

The Australian

Consultant's Guide

Setting up and running your own consultancy business profitably and painlessly

2005 Edition

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About the author – Cindy Tonkin



Cindy Tonkin is the consultants' consultant. She gives consultants and managers tools to make doing business with people simple. She is one of the best-educated NLP-trained consultants operating in the business environment. She has masters-level qualifications from the Université de Paris VIII, and has worked for big consultancies such as Andersen Consulting and small to medium consultancies like her own. She also has practical, on-the-floor experience implementing organisational change from Chief Executive to Supervisor Level.

Her clients include major consultancy firms, public service organisations and other companies with internal consultants. She has written a fleet of books on how to make consulting businesses work more effectively, and how to be a better consultant.

These include:

- Consulting Mastery – the ability myth – when being good is not enough
- Making your consultancy a business, not a job
- The Consultants' Companion – Improving your consulting business 30 minutes a week
- Ten (more) ways to promote your consultancy business

She has also written a number of NLP reference books, and some to do with helping people deal more effectively with conflict and challenge in the corporate environment.

For more information

If you'd like more information about Cindy Tonkin's products, coaching and training programs, you can visit her website:
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Introduction



This book is different from other books for three very important reasons. First, this book is specifically about consulting in the Australian context – it is not a hastily reworked version for Australia. I have based this book on real world experience. I am an Australian consultant who has worked successfully in the consulting industry for over fifteen years, twelve of them in my own consulting business. This book relies on my own experience as well as the experience of a vast network of consultants who work in many different industries.

Secondly, it gets down to the nitty-gritty. This book will tell you how to do it, step-by-step. It will tell you how to create a useful business plan, determine how much to charge and help you generate new business.

Thirdly, this book is not about making consulting seem mysterious, mystical or magical. It is about demystifying consulting, making it accessible and possible for the right people. Consulting is a profession for smart, resourceful, creative people. If this is you, then this is your book!

What this book will give you

Reading this book will give you practical advice on how to get more quickly to the successes and avoid the mistakes my colleagues or I have made.

It is also an opportunity to preview being a consultant before you have to experience it – find out the joys and the traps prior to your livelihood depending on it. The next best thing to virtual reality.

Reading this book is like reading a guidebook on your journey through the consulting universe. Just don't panic!! You will find options you may not have thought of regarding how you could run your consulting business differently, more profitably, less stressfully, or just with more fun.

And if nothing else, this is an impressive book to leave lying around on your desk at work to show your boss that there are greener pastures around for those with initiative and know-how.

Why consulting is a growth industry

In *High Income Consulting*¹, Tom Lambert says that the consulting industry world-wide is growing by 20% each year, and will continue to do so for some years. Businesses are outsourcing more and more of their work – not just the cleaning or the printing or the accounting, but also the 'thinking' work.

William Bridges wrote *Job Shift* in 1995. In this book, he suggested that if you are currently employed and not acting as if your 'job' is your own mini-business, then chances are that in a few years you will have no job.

Ten years on, this has certainly been true for all of us. The future of even the 'employed' is to be 'outsourced consultants' even inside a larger organisation. This means that even if you are now a salaried employee, with no intention of going it on your own, this book will help you be a better employee.

Charles Handy, in *The Empty Raincoat* outlined the structure of our world of work. It includes 'portfolio workers', people like consultants, who are loyal to their

profession, rather than to a single organisation. This means consulting will be a bigger and bigger part of how people earn a living. You are one of many who may be thinking about it.

The downside of the growth of consulting is that there are a lot more people out there vying for the work – anyone can set themselves up as a consultant. If you don't know how to find work you can end up in debt and under-employed.

The good news for you is that you have found this book. I have been out there for twelve years now, and found some things that helped me to smooth out the peaks and troughs. My colleagues, friends and relatives have made mistakes you do not have to make. That's why this book exists.

How the book is structured

The design of this book means you can turn to the information you need when you need it.

Each of the four parts has a different aim:

- Part One: Setting up the business
- Part Two: Marketing without cold calling
- Part Three: Keeping the business going
- Part Four: Practical stuff

Part One: Setting up the business

In Part One, Setting up the Business, we look at the reasons why you want to be a consultant. We talk about the pros and cons and ask you some questions that will help you clarify your own reasons for being in the consulting game. I call it putting together a personal business plan. Once that's OK, then the rest of Part One deals with the practical aspects of setting up your business. Here is where you find the fundamentals – getting somewhere to work, making sure everything is legal, and working out how much to charge.

Part Two: Marketing without cold calling

Part Two then deals with making sure there is someone to charge – getting clients. For those of you who break out in a cold sweat when the idea of cold calling comes up, relax. Part Two is full of ideas on how you can get work without cold calling. Every method of getting work has a step-by-step checklist on how to do it. This part also includes an entire chapter on brokers and agencies – getting them, sorting out the good from the bad, and making sure the relationship is mutually profitable.

¹ To make it easier for you, I have listed all of the books I refer to in the bibliography in the Appendix.

Part Three: Keeping the Business Going

Part Three goes further into your business cycle. It looks at keeping the business going. This means keeping yourself mentally, physically and socially able to meet the goals and ambitions you set up at the beginning of your business (in Part One). This is where you find information about answering proposals, signing contracts, keeping your books up to date and networking.

Part Four: Practical Appendices

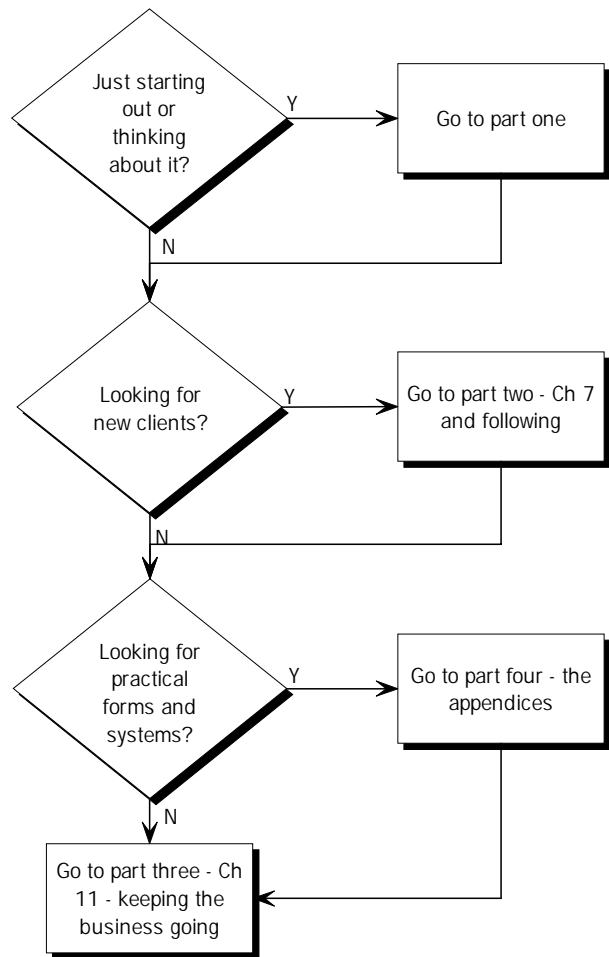
Part Four contains some other very important and practical information. This chapter has a multitude of uses. It will help you put together convincing marketing materials, allowing you to sound like you've been a consultant all of your life. If being an independent consultant is too daunting at this point, it will also give you some tools to help you apply for a job in a consultancy firm. Also, there is a glossary of buzzwords. These words make the consulting world mysterious to those who are not in it.

Included in Part Four is a series of samples and templates for things I found invaluable in my own business such as a sample invoice, timesheet, client contact record and a client briefing form.

Quick ways to find what you want

If you like to target your reading to save time, follow this flowchart to decide which bit of this book to read first. There is also a comprehensive index at the back, so that you can just look up what you want to know. In addition, each part contains highlighted case studies, mine or my colleagues'. If you read only these, you will get some very useful information from this book.

This flowchart shows you where to look if you're in a hurry to find something in this book.



Part One: Setting Up



Part one covers the essentials of setting up.

In Chapter one, discover the pros and cons of consulting – why people do it, why they give it up. Chapter two then takes you through the process of a personal business plan. You'll make a wish list of what you want to get out of your business, factoring in your life and ambitions, and then move on.

Chapter three looks at the office, and gives you the information you need to make a decision about where you'll set up.

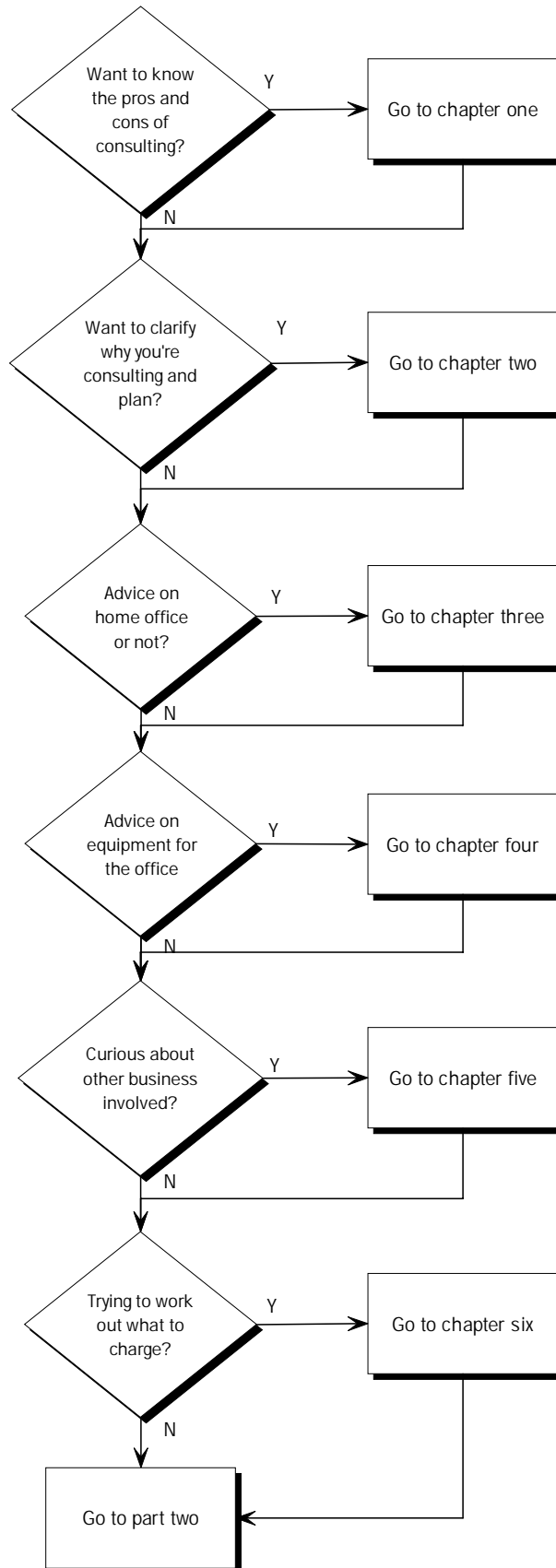
If you're after advice on what you'll need for that set up, it's chapter four you're after.

Chapter five lists what you're expected to do to make the business work – tax and superannuation, insurances and all the official paraphernalia, including business cards and Yellow Pages® listings.

If indeed your major question is "How much do I charge?", then you can always skip straight to chapter 6 now, where you'll find a worked through example, as well as different ways for determining how much you'll charge clients.

That's part one.

Let's go!



1 Advantages & Disadvantages of being a Consultant



In this chapter you will find some of the advantages and disadvantages of being a consultant. This information will allow you to make an informed choice about going into consulting.

The upside of being an independent consultant

Why do people consult? Here are some of the advantages of being in the consulting business. I elaborate on each of these points in later pages.

Consultants have:

- flexible working conditions
- varied work and work contexts
- more challenges
- 'instant' businesses.

All of these things make being an independent consultant a very attractive proposition. Each of these points is a positive, but as you may be aware, there is always a flip side. The flip side comes later. First, here is some more detail on all the good things about consulting.

Flexible working conditions

As a consultant, you can arrange your life around your work, if you want to, and live a much more flexible lifestyle.

Relative freedom to choose assignments

When I worked for consulting firms, I only had the illusion of choice. Usually I could choose between travelling now and travelling in an hour, between technology-driven client A or technology-driven client B. The smaller the consultancy, the less input I had into the type of work I did, where I did it, or for how long.

As an independent consultant (emphasis here on 'independent'), I choose my assignments with total freedom.

The regular timetable for one particular consulting assignment I did was a flight out of Sydney to Brisbane on a Sunday night, where I stayed in a cheap hotel close to the airport. On Monday morning around 5 am I got up to be at the airport for a 6 am flight to Gladstone (in Central Queensland). Arriving on client site at around 10 am (if there were no delays), my colleagues and I would work till 6 pm, and then check into the hotel for the week. The rest of the week we worked at least 7 am to 7 pm schedules.

Friday at 3 pm we would leave client site for a flight to Sydney, with a connecting flight in Brisbane (sometimes we made it, and sometimes we didn't). By 10 pm we were landing in Sydney, and by 11 pm I was home. There were times, when I was employed by other people's consultancies, that I would receive a call on Monday afternoon at 2 pm

in Sydney, and be on the 4 pm Sydney-Melbourne flight.

Needless to say, I choose not to do these sorts of assignments any more. That is one of the advantages of being independent - you can say 'no' more often.

If a client site is too far from home for you go to the gym twice a week, as an independent consultant you can choose not to work for them, or to strike a deal which makes it possible. If you are ethically opposed to working with particular clients, like cigarette companies for example, then you can choose not to and there is no career limiting impact. Choosing how, where, when and under what conditions you will work is one of the marvellous things you will appreciate about being a consultant.

Work from home

Depending on the type of consulting you do, you may also choose to work from home at least some of the time. This can be a real boon because your day is much more flexible. You can meet family, health or lifestyle needs that a 'regular' job (with a consultancy or elsewhere), could never do.

Michelle, a former senior public servant in her late twenties, wants to stay at home with her new born son as much as she can, to ensure he gets the care and attention that only she can give.

She has picked up a number of clients who need consulting work in marketing strategy and business planning. The nature of the work allows her to work at home on her PC or with clients on client site, or in her home office for two and three hour periods. Working shorter times means it is easier for family and friends mind her son and it still allows her to bring in some income.

It may well be that this sort of freedom appeals to you; perhaps this is one of the reasons driving you to work as a consultant.

Work part-time

When I first heard how much consulting rates were for my type of work, I did a quick calculation and decided that at that rate I would only need to work three days a week to meet my basic needs. I had just read a book about balancing work, education and recreation in your life, and was pretty intent on doing more formal education while I was working (I had done my master's degree full-time a few years before, and I was missing the mental stimulation).

Less than two years later I was consistently working three days a week – and using the other two working days to read, learn, research and attend courses in all sorts of things. By this time I was earning a much higher daily rate, and I had now factored in what I knew it cost me to do business, but I was working part-time, three days a week on

average. In the past year, I have planned it differently, working for four or five days a week for a few months and then taking off a month or two at a time.

One of the wonderful things about consulting is the flexibility – to work part-time – some days per week, some weeks per year, some months per year or even some years per decade. It has a lot to do with the types of clients you attract, and the type of business you do. It's up to you. And you can choose.

Varied work and contexts

A big advantage to consulting is the varied types of work and work context you can find yourself in. By work context I mean the places you work, the companies you work in, the type of building or even the country. You can meet different clients, different business problems, and different offices every week if you feel like it.

200 clients a year

What would it be like to meet 200 new clients every year? To adapt to a new set of personalities, buzzwords and assignments 200 times? Maybe that is not your ambition, but if your average assignment length is one or two days, and you have no repeat clients (heaven forbid), that's the sort of variety you could have.

The average length of your assignment (which is linked, obviously, to the type of work you do) will determine the number and variety of clients you have. If you specialise within an industry or a particular sector of business (e.g. financial management, or environmental planning), then the number of potential clients may be more limited.

One thing is certain, you will have more than one or two clients in your career, and they will be different. The fewer clients you have the easier it is to juggle and the more you have then the more exciting it can be. If you go for the maximum number of new clients, which is around 200 sets of clients per year, then that is at least 200 new people, names, and business cards each year.

If you thrive on variety, on meeting people, understanding them and working out how to deal with their foibles then you'll enjoy this side of consulting.

Take the opportunity to travel

Choosing to travel, or choosing clients requiring travel, adds variety to the work as well.

Arlene saved the little hotel soaps she gathered when on consulting assignments, away from home five days a week. Now, five years after being out of consulting, she is still bathing with tiny soaps emblazoned with more than fifty different hotel logos.

She now chooses to stay in her home city of Melbourne much more, only occasionally travelling to other cities. She says she enjoyed the travel because of the variety. There was always a difference in how different geographical centres thought and worked, and she was also constantly living in nice hotels (fancy not having to make your own bed, wash your own towels or pick up your own mess five days out of seven). Arlene still gets itchy feet occasionally, but wouldn't go back to the regular 'commuting' lifestyle, because she has other things she wants to do which need her to be at home more often.

Live relatively free from internal politics

Because of this variety in clients or client sites you can also operate relatively free from internal politics. There are exceptions to this rule, depending on how long you work with the client, but in general, your 'outsider' status gives you some immunity.

More challenges

Consultants can choose challenging, specialised, or 'harder' problems to work on, given that they can focus their own careers and specialities.

Choose very specialised work

When you are consulting, you can pick up more specialised and interesting work in your field, in a variety of contexts, and even in a variety of industries.

Bruce only works with local councils. He has a reputation Australia-wide as a strategist and planner and every local government organisation knows of him or has worked with him.

As such, he has maintained a reasonably wide banner. Strategy and planning encompasses many styles of work within the council arena – from the logistics of outsourcing child care to building libraries and swimming pools. It also enables him to specialise quite narrowly in a particular industry.

Focus on 'harder' problems

Sometimes clients call in a consultant not only because they do not have time to do the assignment, but also because they do not even know how to start doing the assignment.

This is especially the case with some specialist consulting, like engineering or information technology, but even in human resource consulting or training and development, this can happen. If you love working out innovative ways of doing difficult things then consulting will appeal to you.

Because you can specialise in or focus on harder problems, you may also find consulting work is more interesting than a 'normal' job. Consulting gives you the opportunity to sink your teeth into a problem, and gnaw away at it until you are really satisfied.

Even when you're seemingly solving the same problem repeatedly in different organisations, you can mix the variety of context and difference in personalities with the sameness of problem, and remain interested for years.

Create an "instant" business

Consulting is an 'instant' business – just add water. Well, it's actually a little bit more difficult than that, but ultimately a consulting business does not require a lot of set up, has low ongoing costs, and a relatively good daily rate.

Cheap set up costs

One of the attractive aspects of consulting for many first timers is the low set up cost for consulting businesses. Because you sell services (at least initially), then you need to buy very little. A fax number, a telephone, computer and printer (or a good secretarial service) and you're 'You' Consulting Services.

Compare this to setting up a franchise, or buying a pre-school, or even mowing lawns, and it becomes clear that very few businesses have such low start-up costs.

Low overheads

Low set up costs with low overheads makes a doozy of a business concept. There are some overheads most other businesses have, like workers' compensation, superannuation, and public liability insurance, but you do not have to buy any capital equipment (aside from a computer, which does not have to be the latest model to meet your needs). And you may not even have to pay rent.

Pharmacists, lawyers, doctors, accountants all have constraints on the number of hours of professional development they must undergo to remain qualified. There is no such thing for consultants (yet). Of course, it is a good idea to keep up with trends in your industry, but it is not mandatory. At the same time, you can keep very much up to date with your profession at the local library or through the Internet.

Many other overheads that just cannot be avoided in other businesses can be minimised and eliminated with consulting. For example, typical consultants do not need to keep stock – what we sell is our time and our knowledge. Consultancies do not have to do a stock take at year-end. There is no 'lead time' on the supply of our product (except if we're booked to work elsewhere), so the logistic overheads are much smaller.

Good daily rate

In many cases, people who have provided specialist services for previous employers take the jump to independent consulting rather than full-time employment when they find out the daily rates they can charge. Many people 'retire' and then consult to add a little variety and challenge to their lives. Consulting can create a lovely 'side-income' in these sorts of situations. Some agencies specialise in finding worked for retired Chief Executives who want to keep their hand in, get a little extra income, but not be fully involved in the running of a business any more.

The downside of consulting you need to know about now

So by now you may be thinking 'If it's all so good, why do people leave consulting, or never begin?' Unfortunately, it is not all a bed of roses.

These are just some of the reasons to say no to it:

- consulting work is unstable and uncertain
- income is unstable and uncertain
- clients can have unrealistically high expectations
- you may end up doing all the dirty work in the business yourself
- consulting can be lonely and isolating.

Unstable and uncertain work

Consulting work is by its very nature unstable and uncertain. Clients change their mind, or the market changes, you don't know where you're going to be in a month, and you don't even have a desk of your own on client site.

Clients change their mind and circumstances change

What you do as a consultant depends heavily on your clients. When clients change their mind, or their circumstances change, this can impact on the job you are doing, and your income.

Di's assignment with an insurance company was to work with senior management to create a workable strategic plan. The client approved fifteen days worth of consulting, based on twenty half-day

meetings with client teams and some writing up time.

Over the next few weeks, the key client called Di in for a number of unrelated half-day meetings. Di assumed that the client was aware that this would increase the scope, and therefore the cost of the project. Around seventeen days into the project the client requested an update on how many days had been used.

Di came back to say that today was day eighteen. The client quickly replied that she expected to be told before the project ran over budget. Di apologised for not communicating clearly, and charged the client only fifteen days as agreed, even though she had spent extra time on the project.

In this case the consultant took the responsibility for not having updated the client, and for having made (wrong) assumptions. The client was pleased (and a little embarrassed), and Di has booked more work. This time there will be very clear client update meetings in the project plan.

This could have ended badly for a consultant with less experience, less available time, or in a cash-flow crisis.

Professional consultants call this sort of scenario 'scope creep'. Clients ask for x, then expand x to be x + 1, but don't expect to pay more than the quoted price for x.

This happens all the time. It is especially common on fixed price jobs. Whenever it happens, you learn for next time. And unless you are vigilant, you can be constantly 'losing' money on jobs, because you're not on the client's case about changes in scope. Remember that the services you provide can often boil down to your time. You cannot afford to be always giving it away on 'scope creep' like Di did.

Fixed price jobs can be a disaster even when there is no scope creep, simply because it is very difficult to estimate the problems that may occur, and factor them in. For example, you may estimate that it will take you two days to pick the brains of a certain senior executive you have worked with before, and who has a clear understanding of what you need to know for your job. If that senior executive takes a holiday at a crucial time, or even wins the lotto, you are left dealing with a replacement who may know less about the topic, not know you well, or who has such a busy schedule you can never meet them. Suddenly you blow your time constraints and possibly the budget as well.

You often don't know where you are going to be in a month – so it's hard to plan anything

While we are on the depressing side of consulting, consider the option of trying to plan a major holiday in three months time when you have no idea whether you'll be in Sydney, Melbourne or Kuala Lumpur next week, let alone in three months.

Or try to decide whether you can afford a mortgage when you don't know when the next consulting contract will be (or sometimes, in the darkest of dark days, whether there will even be one).

There is no such thing as 'my desk' at client site

Just to add insult to injury, not only is there uncertainty and instability, but there's nowhere you can call your own when you work at the client's site.

If you're lucky, they might lend you a cubicle, which you share with the remnants of the last occupant (good bye cards, empty vases where the farewell flowers were

before they fled, a bin that's not been emptied for a century). Or a conference room, which they kick you out of four or five times a day. If you're working with a team of consultants, you can be certain that five of you will be required to share one PC, one e-mail address and no printer (for that you have to beg someone else to let you onto the client network). Confidential documents may get you a drawer in the MD's assistant's filing cabinet. But don't expect a good deal of space or to have your things be anywhere you put them from one day to the next.

Nate and I were working with a client who was in definite crisis mode. During the fourteen week period we were on site, we moved offices four times. There was a lot of confidential information in our files, and so we always had a locked filing cabinet. We also stored our precious, expensive, uninsured lap tops and portable printer there.

The assignment straddled the Christmas period and the client didn't want us on site (too much change at a busy period and no one around to change anyway). We came back a week into the New Year to find our filing cabinet empty, the highly confidential files dumped unceremoniously in the hallway, the PC being used by the client to play minesweeper, and no office to move to.

If you're after a place to call your own as a consultant, then don't expect to find it at the client site. This is just how it is. You need to be able to work around this sort of problem if you want to survive as a consultant. Most of the time your major resource is your head. You develop habits like making and keeping offsite back-ups of your computer data, or diary notes about where your data is from.

Unstable and uncertain income

Just as the work is uncertain, so is the money that comes from it. You can have worked lined up and the client cancels without paying a cancellation fee. Or you can find a client can't or won't pay until months after the assignment. Worse, they can go bust before paying you.

Clients cancel jobs

In August, James signed a contract with a client for three months worth of work over a six month period, commencing in late November. This was a coup, because there is rarely consulting work around in his line of business in the December/January period. He was so pleased he scheduled a holiday in early December, intending to polish off the work mostly in January.

Between August and November he kept in touch with the client, signing off contracts, ensuring he had all the necessary information to do a good job, keeping up with changes in personnel.

On the morning that the assignment was due to start, he called the client to say that his tooth had broken and he would be late. The client told him not to bother coming in because head office in the US had decided to do the job elsewhere in their operations. When he asked when they intended to tell him, they had no real response.

There was no 'cancellation' clause in his contract. Fortunately, the client was happy to pay some of the costs incurred in preparing for the job, probably about a week's worth of consulting time. All of his contracts now have a cancellation fee, and hopefully this will never happen again.

Clients cancel for a variety of reasons, sometimes clients change their minds about assignments because their personnel changes, or because they're about to restructure, or perhaps because they are about to be bought out and want to make the bottom line look good before sale. You cannot change most of these things.

It can make consulting a real risk. You need to be aware of that and be prepared for it, as much as you can be.

Sometimes you have to take an assignment you don't want, just to pay the rent

Because of its unstable nature, consultancy work can mean that every now and then you take on assignments you don't want just to pay the essentials, like rent.

When I was at university I had 'holiday' jobs – I sprayed people with perfume, cut up fruit salad, made tea for lawyers and milk shakes for surfies. It was all to survive the university year, buy the books I needed, pay the rent, and buy food. I thought that it would all change when I got a real job.

Eons later, it is clear that sometimes the holiday jobs are more intricate (flowcharting someone's business processes, setting up a database, or teaching people how to write business letters), but the idea is still the same. I cannot always have the money I need to do what I need to do in my life without occasionally taking a 'holiday job'.

Consultants and their dependants have a certain set of basic needs. Whether the industrial climate is good for consulting or not, those needs have to be met. If you are a major breadwinner in the family, then be prepared for times where you work jobs you don't want to do, for the sake of income. There will always be periods without work, and periods of poor cash flow.

Clients take ages to pay or don't pay at all

Periods of poor cash flow can also happen even when you've been working your butt off. Some clients seem to think that everyone is paid fortnightly.

In the early days of my independent consulting life, it was quite normal for me to be two months behind on the home mortgage, and not sure I could meet the payment on the car. The next week I would be contemplating the purchase of a \$5000 computer, because the client had finally paid up after ninety days of waiting.

Robert did some training for a small business whose staff desperately needed sales training. It was twenty days of hard work and he was sweating on payment of the bill. To his distress when he called the client after twenty eight days of waiting for payment, they had gone into receivership. As an unsecured creditor, he never got paid. That lesson cost him \$30 000.

Clients don't always connect the good work you do with paying you on time. I have known accounts departments to hold onto invoices until someone calls to enquire about them (especially for amounts which they may consider to be relatively 'small' e.g. in a large

organisation which pays \$200 000 phone bills, a week's consulting bill is 'small'). It's important to be vigilant but polite about outstanding bills. I talk more about this in Part Three.

It's a business, not a job

When you work for someone else, they can look out for your career development – it's seen as part of a good manager's responsibilities. When you work for you, you need to take on that role. If you forget, the price is quite expensive.

Jason had a long term contract assignment with a major public service organisation. As a computer consultant, he was at first pleased to have a little relief from constantly marketing his services, and so accepted a drop in his daily rate. After three years at the same client site, he got a little complacent.

When the organisation announced that they would be sending the work he had been doing for them to an external provider, he was shocked. It took him months to find another job, because all of his contacts outside of his client organisation were more than three years old, and his training hadn't been updated in just as long (vitaly important in the computing field).

Jason had forgotten that consulting is a business, not a job. He had to find ways to keep his skills and marketability current – because the 'intellectual capital' in his brain was a business asset.

You are victim to changes in the market even more directly than employees

When times get tough, we know people lose their jobs. Of course if they are on a salary then there is often some sort of cushion for them. Cushions like accrued sick leave, annual leave, or even, if they're lucky, retrenchment packages. Because consultants are paid out of more discretionary expenditure, when times get tough, clients can very easily choose to discontinue your project. There are no back-up benefits, unless they are written in the contract.

One of my earliest assignments was with a small consulting company I had worked for as an employee.

We signed a contract which had me doing the same work I had been doing for them three months before, at about one and a half times the daily rate I had been receiving as a salary, which I thought was pretty good.

The contract was for thirteen weeks, and I worked out that this would allow me to catch up on some of the less 'essential' things I had been 'saving' for like paying up my superannuation, and buying a printer.

In week eight of the contract the company found some salaried resources who could do the job I was doing, and terminated my contract. It was all fair and above board, but it left me just a little concerned about my financial situation.

Clients can have unrealistically high expectations

Clients can think of you as a dispensable resource, yet they expect a lot from you because they perceive they are paying you premium dollar. You know that the

overheads you carry in superannuation, various insurance policies, and telephone bills alone make you cheaper than their average employee, but your daily rate still seems high to them. And they expect miracles for it.

For that matter, many consultants expect miracles of themselves, regardless of their rate. This can mean that you meet neither your expectations nor the client's. It's hard to live up to that.

Dilip's client had a few excess dollars in their project budget that they wanted to use before the end of the budget year. They had sufficient money to pay for twelve consulting days, and they needed someone to set up and document a few new procedures.

Happy to have a little work at the end of the calendar year (always a lean time in consulting), Dilip accepted the work without too much analysis.

When he began to delve into the project, it was clear that he would need to work some very late nights to meet the project requirements with only twelve days. He went back to the client, and said it was more like twenty days worth of work, but of course by now the client had no money left in the budget, and the following year's allocation would not be approved for three months.

In the end, the client seconded a few people within the organisation to help Dilip complete the project. If his relationship with the client hadn't been so good, perhaps the client's expectations, or his need to prove how good he was, could have caused him to spend many late nights and weekends giving away free consulting.

You can end up doing all the dirty work

Expecting a lot of yourself while working on client site is fine, but you cannot necessarily expect it when you're back at the 'office' away from client site.

Often in your own consulting business you are the lead consultant, the principal or director, and the administrator. You're also the cleaner and the photocopier. You follow up on overdue bills, open the mail, collect the voicemail, and speak to the stationery sales people who call you cold from the Yellow Pages®, and write and type the reports. You put together the end of year accounts, the bank reconciliations, set up the files, do the typing and liaise with the accountant. And in the end, you'll probably have to make the boss' coffee.

No one magically cleans your office and empties your garbage each night as they might do for people who are employed. No one refurbishes the office every few years. There is no one else filling the photocopier or fax with paper, and not even someone else to buy the paper.

The hidden costs for all of the administration, secretarial and support functions whittle away at your daily rate until what seemed like a good deal becomes a little bit of a bad one.

It can be lonely and isolating

So you may not be making much money, the administration burden is immense, and then you find that you've begun talking to yourself. As an independent consultant, many assignments are conducted alone.

Even the client may not know what you're doing. They just want it done. If there is even a small slice of extroversion in your personality, you can find this

lonely. You may well be meeting many people, but you're not necessarily making real connections. The clients often see you as a bit of a strange beast, with a weird lifestyle (wow, what about that whole idea of not knowing where you'll be next week, let alone that you don't have a real desk). And then the work can often be out of town and hotels aren't that much fun.

One of my clients had a series of remote location projects to do. I worked with a group of people to train them on consulting methodology and they all set out to be consultants in their own right.

Where the remote locations were major townships, like Newcastle and Wollongong, being away from their Sydney base was relatively easy – there are cinemas, restaurants, bowling alleys and gyms to while away the time when you are not at the client site.

But when it got to smaller country centres, like Glen Innes, Broken Hill and Dubbo, the night life options suddenly retracted – and sixteen weeks away from home, flying home on a Friday night became extremely tedious.

Every now and then I'd have calls from them lamenting their boredom and loneliness.

So, reconsider consulting if you're doing it just for the opportunity to travel and stay in swanky hotels. That often doesn't happen. And when it does, you often only have an hour or two in your beautiful room, before you're back to the client again. You work, you crash out, and you go to the next job.

If you still want to do it

So, if you've read this far, and even got through the negatives, you may feel the need to confirm that you have what it takes.

A quick quiz - the qualities of a successful consultant. From my observations, interviews and research, successful consultants have some common qualities. See if your attributes match those of successful consultants.

Tick the qualities that you believe apply to you – either because you know it to be true, or because others have mentioned it to you as part of your charms. After you have been through the list, count the number of ticks, and check it out with the scoring on the next page.

- I am committed to ongoing professional development (formal or informal)
- I have a strong service mentality
- I can find out things
- I can influence people to do things they may not initially be keen to do
- I manage people well
- I can influence people without having authority myself
- I can sell ideas
- I bounce back after a disappointment
- I know something that people are willing to pay for
- I have good interpersonal skills
- I am an independent person
- I intimately understand a stable or growing industry
- I can find out things from people
- I can network effectively
- I am optimistic
- I plan things
- I am curious
- I can keep decent records
- I am confident
- I get on well with people
- I can work independently without someone else telling me what to do or how and when to do it
- I am resilient
- I am credible
- I take risks occasionally
- I motivate myself
- I have some specialist knowledge
- I synthesise information coherently
- I am well-organised

Count the number of 'yes' boxes you ticked.

24 - 28 points. You sound like super-consultant – you could save the world! Read on to set the direction for your business that will suit your high-flying lifestyle.

14 - 23 points. You probably have what it takes – read on to set up your expectations for the business to meet the type of life and work you want.

0 - 13 points. If you are sure you filled this quiz out properly, then you need to take a serious look at the next chapter, which helps you define why you are going into this business. If you don't set up some darn good reasons, you may give up too early.

A chapter summary - It's tough and rewarding to be a consultant - you choose

Depending on where you sit, how you look at it, who you listen to, and what you want out of life, consulting will be a good occupation, career or life goal, or not.

Consulting is a beautifully flexible way of working, but it can take over your life. You meet lots of people, but many of them are not interesting. You can work part-time, but if you are choosy, you may not work at all. Consultants have varied work, and if you're not careful, you do the same thing over and over, without ever working on anything new or challenging. There is the opportunity to travel, but you don't see much except the inside of hotel rooms and airport lounges.

Consultancies are cheap to set up, but if you're not careful, you can work yourself too hard.

Being a consultant requires you to be a special sort of person. You cannot be a good consultant if you cannot motivate yourself to work. Or if you are too concerned about risks and risk-taking.

In the end, it's tough to be a consultant, and it's also rewarding. You choose. Sometimes, of course, it's both. Choosing to consult as a profession is not the simplest decision you will ever make. Essentially, you need to know what you want out of consulting as a career choice.

Read on, for your own ideas of what you are looking for, how you want to set yourself up, and what you'll be listening for in your consulting.

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She has run her own consultancy since 1992, and has worked with more than 120 clients on more than 50 assignments. She works with large and smaller businesses, adapting to your needs and ambitions.

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I just wanted to thank you so much... I learnt an enormous amount and was extremely impressed by both your knowledge and 'bedside manner'! I know that the work that we covered will be of great use to me in both business AND life. In fact, I used an 'excellent question today', and it totally opened up a conversation which had become stuck. *Nicola, General Manager of a Training Company.*

I have to tell you that every time that I am in a meeting with senior management... I feel incredibly in control! I even had to deal with some tough customers tonight and I had great success. Once again thank you for your support. You're a champ. *Gail, Manager in a Major Australian Transport and Distribution company.*

Hi Wonder Woman, Thanks for a fantastic session - you left us feeling incredibly motivated excited and happy - you are worth your weight in gold - can't wait for the next session! *Jeremy, Director of a Travel Consultancy.*

[My client] took a look at the brochure [on the course we developed together] and asked me design a customised version for them and [it] will probably run 3 or 4 times. In

addition, [2 other clients] want to run it next month. Thanks very much for the time with you. It was just as I had anticipated, extremely helpful and entertaining. All the good work will be put to good use very soon now. Warmest to you. *Paul, Management Consultant and Facilitator.*

Thank you! Would you believe I have had 3 people tell me today that I look - 'light & happy'!!! Look forward to next time. *Michelle, Manager in a Multinational Utility.*

Just a quick email to say many thanks for your time earlier today ! Plenty of sensible, down to earth "food for thought !", thanks for helping put it all into perspective! *Helen, Personnel Consultant*

Start now!

For more information or to organise a session, visit www.consultantsconsultant.com.au/coaching.htm, or send Cindy an email now: cindy@cindytonkin.com



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² NLP - Neuro-Linguistic Programming