

LET'S TALK...
BUSINESS!

**HOW TO BE A
CONSULTANT**



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compiled for Canada/Manitoba Business Service Centre

by Mary-Anne Hardy and Douglas J. Martin

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1.0 INTRODUCTION

So You Think You've Got What It Takes to Be a Consultant...

There has been an explosion in the area of consultancy in recent years, fuelled by a number of dynamics. The recession in the early nineties that caused massive downsizing and right-sizing in all aspects of business, government and institutions led to a deluge of qualified people seeking new opportunities. Selling expertise and knowledge to a single customer (potential employer) became a difficult task. The natural response was to sell that same knowledge and expertise to a number of customers in smaller time allotments - ie. to become a consultant.

This book addresses the skill categories you will need to implement and master in order to run a successful Consultancy business. Being an expert in your chosen field does not equate to success. Comprehensive objectives, both personal and business, must be identified and developed. Personal inventory of your strengths and weaknesses must be explored. An awareness of the general business climate must be maintained.

Operating a consulting business is just that - a business. Success and prosperity depend on a number of factors, including marketing and business management capabilities. Your inventory is your intellectual properties, and although that presents unique challenges, you are still subject to the fundamentals. It's not enough to have a warehouse full of battery-operated pickle retrievers - you have to know what to do with them. The cruel realities of employment have been played out on the front pages of every daily newspaper in the country over the last decade. The realities of running a small business are far less obvious, but every bit as cruel. Our goal is to guide you through the lesser known areas of business - the human side.... and beyond.

2.0 UNDERSTANDING THE CONSULTANCY BUSINESS

What is a Consultant? A successful consultant is a person qualified to SELL expert professional advice, an independent contractor hired to perform a short-term or long-term task. The consultant is a specialist who possesses unique expertise in a given area of knowledge, one who:

- assesses situations, analyses information, presents proposals for action
- offers unbiased advice for a fee - advice rendered exclusively in the interests of the client, and generally following a process cycle

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Who needs a Consultant?

Consulting was an unusual profession twenty, thirty years ago. Today, as change management becomes the survival tool in organizations, consulting has become commonplace. Consultants are in demand not only in large organizations, but also in small organizations and businesses, where the greatest growth has occurred.

In business and technology, increased competition necessitates more knowledge and skills than many organizations can find or afford to hire full-time. Consultants can offer the talent and flexibility needed on a short-term basis.

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Consultants also offer valuable services to government and non-profit organizations. These groups cannot afford or do not need full-time employees with a whole range of unique and necessary skills, but consultants can and do deliver needed services for a shorter time and at lower cost than that of a full-time employee.

When is a Consultant needed?

Organizations and businesses look for the services of a consultant when:

- they recognize a problem, issue or opportunity that needs to be managed in a skilful, cost-efficient and timely manner
- they seek to narrow the gap between what they now have and what they want or need in a change process
- objective, unbiased direction is required in this change, when specialized competencies, relevant industry experience and availability to the organization all come together in the right person, at the right time
- needed capability will be obtained more quickly and often at lesser cost than through internal training or hiring full-time staff
- need is short, sporadic, or unpredictable, and the time and cost of hiring is unwarranted
- temporary technical assistance is required for responsiveness to high-tech opportunities (eg. aerospace, information services, education, health care). This is not much different than hiring a temporary clerical agency
- an organization experiences cashflow problems, and retains the services of a consultant to help analyze and resolve these difficulties
- an organization is in the middle of restructuring, political ramifications and new regulations; or when there is a need to seek and acquire new resources (funds)

Why are Consultants hired?

More than 70% of all businesses and government organiza-

tions claim to have used a consulting service at least once. Clients usually retain a consultant to obtain information and expertise, and to receive assistance in identifying, analyzing and solving problems. Often, organizations need to validate current “systems” from an unbiased, objective point of view. Many organizations look for opinions of credible experts who are not tied to their political systems, who are not biased by what has happened in the past, and who have perspectives on the industry at large. This allows full-time attention to the contract/issue while other employees get on with daily business.

Organizations hire consultants for their expertise in any of the following areas:

- conducting research, analysis and synthesis of data; predicting trends
- creating/improving designs, recommending changes
- evaluating (effectiveness, potential), communicating (process, negotiations, new directions), motivating (programs, leadership, service issues)
- saving money (efficiency) during “cooler” times, with negotiable fees for service

Issues that consultants are hired to examine, analyze and collaborate on include:

- change management - the consultant is a catalyst in stimulating new ideas, strategic planning, and actually educating the company in matters of change
- obtaining funding - consultants advise, assist in researching availability of funds, selectively screen and recommend prospective candidates
- internal personnel problems - conflict resolution, amalgamation of services, elimination of redundant services

3.0 SETTING YOUR CONSULTANCY OBJECTIVES

Is a consultancy a business? YES IT IS... and it must be treated as a real business. That means you must shift your mind set from that of an employee to that of an entrepreneur. You have to validate to yourself why you are choosing this professional direction. Some considerations you may want to verify to make sure you are cut out for the

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consulting business are:

- are you comfortable working alone (independently)?
- are you confident enough to “sell” your skills?
- are you willing to grind it out tracking new clients - ie. do you have sales and marketing “savvy” that prepares you for the pits of rejection, the euphoria of getting the contract, the interpersonal requirements of lasting client relationships?

Your reasons for entering the entrepreneurial lifestyle must also be intact. You're driven by the need to achieve, you have boundless energy because of it, and you are disciplined. You can see exactly what needs to be done, and have the self-discipline to act on it. Even with all that, are you ready for:

a) hard work - you'll be working more than a 40-hour week as you grow your new business - but you will get to select which hours they are. You'll likely spend 6-8 hours a day producing your business, and 2-8 hours marketing and administering it.

b) independence - it's said that entrepreneurs make poor employees. The spirit of independent creativity, decision-making, and direction is too strong. Yet it will be up to you to maintain a balance between your independent need and your open-mindedness to new opportunities, methods, customers and change of direction.

c) adaptability - life will be chaotic at first. You will have to keep up with rapidly changing needs of customers, new methods and products, and personal development requirements to meet these changes head on.

d) stress tolerance - learning to accept rejection without taking it personally is a must. A sense of humour will help, as will personal self-confidence and the ability to go on.

The process of starting and operating any business is difficult. You must constantly stay on top of what your business (product or service) is, what works to enhance and keep your business alive. You must constantly be aware of your strengths and weaknesses; constantly strive to improve your strengths and strengthen your weaknesses and look out for new opportunities.

Having goals that are meaningful to you can provide a sense of direction for you, and maintain the discipline to pursue that direction.

Your goals include what you want to do exactly, where you want to be in a specified time period, or what you want to achieve (have). A goal can be owning your own consulting service. Or it may be setting up an office at home. Or it may be amassing one million dollars in assets to get you into retirement. Do you have your personal and business goals yet?

You don't need pages of goals. They should be brief enough for you to keep in mind at all times, particularly when in front of a prospective client. You should be able to explain in sixty seconds or less precisely what you do. This statement, which also should be on all your marketing literature, can be a definition of your personal talent, your client needs, or a marriage of both.

For example: Your goal is to foster long-term, mutually prosperous relationships with every client. How do you plan on accomplishing that? Your answer might be: “By designing and implementing seminars on staff incentive methods, that will result in demonstrated changes in work behaviours, and be reflected in performance reviews”.

General goals for consultants should include:

1. to establish collaborative relationships with clients - collaboration promises a balance of ownership of the “problem”, spreads the responsibility of success or failure, and allows the consultant to provide a role model for change and problem-solving.
2. to ensure that attention is given to both the technical/business problem and the relationships. As a consultant you will be in the unique position to address both the people and the process issues in a productive, unbiased way.
3. to develop commitment - you will need to be conscious of building internal commitment all during the consulting process. You have to design your intervention in steps that

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remove obstacles and resistance, confront doubts during each stage of the project and seek feedback and understanding throughout.

4.0 YOUR PERSONAL INVENTORY

Let's begin at the beginning. Are you sure you have the characteristics necessary to be in the self-employed business world? We covered some of the reasons for entering the entrepreneurial lifestyle in an earlier section, and began to identify some requirements for working on your own. Often we think we may not have all of the characteristics necessary to be successful. But what are those attributes that are key to survival? Take a few moments and write out some of the attributes or characteristics that YOU feel are needed to become a successful entrepreneur.

Your list might include: determined, confident, go-getter, personable, outgoing, focused, good manager, conceptual, risk taker, influential, and so on.

Now check the qualities you think you possess. Chances are you only have a fraction of the qualities that you listed as being key. People often think that they don't have what it takes if they don't check each item on the list. But before you abandon your dream, finish this exercise. Ask yourself if you know, or know of, a successful entrepreneur who is MISSING some of these qualities. In every case, you will likely know someone who is successful, but isn't outgoing, or always confident, or even really focused. The point is you don't have to have any or all of the characteristics you highlighted. But you likely have some, and that's an edge. Some of those qualities will undoubtedly help in your pursuits, if you hone them. This exercise has been done hundreds of times in seminar situations, and without fail, the term RISK TAKER is shouted out loud and clear. Many entrepreneurs are risk takers, but not the successful ones. The successful entrepreneurs are RISK AVOIDERS.

They avoid risk through diligent planning, and gain clear information to help with their decision process. By the time a decision is needed a successful entrepreneur will have minimized the risk to almost NIL.

Now let's do a thorough, honest appraisal of your strengths and weaknesses: by identifying skills, attributes and talents, you'll begin directing your focus on your personal specialty areas, and the market for your skills. Without this awareness, it will be difficult to project the self-confidence necessary to operate your business and respond to questions a potential client may ask you.

Can you answer these questions?

1. Who are you? List your education, work experience, projects, credentials, hobbies.
2. What are your areas of special interest? Anything is valid!
3. What talents, "unique gifts" have been attributed to you? Think of things your friends tell you.
4. Do you prefer working with people directly or indirectly?
5. What type of consulting do you want to do? (can you put it in 60 words or less?)
6. What will you do exactly? What are your saleable skills?

You must develop the mind set that what you are selling, your PRODUCT, is your specialized knowledge and expertise. Most of what your client will be paying for is your time rather than a physical product. Therefore, you must have an understanding of labour requirements of the consulting process to ensure that the job will be done properly and efficiently. You may be doing all the labour yourself or get help from independent contractors, associates, outside services, etc. This process, along with any specialized tools and equipment you may require, becomes the COMMODITY of your business.

Do you have what it takes to own and manage a professional consulting business? Besides the personal goals and values you may have, there are specific skills that are necessary to make your business profitable. First, you must be a people person. That is, you must enjoy working with and for people. You have to be able to find common

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ground on which you can begin forging a long-term relationship of service. You must be able to accept that the client may not always be right, but that he or she is still the client, and that's who is paying your bills. To function with people, you must be able to put ideas into words, to listen, give support, disagree reasonably.

Second, you should know about the process of consulting:

- a) Entry and Contracting - setting up the first meeting, exploring what the problem is, what the client's expectations are, what the consultant's expectations are, and whether you are the right person to work on this project.
- b) Data Collection and Diagnosis - determining through layers of analysis who is going to be involved in defining the problem, what the political climate is, what methods can be employed, how long the project might take, and what data will be collected.
- c) Feedback and Decision to Act - identifying and working with different forms of resistance, reducing large amounts of information into manageable numbers of issues, presenting data comprehensively, making appropriate decisions on how to proceed.
- d) Implementation and Evaluation - involvement as trainer, coach, analyst, trouble-shooter; designing measurement systems to track progress, running meetings, and promoting change.

You will need specific knowledge of your field, expertise within one or more disciplines, special skills required for your trade, and contacts that can furnish you with information and with clients.

Specific skills that you will need within your specialty must be listed and developed by you. As a starter, look at your potential competitors. What skills do they promote? What skills do you have that they may not, and how can you promote these as your point of departure from your competitors?

There are special demands of a consulting role that contribute to your effectiveness no matter what your technical expertise. Your ability to deal with prospective clients through reactions, feelings perceived during discussions, soliciting and delivering feedback are all critical to your business and personal success.

As a consultant you will operate in two modes:

- 1) the substance mode - in which you are actively engaged in problem-solving, rational and explicit discussions. This is the technical/business side.
- 2) the sensing mode - during discussions, you and your client are testing rapport with one another: acceptance/resistance, high/low tension, support/confrontation are important sources of data about the possibility of establishing good working relationships. This aspect of consulting cannot be taken lightly, as it is the groundwork for establishing trust.

Other skills you should have include good organization and time management, business development, marketing and selling, contracting, financial management, legal information, office automation/technology. This information is addressed in the following sections, but for in-depth investigation, look for courses offered at community colleges and universities (continuing education) - today there is a wide choice for you in all facets of business development.

5.0 MARKET ANALYSIS

A market analysis begins when you define the geographic area in which you plan to operate your business. Why do you do this?

- your market analysis provides the physical framework for your business plan
- through simple research, you can determine the overall market worth. Let's say you have defined your "geomarket" as Winnipeg to Brandon. It is possible to ascertain how much money was invested in hiring consultants by all

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users in that area. Knowing that, you then begin to segment the market into specialties. Remember when you defined exactly what your business was about - what it is that you do EXACTLY? Now is the time to segment your defined specialty from the big picture.

In order to do this, your calculations must have two dimensions: 1) your key area of expertise, in relation to 2) your customer profile. Prepare the criteria for your ideal customer. They may look something like this:

- private companies in business less than 5 years
- minimum 25 employees, maximum 50 employees
- sales in excess of 3 million dollars
- manufacturing industry
- less than 10% export sales
- looking to grow through new markets

Now find out how many of those exist in your “geomarket”. Determine how much higher or lower than the average they spend on consulting services. Apply that number to the specific geomarket number, and you have just determined MARKET WORTH.

Unfortunately, in order to have an established worth, it means that your potential customers are already buying your defined service from someone else. That someone else is your competition. It is critical that you now do a comprehensive competitive analysis. It's just smart to know what your competition is doing, because it allows you to gain from their success and learn from their failure, and it will also be an indicator of where you can most effectively compete.

Determine what percentage of market share each of your competitors controls. Break that into two or three groups: top third, middle third, bottom third. Where do you see yourself fitting in? Let's assume it's in the middle third - that group controls 25% of the market share with 5 equal competitors. That means that each competitor has 5% of the market value in billings. If you enter as a competitor, there will be 6 of you competing for the same 25% of market. If you can justify your ability to secure your percentage through a comprehensive marketing plan, then assume you will get your market share of about 4.25%. Multiply

that against the market worth and you have just determined how much your first sales should be.

6.0 SETTING FEES

Pricing has many functions, only one of which is the exchange of money. You're sending your clients a mixed message if you bill yourself as an authority, yet charge minimum wage. Hiring agencies need the reassurance that they're getting the best possible consultant. They want to believe that you know best what they ought to have or ought to do. Psychologically, there's no way they'll believe they're getting the best for minimum dollars. Therefore, price serves as an important screening device. Within a certain range, the higher your price, the more business you get. Conversely, too high a price may prevent clients from retaining you.

In the consulting business, clients pay you only for time spent on their projects. Thus, you must build into those fees enough money to cover the time you spend marketing your services, developing your skills, and enjoying time off. You must also bear many of the business costs that employers cover. Those include marketing costs, as well as such tangible business assets as equipment, overhead costs like office rent and utilities, and such personal expenses as health insurance. And finally, you must also consider the amount of time you spend preparing - look at the amount of time you sit at your computer. Don't make the mistake of just billing clients for time spent actually delivering services.

There are a number of ways that rates are determined, and an equal number of factors that will create fluctuations in those rates. Let's examine some of the factors that determine worth:

rarity - knowing how rare the information is drives the value higher. Keep in mind though, that once the information has been shared or sold to someone else, the value begins to dilute.

accuracy and dependability - if the information/solutions that you are selling have consistently been accu-

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rate and measured to be of substantial value, you can charge more because the risk is less for buyers.

market rate - in some cases the buying markets have already defined the going rate through supply and demand. For example, seasonable high demand may cause you to increase your rates; conversely, during low demand periods you may reduce rates to keep cashflow coming.

initial rates - having already determined what your competition is charging, you may alter your rates to reflect your newness in the market. You are in essence trading rate for reputation. You need completed projects to gain credibility and presence in the marketplace. Being cost competitive may give you an edge in gaining those first few contacts.

pre-determined price - a defined project may have a fee or stipend already outlined.

cost plus - determine what your costs are, including external expenses and overhead; multiply that amount by the percentage of profit you wish to make. That percentage may be used on the industry average.

urgency - how quickly a project needs to be done has bearing on surcharges that may apply.

As in other sections already discussed, fees are determined through your research. Find out how much your competition is charging, test how much potential clients are willing to pay, apply these rates to your market share in hours, measure your answers against your goals and objectives, and at the end of all your data collection will be the rate that you are most comfortable with, and more importantly, a rate which makes sense and which you understand.

7.0 MARKETING AND SELLING YOUR CONSULTING BUSINESS

Consulting usually requires about 25% of your time to market and keep current (reading magazines, attending semi-

nars, trade shows, interviewing). Marketing is a science based on data, information and knowledge. The purpose of gathering data and building information is to generate those first clients.

In a perfect world, the phone rings constantly with people begging for your services. In the real world you can stare at the phone for hours and the phone will just sit there. You can make the phone ring through effective marketing, and this marketing process will become central to the survival of your consultancy.

Before determining market opportunities and identifying clients with accuracy and success, you have to be very certain in your own mind of your area(s) of specialization. It will be impossible to target your market without this basic information. Then you must develop clear objectives for your marketing strategies. What do you want your marketing to do for you? Do you want it to increase awareness, define a position in the market, highlight a specific product or service, create demand, all of the above? Turn your identified purposes into a marketing strategy objective. It may look something like this:

“ To create awareness within my target customer base of an alternative supplier availability, and to increase my customer base to 10 customers by year end.”

When beginning your marketing strategy, avoid the tendency to be too restrictive. Look for a wide spectrum to apply your services. Identify common themes and processes. Read the paper, magazines and trade journals to find consulting opportunities in both public and private sectors.

Public Sector: Government is a major user of consulting services. Most contracts are from solicited proposals. You can submit an unsolicited proposal and try to get the contract directly, or you can sub-contract with other companies who have been awarded the contract.

Strategies for maximizing your opportunities include:

- reading government ads or publications regarding your area of expertise
- trying to get your name on government lists of resources

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- contacting contract officers - (Human Resources personnel in government departments keep files of experts in the field. Call specific departments relevant to your area of expertise.)
- visiting agencies with your resume; staying in touch with key people who award contracts
- contacting large consulting firms who are known recipients of government contracts
- researching government award publications at your library to help you determine what opportunities may exist
- becoming associated with another consulting firm

Private Sector: thorough research is required to educate yourself and stimulate your mind on the wide range of possibilities. Read selected newspapers, magazines, trade journals and look for consulting opportunities. Re-read the first section of this book that explains why companies hire consultants. Look for ways that you can meet some of these needs with your expertise.

Marketing can be the key to your success. Doing the right kind of marketing, or enough marketing, can develop a stream of new engagements and clients. Good marketing involves taking the time to become widely known and respected through many avenues, such as association activities, writing and speaking. Some consultants have the advantage of an established reputation in their specialties. Most, however, are competent and skilled, but not sufficiently well-known to be asked frequently to perform or bid on consulting projects.

Some methods for making those contacts include:

- *Referrals and Networking* - develop a wide range of contacts who know you and your work and are willing to refer clients to you. Be active in associations, seek opportunities to write and speak, keep in touch personally.
- *Associations* - participate in groups like professional and trade associations to help you make acquaintances in your particular area of expertise and exchange information on your business activities and interests.

- *Newsletters, brochures, flyers* - keep your business in view with former and prospective clients; generate publicity and describe your specialties, new developments. Distribute them at seminars and presentations that you do; mail them after receiving requests for more information; attach them to proposals.

- *News Releases* - these are relatively easy to prepare and distribute at little cost. It involves preparing a brief document and searching out editors of publications whose readers would find your news item of interest.

- *Mail Marketing* - describe your services to a list of potential clients to help make them aware of your skills and your availability. This requires a well-developed and carefully maintained address database. There are many sources of rental lists - Standard Rates and Data Service, and Dun & Bradstreet have mailing lists for Canada and USA. Or look under "Direct Mail" in the yellow pages. Various directories of organizations related to your specialty may also sell or rent mailing lists.

- *Specialized Mailings* - target executives who have recently moved into new positions, either within their present organizations or in new companies.

- *Copies of Articles* - those that you have authored are the best.

- *Get into Directories* - these are sources of inquiries from potential clients.

So, an essential process for success in your consulting business is your marketing strategy. It is directed at convincing clients that their needs can be met through your specific services. The selling part of marketing is intended to result in an assignment or contract. If your marketing efforts result in a contact, ensure that you start keeping track. Ask how each contact heard of you - through your marketing campaign, or through a reference from another client. Keep a measure of how well your marketing strategies are working.

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However, obtaining your contacts doesn't guarantee a sale. One frightening part of having your own consultancy is the actual selling process. The key word here is process. There is a methodical way of going through with a sales presentation. Space economics prohibit extended discussion of essential selling skills, but these skills are critical, and training should be sought if you are not familiar with the fundamentals of the selling cycle. Universities and colleges have programs for sales; independent contractors also conduct public offerings of such courses in one or two-day formats. An outline of the selling process is presented here briefly.

Define who you are and what your purpose is - you should be able to tell the prospective client what you understand the situation or issue to be in the company, then seek verification. Use probing techniques to uncover more information about the client's needs:

- Open probes (encourage free discussion) - eg. "This expansion to the West coast sounds exciting. Tell me more about your initiatives".
- Closed probes (begin directing responses to tight answers) - eg. "How many of your executives will be making the move?"
- Continue with probing techniques until a customer need has been uncovered and the client is satisfied that you understand the need.

If you encounter any signs of scepticism, concern or resistance, you will need to reassure the client of your capabilities by offering proof of your statements; (continue until the client is assured of your credibility). Only then can you continue exchanging your offers that can meet the client's needs.

This process continues until you have gained agreements on features and the client benefits of your service or product. When you feel you have completely covered all your points, that the client clearly understands your message, and if you believe that the customer sees the benefits, it is time to close the sale. This is the most difficult part of the

process, and there are a number of closing methods, each with its own merits. You must determine the one you are most comfortable with. The simplest is being direct and asking for an order, then waiting for the response. If there is agreement, thank the client, and end by restating the commitment. In many cases you will not achieve this on your first attempt, and you need to determine why. It may be that the customer objects to parts of your presentation, or is uncertain about how your intervention could work, or needs to bring in other decision-makers, etc.

Handling objections is critical to the closing aspects of a sale. Other reasons for resistance or objection may include need for more information, or disagreement with your price. You must continue probing to determine the reason, then state your understanding of the objection. This will reflect your interest in resolving the issue. Continue addressing the concern by redefining the benefits as they relate to the objection, and introducing new information that will clarify the situation for the client. Continue towards the resolution of the objection until a mutual agreement is stated. At that point you can proceed towards closing the sale again.

Here is a sample of a common scenario between a consultant promoting a service, and a prospective client. The main components have been isolated and explained in a typical conversational example:

Opening Statement

Good afternoon Mr. Smith. My name is Sonia Jones. My company, Execlocators, specializes in the relocation of top corporate people to new cities. I understand through a recent article in the Globe and Mail that your organization is building a new facility in Borneo. Can you tell me more about this plan?

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Open Probe	Well Sonia, Borneo is ideally located geographically to become a central distribution point for our Eastern Global market. We will be prefabricating components in our Manitoba plant and shipping to Borneo for final assembly.	Objection	That may be premature; I'd like to think about your offer for a while.
Closed Probes	That's very exciting. Will you be transferring any staff from your existing plant to Borneo?	Identifying the Objection	Mr. Smith, I'd be delighted to follow up with you at a later date; however, I feel you may be unclear on some aspects of our service. Can I clarify anything for you before you leave?
	Yes, in all likelihood we will be.	Real Objection	Well to be honest, the costs you have given me seem to be pretty high.
	Have you determined the number of people who will need to go?	Handling the Objection by Introducing the Benefits Again	It's not uncommon for clients to see it that way initially. But my experience has demonstrated that time lost by having an inexperienced internal person prepare the documents, or a single misfile could keep your executive out of the plant for months until the paper trail is corrected. By having an experienced person do the work, the cost will seem like a bargain in retrospect.
	At this point I think seven will need to go.		
	Have you thought through the logistics of moving those people to a new location? No, Not really.		
Uncovered Need is Satisfied by Introducing Features and Benefits	Every situation is unique, with its own complexities, but a rough cost guide would be around \$4,700 per employee, plus disbursements. I could identify the costs more accurately in a formal letter of agreement, and outline all the services that would be included. Would you like me to send that over on Monday?	Agreement/Scepticism	I see your point, but can your company really do what you say you can?
		Reassuring & Offering Support	Absolutely. We have moved several companies your size. I have letters from those clients attesting to our professionalism.
			That is very impressive.

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Introduce Close Again Thank you - should I prepare a formal quotation for Monday?

The importance of this process cannot be stressed enough. If you have any reservations about your capabilities in this area, you are encouraged to pursue a recognized course in Selling Skills that is offered at various educational institutes.

If your sales process results in an assignment, you must now realize that this will not be a simple mechanical application of management techniques. It is the beginning of a personal two-way process. Both client and consultant must contribute to the success of the project.

Consulting is about people helping people, but few recognize that a critical skill in growing a consultancy is your ability to forge, nurture and expand relationships. Just as in any other business, your product and service (results) are considered commodities for which customers are expecting a competitive price. But relationships are the intangible aspects of business that nobody can put a price tag on. Customers buy with their emotions, their feelings of comfort about the place of business, and will pay more for products and services that accompany relationships.

The best consultants strive to establish special relationships with clients. What does this take? It takes the ability to put your ego aside, to get inside the client's head, and really hear what the client "feels" about the situation you're called on to resolve. If you can listen, question and show that you understand exactly what the client's situation is, a bond of trust begins. If you can honestly, sensitively describe how your knowledge and skills can benefit the client, a level of comfort evolves. This is the ART OF CONSULTING, the qualitative aspect of the business. Your personality, your undivided attention, your attentive listening and your thorough understanding of the client's situation are the components of a powerful relationship. And only in a powerful, trusting relationship will a client believe that you will not do anything other than act in the client's best interests. And your best strategies for growth depend on your ability to sustain such relationships in all your contracts.

After all, when the assignment is complete, the client needs to sustain the project with a full understanding of the results obtained, and remain committed to your work. If your relationships were strong, based on full commitment, open communication and trust, then the life of the project will continue. If this is not the case, there is a high likelihood of failure.

8.0 PROPOSALS AND CONTRACTS

When a discussion about a potential engagement is agreed on, a proposal is often generated to help the client review the details and decide, and/or obtain approval from superiors. If a client verbally accepts your plan, fine, but it is still a good idea to confirm the details in writing so that misunderstandings can be avoided.

A proposal is usually short (1-2 pages), sometimes with attachments. It should cover all of the important points, especially those that might cause misunderstandings, such as deadlines, costs, client's responsibilities, consultant's offerings. Here is a basic format for writing a proposal:

Heading - on your business letterhead identify the addressee and the subject of the proposal.

Opening - present a brief resume of your company and how your services identify with and meet the needs of the client.

Objective - write a one or two sentence synopsis of the agreement, stating it in the form of results or goals that you intend to achieve.

Action Steps - produce a list, in point form, of the sequential actions you plan to take. This should also include a statement of when you will submit periodic progress reports or conduct review meetings.

Beneficial Results - this can be part of the selling function. Provide a brief statement of the worthwhile results the client will see, as well as any additional

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by-product benefits you anticipate will result from your interventions.

Client's Responsibilities - these can include time specified for the project, people participating, documents that you will have access to, administrative service, maintenance agreements (you can't promise miracles without their support).

Time and Costs - include a short statement of your rate per day, the time frame, and the total billing (this should include the billing cycle).

Conclusion - finish with a brief general statement of the value the client may expect to receive from the engagement, and the fact that you are looking forward to working with the company.

Your qualifications/credentials should be included if the client has yet to make a decision on the contract, such as in the case of several bidders. This can be also done as an attachment (Appendix), outlining your CV or resume of each person who will work on the project. Your brochure of your business can be included. However, if the client has already accepted your offer, and the proposal is a document of record, this part of the proposal is not imperative.

The format for the proposal can also serve as the basis for a formal presentation to the stakeholders in the project. Often before a final decision is made, the bidders on a project are invited to present their proposed interventions at a meeting. The format for the proposal is an excellent framework for your verbal presentation, and the copy of the proposal serves as a reference document for post-meeting decisions. Even if you don't get the contract, your document will serve as a reminder of your business, your credentials and your service capabilities for future consideration.

An accepted proposal should feed into a contract. In negotiating contracts, the object is to make an arrangement which benefits both parties. The best way to negotiate a contract is through informal discussion. When potential clients have a problem or project, they meet with you because they know you have the skills to resolve

such matters. You ask questions, listen attentively, the client explains further, and eventually a solution emerges. Throughout the "give and take" process, a mutually satisfying work process is identified, and a collaborative intervention evolves.

When this happens, you will quickly recognize the value of the written contract - it is an agreement, the written framework within which your obligations, rights, remedies and remunerations are clarified. You want to make sure that your consulting business assumes no commitments or financial outlay without the security of an agreement in writing.

The written contract projects a professional image of your business, avoids misunderstandings, outlines terms of payment, limits your liability, prevents litigation, clarifies roles of each party, and builds client confidence through clear communication.

Contracts may be brief and informal, or may be comprehensive and formal, requiring legal involvement. Two kinds of contracts are described briefly:

Letter of Agreement - is the simplest contract and states a summary of the agreement. This includes the nature of the services to be provided, method and time of payment, starting date and duration of the project, resource material and personnel supplied by the client, who the consultant(s) will be. This letter is forwarded to the client for approval and signature.

Formal Contract - is used if financial costs of the project are high, if the project is complex, if there is a financial commitment to suppliers or sub-contractors. This contract may require legal counsel to examine it for specific clauses of protection.

If you wish to prepare your own contract forms, many contract books are available at stores and libraries, with samples of various contract styles. Design several standardized versions with variations depending on types of consulting services you can perform.

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9.0 PRE-BUSINESS CONSIDERATIONS

Having examined the processes involved in determining your consultancy objectives, your client base, your marketing strategies and your selling and relationship building, you must now examine the physical/technical aspects of setting up your business. Before setting up your office, many matters have to be understood, considered and dealt with: your fee structures, marketing plan, and business plan (which contains your cashflow projections) will all determine how you will generate revenue to pay for your overhead. It is wise to be conservative on anticipated revenue and the lead time it will take to reach break-even point.

Whether you prefer to be a consultant first and business owner second is a matter of personal perspective, but planning and good management skills are vital to your success. The way to build the framework and direction of your consultancy is through your formal Business Plan. This is your written summary of what you hope to accomplish by being in business, and how you intend to organize your resources to meet your goals.

Many people believe that they don't need a business plan because they likely will not do any financing. They figure the only reason a business plan is required is for the banker they are approaching for the loan. Wrong. The main reason for preparing a business plan is to test the viability of your business. The business plan is prepared as a roadmap for YOU, to direct your business and measure your progress along the way. The process will organize your ideas, create a natural flow of information, identify key areas of your game plan (support staff, managers, suppliers) and will essentially create a blueprint for the success of the business. It may be shared with the banker or other financiers/investors at some future date. There are many excellent business plan programs, booklets and courses available that will help you organize this process. This is a CRITICAL aspect of beginning your business. Following is an outline of the 4 key areas of a business plan:

Advance Business Summary - a two or three paragraph introduction that describes the business concept, the general marketplace including any current trends, a descrip-

tion of potential clientele and the benefits that they would receive. More specifically:

- detail the name of the company and its physical address information
- describe the legal structure and the principals involved
- create a brief history of the key people in the organization and their areas of expertise
- conclude with a list of specialty advisors to the business (legal advisors, auditors)

Market Information - describe the market that will benefit from your area of expertise. Give a brief history of its evolution, its value in dollars within your geographic area. Provide supportive data proving that the marketplace validates your business concept. Highlight your major competitors and estimate their market share. Clearly identify your customer profile information.

Business Information - Identify your key suppliers, where you will operate your business, terms of payment to your suppliers, your credit terms and policies for customers, which financial institution will be providing services. Provide as much detail as possible from an operational standpoint.

Financial Information - There are three key documents that comprise the financial section. They are the opening day balance sheet, the income statement (commonly known as profit/loss statement) and a cashflow projection. Collectively these documents will create a snapshot of the financial operation of your consultancy for a defined period of time (generally one year). Each must be prepared with full understanding of the numbers, and completed in meticulous detail. You are advised to do the research and data collection yourself, and prepare the documents personally. Take the prepared document to a professional (accountant) for review and objective analysis. Take the advice and recommendations of the accountant seriously, as this is a crucial area of your business plan, and requires the input of experts in the field.

There is an old saying: "No Business Plan - No Business". The process of completing a business plan and the information contained in it may seem painfully obvious, maybe

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unnecessary. But take the preventative measure and avoid the number one reason for business failure - poor business management. Invest in good management practices, and good management begins with a plan..... a Business Plan.

10.0 MANAGING THE BUSINESS

By now you know that owning and managing a consultancy has all the traditional business dynamics. As a business owner in the Province of Manitoba you have certain obligations regarding licensing and tax issuance or collection and remittance of various taxes. Depending on the legal structure and location of your business, certain requirements are necessary. For instance, if you choose to run your business from your home, a business licence application will be required and a fee assessed. If the gross annual billings of your business are substantial, you will be required to register for the collection and remittance of the Federal Goods and Services tax (GST). Income tax returns are naturally required, but you may be entitled to different deductions as a result of structure. This manual is not intended to be a tax and licensing guide. An accountant should be retained at the beginning of your venture to help you set up your accounting books and to advise you about diligent record-keeping. Taking a proactive approach to the financial management of your enterprise will be rewarded at filing time by reduced accountant's hours of preparation. The accountant will also advise you about allowable business expenses, and categorizing them appropriately right from the start. It is always wiser to learn about these matters at the beginning than to be surprised after the money is spent!

Legal Structure

Due consideration must be given when determining the best possible structure for your venture. Depending on the type of consultancy practice you intend to establish, you may be limited in your choice of structure. You should consult with your legal advisor to see which one is appropriate for you. Four basic business structures are highlighted here.

Sole Proprietorship - a business owned and operated by one person. It is the simplest to establish and has fewest regulations. The owner, however, is personally responsible

for all liabilities of the company.

Partnership - is also easy to establish, but requires registering the company name and filing information about the partners with the Companies Office, Manitoba Consumer and Corporate Affairs. Each partner in the partnership is responsible for the liabilities, even those incurred by the other partner(s).

Corporation or Incorporated Company (Limited Company) - is an entity unto itself, with shareholders (owners) being exempt from debts and liabilities incurred. This form of business structure is generally used with larger organizations with larger sales bases.

Business Co-operatives - are a special form of business structure incorporated under the Cooperatives Act of Manitoba. Two types of co-operatives used by small or home-based businesses are Producer/Marketing and employment co-ops. In each case the regulations are complex and membership benefits should be diligently researched.

Engagement Agreements and Contracts

If you give bad advice it is one thing, but if you sell bad advice that's different. Consult your lawyer to help you construct an engagement agreement and performance contract, and to clearly advise you about liabilities in the sale of advice. As mentioned earlier, there are a number of pre-published agreements and contracts that can be used as templates, but as in every other aspect of the business, if you are unclear on any aspect of responsibility, the onus is on you to seek clarification and understanding.

Details of Business Plan development, financial, legal and tax issues, as well as start up considerations (establishing the basics of an office) are discussed in the reference book called Starting a Small Business, available through the Business Resource Centre.

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11.0 CONCLUSION

Staying on Top Technically and Professionally...

To remain successful as a consultant, you will have to stay competent and knowledgeable about current developments in your field of specialization. If you do not, you lose your reputation as an expert and you lose your competitive advantage over other consultants. But staying on top will take a lot of time, which may even impinge on your personal life and on time available for billable work.

Time spent on personal development is really part of your marketing effort, because doing so is necessary to maintain your reputation. The areas in which to keep current include your specialty, the particular industry you serve and business in general. Business trends are hard to predict. But you can anticipate them by looking at new approaches that have evolved in past years.

For example:

- in technical areas - electronic educational applications
- in business areas - downsizing, restructuring, merging
- in management areas - leadership, stress management, change management

The following checklist will help you review issues as they relate to your consulting plans and professional development. Check them often to ensure you are doing everything you can to keep your product, your intellectual property in "appreciating" mode.

- Regularly read or scan major periodicals in your field
- Offer to make presentations at association gatherings
- Take courses related to your specialty and to business management in general
- Write articles for publication in periodicals
- Attend trade shows and ask many questions about products and services - vendors are an outstanding source for getting to know what is new, what is on the horizon
- Subscribe to magazines - for new products, applications, learning about upcoming events, conferences, trade shows, for editorial comments and user opinions
- Seek leadership positions in associations
- Attend specialty seminars to renew knowledge of your

area of expertise

- Familiarize yourself with resources available on Internet, bulletin boards, and databases
- Take time regularly to analyze the effectiveness of your learning approaches
- Balance your learning plan with your family and personal needs

Pursuing fully all these options as well as running your business would take a 48-hour day. They all impact on time available for family matters and personal activities. With these considerations in mind, it will be up to you to find the balance between your personal and professional life. If, by starting your consultancy, you have realigned your life in terms of what is important to you, you have to be very clear about your priorities. Develop a schedule to help you behave accordingly, putting emphasis on self-development, family development, relationship development and business development. Enjoy your new journey!

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