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# THE NEW BUSINESS OF CONSULTING

THE BASICS AND BEYOND

ELAINE BIECH

WILEY



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—Halelly Azulay, president, TalentGrow and host of The TalentGrow Show podcast

“When Elaine Biech speaks, I listen and learn. You will, too! She is the consummate professional, and she truly knows all aspects of consulting. Her advice is a must read for established as well as new professional consultants.”

—Cutler Dawson, former CEO, Navy Federal Credit Union, Vice Admiral, US Navy (Ret.)

“If only I had been offered a course like this when I was building my business! I learned how to start and grow a company through the proverbial school of ‘hard knocks!’ You don’t have to! Elaine has

worked hard to share her wisdom and put it together in one place. The world of consulting takes a lot of hard work and guts, but you'll learn from her journey as she guides you in building or enhancing your own company. Still, after all these years, I continue to learn from Elaine."

—Beverly Kaye, CEO, Bev Kaye & Co.; author, *Help Them Grow or Watch Them Go and Up Is Not the Only Way*

"Elaine Biech just made a great book even better. *The New Business of Consulting* will become a classic in its field, with many useful, productive tools and advice. This is a must resource in today's consulting environment. We recommend that you read the first chapter and then scan the rest of the book and read the last chapter. Then, if you still want to be a consultant, use it as a how-to guide to manage, grow, and sustain a consulting practice."

—Jack J. Phillips, chairman, and Patti P. Phillips, president and CEO of ROI Institute, Inc., and coauthors, *Maximizing the Value of Consulting*

"This book is informative, will add value to the work you do and, most importantly, help you position your approach so that it is relevant in today's ever-changing business environment."

—Janice C. Kreamer, chairman of the board, Ewing Marion Kauffman Foundation

"*The New Business of Consulting* is from one of the best minds in this business. Elaine Biech is the most astute businesswoman in the consulting world today. She speaks the language, has seen it done in all environments both in and out of the U.S., and has helped shape organizations everywhere. Elaine has been that one person inside my personal inner circle in everything I've done for the last ten years. When you want the hard work done, call her."

—RADM (ret.) J.B. Godwin III, vice president, Athena Technologies, Inc.

"Hesitating about whether this is the *right* book for you? This is the only book you will ever need in order to start, maintain, or grow your consulting business. Elaine uses her years of experience—plus updated info and practical advice—to guide anyone contemplating or already in this profession. Buy the book now and save yourself time and money—you won't regret it."

—Ann Herrmann-Nehdi, CEO, Herrmann International: The Whole Brain Company

"Despite the fact that I have greater access to information than I have ever had before, my most trusted resource when it comes to my professional life has been *The Business of Consulting*. Elaine Biech has captured, organized, and articulated the heart of the matter when it comes to consulting. This new edition provides an expanded blend of practical insights, along with a realistic optimism about how to succeed. *The New Business of Consulting* is my go-to resource."

—Pamela J. Schmidt, executive director, ISA, The Association of Learning Providers

"Elaine and her team did an outstanding job coaching our region through our quality management journey. Her approach to consulting is refreshing and right-on for today's and tomorrow's business needs. Read her book. She shares all her secrets!"

—Gail Hammack, former regional vice president, McDonald's Corporation

"There is a substantial gap between possessing subject matter expertise and possessing the skills to apply that expertise in a way that adds value for clients. Then, once across the gap, there is need for a well-charted course to negotiate the challenges of simply doing business successfully. Elaine Biech has bridged that gap again with an even more reliable crossing to the realm of integrated expertise and consultant skills, and then provided the essential roadmap for reaching our business goals. This is my go-to book."

—Joseph G. Wojtecki, Jr., senior fellow and business manager, Center for Risk Communication

# The New Business of Consulting

**THE BASICS AND BEYOND**

Elaine Biech

**WILEY**

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*For Shane and Thad*  
*My first two consulting projects*





## CONTENTS

Exhibits and the Companion Website	xi
Foreword	xv
Acknowledgments	xix
Introduction	xxi
<b>ONE</b> So You Want to Be a Consultant	1
What Is Consulting?	3
Why Consulting Now?	4
Four Ways to Get Started	10
Myths About Consulting	17
Realities and Rewards of Consulting	22
Just What Are You Getting Yourself Into?	23
For the Consummate Consultant	29
<b>TWO</b> Talents and Tolerance	31
Your Skills for Success	33
Roles You May Play	40
Signs of a Mediocre Consultant	42
Your Personal Situation	43
Caution: Business Owner Ahead	45
Entrepreneurial Characteristics	45
For the Consummate Consultant	50

<b>THREE</b> Dollars and Sense	51
How Much Income Do You Require?	52
How Much Should You Charge?	56
Selecting a Pricing Structure	64
Other Pricing Decisions	68
Other Charges	70
Fee Increases	71
Ethics of Pricing	73
Money Discussions	75
Value of a Guarantee	76
For the Consummate Consultant	77
<b>FOUR</b> Starting . . .	79
Why Some Start-Ups Succeed and So Many Fail	81
What's in a Name?	82
Selecting an Accountant	86
Selecting a Legal Entity	87
A Business Plan to Guide You	89
Plan to Use Your Business Plan	95
Start-Up Costs	100
Finding Your Niche	102
Your Image Is Everything	105
Experiencing the Experience Maze	108
For the Consummate Consultant	113
<b>FIVE</b> . . . And Staying in Business	115
Marketing from Day One	117
Creating Your Marketing Plan	118
Using the Internet	128
Surprising but Practical Thoughts on Marketing	131
Tactics for Low-Budget Marketing	136
Contacting Potential Clients	141
Proposals Lead to Contracts	148
Why Would You Refuse an Assignment?	150
For the Consummate Consultant	151

<b>SIX</b> The Cost of Doing Business	153
Keeping Records for Your Consulting Business	155
Watch Your Cash Flow	156
Track Your Expenses	164
Set Aside Petty Cash	172
Charge Your Client	175
Project Revenues	179
Deal with Bad Debts	179
Keep an Eye on Your Numbers	181
For the Consummate Consultant	186
<b>SEVEN</b> Building a Client Relationship	187
Relationships: It's Why You're in Business	189
The First Meeting	191
Four Phases of Building a Client-Consultant Partnership	193
Adding More Value	204
How Many Clients Do You Need?	211
How to Improve the Relationship Continuously	211
It's the People	214
Maintain the Relationship After the Project	215
Ensure Success	216
For the Consummate Consultant	218
<b>EIGHT</b> Growing Pains	219
Adding People	221
Growing Without Adding People	238
Expand Your Geographical Market	247
Doing Everything You Can to Grow Your Current Business	249
For the Consummate Consultant	253
<b>NINE</b> The Ethics of the Business	255
Consultant to Client	258
Consultant to Consultant	265
Client to Consultant	269

Parting Ethics Shots	270
For the Consummate Consultant	272
<b>TEN Exude Professionalism</b>	273
Competencies to Boost Your Consulting Success	275
Continuing to Learn	286
Balancing Your Life and Your Business	289
Managing Your Time	291
Giving Back	297
For the Consummate Consultant	299
<b>ELEVEN Do You Still Want to Be a Consultant?</b>	301
A Week in a Consultant's Life	304
Visualizing Success	316
Taking Action	317
Get Ready, Get Set . . .	318
For the Consummate Consultant	324
<b>APPENDIX</b>	325
Helpful Resources and Links	325
Reading List	327
About the Author	331
Index	333

## EXHIBITS AND THE COMPANION WEBSITE

**Y**ou must know right up front that consultants are an odd bunch. Most of us love downloadable templates that will make us more successful. That's why I've included all of the exhibits in the book, plus some additional ones, at [www.wiley.com/go/newconsultingbiech](http://www.wiley.com/go/newconsultingbiech). I want to do everything I can to get you started on the right foot, and making these worksheets easily accessible is a small way I can contribute to your success. Here's a list of the exhibits included in this book; the ones marked "(online only)" can be found at the above URL.

### INTRODUCTION

Exhibit I.1 13 Stats That Explain the Gig Economy (online only)

### ONE

Exhibit 1.1. Questions to Ask a Consultant	24
Exhibit 1.2. Are You a Match for the Profession?	25
Exhibit 1.3. First-Year Lessons (online only)	

### TWO

Exhibit 2.1. Consultant Skills and Characteristics	34
Exhibit 2.2. Entrepreneurs: Do You Have What It Takes?	47

### **THREE**

Exhibit 3.1. Calculating What You Require	54
Exhibit 3.2. Actual Billable Days	58
Exhibit 3.3. Calculating Your Fee	60
Exhibit 3.4. How Much Will Clients Pay?	62

### **FOUR**

Exhibit 4.1. Sample Business Plan	90
Exhibit 4.2. Start-Up Expenses	96
Exhibit 4.3. Budget Format	98
Exhibit 4.4. First-Year Cash-Flow Projection	99
Exhibit 4.5. Three-Year Projection	100
Exhibit 4.6. Personal Financial Statement (online only)	

### **FIVE**

Exhibit 5.1. Marketing Plan	121
Exhibit 5.2. Client Strategy Choices	123
Exhibit 5.3. Annual Marketing Planning Calendar	127
Exhibit 5.4. Company Profile	142
Exhibit 5.5. Sample Introductory Marketing Letter	144
Exhibit 5.6. Questions to Ask Potential Clients	145
Exhibit 5.7. Client Contact Log	146
Exhibit 5.8. Sample Proposal (online only)	
Exhibit 5.9. Sample Contract (online only)	

### **SIX**

Exhibit 6.1. Monthly Expense Worksheet and Record	163
Exhibit 6.2. Mileage Log	167
Exhibit 6.3. Time Sheet and Expense Report	173
Exhibit 6.4. Petty Cash Record	174
Exhibit 6.5. Invoice Summary	177
Exhibit 6.6. Invoice	178
Exhibit 6.7. Revenue Projections	180

Exhibit 6.8. Project Time and Expense Record	185
Exhibit 6.9. Program Development Costs versus Revenue (online only)	
Exhibit 6.10. Library Sign-Out Sheet (online only)	

## **SEVEN**

Exhibit 7.1. Contracting Checklist	196
Exhibit 7.2. Client-Consultant Partnership: Consultant Checklist	201
Exhibit 7.3. Client-Consultant Partnership: Client Checklist	203
Exhibit 7.4. Customer Success Model (online only)	

## **EIGHT**

Exhibit 8.1. Building a Firm	226
Exhibit 8.2. Partnerability	228
Exhibit 8.3. Subcontractor Agreement (online only)	
Exhibit 8.4. Subcontractor Expense Record	236

## **TEN**

Exhibit 10.1. Competency Improvement Ideas	283
Exhibit 10.2. Professional Checkup: How Am I Doing? (online only)	
Exhibit 10.3. Time-Management Log (online only)	
Exhibit 10.4. Session Planner (online only)	
Exhibit 10.5. Personal Checkup: How Am I Doing?	298

## **ELEVEN**

Exhibit 11.1. Visualize Success	319
Exhibit 11.2. A Consultant's Action Plan	321
Exhibit 11.3. Fast Fifty	323





## FOREWORD

I will always remember Johnny Smith. Johnny was my very first supervisor in my very first full-time, salary-paying job.

I had returned from two years in the Peace Corps and was fortunate to find work in a consulting firm that had landed a contract from the U.S. Office of Economic Opportunity. I was part of a team that traveled from city to city in the southwestern United States to conduct training programs, facilitate team-building sessions, and consult on organizational issues to newly formed Community Action Agencies. Our group was made up of mostly young, inexperienced, but highly motivated behavioral scientists who wanted to change the world. It was a perfect kind of job for us, but without Johnny we most likely would have gone broke.

Johnny was a Texas Instruments manager who had decided to take on the temporary assignment of leading this small band of do-gooders. He, too, wanted to do good, but from his years at Texas Instruments, he also knew that to be of service we had to stay in business. Johnny brought a discipline that was absolutely essential to our survival.

I vividly remember one consulting gig in Dallas, Texas. We had a meeting with the director of an agency to talk about the goals and roles for the assignment, and the director was called out for a few minutes. Johnny said to us, “This guy is very organized.” I asked, “How do you know that?” He said, “See all those file folders lined up neatly on the credenza behind his desk? That’s how.” And, he was right about that. The guy and the agency were very organized. Johnny paid attention to detail. He was all about the little things that, when you added them up, either made

something work or caused it to fail. I also remember what a stickler he was for filling out expense reports and submitting invoices. He used to say things like, “You’ll get my thanks when you fill in the blanks.” Corny, but it worked.

Johnny Smith would have adored Elaine Biech. He’d have wanted her on our team. And, had it been available back in 1969, I am confident that Johnny would have handed every one of my colleagues and me a copy of *The New Business of Consulting*. It’s the kind of straightforward, no-nonsense book that he would have wholeheartedly embraced.

But since Johnny isn’t around to give you that advice, permit me to offer it instead. If you are just starting out in consulting, or if you are at a place where you’re growing but not making enough money, you must study this book. *The New Business of Consulting* is vital to your success. You can be extraordinary at what you do, but if you do not know how to run your business, you will be out of business quickly.

Just take a look at what you’ll find in *The New Business of Consulting*. In Chapter One Elaine asks, and helps you answer, the question, “What are you getting yourself into?” The chapter enables you to come to grips with the myths and realities of the business and asks you to seriously consider whether or not consulting is right for you. Chapter Two is about the talents and tolerances you’ll need to succeed in the profession. Chapter Three discusses money—what you think you’ll need to earn, how much you should charge, and how to make ethical pricing decisions.

Chapters Four, Five, and Six focus on starting—and staying—in business and the cost of doing business. These are the meat and potatoes chapters about running the operational, marketing, and financial sides of your practice. Need to write a business plan? It’s here. Need a marketing plan? This book has guidelines for developing one. Need to calculate your cash flow or deal with bad debts? Elaine offers wise counsel on these and more.

Chapter Seven addresses clients. From the first meeting to maintaining the relationship after the project has been completed, Elaine coaches you on how to create value for your customer. Chapter Eight describes the pains—sometimes welcome, sometimes not—of growth. One of the most vexing issues you will have to deal with during the life of your firm is how to manage it as it matures, adds people (and costs), and becomes more than just a hobby for one person. Elaine talks to you about the advantages and disadvantages of key aspects of growth.

Elaine and I share a passion for ethics. Elaine is adamant about how we conduct ourselves in business, and Chapters Nine and Ten are calls to action. As Elaine puts

it, “Your reputation as a consultant will be created by thousands of actions, but may be lost by only one.” She reminds us that it is imperative that we act as role models for how business should be conducted. We always have to practice what we preach. All this takes continuous professional learning and personal growth.

In the closing Chapter Eleven, Elaine poses the question, “Do you still want to be a consultant?” She helps you answer it by giving you a peek into her own daily life as a consultant, a dose of reality for anyone daring to answer “yes” to the question. Of course, we all know what Elaine’s answer is, because it’s the profession she chose for herself. She’s not a journalist who just writes about it; she lives it every day. She’s a role model for the advice she gives others, and she’s personally helped hundreds of people start consulting practices with the information in this book.

And you can understand why so many people benefit from her wise counsel. *The New Business of Consulting* is complete and easy to use. The advice can be put into practice immediately. No theory here. Just real-world examples and proven tactics to build and grow a successful consulting practice. Elaine does not hold back; you don’t need to read between the lines. She is straightforward and candid, and she shares openly all that she knows. This is a compilation of all the lessons she’s learned about running a consulting practice during her 35 years of being in the trade. There are over 50 checklists, tables, forms, and other useful tools. It’s all between these pages, but as an added bonus there are forms available in a downloadable format that can be easily personalized.

Elaine also offers tips that are meant to help you tap into all the resources beyond the book. Many of these tips are based on the technology that is currently available. They are designed to help you save time and money, tap into ever-changing information, identify resources to build the business, and find tools to keep you on the cutting edge of what you do. Given the extraordinary developments in technology in the past decade, these ideas make this book exceptionally valuable in the virtual ways in which you now work.

But there’s something else that you need to know about Elaine, something that comes alive when you read the book and is even more evident when you talk with her in person. Elaine loves consulting, loves a challenge, and loves her clients. As you will understand when you read this book, these are perhaps the only three reasons why you should get into consulting in the first place.

The spirit of this book is best captured in a comment that Elaine sent to me when we first corresponded about *The New Business of Consulting*. I asked her to tell me what she most wanted others to know about her book, and one of the

things she said to me was, “I feel I owe so much to the industry and to people who have helped me along the way. This book is one way for me to give back to the world that has given me so much.” That is quintessential Elaine and is at the heart of who she is. It’s why those of us who are privileged to know her and work with her so highly respect her and the work she does. This book is Elaine’s gift of experience to our field, and I invite you to open it with great glee, read it with delight, and use it to help grow and sustain your business.

Jim Kouzes  
Coauthor of *The Leadership Challenge*

April 2019

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*The New Business of Consulting* was authored by many wise and wonderful people. It is a delight to thank everyone who helped me write this book.

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- Clients for allowing me to practice the business of consulting with you.
- And especially to Peter Block, for responding to a plea for help in 1987 with “flawless consulting.”

Elaine Biech  
ebb associate inc  
Virginia Beach, VA

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## INTRODUCTION

**A**re you thinking about starting your own business of consulting? Your timing couldn't be better. The world of work is changing rapidly. Gone are the days of lifetime employment with traditional, stable organizations. In its place is the gig economy. You have most likely heard predictions that more than 50 percent of the U.S. workforce will not have traditional jobs in this decade. Whether you've heard these new roles called freelancers, crowd workers, contractors, solopreneurs, free agents, agile employees, on-demand labor, giggers, side hustlers, portfolio careers, or some other endearing name, consulting fits the definition.

The term *gig* originally comes from the jazz players of the 1930s, who called each separate performance a *gig*. Today, all types of freelancers and consultants use it to describe work that they've been hired to do that has either a time or scope parameter.

Consulting is a profitable \$250 billion industry and growing. Millions have taken the initiative to create their own livelihood and do what they want. As the gig economy infographic designed by Robert McGuire of Nation1099 (Exhibit I.1, at [www.wiley.com/go/newconsultingbiech](http://www.wiley.com/go/newconsultingbiech)) displays, 86 percent of professional freelancers choose freelancing. That means that they are not in traditional jobs by choice; they didn't lose their jobs involuntarily.

## THE TIMING IS RIGHT

Consulting is more respected now than ever. Freelance consulting is viewed as a win for companies and consultants alike. Companies can hire expertise for the time or project duration that is needed. Consultants can provide the expertise on demand and can be reimbursed for the amount of effort they contribute. Several changes have influenced how business is conducted. This has led to the increased approval rating of those in a 1099 tax arrangement.

- Organizations need an agile workforce to keep up with the ever-changing demands of their missions and the intense competition.
- Technology has empowered consultants to work from anywhere, to connect with clients, close a million-dollar deal, or build a brand from their mobile phones.
- An increasing number of consultants are not just surviving, but thriving, earning a six-figure (or more) income. A 2016 McKinsey report found that 75 percent of consultants were making more or the same amount of money than they did in their traditional roles.
- Professional apps, online marketplaces, marketing opportunities, and other business operating options are readily available and easily connect consultants to clients.
- Large consulting firms are getting in on the gig economy, recognizing that they cannot support the large cadre of consultants they've had on staff in the past. In fact, in 2016 PricewaterhouseCoopers (PwC) launched its Talent Exchange, an online platform that matches independent consultants with relevant skill sets to work on PwC projects.

Is the timing right for you, too? The dream of being self-employed, being your own boss, and striking out on your own is not new. For many employees, an entrepreneurial spirit strikes no matter the societal or economic trends. Unfulfilling work, temperamental bosses, and unhealthy organizational cultures have spurred entrepreneurial dreamers to quit their jobs to pursue their passion, to do the work they love. Your reasons for becoming a consultant might include some of these.

- You desire an increased sense of meaning and fulfillment from your work, to make a difference where you think it counts.
- You want to trade the hassles of a corporate career, a desk job, and a commute for more control over your time, doing what you love on your terms.



- You want to work with the organizations and people you choose.
- You know this is the direction the workplace is heading and you want to prepare for the ongoing gig economy.
- You see that stability is being redefined and you want to be in charge of your own future.
- You want to learn and develop your skills and expertise more broadly than you are now.
- If you have expertise that is in demand, consulting is a relatively inexpensive and easy business to break into.

Or perhaps you are like me and you just want to prove that you can be successful on your own. Of course, there are drawbacks and we will point them out throughout the book. But the bottom line is that consulting in the gig economy is healthy and growing. It is a satisfying arrangement for both consultants and the clients who need them. This book will help you prepare for your half of the equation.

## **LOGICAL CONTENT FLOW**

The chapters are presented in the same order that you will likely require the information as you move into a consulting role. Each chapter begins with a short story. Whether you are a millennial who is looking for purpose and meaning in the work you do or a baby boomer on the verge of retirement, you will relate to these stories. Don't think that they are just made-up fiction. Every story happened in real life to me or my consulting colleagues.

Tips are sprinkled throughout the chapters to give you ideas that meet your specific needs or resources where you can search for the ideas you still need.

Each chapter ends with a section I've called "For the Consummate Consultant." It presents three actions you can take that go beyond the content in the chapter—beyond the basics. Think of these ideas like "extra credit" that you may have had in school: optional additional activities that will boost your rate of success.

We are all consultants—all experts in something. Oh, I am not trying to come up with an impressive ad campaign or a slogan to sell this book. I mean it. But being an expert at what you do isn't enough. You need to be an entrepreneur to stay in business. I grew up on a Wisconsin dairy farm and believe that farmers may be some of the original entrepreneurs. Farmers need to be good at animal husbandry and raising crops, but if they do not focus on their businesses with wise capital investments and maintain healthy cash flow, they will not be farming for long.

You are no doubt a very fine consultant, but like farmers, being good at consulting is not enough to keep you profitable. You also must manage your business. This book focuses on the business side of consulting: how to develop a business plan, how to market your business, how to charge for your services, how to build a client relationship, how to grow the business, how to ensure your continued professional growth, and, of course, how to make money in the profession.

*The New Business of Consulting* is written in the first person—singular and plural. Although I’ve authored the book, the employees of ebb associates and all my colleagues have played a big part in shaping the content, so I’ll use “we” on occasion.

## **HELPFUL AND PRACTICAL CONTENT**

My goal in writing this book is to provide as many practical tools and sound ideas as possible. Most were learned through trial and error, and I hope this book will prevent you from making some of the same mistakes.

- The book has been written for several kinds of readers: the individual who is considering a consulting profession and wonders whether it’s a good decision and how to start, the new consultant who may have mastered the client-consulting role and now realizes that there is also a business to run, and the experienced consultant continuing a lifelong learning journey who is looking for a few practical tips.
- Being a successful consultant means that you not only provide excellent advice for your clients’ businesses, but you also implement excellent advice for your own business.
- To be most helpful, dozens of checklists, assessments, templates, financial forms, and other tools are included. To make it even easier, all of the tools are available at [www.wiley.com/go/newconsultingbiech](http://www.wiley.com/go/newconsultingbiech). You can personalize them with your company name and print them out to project cash flow, plan marketing campaigns, track your time, identify your aptitude for starting a business, or a dozen other things.

## **BEYOND THE CONTENT**

This book delivers everything you need to manage a successful consulting business. However, just reading it will not make you a successful consultant. Three things are required for your success.

### **You Need to Do the Work**

In some cases I present suggestions. In other situations I offer pros and cons of each decision. And at times you will need to do your own self-discovery to determine what's best for you. You'll need an entrepreneurial approach to take risks, focus on your client, and make a profit to be most successful. The book is your guide to do what's needed.

### **Start with Your Own Expertise**

The book is not about the content of your consulting. That is entirely up to you. Whether your expertise is in accounting or zoology, you will still need to run your consulting efforts as a business, using entrepreneurial skills. The business philosophy I present is one of a relationship consulting business—not of a grab-the-money-and-run relationship! So you do not need to be concerned that your reputation and expertise will be tarnished by the business processes I suggest.

### **Your Attitude Is Everything**

It begins with your mindset. I am a huge believer in positive thinking. To paraphrase Henry Ford, “Whether you believe you'll be a successful consultant or not—you'll be right!” Combine your consulting expertise with the business tools in this book and believe that you will be a smashing success.



# So You Want to Be a Consultant

*A person who never made a mistake never tried anything new.*

Albert Einstein

Kayla was livid. She really wanted to do stellar work, but how could she when she never knew what was happening? This was the third time in a month that she had to hear bad news about her department from Amy, who was in the contracts department, instead of from her own manager. Didn't he understand that anything less than total transparency was not acceptable to her?

She started this job four years ago, right out of college with her MBA and the expectation that she would use what she learned and continue to learn and grow. But that hadn't happened.

She had been turned down four times for the additional training she wanted. Granted, the first time it may have seemed like a selfish request because the only rationale she provided was that "she wanted it" and she hadn't tied the content to her job. But every request after that was directly related to problems and issues that

occurred on the job. The last time, she even put together a cost-benefit analysis that clearly showed that what she would learn would save the company money. Instead, her manager told her to wait because next year she would be in line for the leadership development program. He seemed to be shocked when she told him she wasn't that interested in being a leader, and that she was more interested in being a top performer and expert in her field.

Leadership wasn't for her. The previous month, the CEO had signed off on the new innovation policy with, "I'm interested in hearing all your ideas. Come see me." But when she went up to the fourteenth floor, she was turned away by the chief of staff, who said that her actions were improper. Leadership was hypocrisy! She didn't want any part of that.

Kayla wanted to keep learning. Heck, she'd settle for some coaching, but her manager didn't seem to have time—or the inclination. After all the articles that had appeared about millennials, didn't he get it yet? Without figuring out what she valued, he didn't stand a chance!

Why was she here? She disliked the slowness and bureaucracy; she didn't want to be "managed." She wanted a job that had purpose and meaning and that connected directly to the company's mission. She'd been thinking a lot lately—perhaps the corporate environment didn't suit her. Then again, she'd heard from some of her friends who had struck out on their own and found out that "doing what you love" doesn't always put food on the table.

But she'd been studying the whole freelance, gig thing for over a year and found that consulting might be different. She pulled out her "How to Rule the World" journal and perused some of the pages: write a business plan, buy liability insurance, charge what you are worth, choose a good name, clarify your niche, select an accountant, develop a marketing plan, plan your transition, get a federal EIN, check on a city license. Well, there certainly was enough there to keep her busy.

She knew she would love the freedom of being her own boss, but she had an enormous student loan to pay off. If she could only figure out how much she might be able to make and a few more details about how consultants charged. She read a Randstad report when she was researching the company's agility article that more than half of the workers surveyed believed they could make more money as consultants than in their current jobs. Well, money wasn't everything. She wanted to do something more enjoyable, too. And she certainly wasn't getting any younger; she'd be 30 next year! Besides, she deserved to be happy! Maybe her