entry into consulting, do not become embroiled in technical execution.

# **Questions and Answers**

- Q. Is it smart to go after clients and contacts from my past employer?
- **A.** Yes, *if* you are not competing in any way. Otherwise, that would be unethical and could be illegal.
- **Q.** Can I claim a company as my client if I worked with them under someone else's auspices?
- **A.** Yes and no. I wouldn't list them as a client, but I would list them under "organizations with which I have worked on consulting assignments."
- **Q.** Every day my spouse sits down and wants to know what I did, why I haven't made more calls, what we'll do if money doesn't start flowing in, and so on. Wouldn't I be better off with an outside office?
- **A.** You may be better off with a new spouse. Clear the air. This is a prudent risk that *both* of you have to agree to take, and the spouse has a supportive role. I've not seen people act with great confidence when their personal relationships are in difficulty. If you don't get this cleared up, even if you're successful, you'll begin to hear the same lament every time you have a quiet month or lose an account.
- Q. How often do I upgrade my equipment, since technology is changing every hour?
- A. Your computer should automatically update software on a schedule you choose. Update the software you use, not the stuff that just sits there as specialty items. As for hardware, you can usually expect five years from a desktop or laptop before upgrades are no longer supported. Cell phones are currently good for three to five years, if you don't need the latest bells and whistles. Ask yourself what items are the most important for your productivity and give them the priority. I need a great cell phone; I don't need a state-of-the-art fax machine.
- **Q.** What happens when a prospect asks, "Where else have you done this?" and I have no other clients?
- **A.** Respond: "Of course, my clients' work is confidential, as would be my work with you, but why are you asking? Perhaps I can give you some examples of how we would work together. . . . "Language is everything.

# Business Plan to Attract Investment

ote: This is a general outline that can be filled in with your particular content. Steps 7 and 8 are usually the most important for a potential investor, and should contain considerable detail and analysis.

- 1. Company particulars: Name, address, legal entity (corporation, subchapter S corporation, limited liability company, and so forth), phone, fax, e-mail, web site.
- 2. Officers and stockholders: names, addresses, positions.
- **3.** Brief description of the firm (for example, Acme Corporation is a consulting firm for midsize organizations, specializing in succession planning, benefits, and compensation.
- **4.** History: When founded, under what circumstances, results to date, if any.
- **5.** Core values: What the company stands for and its purpose (for example, respect for employees, integrity of financial systems, assisting in corporate growth through greater productivity of individuals, and so forth).
- **6.** Vision/mission: What you are trying to accomplish (for example, to provide more productive workforces through intelligent pay-for-performance systems that benefit both employer and employee).

260 APPENDIX A

- 7. Market analysis: What value do you provide, who is likely to buy it, how do you plan to reach them, who is the competition, why are you superior to other approaches, what uniqueness do you bring to the market?
- **8.** Projected revenues and expenses for the next five years: What are the sources of income, what is the probability of each source, what compensation will be paid to whom, what other expenses will be incurred, is there any other debt, is there any other source of income (for example, royalties, interest, and so forth)?
- **9.** Other assets/uniqueness of the venture: Is there a large and assured contract with a former employer? Are you publishing a book? Do you speak before large audiences? Do you use a proprietary model? Is there a favorable collaboration in place? Will you have passive income from products?
- **10.** What you are seeking: How much investment are you seeking, under what conditions, with what type of reimbursement/equity/ownership, at what time, with what frequency?
- 11. References/credentials: Testimonials, character references, awards, public acknowledgments, basis of credibility, degrees, publications, appearances, interviews, and so forth.

Note: If you can fund your company without outside investment, do so. You don't want to sweat bullets for someone else who expects you to work 60 hours a week.

# Sample To-Do Lists

ote: Shorter-term lists tend to be more activity-driven, while longer-term lists tend to be more results-driven.

# **Daily**

- Call three prospects:
  - Acme Corporation.
  - Beta, Inc.
  - Omega, LLP.
- Write position paper for press kit.
- Send web designer copy for site.
- Set up new database for prospects.
- Read business literature.

# Weekly

- Call 12 prospects.
- Write one position paper.
- Write one article for web site.
- Talk to web designer about progress.
- Enter all contacts into new database.

262 APPENDIX B

- Request two testimonial letters.
- Meet with lawyer about retirement plan.
- Network at association meeting.
- Pay bills.
- Research new consulting topic on Web.
- Call two trade associations about speaking.

#### Monthly

- Call 45 prospects.
- Write three position papers.
- Add hot topics and techniques to web site.
- Begin an electronic newsletter.
- Use database to send mailings to all contacts.
- Finalize press kit.
- Have six testimonial letters for press kit.
- Have retirement plan decided.
- Have tax estimates for year completed.
- Attend and network at two association meetings.
- Complete one-sheet for publicity.
- Begin literature on new consulting approach to team building.
- Contact six trade associations for possible speaking.
- Volunteer for one pro bono project locally.

# Office Equipment Recommendations

ote: While virtually all of these items can be purchased through catalogs and discount dealers, it is often worthwhile to pay slightly more at a local retailer if technical help or local repair capability is provided. While warranties are often not worthwhile from an investment standpoint, you should always acquire lengthy warranties for copiers and printers, since they are most apt to break down and their absence can seriously undermine productivity.

#### **Phone**

Musts: Two lines, one for business, one for home. Storage, redial, and speaker features, hold button.

Desired: Speed dial, conference call, call waiting, caller ID, headset.

#### **Facsimile**

Musts: Plain paper, memory, redial.

Desired: Storage for frequently called numbers, audible alarm for paper jams, paper out, cartridge empty, headset for use as backup phone line, copier feature for emergencies, maximum tray capacity, bin or holder for incoming pages, send and receive in color.

264 APPENDIX C

# Copier

Musts: Minimum 99 copies ordered at a time, accommodation for regular and legal sizes, adjustments for contrast.

Desired: Enlargement and reduction capability, single-sheet rapid feed, multiple paper trays, long-lasting cartridge, capacity to copy pages from books and manuscripts, ability to print onto transparencies, easy access to all parts to clear paper jams.

#### Shredder

Musts: Automatic start, minimum capacity five sheets at a time, reverse feature to unclog jams.

Desired: Can accommodate staples and other soft fasteners.

#### Postage Meter

Musts: Electronic (now required by law), optional feed for mailing tapes.

Desired: Electronic scale (15-pound capacity) that triggers meter with correct postage, heavy volume capability, replenishable by phone.

### Computer

Musts: Maximum affordable storage and memory, compatibility with external backup drive, full video capability.

Desired: Specialties that you may need, large screen, wireless networking within the home.

#### **Printer**

Musts: Laser jet, high-quality printing, maximum pages per minute, large paper capacity.

Desired: Multiple trays, separate envelope feed, ability to print transparencies, easy access to all parts to clear paper jams.

# Other Computer Peripherals

Logical: Scanner, color printer, trackball (requires less room than conventional mouse), laptop computer.

Luxury: Infrared connector between laptop and desktop, voice recognition system, digital camera, external microphone for podcasts.

#### Other Office Needs

Musts: CD and DVD, television with VCR playback for older tapes, radio, calculator with tape, clock, personal calendar/diary, pens/pencils/markers, packing tape with dispenser, stapler, adhesive tape with dispenser, paper clips, padded envelopes in various sizes, shipping boxes of various size, appropriate furniture (desk or tables, comfortable chair, lamps).

Desired: Label maker, recording device for phone, minicassette recorder (for car), laser pointer, wall scheduler, bookshelves, intercom (if living with family in a large house).

# Trade Associations, Professional Groups, Publicity Sources

merican Management Association amanet.org/
Provides seminars, books, workshops, and even meeting space.

American Society for Training and Development astd.org/communities/astd\_secondlife.htm

Probably a must for those focusing on training and related human resources issues. Publishes *Training and Development*, a monthly magazine. Hosts national events and local chapter meetings.

American Society of Association Executives asaecenter.org/

If you are looking for an association appropriate for your profession and interests, or want to speak to associations, this may be a logical starting point.

# Communispond

communispond.com/

Individual or group participation to hone speaking and presentation skills, including virtual classes, whether in meetings or with the media.

268 APPENDIX D

Expertclick.com

expertclick.com/

A good source to find consultants, speakers, trainers, facilitators, and others who may be appropriate for buyers' needs, but most important as a source for interviews in all media. You can also send out a free press release every day as a member.

Institute of Management Consultants

imcusa.org/

The largest and best known of the consulting trade associations for solo practitioners. The IMC provides national conferences, local chapter meetings, insurance, and other benefits, and can bestow the Certified Management Consultant designation. Some local chapters are barely functional, while others are quite active, sponsoring breakfasts, monthly meetings, and educational programs.

National Trade and Professional Associations of the United States (Columbia Books)

columbiabooks.com/servlet/the-24/National-Trade-and-Professional/Detail

An excellent source to find professional associations related to your profession or specialty, how to join, location of conferences, local chapters, and so on.

**PRLeads** 

prleads.com/

An excellent subscription service to receive tailored leads from the media for quick response and publicity.

Society for Advancement of Consulting

consultingsociety.com

An organization founded by Alan Weiss specifically to advance the business and image of solo practitioners. New consultants welcome as affiliate members. Bestows Board Approvals in various consulting specialties.

Society for Human Resource Management

shrm.org/

This society for human resources executives and managers provides extensive benefits and offers, and publishes the monthly *HRMagazine*. Hosts national events and local chapter meetings. Very active special interest area for consultants.

Writer's Digest Books

writersdigest.com/GeneralMenu/

Books and magazines for those who want to be published. May be useful if you'd like to achieve greater visibility through print, or if you're called on to contribute in the course of your work.

### Sample Biographical Sketch for a New Consultant

oan Smith is the president of Acme Consulting Group, Inc., a firm specializing in human performance and productivity.

Joan is a former assistant general manager for ambulatory care at Mercy Hospital in Cleveland, Ohio. She has managed both line and staff functions, and has overseen both mergers and divestitures in the health care industry. She has been a featured speaker at several industry conferences, and has had articles published in *Health Care Today* and *Professional Women*.

The Cleveland chapter of the American Society for Training and Development named her professional manager of the year for an unprecedented two consecutive years in recognition of her "outstanding and innovative work in maximizing the potential of human resources." She has served as a board member for the Development Agency of Greater Cleveland, the Audubon Society, and the Ohio Youth Orchestra.

She is a member of the Institute of Management Consultants and the Society for Professional Consulting, as well as the American Management Association. Her written work has included articles in *Training* magazine and *Cleveland Business News*.

The facilitation of strategic retreats, conducting customer focus groups, training in conflict resolution, and coaching in creative thinking skills have been numbered among her works.

272 APPENDIX E

She once taught herself to play the saxophone, and found herself at a political rally playing alongside then-candidate Bill Clinton. He told her she had no future in music, but then again, neither did he.

#### Alan's Biographical Sketch

Alan Weiss is one of those rare people who can say he is a consultant, speaker, and author and mean it. His consulting firm, Summit Consulting Group, Inc., has attracted clients such as Merck, Hewlett-Packard, General Electric, Mercedes-Benz, State Street Corporation, Times Mirror Group, The Federal Reserve, The New York Times Corporation, and over 500 other leading organizations. He serves on the boards of directors of the Trinity Repertory Company, a Tony Award—winning New England regional theater, Festival Ballet, and the Newport International Film Festival.

His speaking typically includes 30 keynotes a year at major conferences, and he has been a visiting faculty member at Case Western Reserve University, Boston College, Tufts, St. John's, the University of Illinois, the Institute of Management Studies, and the University of Georgia Graduate School of Business. He has held an appointment as adjunct professor in the Graduate School of Business at the University of Rhode Island, where he taught courses on advanced management and consulting skills. He holds the record for selling out the highest-priced workshop (on entrepreneurialism) in the 21-year history of New York City's Learning Annex. His Ph.D. is in psychology and he is a member of the American Psychological Society, the American Counseling Association, Division 13 of the American Psychological Association, and the Society for Personality and Social Psychology. He serves on the Board of Governors of Harvard University's Center for Mental Illness and the Media. He has keynoted for the American Psychological Association on two occasions.

He is a 2006 inductee into the Professional Speaking Hall of Fame and the concurrent recipient of the National Speakers Association Council of Peers Award of Excellence, representing the top 1 percent of professional speakers in the world.

His prolific publishing includes over 500 articles and 25 books, including his best-seller, *Million Dollar Consulting* (from McGraw-Hill). His newest is *The Million Dollar Consulting Toolkit* (John Wiley and Sons). His books have been on the curricula at Villanova, Temple University, and the Wharton School of Business, and have been translated into German, Italian, Arabic, Spanish, Russian, Korean, and Chinese.

He is interviewed and quoted frequently in the media, and is an active member of the American Federation of Television and Radio Artists. His career has taken him to 56 countries and 49 states. (He is afraid to go to North Dakota.) Success magazine has cited him in an editorial devoted to his work as "a worldwide expert in executive education." The New York Post calls him "one of the most highly regarded independent consultants in America." He is the winner of the prestigious Axiem Award for Excellence in Audio Presentation.

In 2006, he was presented with the Lifetime Achievement Award of the American Press Institute, the first-ever for a nonjournalist, and one of only seven awarded in the 60-year history of the association.

He has coached the former and present Miss Rhode Island–Miss America candidates in interviewing skills. He once appeared on the popular American TV game show *Jeopardy*, where he lost badly in the first round to a dancing waiter from Iowa.

## **Sample Position Paper**

## Accepting Equity for Your Services: Or Why the Craps Tables Suddenly Look Good

onsultants (and a raft of other professionals, including carpenters and plumbers) are increasingly considering equity participation in place of old-fashioned cash on the barrelhead. Sometimes it's because the clients can't (or claim they can't) come up with the cash, and sometimes it's because the allure of the client's potential payoff is so great that thoughts of vast riches clog the consultant's synapses.

Equity offers exist in two basic situations: In the first, the company is a start-up, usually high-tech but not always, which is so cash poor that it can apply their precious venture capital only for R&D and marketing. Anything else is superfluous, so everyone from accountants to gardeners is offered a stake. In the second case, a legitimate going concern offers a consultant the chance to participate in the fruits of his or her advice, usually because the client thinks the chances of reaching the goal are slim, doesn't want to pay for anything but tangible performance, or is simply cheap.

In either case, there is a strong and rare potential upside, and a strong and frequent absolute downside. Let the equity seeker beware (caveat equitus, or something like that).

276 APPENDIX F

#### **What You Need To Know**

Before you jump to accept an equity position, you should make sure that you possess the basic information about the client and about yourself. In any given instance, equity can make sense for you and not a partner, or vice versa. In other words, this is like driving a Ferrari: It seems like a great idea and you know you'll look good, but not everyone can handle it and there are some places you just can't take it.

#### Is It Light of Day or an Approaching Train?

You have more of a chance of hitting a roulette number during an evening at the tables than you do of hitting the big time with an equity start-up. Even in established organizations, where you're taking equity on increased sales or growing market share, there are hazards.

You'll have to get a reading on the likelihood of key talents staying the course. That means that you'll also have to be absolutely confident about management's ability to lead and to retain key people. Look at the culture. Is it one of relatively low turnover (no turnover is not good, since it fails to clear deadwood), fun, challenge, and collaboration? Are people talking about the excitement of the enterprise or about the potential for jumping ship?

Is the initiative capitalized sufficiently? Are resources and knowledge readily available and shared? Are people running full speed to gain momentum or to flee a fire? Ask yourself whether the operation in which you are considering taking an equity position is one that you would enjoy working in or managing. Ask yourself whether you would invest \$50,000 of discretionary funds in this opportunity, because that's precisely what you're doing.

Do you like these people and do you trust them?

#### Who's in Charge?

Your deal about equity must be clear-cut and as unambiguous as possible. The chief executive officer (CEO) and the chief financial officer (CFO) of the client should sign off on the agreement, which itself should be created by your attorney. If the client insists on his own attorneys, then agree only with the provision that your attorney will then review their work. Sometimes seemingly trivial matters, such as the state in which legal disputes will be adjudicated, can make a huge difference later (some jurisdictions have laws that could make your position untenable and your contract worthless under certain conditions).

Use as much cement as possible to seal the deal. For example, if there is a board of directors, have the agreement approved by the board and read into the minutes. If key personnel change—especially likely in start-up companies—then have the new officer acknowledge and sign off on the old agreement, even though it is technically binding even without that signature.

#### What's Your Stress Level?

Evaluate the opportunity not in terms of an individual investment but in terms of your overall cash flow and financial picture. Can you support yourself and your business adequately without the equity position's paying off? If not, then you're creating a huge gamble. If so, then you're taking a prudent risk. Determine whether you can simply let this run its course, albeit with you contributing as a consultant, or if you'd be up during the night and distracted during the day trying to worry this venture over the finish line.

There is no sense getting sick over a piece of business. You have to be careful that, even if the equity position pays off, it doesn't totally undermine all of your other marketing and delivery efforts, which may suffer by comparison.

#### What You Need To Do

There are some very specific things you can do to protect yourself in equity relationships. They don't always work, just like fire protection doesn't always work, but at least it's better than simply depending on the sprinkler system.

#### **Evaluate Your Conflicts of Interest**

The absolute toughest factor in taking equity is that it can color your judgment and blunt your effectiveness as a consultant, ironically causing you to become detrimental to your own interests. For example, you might come upon a manager whom you know is toxic and ought to be fired. But will you recommend firing her, even though it's essential for long-term success, if the position won't be filled for months and you desperately need a body in it to make this year's plan? How much of the future do you sacrifice to guarantee your short-term equity stake?

The answer, of course, is that you have to do what's in the best long-term interests of the client, and not the best short-term financial interest of the consultant. Understand this and evaluate the potential for conflicts of interest at the outset. If you anticipate them, either don't take the job or refer all such decisions to a consultant or insider who doesn't have the conflict, and abide by their decisions.

#### **Establish What You Can and Can't Control**

You may do everything humanly possible within your accountabilities, and the contribution should have led to success. But the unanticipated resignation of three top salespeople, the competition's breathtaking new technology, or the government's unexpected regulatory interference might send a torpedo into your best efforts. Try to clarify what you can and can't control. You won't be able to collect if the goals aren't met no matter what your contribution (because

278 APPENDIX F

there will be no equity to share), so if you find this potential high, don't get into the water.

You may also find that there are managers or highly influential contributors who are rewarded, directly or indirectly, for the exact opposite of what you are trying to accomplish (for example, a marketing vice president wants to incorporate sales into his unit, and would love to see the expansion in Europe fail so that he can make a case for the integration). If those turf battles are present, you're going to get killed in the crossfire.

#### **Set an Example of Proper Conduct**

Throughout the project, act as you always should—as an independent, objective, and decisive adviser. Don't allow yourself to be persuaded by short-term scares, and never enter into discussions that might indicate your judgment is suspect (or can be bought). Make some tough calls early, if possible, to show that your only objective is to improve the client's condition for the long term.

If you're working with a start-up, confront management often and early. These entrepreneurs are the chronically narrow. They can see their technology and its implications, and can rarely see the market, the buyer, or the elusive profit goals (known as spending less than you take in). If you're working with a large organization in a specific initiative (for example, the sales force and its business growth), then make sure you become very familiar with every key player. Never simply accept someone's word about someone else's performance or morale. See it for yourself.

#### Review Each Situation, Well, Situationally

If someone at IBM wants to offer you IBM stock in return for your consulting efforts, that's far different from someone at silverware.com wanting you to take equity in their new electric fork. Equity in a blue-chip company is like investing in the best market stocks and funds: If you hold on without panic, the market ultimately rewards you. But do you want to either invest in a high-tech start-up or take your chances with factors you can never completely control with a more mature organization? It depends on your tolerance for risk, your eye for opportunity, and your consulting expertise. And on luck.

Don't be afraid to take equity, but don't do it in lieu of cash you need to support your loved ones and your business.

Alan Weiss is the president of Summit Consulting Group, the author of 30 books appearing in nine languages, and a highly sought-after speaker. You can reach him at contrarianconsulting.com or summitconsulting.com.

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## Sample Magazine Inquiry Letter

Jack Gordon Editor, *Training* magazine 50 South Ninth Street Minneapolis, MN 55402

Dear Mr. Gordon:

I'm proposing an article for *Training* on the myths of doing business globally, tentatively titled: "Global Doesn't Mean 'Foreign' Anymore." The article will focus on my trips to 13 countries in Europe and Asia over the past nine months for various clients.

For your readers, the article will:

- Debunk the common myths of doing business internationally (for example, cultural awareness is the most sensitive issue).
- Describe how even small businesses can readily obtain global work.
- Provide the essentials for effective global business (for example, obtaining payment in U.S. funds drawn on U.S. banks).
- Detail how the Internet can be used for cost-effective marketing.

I've traveled to 56 countries, and have consistently been able to leverage U.S. global clients into non-U.S. multinational business. I've found that the

280 APPENDIX G

mythology is often an unfair disincentive to Americans trying to do business around the world.

I can provide the article within 60 days of your approval. An SASE is enclosed. Thanks for your consideration.

Sincerely,

Alan Weiss, PhD

President

Summit Consulting Group, Inc.

(*Note:* This can also be sent as e-mail. Eliminate the SASE—self-addressed, stamped envelope.)

# 101 Questions for Any Sales Situation You'll Ever Face

#### **An Overview**

This material is intended to provide questions to ask in virtually any sales situation, thereby:

- Maintaining a conversational and nonsales approach.
- · Keeping the other party talking so you can learn.
- Avoiding deselection by volunteering very little yourself.
- Finding the buyer, building a relationship, and closing business.
- Accelerating the entire sales process.

You might choose to take these questions on calls, to keep them by the phone, or to use them as the basis for printing out your own questions to keep in your briefcase or calendar. The copyright is intended to protect the work as it is presented, and to avoid resale or unethical use. You should feel free, however, to incorporate the generic questions and the derivations that flow from them into your personal routine and support materials.

The questions are deliberately overlapping, and stop just short of duplicative. Essentially, you want to elicit the same information in as many diverse ways as possible.

282 APPENDIX H

#### A Few Guidelines for Use

- Don't interrogate people. It's seldom necessary to ask even the majority of questions in any one category.
- Employ follow-up questions. The questions contained herein are triggers that may engender a response that demands further clarification.
- Trust is essential for candor. The other party will be most honest and responsive when trust is established (for example, they believe you have their best interests in mind).
- Never be content with a single question, no matter how satisfying the
  answer appears to be. Some people will attempt to deceive you to save
  their ego, and others will inadvertently deceive you because they misunderstood the question. I recommend that you use at least three questions per category if the answers are consistent, and six or more if the
  answers appear to be inconsistent.

These questions are rational, objective, and most of all, based on common sense and simple discourse. Try not to be distracted or to digress until the answer you're seeking in any given category is forthcoming. For example, it's dysfunctional to ask questions about objectives if you haven't asked the questions to satisfy you that you're talking to an economic buyer. Discipline is best.

Ironically, the longer you take to find the right answers, the more you accelerate the business.

Good selling and good luck!

—Alan Weiss, PhD

#### **Qualifying the Prospect**

This is the process of determining whether the inquiry is appropriate for your business in regard to size, relevance, seriousness, and related factors. In other words, you don't want to pursue a lead that can't result in legitimate—and worthwhile—business.

#### Questions

- 1. Why do you think we might be a good match?
- **2.** Is there budget allocated for this project?
- **3.** How important is this need (on a scale of 1 to 10)?
- 4. What is your timing to accomplish this?
- **5.** Who, if anyone, is demanding that this be accomplished?
- 6. How soon are you willing to begin?

- 7. Have you made a commitment to proceed, or are you still analyzing?
- **8.** What are your key decision criteria in choosing a resource?
- **9.** Have you tried this before (will this be a continuing endeavor)?
- **10.** Is your organization seeking formal proposals for this work?

Key Point: You want to determine whether the potential work is large enough for your involvement, relevant to your expertise, and near enough on the horizon to merit rapid responsiveness.

#### **Finding the Economic Buyer**

The economic buyer is the person who can write a check in return for your value contribution. He is the *only* buyer to be concerned about. Contrary to a great deal of poor advice, the economic buyer is virtually never in human resources, training, meeting planning, or related support areas.

#### Questions

- 11. Whose budget will support this initiative?
- 12. Who can immediately approve this project?
- 13. To whom will people look for support, approval, and credibility?
- **14.** Who controls the resources required to make this happen?
- **15.** Who has initiated this request?
- 16. Who will claim responsibility for the results?
- 17. Who will be seen as the main sponsor or champion?
- 18. Do you have to seek anyone else's approval?
- 19. Who will accept or reject proposals?
- **20.** If you and I were to shake hands, could I begin tomorrow?

Key Point: The larger the organization, the more the number of economic buyers. They need not be the CEO or owner, but must be able to authorize and produce payment. Committees are never economic buyers.

#### **Rebutting Objections**

"Obstacles are those terrible things you see when you take your eyes off the goal," said philosopher Hannah Arendt. Objections are a sign of interest. Turn

284 APPENDIX H

them around to your benefit. Once you demolish objections, there is no longer a reason not to proceed in a partnership.

#### Questions (in responding to an economic buyer's objections)

- **21.** Why do you feel that way? (Get at the true cause.)
- **22.** If we resolve this, can we then proceed? (Is this the sole objection?)
- **23.** But isn't that exactly why you need me? (The reversal approach.)
- **24.** What would satisfy you? (Make the buyer answer the objection.)
- **25.** What can we do to overcome that? (Demonstrate joint accountability.)
- **26.** Is this unique? (Is there precedent for overcoming it?)
- **27.** What's the consequence? (Is it really serious or merely an annoyance?)
- **28.** Isn't that low probability? (Worry about likelihoods, not the remote.)
- 29. Shall I address that in the proposal? (Let's focus on value.)
- **30.** Why does it even matter in light of the results? (The ROI is the point.)

Key Points: Don't be on the defensive by trying to slay each objection with your sword, or you'll eventually fall onto it. Embrace the buyer in the solutions, and demonstrate that some objections are insignificant when compared with benefits (for example, there will always be some unhappy employees in any change effort).

#### **Establishing Objectives**

Objectives are the outcomes that represent the client's desired and improved conditions. They are never inputs (for example, reports, focus groups, manuals) but rather always outputs (for example, increased sales, reduced attrition, improved teamwork). Clear objectives prevent scope creep and enable a rational engagement and disengagement to take place, resulting in much greater consulting efficiency and profit margins. (Note that the fourth, fifth, and sixth—objectives, measures, and value—are the basis of conceptual agreement.)

#### Questions

- **31.** What is the ideal outcome you'd like to experience?
- **32.** What results are you trying to accomplish?
- 33. What better product/service/customer condition are you seeking?
- **34.** Why are you seeking to do this (work/project/engagement)?
- **35.** How would the operation be different as a result of this work?

- **36.** What would be the return on investment (sales, assets, equity, and so forth)?
- **37.** How would image/repute/credibility be improved?
- **38.** What harm (for example, stress, dysfunction, turf wars, and so forth) would be alleviated?
- 39. How much would you gain on the competition as a result?
- **40.** How would your value proposition be improved?

Key Points: Most buyers know what they want but not necessarily what they need. By pushing the buyer on the end results you are helping to articulate and formalize the client's perceived benefits, thereby increasing your own value in the process. Without clear objectives, you do not have a legitimate project.

#### **Establishing Metrics**

*Metrics* are measures of progress toward the objectives, which enable you and the client to ascertain the rate and totality of success. They assign proper credit to you and your efforts, and also signify when the project is complete (objectives are met) and it is proper to disengage.

#### Questions

- 41. How will you know we've accomplished your intent?
- 42. How, specifically, will the operation be different when we're done?
- **43.** How will you measure this?
- **44.** What indicators will you use to assess our progress?
- **45.** Who or what will report on our results (against the objectives)?
- 46. Do you already have measures in place you intend to apply?
- **47.** What is the rate of return (on sales, investment, and so forth) that you seek?
- 48. How will we know the public, employees, and customers perceive it?
- 49. Each time we talk, what standard will tell us we're progressing?
- **50.** How would you know it if you tripped over it?

Key Points: Measures can be subjective, so long as you and the client agree on who is doing the measuring and how. For example, the buyer's observation that he is called upon less to settle turf disputes and has fewer complaints from direct reports aimed at colleagues are valid measures for the objective of improved teamwork.

286 APPENDIX H

#### **Assessing Value**

Determining the value of the project for the client's organization is the most critical aspect of conceptual agreement and preproposal interaction. That's because when the buyer stipulates to significant value, the fee is placed in proper perspective (ROI) and is seldom an issue of contention. Conversations with the buyer should always focus on value and never on fee or price.

#### Questions

- 51. What will these results mean for your organization?
- **52.** How would you assess the actual return (ROI, ROA, ROS, ROE, and so forth)?
- **53.** What would be the extent of the improvement (or correction)?
- **54.** How will these results affect the bottom line?
- 55. What are the annualized savings (first year might be deceptive)?
- **56.** What is the intangible impact (for example, on repute, safety, comfort, and so forth)?
- 57. How would you, personally, be better off or better supported?
- **58.** What is the scope of the impact (on customers, employees, vendors)?
- 59. How important is this compared to your overall responsibilities?
- **60.** What if this fails?

Key Points: Subjective value (stress alleviated) can be every bit as important as more tangible results (higher sales). Never settle for "Don't worry, it's important." Find out how important, because that will dictate the acceptable fee range.

#### **Determining the Budget Range**

Too much guessing takes place in the absence of a general understanding about how much the prospect intends to invest (before understanding the full value proposition). In many cases, the budget is fixed and entirely inappropriate, and in others it represents a better understanding of the ROI than that of the consultant! (Don't forget, this presupposes you're talking to an economic buyer.)

#### Questions

- **61.** Have you arrived at a budget or investment range for this project?
- **62.** Are funds allocated, or must they be requested?

- **63.** What is your expectation of investment required?
- **64.** So we don't waste time, are there parameters to remain within?
- 65. Have you done this before, and at what investment level?
- **66.** What are you able to authorize during this fiscal year?
- **67.** Can I assume that a strong proposition will justify proper expenditure?
- **68.** How much are you prepared to invest to gain these dramatic results?
- **69.** For a dramatic return, will you consider a larger investment?
- **70.** Let's be frank: What are you willing to spend?

Key Points: There is nothing wrong with exceeding the budget expectation if you muster a strong enough value proposition. But don't even proceed with a proposal if the prospect has a seriously misguided expectation of the investment need, or simply has an inadequate, fixed budget.

#### **Preventing Unforeseen Obstacles**

As the late comedienne Gilda Radner used to say, "It's always something." Inevitably, it seems, the best-laid plans are undermined by objections, occurrences, and serendipity from left field. Fortunately, there are questions to establish some preventive actions against even the unforeseen.

#### Questions

- 71. Is there anything we haven't discussed that could get in the way?
- 72. In the past, what has occurred to derail potential projects like this?
- 73. What haven't I asked you that I should have about the environment?
- **74.** What do you estimate the probability is of our going forward?
- 75. Are you surprised by anything I've said or that we've agreed upon?
- **76.** At this point, are you still going to make this decision yourself?
- 77. What, if anything, do you additionally need to hear from me?
- **78.** Is anything likely to change in the organization in the near future?
- 79. Are you awaiting the results of any other initiatives or decisions?
- **80.** If I get this proposal to you tomorrow, how soon will you decide?

Key Points: Make sure that your project isn't contingent upon other events transpiring (or not transpiring). If the buyer is holding out on you, these questions will make it more difficult to dissemble. Build into your proposal benefits to outweigh the effects of any external factors.

288 APPENDIX H

#### Increasing the Size of the Sale

Once conceptual agreement is gained, it makes sense to capitalize on the common ground and strive for the largest possible relationship. Most consultants don't obtain larger contracts because they don't ask for or suggest them. You can't possibly lose anything attempting to increase the business at this juncture.

#### Questions

- **81.** Would you be amenable to my providing a variety of options?
- **82.** Is this the only place (division, department, geography) applicable?
- **83.** Would it be wise to extend this through implementation and oversight?
- **84.** Should we plan to also coach key individuals essential to the project?
- **85.** Would you benefit from benchmarking against other firms?
- **86.** Would you also like an idea of what a retainer might look like?
- **87.** Are there others in your position with like needs I should see?
- **88.** Do your subordinates possess the skills to support you appropriately?
- **89.** Should we run focus groups or other sampling to test employee reactions?
- 90. Would you like me to test customer response at various stages?

Key Points: If you don't ask, you don't get. Don't throw everything including the kitchen sink into your proposal in an attempt to justify your fee. Instead, unbundle what you're capable of providing and add them back in an additional fee.

#### Going for the Close

Home stretch, but not across the finish line. Runners who slow up at the approaching tape lose to someone else with a better late kick. Run through the tape at full speed by driving the conversation right through the close of the sale and the check's clearing the bank.

#### Questions

- 91. If the proposal reflects our last discussions, how soon can we begin?
- **92.** Is it better to start immediately, or wait for the first of the month?
- 93. Is there anything at all preventing our working together at this point?
- 94. How rapidly are you prepared to begin once you see the proposal?

- **95.** If you get the proposal tomorrow, can I call Friday at 10 for approval?
- **96.** While I'm here, should I begin some of the preliminary work today?
- 97. Would you like to shake hands and get started, proposal to follow?
- **98.** Do you prefer a corporate check or to wire the funds electronically?
- 99. May I allocate two days early next week to start my interviews?
- **100.** Can we proceed?

Key Points: There is never a better time than when you're in front of the buyer and she is in agreement and excited about the project. Even without a proposal, beginning immediately pours cement on the conceptual agreement and greatly diminishes the possibility of being derailed by surprise.

#### The Most Vital Question

All of the preceding 100 questions are actually based on the reaction to one question, which we often fail to ask of the most difficult person of all. And unlike most of the prior inquiries, it's a simple binary question, with a clear yes-or-no response.

#### Question

**101.** Do you believe it yourself?

Key Point: The first sale is always to yourself.

#### **Glossary**

**acceptance** that part of the proposal that the buyer signs indicating agreement with all details, terms, and provisions included. An acceptance can also be oral, or can be in the form of a payment when you've indicated that a payment will indicate acceptance of the terms.

**biographical sketch** a brief (one page or less) description of the consultant's accomplishments, credentials, and credible background. Note: This is not a resume.

**brochure** a bound booklet that describes your firm's services, client results, and approaches; provides testimonials; and contains other relevant information for a prospective buyer. You are better off with no brochure than a cheap foldout version. Wait until you can afford a decent one of four to a dozen pages.

**buyer** that person who can write a check (expend budget without further approvals) for the consultant's products and services; also called *economic buyer* or *true buyer*.

**C corporation** traditional corporate configuration, which I believe now offers fewer advantages than an S corporation, though either is appropriate for a consulting practice.

**celebrity** that status that confers upon you a credibility and competence that is spoken about by others and readily accepted without further proof or validation by those who do not know you.

**client** an organization or individual that engages the consultant to achieve certain results in return for agreed-upon compensation.

**commercial publishing** producing print or recorded material through a third party, which pays you a royalty for the intellectual property but controls all production and distribution (as opposed to self-publishing).

**conceptual agreement** the oral agreement with the buyer that the objectives, measures of success, and value to the organization are accurate and acknowledged.

**consulting** the application of talents, expertise, experiences, and other relevant attributes, which results in an improvement in the client's condition.

**content** the work of the business (for example, health care or producing cement).

**contingency fees** fees paid only upon achievement of some predetermined goal. As a rule, this is not an attractive fee arrangement.

**domain name** your firm's address on the Internet (for example, summitconsulting. com).

292 GLOSSARY

**equity** ownership of an enterprise. In this case, it is sometimes offered in place of cash compensation for services rendered. Equity can be attractive as a portion of compensation, but should never represent total compensation, especially for new consultants.

**feasibility buyer** that person who is responsible for determining whether a consultant may fit certain criteria or otherwise be acceptable, but who cannot buy the services and can only recommend alternatives to the real economic buyer.

**fees** those payments, usually in cash but sometimes in equity, bartered services, or other forms, which compensate the consultant for the value delivered to the client.

**gatekeeper** that person who is not a buyer but advertently or inadvertently stands between the consultant and buyer.

**inputs** tasks and activities required to generate outputs.

**ISBN** "International Standard Book Number," which should be applied to all your printed and recorded products that you wish to sell. This is how all bookstores and online sources order your material. ISBNs are available from R. R. Bowker. (ISSN is the equivalent for print and electronic newsletters.)

**lead** a prospective client's name and contact information, from any source.

**limited liability company (LLC)** a form of incorporation increasingly popular, and very appropriate for consulting practices.

marketing the creation of need for your services among potential buyers.

**measures of success** those indicators of progress (metrics) that tell the consultant and the buyer whether the project is meeting the agreed-upon objectives.

**methodology** the systematic, procedural approaches that a consultant uses to implement a project (for example, surveys, training programs, competitive analyses, and so on).

**networking** the activity of meeting others in a systematic manner, particularly those who can buy, recommend, or otherwise support your services. The best networking is accomplished one-on-one by providing value to the other party first.

**objectives** those end results whose achievement will indicate project success. Objectives should always be stated as business outcomes.

**one-sheet** a single sheet in black and white (for faxing) and color that succinctly describes the consultant's accomplishments, clients, results, and credibility. The one-sheet is particularly important for speaking engagements.

**options** alternative approaches to reach the client's objectives, which provide the client with the ability to determine how to use the consultant, rather than whether to use the consultant; also called a *choice of yeses*.

**outputs** results that have a demonstrable impact in improving the client's condition. These are always business-related.

**press kit** a formalized, professional set of documents assembled in a folder that is used for promotion and credibility. Press kits typically include references, testimonials,

a biographical sketch, client lists, articles, interviews, and related materials; also called *media kit, publicity kit.* 

**pro bono work** work undertaken deliberately for no compensation, for the purposes of marketing, charitable contribution, longer-term visibility, networking, and other such purposes.

**process** techniques to run a business that can be applied to any content (for example, decision making or conflict resolution).

**proposal** the document that summarizes conceptual agreement, and also details timing, accountabilities, terms, and conditions of the engagement.

**reference** a source, usually a client, serving as a contact for prospective clients to ascertain the quality of your work, veracity of your claims, and so on.

**referral** a prospective client's name provided by another source. The best referrals include an introduction of some kind. The barest are those that simply provide a name of someone who may be interested.

**relationship** the interaction created between consultant and buyer based on mutual trust, candor, respect, and a perception of peer-level credibility.

**retainer** a set fee paid for access to the consultant's expertise and support without regard for specific projects or objectives. Retainers should be paid in one sum or in installments at the beginning of each designated period.

**search engine** those functions on the Internet that provide information about web sites by keywords, topics, subjects, and so on. Your web site and firm should be listed with the major search engines and be updated periodically.

**self-publishing** producing your own printed or recorded material by contracting for all technological and logistical assistance (as opposed to commercial publishing).

**situation appraisal** a summary of the conditions facing a prospective client that need to be improved as a result of the consulting engagement. This brief description should be the first part of a proposal.

**subchapter S corporation** form of incorporation designed for small businesses, wherein the profits flow through the owner's personal tax returns.

**terms and conditions** that part of the consulting proposal that deals with fees, payment schedules, expense reimbursement, and related matters.

**testimonial** a written endorsement on a client's stationery validating your value and contributions to the writer's organization.

**timing** that part of the proposal that deals with start and end dates, and when certain events are scheduled to occur. Timing should always revolve around calendar dates, not relative dates (for example, "June 1," not "30 days after our agreement").

**value** the degree of improvement to the client represented by the achievement of the objectives. These may be quantitative (2 percent increase in sales) or qualitative (there will be much less stress for me).

294 GLOSSARY

**values** those fundamental beliefs that guide our behaviors, and that should be congruent between the consultant and buyer in terms of the project and the relationship.

**vanity publishing** the paying of a third party to publish your material, sometimes including design, distribution, order fulfillment, and so on. It is more expensive than self-publishing, in which you are paying only for actual printing, and is not credible in the marketplace. Eschew vanity publishing.

#### Index ————

Abrams, Daniel L., 162-163	Breur, Tom, 182-183
Acceptance section, of proposal, 160-161	Britain, 208
"Accepting Equity for Your Services" (position paper),	Broadcast interviews, 105-110, 212-213
275–278	Brochures, 78
Accountants, 45-47, 174	Budget range, determining, 286-287
Accounts payable departments, 191	Business cards, 56, 78-79
Accrual bookkeeping/reporting, 67	Business plans, 4, 5, 200-201, 259-260
Active listening, 8	Business publications, 210-211
Address books, electronic, 12, 245	Business Week, 207
Address labels, 78	Buyers:
Adhesion principle, 85	building relationship with, 134-135
Administrivia, 213	case study, 133-134
Ads, 89–90, 106	defined, 7
ADT, 62	direct reports of, 146
Advice, sources of, 234	feasibility, 130, 131
Agents, literary, 102, 213	finding, 129-131, 133-134, 283
American Express, 204, 226	following up with, 166–167
American Management Association, 267	guides for, 88–89
American Society for Training and Development,	identifying potential, 127
65–66, 267	noneconomic, 129, 133
American Society of Association Executives, 267	qualifying, 282-283
Answering service, 40	questions to ask, 130
Articles, writing/publishing, 99–102, 227–228	traits of, 145
Associations. See Trade associations	
Attorneys:	Cable connection, 33
conservative nature of, 149	Callan-Bogia, Barbara, 181-182
fee practices, 171, 174, 192	Cameras, digital, 36
incorporating business and, 236	Canada, 208
review of proposals and contracts, 67–68	Candor, 134
selecting, 45–47	Carter, Marsh, 200-201
trademark work, 239	Cash bookkeeping/reporting, 67
Attributes, desired, 5-9, 10	Catalogs, product, 205
Audio, 109-110, 124-125, 204	C corporations, 48-49, 50-51, 236-237
Australia, 208	Celebrity status, 227–229
	Cell phones. See also Phone calls
Backing up data, 32-33	holsters for, 37, 118
Balancing Act (newsletter), 233	needed equipment, 36–38, 238
Banking relationship, 53-54, 55-56, 237	updating, 257
Bank of America, 133-134	use of, 14, 44, 118–119
Beepers, 36–38	Certified letters, 166, 167
Biographical sketches, 75, 240, 271-273	Certified Management Consultant (CMC) designation, 65
Blogs, 64, 91-92, 97, 98, 116. See also Social media	Character references, 74, 76, 240, 242
Bookkeepers, 62, 198-199	Checking accounts, 234, 237
Bookkeeping/reporting, 67	China, 208, 213
Books, writing/publishing, 102-103, 116, 205	Churchill, Winston, 1, 233
Borrowed space, 28	Client information kits. See Press kits
Braly, Ken, 99-100	Clients:
Branching option, in voice mail, 30	defined, 6
Branding, 124, 228	explaining fees to, 173, 176-179, 190

296 INDEX

Clients (Continued)	Designers:
involving in diagnosis, 180, 191	graphic, 56–58, 239, 241
jettisoning bottom 15% of, 189	web, 63–64, 96–97, 100, 241–243, 257
refusing business from, 186, 190	Developing economies, 208
Closing, 288–289	Diagnosis versus prescription, 180, 191, 218
CMC (Certified Management Consultant) designation, 65	Dictation/recording devices, 38
Coleman, David, 15	Differentiation, 256
Collaboration:	Digital cameras, 36
establishing fees with client, 179	Diners Club, 226
fees for, 186	Directories, listings in, 88–89
mentoring versus, 219	Directors' fees, 51
pitfalls of, 17–18	Directors' meetings, 51
synergy from, 17–18, 198	Directory of Memberships and News Sources, The, 106
Color printers, 33, 36, 238	Disability insurance, 52, 58, 59–60, 237 Discounts, fee, 159, 171, 188–189
Columns, writing/publishing, 210–211	
Command appearances, 163–165	Discover credit card, 204
Commercial publishing, 98, 99, 205	Disengagement point, 218
Committees, 131	Distance power, 85
Communispond, 267	Diversity, valuing, 207
Computer equipment:	Doctors, fee practices of, 174, 193 Domain names, 96–97, 240, 243
Computer equipment: basic, 31, 32–33, 238	Downloadable material, providing, 124
	Drucker, Peter, 207
laptop, 36, 238, 257 recommendations, 264	Diuckei, Tetel, 20/
updating/upgrading, 44, 257	Economic buyers. See Buyers
Conceptual agreement, 136–141	Economist, The, 207
defined, 136	Editors, contacting, 100–101
measures of success in, 139	Education, 220, 230
objectives in, 136–138	Efficiency, 13
role of, 142	Ego, 199
value/impact to organization in, 140–141	E-mail, 40, 119, 243–245, 248
Conferences, 207, 211–212	Employees, 41–43, 197–200
Confidence, 6, 10	Envelopes, 77
Confidentiality, 219	Equipment:
Consistency approach, 142	basic, 29–31, 32–34, 238–239
Consulting, defined, 1	beyond basic, 36–38
Content versus process, 19	insurance on, 60–61
Contextual connection, 85	recommendations, 263–265
Contingency fees, 174, 175	Equity ownership, 5, 275–278
Contingent actions, 167	Errors and omissions insurance, 60, 237
Continuing education, 220	Estey, Stub, 107
Contracts, 67–68, 148–149, 171	Ethics of fees, 176, 193
Contrarian, being, 102, 204, 210-211, 227-228	Expenses, 3, 160
Conventions, 207, 211–212	Expertclick.com, 123, 268
Copiers, 31, 238, 264	•
Copyrighting position papers, 75, 76	Facebook. See Social media
Corporations:	Family:
C corporations, 48-49, 50-51, 236-237	funding from, 5
S corporations, 49, 51-52, 234, 236-237	hiring, 51
Coughlin, Dan, 132-133	interruptions by, 44
Credibility, 95, 99	support from, 257
Credit cards, 55, 204, 208	Farr Act, 146
Credit lines, 3, 4, 51	Faust, Mark, 9
Cultural knowledge, 207	Faxes:
Cyberspace interviews, 104, 105	equipment needs, 13, 30–31, 238, 263 line for, 237
Data, backing up, 32-33	response time to, 40
Data banks, 119-120, 223	shared spaces and, 27
Decision-making, 13	Fearlessness, 7
Deliverables, 155	Feasibility buyers, 130, 131. See also Gatekeepers
Deposits, 160	Feasible set, 128

Index 297

Federal Reserve, 68	identifying, 130
FedEx, 238	traits of, 145
Fees, 178–194. See also Retainers	General Electric (GE), 201
activities before establishing, 145	Getting started. See Quick Start process
collaborating and, 186	Gitomer, Jeff, 64, 92
competitors and, 185, 187	Giving back, 232
contingency, 174, 175	Godin, Seth, 64, 92, 98
defined, 173	Goldsmith, Marshall, 92, 98
discounts on, 159, 171, 188–189	Google Alerts, 125
employees and, 187	Gordon, Gil, 54–55
ethics of, 176, 193	Govendo, Jeff, 80
explaining to clients, 173, 176–179, 190	Graphic designers, 56–58, 239, 241
increasing, 179–192	Growth, professional, 219–220, 221
late payments, 193	Growth, professional, 217–220, 221
lowering, 164, 180, 181, 186	Handshake test, 130
Mercedes-Benz syndrome and, 157, 188	Health insurance, 61, 237
objections to, 164	Herman, Jeff, 102
objections to, 164 objectives and, 183–184	Hewlett-Packard, 60, 130, 137
payment terms for, 189	Hick, Michael, 37
phase-based work, 188–189	Home equity line of credit, 3
policies regarding, 188	Home offices, 24–26, 44, 52, 237
	Honesty, 134
practicing stating, 190, 191	•
premiums on, 180–181	Hong Kong Management Association, 207 Hook:
providing options, 182, 183 questions and answers, 193–194	
	in inquiry letters, 102
reducing value versus lowering, 164, 180, 181	in public speaking, 112
referral work, 188	Hourly fees, 141, 174–176, 193, 209
*	HRMagazine, 66
removing from printed materials, 191	Human resources departments, 129, 131, 193
setting, 223–224	Humor, 6
subcontracting and, 186	"I J"!:J 105 107 101
in terms and conditions section of proposal, 159	"I don't know," as valid response, 185–186, 191
time-based, 141, 174–176, 193, 209	Image, 95, 239–240
undercharging, 190, 192, 194	Implementers, 197–198
value-based, 141, 187–188, 209	Improvement versus problem solving, 189–190
Fields, David A., 87	Income, 174, 203–206, 234
Files, 239	Incorporation, 48–50, 67, 236–237
Finances, 2–5	Independent consultants, 21
First business, obtaining, 20	India, 208
Focus, 15–17	Influence, 6
Focused prospecting, 251–254	Inputs, 137
Focus groups, 136	Inquiry letters, 100, 101, 279–280
Following up:	Instantiation, 8
command appearances as, 163–165	Institute of Management Consultants, 65, 268
proposals, 161–162	Institute of Management Studies, 207
with unresponsive buyers, 166–167	Insurance:
Formal office, 28–29. <i>See also</i> Work space	disability, 52, 58, 59–60, 237
Forrest, Nathan Bedford, 14, 38, 118	errors and omissions, 60, 237
401(k) plans, 217	health, 61, 237
Fourth sale, thinking of first, 180, 197	life, 61
Framing, rapid, 7	long-term care, 61, 237
Frequent traveler benefits, 225–226	major medical, 61, 237
Furlow, Leslie, 52–53	marine, 60
Future of firm, 231–232	personal liability, 60, 237
	property, 60–61
Gatekeepers:	umbrella liability, 61, 237
case study, 133–134	Intellect, 8
committees as, 131	Intermediaries. See Gatekeepers
dealing with, 131–132, 133	International Herald Tribune, 207
defined, 130	International Standard Book Number (ISBN), 103, 205
fears regarding, 146	International work, 206–209, 219

298 INDEX

Internet connection, 237. See also Blogs; Social media;	Magazines, publishing articles in, 101-102, 279-280
Web sites	Maister, David, 64, 92, 98, 110, 124-125
Interruptions, managing, 44	Major medical insurance, 61, 237
Interviews:	Malpractice insurance, 60, 237
cyberspace, 104, 105	Margins, maximizing, 192
print, 103, 104	Marine insurance, 60
qualifications paragraph, sample, 116	Marketing, 246-254
radio and television, 105-110, 212-213	advanced, 93-116
Investors, 4–5	basic, 71–92
Invoices, 166, 192	calling everyone you know, 247-249
iPhones, 37, 38, 238	defined, 27, 72
IRAs, 217	e-mail, sample, 248
Isaacson, Judith W., 83	focused prospecting, 251–254
ISBN (International Standard Book Number), 103, 205	importance of, 201, 223
ISSN, 103, 205	letters, sample, 248, 250
	phone call, sample, 248–249
Jeff Herman's Guide to Book Publishers, Editors & Literary	principles of, 246
Agents 2009 (Herman), 102	questions and answers, 91–92, 115–116
Joint accountabilities section, of proposal, 158–159	Quick Start process, 246–254
Joint venture partners, 205	"Target 12" approach, 249–251
Joint Venture partitets, 209	targeted letter, sample, 250
Kelly, Lois, 224–225	value-based, 132
Kennedy Information, 128	Martinka, John, 108–109
Kent-Ferraro, Jay, 34–35	MasterCard, 204
Keogh plans, 217	MBA degrees, 220
Reogn plans, 217	McLeod, Keith, 243
Lanton computers 36, 238, 257	Measures of success, 139, 153–154, 155, 285
Laptop computers, 36, 238, 257 Laser printers, 33, 238	Media interviews. See Interviews
	Media kits. See Press kits
Late payments, 193	
Lawyers. See Attorneys	Medical bills, 51
Leads, 39, 219	Mentoring, 11, 218–219, 220
Legal contracts, 67–68, 148–149, 171	Mercedes-Benz syndrome, 157, 188
Legal departments, 148	Merck & Co., 130
Letterhead, 77	Methodologies, consulting, 18–19
Letters:	Methodologies and options section, of proposal, 155–157
of agreement, 172	Metrics. See Measures of success
certified, 166, 167	Middlemen, 21
inquiry, 100, 101, 279–280	Milestones, 233–234, 254–255
marketing, 248	Miller, Andrew, 11–12
response time to, 40	Million Dollar Consulting (Weiss), 34, 52, 207
sample, 248, 250, 279–280	Money market accounts, 234
targeted, 250	Monitors, 33
to the editor, 228	Mossberg, Walt, 97, 117
Leveraging activities, 224	Multiple submission, 101
Liability insurance, 60, 61, 237	Music recorders/players, 38
Life balance, 12, 13–14, 229–230	Myths, 1–2
Life insurance, 61	
Limited liability companies (LLCs), 49, 50, 51–52	Names, business, 49–50, 236
LinkedIn, 116. See also Social media	National Speakers Association, 113
Listening, active, 8	National Trade and Professional Associations of the United
Listings, professional, 88–89, 90	States, 111, 268
Lists, to-do, 11, 12, 261–262	Needs, 179, 199, 255
Literary agents, 102, 213	Neighbors, employing, 41–42
LLCs (limited liability companies), 49, 50, 51-52	Networking. See also Social media
Local groups, 110–111, 210	active listening in, 8
Logos, 56, 57-58, 79, 90, 239-240	defined, 9
Lombardi, Vince, 170	described, 81
Long-term care insurance, 61, 237	international work and, 208
	marketing and, 79–80
Macintosh computers, 32, 238	with other consultants, 65, 208
Macros, 116, 122-123	personal, 84-85

Index 299

with potential buyers, 65	Pitney Bowes, 238
potential partners for, 81	Plans, business, 4, 5, 200–201, 259–260
sequence for, 82–84	Podcasts, 109–110
tenets of, 85	Popky, Linda, 103–104
tips, 86	Position papers, 75–76, 241, 250, 275–278
Newsletters, 113–114, 228, 242	Postage meters, 33, 238, 264
Newspapers:	Post office boxes, 237
interviews with, 103, 104	Powell, Colin, 175
publishing articles in, 101–102	PowerPoint slides, 112
publishing columns in, 210–211	Premiums, fee, 180–181
New York Times, 105	Prescription versus diagnosis, 180, 191, 218
Nexus contact, 85	Presentation folders, 73, 240
Nixon, Rob, 223–224	Presentation kits. See Press kits
	Presentations. See Speaking engagements
Objections, overcoming, 164-165, 283-284	Press kits:
Objectives:	biographical sketch in, 75, 240
in conceptual agreement, 136–138	client outputs/results in, 74, 240
defined, 136	creating, 73, 240–241
establishing, 136–138, 284–285	defined, 41
fees and, 183-184	importance of, 40-41, 73
in proposal, 152–153, 155	as marketing tool, 73
questions regarding, 284–285	as packaged response, 40–41
scope creep and, 156	position papers in, 75–76, 241
value compared to, 171	purpose of, 73
Obstacles, preventing, 287	references in, 74, 76, 240
OD Network, 66	testimonials in, 74
Office equipment. See Equipment	Press releases, 123
Offices. See Work space	Preventive actions, 167
One-sheet, 79	Printers, 33, 36, 238, 264
Op ed pieces, 228	Print interviews, 103, 104
Options, 155–157, 182, 183	PRLeads, 105, 268
Outputs, 74, 95, 137, 240	Problem solving, 189–190
Overdraft protection, 54, 237	Pro bono work, 86–88
	celebrity status and, 228
Packaged responses, 40-41. See also Press kits	criteria for selecting organizations, 234
Pagers, 36-38	defined, 47
Part-time consulting, 15–17	lower fees versus, 187
Passive income, 203–206	waiving fee on invoices, 192
Paychex, 62	Process versus content, 19
Payment terms, 189	Product catalogs, 205
Payroll services, 62	Product development, 21, 203-206, 214, 224, 228
PDAs, 36–38, 40	Professional associations. See Trade associations
Per diems, 174–176	Professional growth, 219-220, 221
Periodicals:	Professional speaking. See Speaking engagements
interviews with, 103, 104	Professors, college, 17
publishing articles in, 99–102	Project acquisition, selective, 222-223
Personal appearances, 163–165	Project scheduling, 14
Personal liability insurance, 60, 237	Property insurance, 60–61
Personal networking, 84–85	Proposals, 147–172
Perspective, 6	acceptance section, 160-161
Phase-based work, fees for, 188–189	command appearances after submission, 163-165
Ph.D. degrees, 212, 220	defined, 143
Phone calls. See also Cell phones	expression of value section, 154–155
to everyone you know, 247–249	following up, 161–162, 166–167
managing, 14, 44	joint accountabilities section, 158–159
response time to, 9, 39–40, 119	legal contracts versus, 148–149, 171
sample, 248–249	measures of success section, 153–154, 155
unreturned by buyer, 166–167	methodologies and options section, 155–157
Phone equipment, 238, 263	nature of, 149–150
Phone lines, 13, 25, 29–30, 237	objections to, 164–165
Photos, publicity, 68	objectives section, 152–153, 155

300 INDEX

Proposals (Continued)	Reading, 219–220
in project life cycle, 148	Reciprocal arrangements with other professionals, 42
purpose of, 147–148	Recording devices, 38
questions and answers, 171–172	Recruiting firms, 193
rejection of, 167–170	Recycling material in different products, 214
review by attorney, 67–68	References, 74, 76, 240, 242
sequence for writing, 150–161	Referrals, 143, 188
situation appraisal section, 151-152	Rejection, 167-170, 246, 255
terms and conditions section, 159-160	Relationship building:
timing section, 157–158	with economic buyers, 134-135
Prospecting, focused, 251–254	importance of, 127-128
Publicity kits. See Press kits	with noneconomic buyers, 129, 133
Publicity photos, 68	principles of, 128
Public speaking. See Speaking engagements	Request for Proposals (RFP), 146, 172
Publishing:	Reserve fund, 217
articles, 99–102, 227–228	Respect, 134–135
books, 102–103, 116, 205	Responsiveness:
columns, 210–211	bang-bang, 9
commercial, 98, 99, 205	general response time, 40
self-, 98, 99	importance of, 38–39
vanity, 102	packaged responses, 40–41
Purchasing departments, 145, 148, 191, 193	to phone calls, 39–40
0.10 3 1 1 116	to potential clients, 245
Qualifications, sample paragraph about, 116	Results, expected, 74, 95, 240
Qualifying prospects, 282–283	Retainers, 46, 172, 220–221. <i>See also</i> Fees
Questions for sales situations, 281–289	Retirement investing, 216–217
budget range, determining, 286–287	Reverse mentoring, 220
closing, 288–289	Reversion-of-rights clause, 205
economic buyer, finding, 283	RFP (Request for Proposals), 146, 172
guidelines, 282	Richards, Kelli, 140
metrics, establishing, 285	Roth IRAs, 217
most vital question, 289	RSS feeds, 98, 125
objections, rebutting, 283–284	Russia, 208
objectives, establishing, 284–285	
obstacles, preventing, 287	Salary, 51–52
overview, 281	Sales situations questions. See Questions for
prospects, qualifying, 282-283	sales situations
size of sale, increasing, 288	Savings, 3-4, 237
value, assessing, 286	Scales, electronic, 33, 238, 264
Quick Start process, 235–257	Scanners, 31, 36, 238
calling everyone you know, 247-249	Scholarships, 228
conditions for, 235-236	Scope creep, 136, 137, 152, 156, 192
dangers, 255–256	Scope seep, 137
e-mail, 243–245	S corporations, 49, 51–52, 234, 236–237
incorporation, 236-237	Search engine optimization (SEO), 67, 97, 125, 243
logo and image, 239–240	Search engines, 97, 99
marketing, 246–254	Second sheets (stationery), 77
mileposts, 254–255	Selective project acquisition, 222–223
office, setting up, 237–239	Self-esteem, 6, 10
press kit, 240–241	Self-publishing, 98, 99
prospecting, focused, 251–254	Selling your practice, 231–232
questions and answers, 257	SEOs (search engine optimization), 67, 97,
"Target 12" approach, 249–251	125, 243
web presence, 241–243	SEP-IRA (simplified employee pension individual
Quid pro quo, 186	retirement account), 217
Quid pro quo, 180	Serendipity, 208
R. R. Bowker, 103	1 ,
	Shakespeare, William, 45
Radio and TV Interview Report, 106	Shared work space, 26–28
Radio interviews, 105–110, 212–213	Shredders, 264
Radios, 38, 238	Signature files, 121–122, 244
Readers' Guide to Periodical Literature, 99	Signature requirements, 161, 171

Index 301

Silver, Idora, 58-59	Temporary help agencies, 42
Simplified employee pension individual retirement	Terms and conditions section, of proposal, 159–160
account (SEP-IRA), 217	Testimonials:
Situation appraisal section, of proposal, 151-152	celebrity status and, 228
Size of sale, increasing, 288	defined, 41
Ski instructor test, 234	in press kits, 74, 240
Slack time, building in, 14	technology and, 122
Slush fund, 217–218	on web site, 242
Small Business Administration, 54	Time-based fees, 141, 174-176, 193, 209
Social media:	Time management:
limitations of, 44, 64, 84-85, 91-92, 97	importance of, 10–11
marketing and, 116	tips, 12–14
rules for, 98	Time zones, recognizing, 119
Society for Advancement of Consulting, 65, 268	Timing section, of proposal, 157–158
Society for Human Resource Management, 66, 268	Toastmasters, 113
Software, 31, 32, 44, 257	Trade associations:
Sole-source providers, 146	international conferences, 207
Sound bites, 104	leadership in, 210
Speaking engagements:	listing of, 267–268
benefits of, 112–113	membership in, 64–66
celebrity status and, 228	professional growth and, 219, 220
at conventions and business meetings, 211–212	speaking to, 111–112
influence and, 6	Trademark attorneys, 239
with local groups, 110–111	Training departments, 129, 131
perfecting skills, 113	Traits, desired, 5–9, 10
with trade associations, 111–112	Travel, 171–172, 224, 225–226, 233, 234
Specialists, hiring, 12	Trochlil, Wes, 209
Spouse, support from, 257	True buyers. See Buyers
Staff, 41–43, 197–200	Trust, 135
Starting out. See Quick Start process	Twitter, 97, 116. See also Social media
Startup fund, 3–5	Twitter, 57, 1101 000 mbb ocean media
State Street Bank, 200–201	Umbrella liability insurance, 61, 237
Stationery, 56–57, 77–79, 239, 240	Undercharging, 190, 192, 194
Students, employing, 42, 239	Unique multiplier, 85
Subchapter S corporations, 49, 51–52, 234, 236–237	United Parcel Service (UPS), 238
Subcontracting, 184, 186, 197–198	Officer raicer service (013), 230
Successful consulting practices, 196–197	Vacations, 230
Success measures, 139, 153–154, 155, 285	Value:
Success traps, 215–216	assessing, 286
Sullivan, Vickie, 31–32	defined, 8
Suppliers, 20	establishing in conceptual agreement, 141
Support services, in shared spaces, 26, 27	fees based on, 141, 187–188, 209
Support system, 10, 255, 257	generating, 7–8, 35
Synergy, 17–18, 198	marketing based on, 132
5)1k1gy, 17 10, 170	networking and, 82, 84
Tag lines, 236, 239	objective compared to, 171
"Target 12" approach, 249–251	proposal section, 154–155
Taxation:	
C corporations, 49, 50–51	providing early in relationship, 144 reducing versus lowering fees, 164
deductions, 26, 51–52	Value distance, 72
S corporations, 49, 234, 236–237	Values, shared, 135
T&D Journal, 66	
	Vanity publishing, 102
Teaching, 220 Technology:	Video, 38, 109–110, 124–125, 238
	Visa credit card, 204
best practices for, 121–125	Visuals, 112
budget for, 120–121	Voice mail, 30, 39–40, 124
leveraging, 117–120	Volunteer activities, 210
Telephones. See Cell phones; Phone calls	W C:ll 202 202
Television interviews, 105–110, 213	Wagner, Gill, 202–203
Televisions, 38, 238 Templates, electronic, 120	Wall Street Journal, 105, 207 Wants, 3, 179
Templates, Electionic, 120	wditts, 3, 1/7

302 INDEX

Web designers, 63-64, 96-97, 100, 241-243, 257	reducing hours of, 230
Web presence, creating, 241–243	turning down, 186, 190
Web sites:	Work space:
consulting sites, 91	determining needs for, 23-24
criteria for, 242	focused, 13
downloadable material on, 124-125	formal office, 28-29
establishing, 93–97	home offices, 24-26, 44, 52, 237
hiring designer for, 96–97, 241–243	setting up, 237–239
international business from, 207	shared space, 26–28
podcasts on, 109-110	Writer's Digest, 99
problems with, 94–95	Writer's Digest Books, 269
purpose of, 94, 95, 120	Writing. See Publishing
streaming audio and video on, 109–110	
tips, 99–100	Xerox, 238
Web surfing, 119	
Welch, Jack, 201	Yearbook of Experts, Authorities and Spokespersons,
White papers. See Position papers	The, 105–106
Wire transfers, 208	Yellow Pages ads, 89-90
Work:	"Yes"es, creating succession of, 141–144
acquiring, 128, 187, 222-223	Young Presidents Association, 207
international, 206–209, 219	YouTube, 97. See also Social media

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