

“How Consulting Works”

for

American Geosciences Institute
connecting Earth, science, and people

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Outline

- ◆ Introduction
- ◆ Pros and Cons
- ◆ Does it fit you?
- ◆ What you need to begin
- ◆ Networking
- ◆ Marketing/PR
- ◆ Promoting your practice
- ◆ The most critical challenge to your business
- ◆ After you land a job
- ◆ Conclusions

Introduction

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- *creating wealth where before there was none.*

You alone are in charge, and you *can* do that because you won the “birth lottery”:

- you’re on the *internet—in the very top percentage of people who are*—so you face the fewest barriers to success.

Introduction

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- a) solve problems and
- b) serve as political cover.

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a) solve problems and

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c) Consultants get hired to

- * fix well-scoped problems,

- * *not to* perpetuate the status-quo.

What Consultants Do

Consulting is really about:

- ◆ getting the work to do.
- ◆ Being an expert at staying current,
- ◆ reading people,
- ◆ maintaining relationships, and
- ◆ functioning at a high, executive level.

What Consultants Do

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The problems you solve won't be easy or trivial.

These problems bewilder the client but
you've seen and have solved them before.

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You risk having no pay *at all*.

You have no health benefits.

You have no tech support.

You will work long hours.

You will encounter sharks: and you face them directly, without support.

A faint background graphic on the left side of the slide. It features a spiral pattern that expands outwards from a central point. Overlaid on this spiral is a line drawing of a hand holding a pen, with the pen tip pointing towards the spiral. The entire graphic is rendered in a light gray color against the dark gray background.

Pros:

You can earn more. A lot more.

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Huge opportunities for growth.

It is a great way to live: *you control time* (free to exercise, have more time with the family).

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You will develop more—and more useful—contacts.

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You can work from home.

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Knowing is not enough; we must apply.

Willing is not enough; we must do.

--Johann Wolfgang von Goethe

Are You a Good Fit? Recent Grads:

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Opportunities to research.

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Bursts of stress followed by periods of calm.

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In every case:

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present yourself as a skilled professional with a defined specialty...not just someone who needs a job.

...and show up on time.

Are You a Good Fit? Recent Grads:

In every case:

present yourself as a skilled professional with a defined specialty, as opposed to just someone who needs a job.

In every case:

know as much as you possibly can about the company you approach.

Identify needs that you are uniquely equipped to satisfy using the tools you already know.

Does it Fit You? Seasoned Experts

Your practiced, specialized knowledge is in high demand.

You are a known quantity.

You can contract back to a previous employer.

You facilitate smooth transitions during buy-outs and mergers.

Seasoned Experts Are:

- ◆ Experienced. You take more risks and start more businesses than twenty-somethings.
- ◆ Experienced people have more wealth (and less debt),
- ◆ ...more wisdom, education and experience,
- ◆ ...the average age of entrepreneurs is rising.

Does it Fit You? Life Changers

Life changers: people who want to change their world but not their career.

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Life changers want to change their world but not their career.

May choose to work from home to care for a sick relative or to get better, less-expensive child care.

Does it Fit You? Life Changers

They want to change their world but not their career.

They might need to work from home to care for a sick relative or to get better, less-expensive child care.

Or, they see the value in being there when the kids get home from school.

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And, they might just want more control over their lives.

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They want more control over their lives.

Health problems can get in the way of full time work.

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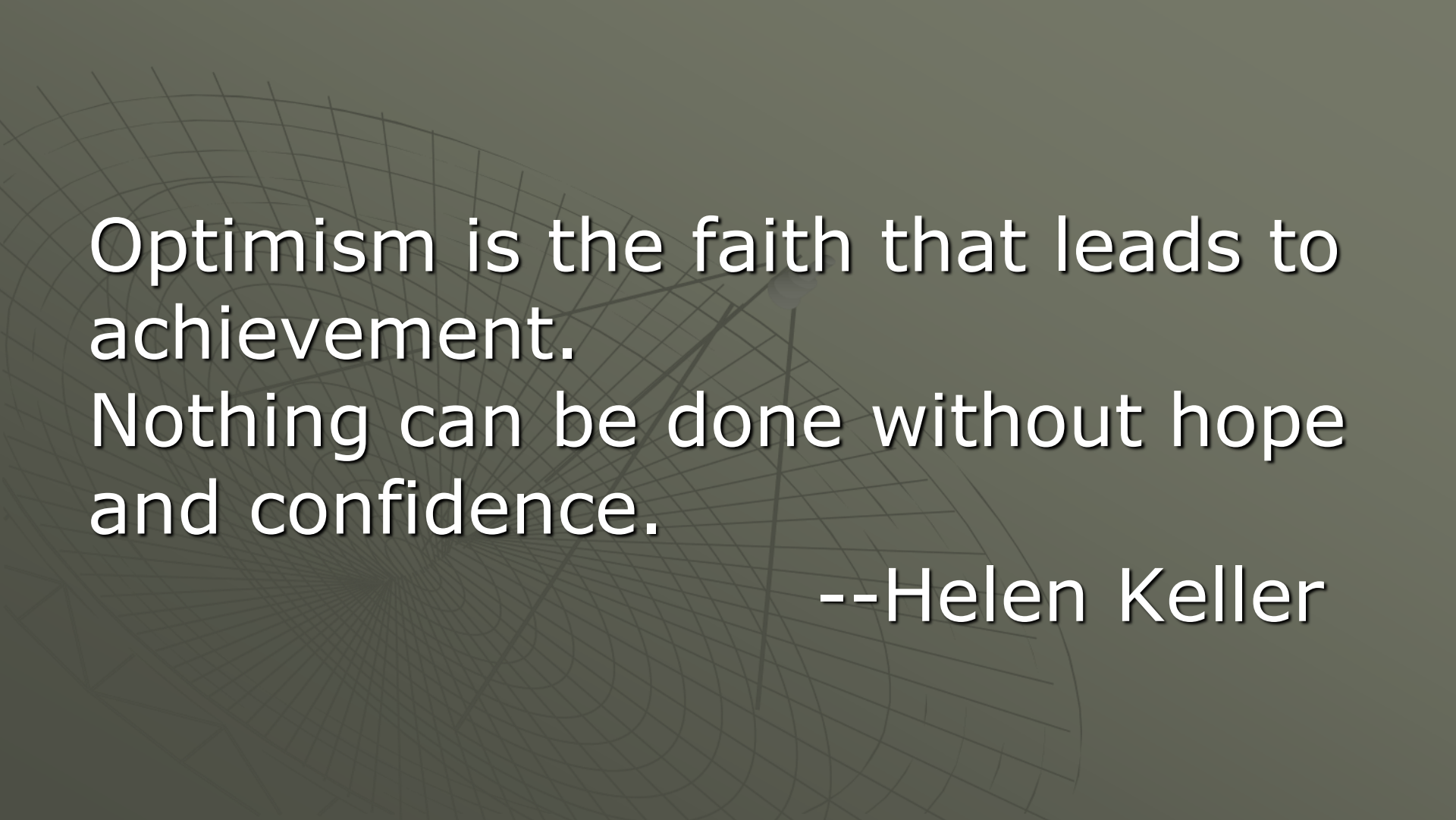
They want more control over their lives.

Health problems prevent full time work.

Their downsized company needs their skills, but not on a daily basis.

Does it Fit You? Everybody

Are you passionate about your work?
Persistent? Motivated?



Optimism is the faith that leads to
achievement.
Nothing can be done without hope
and confidence.

--Helen Keller

Does it Fit You? Everybody

Are you **passionate** about your work? **Persistent?**
Motivated?

Are you a positive thinker? Self-
starter? Energetic? Organized?

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Do you have a safety net?

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Do you have the interpersonal skills to **make sales, manage clients,** and **negotiate** with stakeholders? If not, will you commit to learning how?

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You must make a conscious decision to become self-employed.

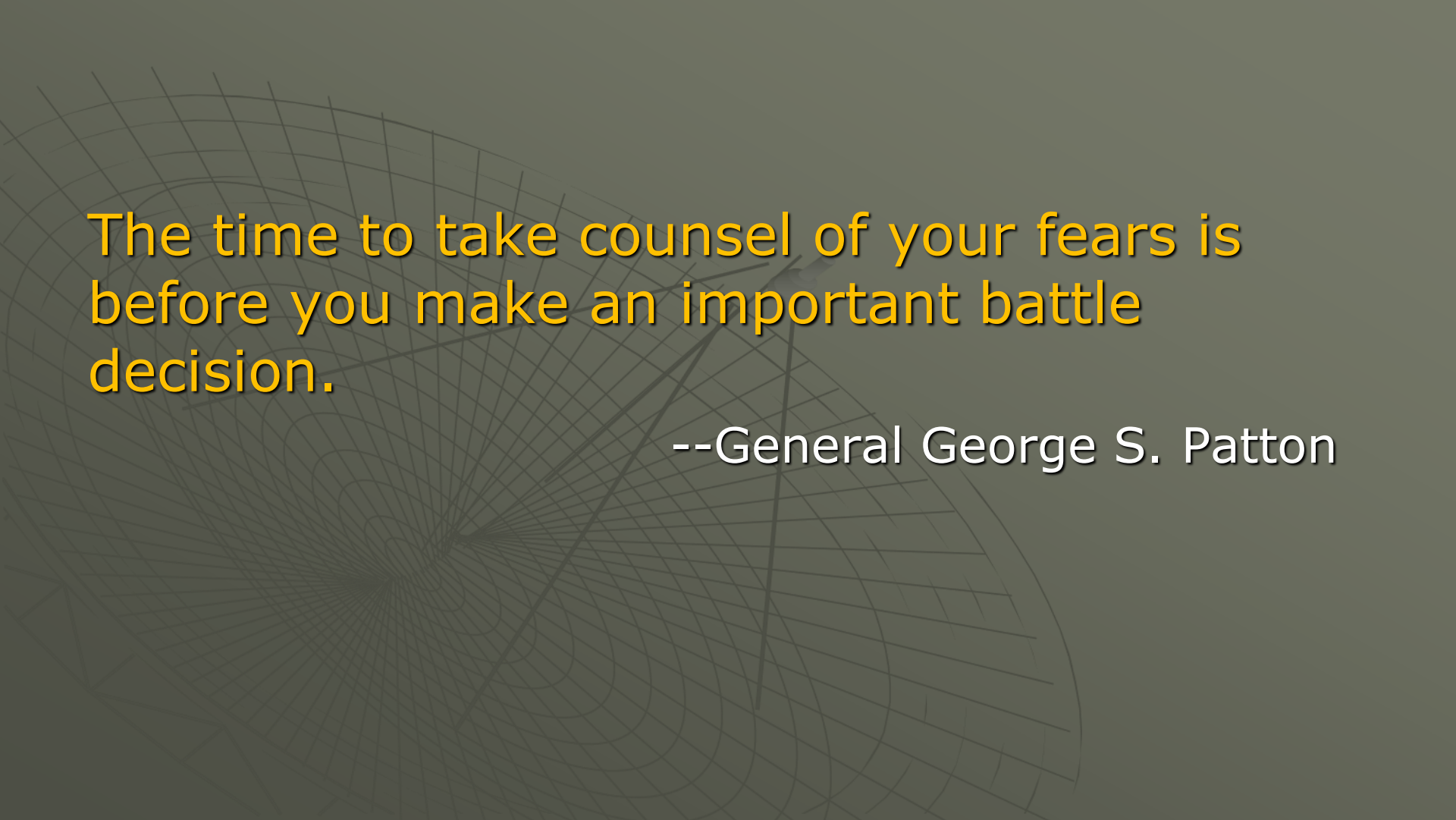


The secret of getting ahead
is getting started.

--Mark Twain

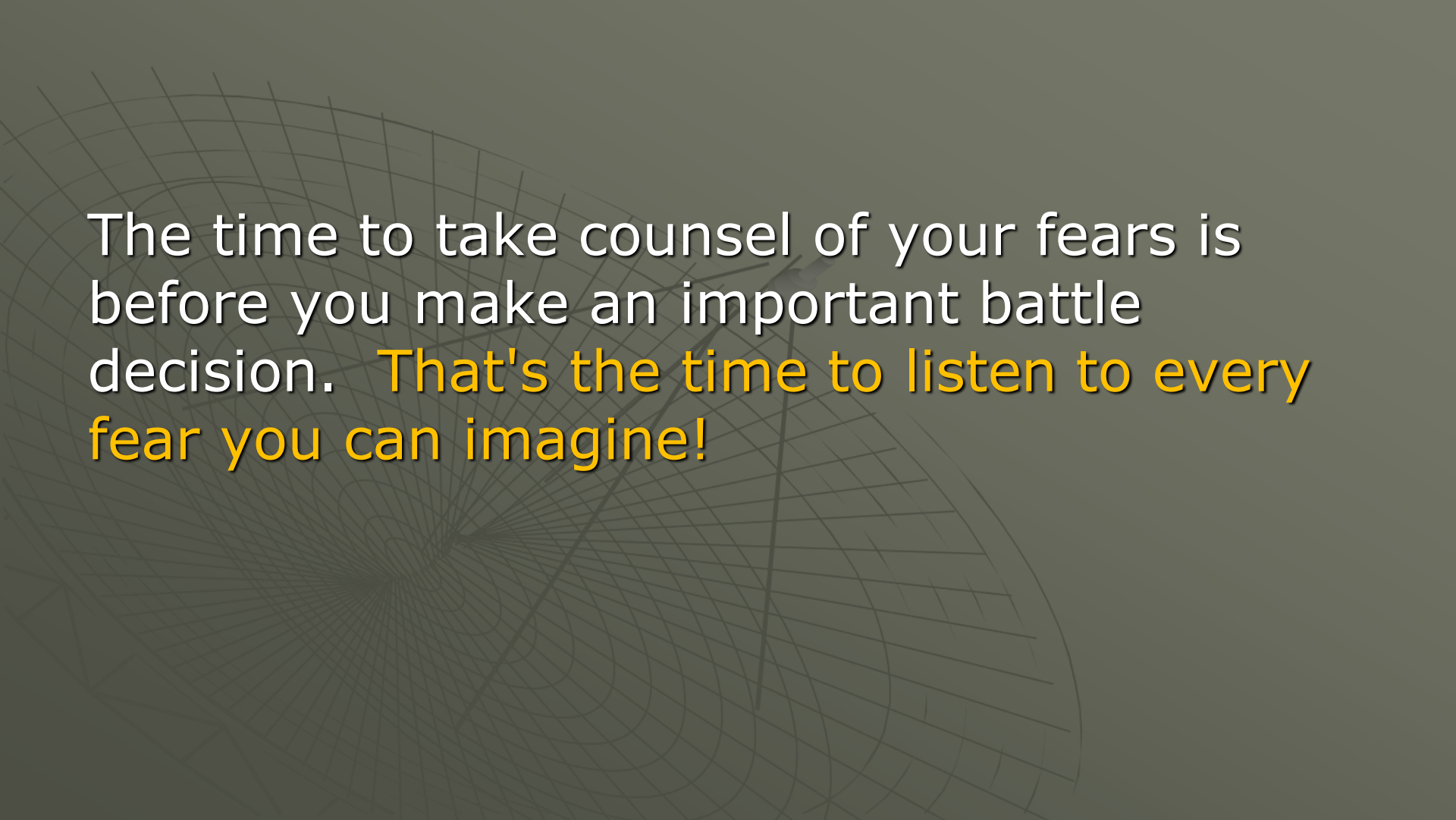
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before you make an important battle
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--General George S. Patton



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The time to take counsel of your fears is before you make an important battle decision. That's the time to listen to every fear you can imagine! **When you have collected all the facts and fears and made your decision, turn off all your fears and go ahead!**

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What You Need to Begin

The obvious financial considerations:
a nest egg,
health insurance,
an office / work space,
professional license to practice.

What You Need to Begin

Handle the obvious financial considerations first:
have a nest egg in the bank,
arrange for health insurance,
create an office to work in,
professional license to practice.

Consider a Home Office (more on this to follow).

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A business plan, with a strong focus on to whom you will market it, *and how*.

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Grit.

Elements of Your Business Plan

The Concept: What you will sell.

Setup: How you'll organize...

- ◆ **LLC:** helps insulate you from personal liability that the LLC incurs, but not entirely.
- ◆ **Sole proprietorship:** 70 percent of small businesses are. You are the business: you are personally liable for debts and obligations.
- ◆ **Incorporate:** Maximum liability avoidance.
- ◆ **Business environment:** i.e. regulations that will apply to you; with whom will you compete.

What You Need to Begin: Cash

You are now a money manager.

Keep a spreadsheet of all expected income and all bills.

Know your cash needs for the next few months.

Where will you turn to get money in emergencies?

QuickBooks, Quicken (use the "class" feature to separate business and personal expenses) and Turbo Tax.

Your creditors don't care why you don't have money.

What You Need to Begin

- ◆ **About taxes:** see a professional.
- ◆ If you expend funds in order to make income, it is deductible: software, hardware, business use of the auto, internet, printer ink...but you must keep records and receipts.
- ◆ In Quicken, assign expenses by category and class; that way, you can give the accountant figures instead of receipts.
- ◆ A good tax guy will make you more money than he will cost you.

What You Need to Begin

Present a business-like image.

For a complete list of the legal and regulatory requirements, see:

“Starting a Freelance Business - How to Take Care of Legal, Tax and Contractual Paperwork”:
www.sba.gov/blogs/starting-freelance-business-how-take-care-legal-tax-and-contractual-paperwork.

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How to do Networking

Many conferences have before-and-after social activities, e.g. field trips, tours, hikes, fishing, shooting skeet, cards, and especially golf: join in, be social.

...Because the people there are probably in your target audience....

Network: Meet Nice People

Learn to golf.

Put your hand out. A handshake is a miniature hug. Everybody likes the feel of a handshake.

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Volunteer; meet other nice people.

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Volunteer; meet other good people.

Conduct workshops at conferences; offer in-house training.

Networking: Give Talks

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For more formal situations, keep an
updated CV on hand.

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Marketing/PR

Define your ideal client. That group is your
Target Audience.

Marketing/PR

Define your ideal client (your Target Audience).

What do these people need, how will you satisfy their needs, and where are they?

Marketing/PR

Define your ideal client (your Target Audience).

What do these clients need, how will you satisfy their needs, and where are they?

Create professional looking literature: it must stand out from the others.

Whatever kinds of materials (more on that later) you'll pass around, be sure it looks professional, that it gets your message across, and that will *easily* get read.

Marketing/PR

Best ways to generate interest for your biz:

- ◆ personal *referrals*,
- ◆ *networking* at live events,
- ◆ *speaking* before professional groups, and
- ◆ *content* on the Web (e.g. LinkedIn).
- ◆ *Publishing articles*—in professional journals or even just posting it on LinkedIn—is called *creating content*. Your potential client finds out what you've been doing and if he likes the way you think.

Marketing/PR

- 1) Go through your address book and holiday card list.
- 2) Review the rosters of associations you belong to and directories of companies where you've worked.
- 3) Send a card, email, or note to these contacts. Let them know what you're doing now. Follow up with a phone call.

Marketing/PR

Ask your associates to refer you to potential clients, prospective companies, and other useful contacts.

Emphasize your defined market niche. Instead of saying, "I can do anything in the area of..." be specific: your clients will want to know what you can do best for *them*. Because you've directed your market at you *niche* clients, it will make good sense to them.

Marketing/PR: Website

Builds credibility, showcases your work, testimonials.

Provides clear, strictly-technical *content*.

...the customer finds out for himself that you're qualified.

Email links to specific pages of your website and magazine reprints to prospective clients.

Avoid clutter, small fonts, and wordiness.

Promote your site with email, on business cards, and tell everyone you know.

Be found on LinkedIn, Facebook, and Twitter.

Dorie Clark on LinkedIn

Entrepreneurial You on Amazon

<https://dorieclark.com/subscribe/> for
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Promoting Your Practice

“Free advertising” is the focus here...paid-for advertising is probably not for you; your target audience is too small.

Consider direct mail (this is NOT mass mailing!):

- ◆ inexpensive,
- ◆ focused on your contacts (your niche).
- ◆ Tell about where your articles will appear,
- ◆ where you'll be speaking, and
- ◆ trade shows and conferences you'll attend.

Promoting: Brochure Basics

Clearly convey what your services are.

Tell customers why you are the best.

Give a few reasons why you should be hired.

Include some brief biographical information.

Perhaps include some information about who some of your clients are.

Keep it simple, but do it right.

Your brochure represents you in the marketplace, so make sure you polish it before you send it into action.

Promoting: Newsletters

Choose a color that stands out on the desk, use big fonts, have lots of whitespace, hand write personal notes, highlight key phrases.

Newsletters are the best tool for consultants (folks read newsletters but toss brochures in the trash).

If you need help, hire a freelance writer and graphic designer to do the job for you.

Maintain a mailing list of prospects, friends and suppliers.

Publish newsletters on your website. Index them to make it easy for Google to help people discover you.

Promoting: Articles

Writing original, technical *content* for magazines establishes your credibility, raises your profile, and enhances your reputation.

Reprints are a terrific promotional tool.

Get ideas for articles out of your newsletters, talks, projects, and report summaries.

Approach the features writer at your local paper; publish even in small town papers....

Magazines are always looking for good writers.

Promoting: Articles

Getting published is generally an informal process.

Understand the publication's target audience.

Email the publisher with a proposal.

The publisher tells you how many words he'll use.

Do not miss the deadline.

As your track record of writing and publication grows, getting accepted again gets easier.

Add your publications to your CV.

This creates a body of work that precedes you to potential customers.

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Brian G. Burns on LinkedIn



**NOTHING
HAPPENS
UNTIL SOMEONE
SELLS SOMETHING**

Your most critical challenge

“How Consulting *Doesn't* Work” would be a much shorter talk.

It would have just one slide, which said:

“Nothing Got Sold”

Your most critical challenge

Tell everybody you started your own business

Your business and personal relationships will almost certainly be the source of your first clients as you start up.

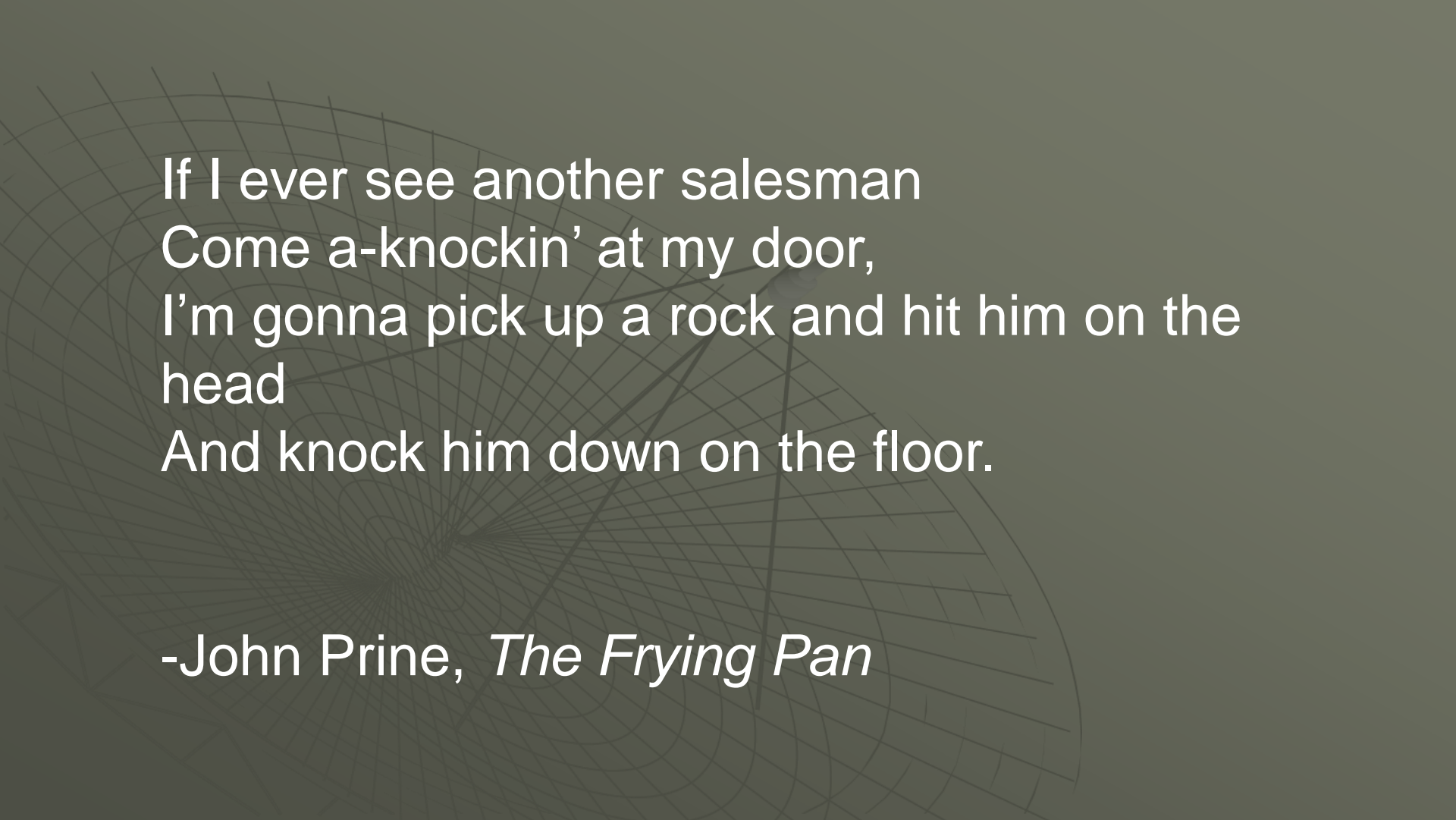
Your first client may be your last employer. They understand your value, trust you to deliver results and you know how the company works.

Your most critical challenge

From there, network outward, tap into relationships with former colleagues and industry peers.

As your client base grows, hopefully these folks will also become your cheerleaders.

Referrals are a huge source of business for consultants.



If I ever see another salesman
Come a-knockin' at my door,
I'm gonna pick up a rock and hit him on the
head
And knock him down on the floor.

-John Prine, *The Frying Pan*

Your most critical challenge

Nothing happens until something gets sold.

You can *learn* how to sell.

You will go out of business if you do not constantly sell.

You have to keep selling or you'll be broke until you land another contract.

Slack times are terrible. You have to sell all the time. Selling is your most important priority.

If you succeed at consulting, it will be because you never stopped selling.

Your most critical challenge

You're the main salesperson: you're selling you. Learn to toot your own horn in a way that doesn't make you feel awkward or puts people off.

Some tips on how to do this:

- ◆ Think of three to five benefits that you bring and practice saying them without awkwardness (these benefits are different from your actual products or services).
- ◆ Don't say, "I find oil behind pipe." Instead, "I developed new ways to analyze well logs and can increase production better, faster, and cheaper than companies can do in house."

Your most critical challenge

Spotlight the client: what are the organization's goals? Your client's personal goals? Helping achieve them gets you hired.

Take detailed notes during and after an interview (ask "Can I take some notes?"...it shows you care).

Be professional, attentive, and offer solutions they need.

- ◆ Never fear learning "what's new".
- ◆ What causes the client pain?
- ◆ Uncover needs; satisfy those needs.
- ◆ Five sales calls before you get a contract.

Your most critical challenge

Rejection is never personal One win in a hundred calls could keep you in bacon for years.

The first check is the hardest to get...do a small job to get the door open.

Who's involved? Identify the stakeholders, whose buy-in will you need, how to make course adjustments when the job is underway.

Cold Calling Works. Some tricks:

Prepare a script: spell out word for word what you expect to say when you get someone on the phone. Your goal is to get a face-to-face interview.

Be creative to reach the decision maker. To get past the gate keeper, try calling before or after business hours...the decision maker might answer his own phone then.

Limit cold calling to just several days each month. Look forward to those days, and put your best effort into the process. Not only will it become easier to make those cold calls, but you will find that you actually enjoy them.

9 Movies Every Salesperson Needs to Watch

- ◆ Death of a Salesman...it's not what you say: it's how
- ◆ Glengarry Glen Ross...an unforgettable motivation speech
- ◆ The Big Kahuna...teamwork closes a sale at a trade show
- ◆ The Pursuit of Happyness...savvy tactics: inspirational
- ◆ The Wolf of Wall Street...persuasion on the phone
- ◆ Boiler Room...someone will get sold: you or the client
- ◆ Jerry Maguire...how he succeeds after going out on his own
- ◆ Moneyball...facing down a firmly established status quo
- ◆ A Christmas Story...tenacity and persistence wins

--Steve Kearns on LinkedIn.com

What Are You Worth?

What should you charge? You have to cover expenses & overhead. Tally up all the old and new items you pay for:

- telephone expenses,
- office equipment and furniture,
- rent and utilities,
- stationery and supplies,
- postage and delivery costs,
- clerical help,
- business insurance,
- meals and entertainment,
- travel expenses,
- professional association memberships,
- trade shows,
- legal and accounting fees, and
- advertising and marketing costs (website, brochure),
- medical/disability insurance,
- retirement,
- income taxes and self-employment taxes,
- soccer and little league,
- dance & clarinet lessons,
- braces,
- prom,
- college fund.
- You get the idea.
- Add your salary to all that.

What Are You Worth?

Figure billable hours: how many will you work *and* get paid for? 2,000 hours per year is 50 weeks x 40 hours....

However, a consultant spends *only 1/2 of his time actually doing work*. The other 1/2 is spent getting the work to do (i.e. marketing, selling, bookkeeping, going to seminars, trade shows, and cold calling). It means that you have only 1,000 hours billable hours per year.

What Are You Worth?

Choose a profit margin. You're entitled to a profit in addition to your salary and overhead (because your salary is not profit; it's a cost of doing business, same as if you were an employee).

Profit is your reward for taking the risks of keeping yourself employed, for the time you spend making sales calls. It provides money to expand and develop your business. 10% to 20% profit is standard.

What you are worth is a formula: divide the sum your labor cost + overhead + profit by the total hours available to work.

What Are You Worth? An Example

Goal: bring home \$200,000 per year (salary + expenses).

- Annual overhead is \$80,000.
- 20% profit = \$56,000.
- You will find work (i.e. that pays) for 1,000 billable hours.

Here's how your hourly rate works out:

- ◆ Salary and overhead: $\$200,000 + \$80,000 = \$280,000$.
- ◆ Multiply by your 20% profit margin, and you have
 $\$200,000 + \$80,000 = \$280,000 + \$56,000 = \$336,000$.
- ◆ Divided by billable hours: $\$336,000 \div 1,000 = \$336/\text{hr}$.

What Are You Worth?

Be highly paid...you won't get what you're worth:
you'll get what you negotiate for, so be ready.

It isn't how much you're *costing* them: it's how
much money you're going to *make for them*.

They may need reminding.

A consultant's work may put the client ahead for
years. That's also part of your value to them.

What Are You Worth?

How-you'll-be-paid options:

- ◆ fixed-bid amount, for an entire project,
- ◆ hourly fee,
- ◆ retainer, or
- ◆ commission.

Outline

- ◆ Introduction
- ◆ Pros and Cons
- ◆ Does it fit you?
- ◆ What you need to begin
- ◆ Networking
- ◆ Marketing/PR
- ◆ Promoting your practice
- ◆ The most critical challenge to your business
- ◆ **After you land a job**
- ◆ Conclusions

After you land a job

A letter agreement should describe:

- ◆ the nature of the services,

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- ◆ who provides materials, equipment, and possibly work space,
- ◆ how long the agreement will last (when work will be delivered),
- ◆ define the deliverables (and formats) exactly.

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Make copies of the checks you are issued: if they bounce and you have to collect, the copied checks acknowledge the debt.

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Mail your invoices as well as attaching them to an email.

Getting Paid (collecting)

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Be persistent.

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Sue in small claims court.

Getting Paid: a True Story

...after repeated requests, we visited the office and called his phone from the lobby. He answered, proving she was in. We asked to stop in and discuss what additional steps, if any, needed to be taken...emphasizing cash flow challenges, our need to pay for the imagery, processing time, materials, etc.

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We were assured that payment would be forth coming. It did not happen.

Getting Paid: a True Story

We Googled the corporate structure of the client company and found the corporate officials.

We sent a registered letter to the corporate office, setting out how we prepared the work in good faith, with a copy of our contract, and that now we really needed to be paid.

We copied our letter to the geologist in charge. We were paid within the week.

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Conclusions

- ◆ Do what you enjoy or at least do what you're curious about. Continue learning.
- ◆ Be prepared.
- ◆ Network and promote.
- ◆ Always sell.
- ◆ Get things in writing.
- ◆ Be on time.

“How Consulting Works”

for

American Geosciences Institute
connecting Earth, science, and people

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