

The Fast Start
Guide to Becoming
a Highly Paid
Independent
Consultant

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Why Do You Want to Become an Independent Consultant?

People become independent consultants for many reasons, but the main ones are:

- To help others solve their problems;
- To take control of their time and lifestyle;
- To gain financial security and a great income; and
- To be respected as a trusted advisor.

Great consultants are problem solvers. They enjoy being faced with problems, sorting out the issues and helping the client find a solution. They relish the role of an advisor.

Along with this comes the consultant's craving for freedom and independence. Although they can "fit in" when they have to, many just don't like being an employee and taking orders from others. If you're in a job right now, and find it simply too limiting and confining, then the consultant's freedom and independence may be for you. Of course, consultants work hard when needed by the client – but they put in the

hours to achieve results for the client, not to be a warm body doing make-work to fill a chair.

Starting your own business is a well-known path to riches, and being a consultant is one of the easiest businesses to start. As a consultant, you need very little capital or investment. The investment is in yourself, plus a modest amount of office equipment.

Most people think of independent consulting as riskier than holding a job and getting a steady paycheck. But that is flat wrong. If you build your business correctly, you'll have many clients with continuing problems and ongoing work for you, plus a systematic and repeatable way to get and keep new clients. The more clients you have, the less risk you face. When employees lose their jobs, their one "client" is gone, and they must start a long and frustrating job hunt. When an advisor loses one of twenty clients, it's just a bump in the road.

On the matter of respect, let me be blunt. It's just a fact of life that independent advisors get more respect than ordinary employees. Despite all the "recognitions" and "awards" that get handed out, at the end of the day, it's the reliable, familiar employee who gets taken for granted. If it's R-E-S-P-E-C-T that you crave, you'll find more of it as an independent

advisor than as Employee X down in Department Y. And that includes respect for your personal time and time for other clients (within reason, of course).

Technical Skills You Need as a Consultant

Of course, in your own field, you need to “know your stuff.” If you’re an information technology consultant, you need the technical knowledge and problem-solving expertise to give the client the expected result. Same for other business consultants, such as financial and marketing consultants. Same for consumer consultants, such as image, beauty or health consultants. If you don’t know your stuff, you need to learn it at a job, or work with a more experienced consultant until you do. The resource at the end of this Report tells more about how to define your specialty.

Some consultants work in professions that are regulated by the law. These include lawyers, architects, and doctors, among many others. Obviously, if you need a license or certificate to do the work that will give the client the expected result, then by all means get it. Other certifications are optional. You take a test from a private company and become a Certified Network Engineer or other type of “Certified Thus-And-So.”

As a consultant, you will need interpersonal and communications skills:

- Interpersonal skills in order to close sales, and even to persuade your client to act on your advice!
- Communications skills such as making presentations and writing documents so that you can convey your value and your results to the client, in other words, so that the client can see what they've bought.

The good news is that these skills can be learned. And, you can be yourself. Some consultants are known for being difficult to deal with. That's OK – as long as they bring in the results for the client.

Finally, as a consultant, you need some business management skills. You are not tying up funds in inventory or equipment, so in all honesty, the needed business skills are modest. You must keep track of your assets, cash, accounts receivable and bills. You need a basic level of organization to deal with a few repetitive tasks (such as getting those bills out every month). This can be more complicated if you have several partners or operate in several locations, or if you delegate tasks to a staff. Apart from watching your cash, you must plan to focus on marketing. Far too many

consultants put too much time into their technical skills and not enough into marketing. Or, even if they do think about marketing, it's haphazard and erratic. To be a real success, that won't work. Your marketing needs to be systematic and repeatable.

Market Research, Or Simple Steps to See If Your Services Will Sell

Before you open your consulting business, you need to confirm there will be enough clients willing to pay your fees to support your business.

Doing the research isn't nearly as difficult as it sounds. Many people seeking the freedom of a consulting business never make it past this hurdle. With the tips below, this shouldn't stop you.

Of course, you need to read the web sites, books, articles, and other information released by other consultants in your field. This will give you insights into their thinking and the services they offer, but typically won't tell you much about pricing. For that, you need to dig deeper.

If you know other consultants, ask them what services they offer and find out how much they charge. There is a polite way to do this. No one wants to respond to a blunt question such as, "How much are your fees

and how much money do you make?” Instead, you can ask “What is the going rate – or range of rates – for consultants offering this type of service in this area?” Consultants in your area may not want to discuss this with you as a potential competitor. If that happens, then speak with consultants who won’t compete with you, because they are located in another geographic area, or offer services that don’t compete with yours. Also, consultants with smaller businesses may have more work than they can handle, and may not mind discussing these details. Try to lead the conversation by giving them useful information first. Be an information “sharer” not just a “taker.”

One easy way to do this type of research is at seminars and conferences. Talk to the speakers and panelists, as well as the others who are attending the event. They came to network. Don’t overlook the “friend of a friend” factor... “I know you can’t answer my question, but do you know anyone here at the conference who could?”

If you work for a company and are looking at starting your own consulting firm, you may be able to see what consultants your company uses, and even what it pays them. Of course, if you have hired consultants yourself, you can find out about their offerings and rates. Similarly, if you

know people at other companies who purchase the consulting services you want to offer, they may be able to tell you what services and prices are attractive.

You could also act as a potential buyer of consulting services, and see what the other consultants offer and what they will charge. You might want to hire them as subcontractors someday on a large project.

Finally, don't forget that even competitors find ways to cooperate and work together. Many consulting businesses will have more work than they can handle, or want to handle. Most consultants want their clients to be well treated. Making a referral to another competent consultant (i.e., you) adds to *their* own aura of expertise and competency. When doing your research and talking to consultants, consider how you might be able to support them for overflow work, backup for vacations, etc. Similarly, see if they could receive and take care of projects from you that you cannot handle. But, don't act "needy" or like you are looking for a job. You'll be much more successful as a helpful resource with useful information to share, instead of a pest begging for work.

The 2 Key Challenges in the Advising Business – And How to Overcome Them

According to noted independent consultant and author Dr. Jeffrey Lant, the 2 key challenges in the advising business are:

1. How to get (and keep) great clients; and
2. How to work with clients to get them to do what's good for them, to “swallow the medicine” so to speak.

How to Get Great Clients

Getting (and keeping) great clients is the challenge for most advisors. Unless you're a marketing expert, you probably didn't learn how at school! And, even if you are a marketing expert, you may know about marketing widgets or corporate services. Marketing consulting services is different, because you are your main product.

As I learned years ago from an older consultant, the basic concept is to “get your name out there.” Fair enough, but the question is “how?”

Your goal is to tell the world who you are and what you do.

You may immediately think of paid advertising. That's how other businesses do it, right? It may be right for some consultants. But it will be an expensive waste for many, many others.

Get a Web Presence. For most advisors today, telling the world about who you are and what you do means a web presence, such as a web site, blog (web log) or listing in an online directory or social networking service (such as LinkedIn.com).

You may try a do-it-yourself website builder solution or a blogging solution, such as Typepad.com.

Or, you may have a designer or a service company build a web site or blog for you. But, watch your expenses! I have heard of too many cases where an advisor spent thousands of dollars for a great looking design for a site that got few, if any, visitors.

Remember that the web is extremely flexible, and you can always upgrade your web site or blog as your consulting practice grows.

If you have the technical skill to create your own site, that's fine. (For example, web design consultants may need excellent sites to demonstrate

the quality of their work.) But don't let the web site become a time sink that prevents you from completing other important marketing tasks.

If you want an extremely simple web presence, start by creating an entry on the online social networking sites LinkedIn.com or even Facebook.com. Pages on those sites do well in the web search engine results for people searching for your name. Plus these services are free and easy to use.

Announce Your Consulting Business. Send announcements to all of your friends and business contacts about your new consulting business. If you don't have a "network" yet, now is the time to start building and maintaining it. I recommend three ways to update your network:

1. Mail a printed announcement on very high quality paper or card stock to your friends and business contacts. I know, it's expensive and slow, but printed paper mail is more difficult to ignore than email. Look at the offerings of the Stuart F. Cooper Company at sfcooper.com.
2. Email your friends and business contacts. Keep it low-key, friendly and personal. Spread out your emails over several days. You don't want to be accused of sending SPAM. There are online

services, such as iContact.com, that make sending emails easier, for a fee.

3. Send status updates over LinkedIn, Facebook and other online social networking services. (This is obviously for those cutting edge folks who already have contacts and friends on these services.)

Many people make the common mistake of *undervaluing* their network. Don't make this mistake. Hopefully, people in your network know and trust you and your work. That is priceless in terms of getting referrals and great clients. Also, your "passing acquaintances" may be the most valuable contacts you have. Your close friends probably share many of the same interests and friends as you do. Your acquaintances probably have different interests and different circles of friends, which can result in more referrals for you and your consulting business.

Other Methods. There are several other tried-and-true methods of marketing yourself as a consultant:

- Giving presentations and speeches at conferences and events, and to interest groups (such as trade associations);

- Teaching classes (to your prospects) at colleges and adult education schools;
- Offering workshops and seminars live (or online over the web);
- Writing books, brochures, and articles for publication offline and online; and
- Using press releases and publicity to gather media attention for your consulting business.

If all of your consulting is online, you may not need business cards.

However, most consultants, even those who work online but attend conferences and seminars, will want business cards to share. You can buy them at VistaPrint.com or Stuart F. Cooper Company at sfcooper.com.

Business cards are most effective when you follow up with some type of contact – even an email or note just to say “nice to meet you” after the fact.

I don’t have room in this Report to discuss each of these methods in detail. The resource at end of this Report goes into more detail, and gives more marketing methods, as well as tips and sample marketing documents specifically for consultants.

How to Work Effectively With Clients

There are several keys to working successfully with your consulting clients:

Managing Projects. To do this you need to be effective at setting objectives, managing responsibilities of the consultant and the expectations of the client, delivering required materials to the client, and reporting on the status of the consulting project. A great book on managing projects is *Getting Things Done: The Art of Stress-Free Productivity* by David Allen. Microsoft Project is a useful software tool for project management of complex projects, but probably is overkill for most consulting projects.

Managing the Client and the Team. This requires a problem-solving mindset and ability, with independence. For many clients the value of the consulting work lies in the independent judgment of the consultant who can "push back" on the client and provide honest, objective feedback in a way that employees never can. For some consultants, managing the client and the team also means advising on recruiting and training any staff of the client needed as a result of the consulting project.

Become a Trusted Advisor. This is the “holy grail” of consulting.

Creating extremely successful long-term consulting relationships rather than one-shot projects is essential if you desire a highly successful consulting business. This means going above and beyond merely providing a technical solution to the problem at hand. Instead, you need to diagnose and solve the client’s deeper problems, and provide ongoing perspective and motivation to the client for this and future projects.

Nuts & Bolts Tips for Starting a Consulting Business

Here are some nuts and bolts tips for getting your consulting business up and running:

Form of Business. Depending on the type of consulting business that you want to operate, you may wish to run the business as a "sole proprietorship" or as a legal entity such as a corporation, legal partnership (such as a limited partnership or “LP”), or a newer type of entity called a limited liability company (also known as an “LLC”). With a sole proprietorship, you operate your business as an individual under your own name (e.g., “A. Smith Consulting”) or under an "assumed name" that does not contain your name (e.g., “Profitable Consulting”). If you operate under an assumed name, in many states and counties you may need to make an

official "assumed name" filing or "d/b/a" ("doing business as") filing with the government. You would be personally liable for any debts or obligations of the proprietorship. With a legal entity such as a corporation, partnership or LLC, your liability in most cases will be limited to your investments in the legal entity. Also, using a legal entity may give you certain tax advantages and may also help your consulting firm "look like a real business." You should talk to a lawyer or accountant for advice on choosing the form of your business. There are also online services that can help you form a corporation, partnership or LLC.

Liability Insurance. You will want to obtain basic commercial general liability insurance to cover personal injuries or property damage caused by operation of your business. This type of policy also may cover loss or damage to the contents of your office (such as a personal computer). Your homeowners insurance policy may not cover business activities, and you may need a commercial insurance policy even if you are doing your consulting work from home. This type of insurance can be fairly inexpensive (e.g. less than \$1,000 per year). In addition, certain consultants may need to obtain malpractice or errors and omissions ("E&O") insurance. E&O insurance can be much more expensive (e.g., more than \$5,000 per year), but many consultants do not need to obtain it.

Health Insurance. Insurance for health issues is often a hurdle for persons leaving a job to become an independent consultant. With some research and planning, this should not be an obstacle. You may need to obtain your own health insurance policy, or rely upon the health insurance of your spouse. Consulting firms that have employees (even just one or two full-time employees) generally can purchase group insurance plans. For details, talk to a local health insurance broker, or visit ehealthinsurance.com.

Office. Your choice of an office will depend on the type of clients that you have and what you need to provide services to them. Many consultants today do not need an expensive office and just work from home, because most of their work is done by telephone, by computer, or with on-site visits to clients. However, think carefully about whether you are suited to working at home or in a small office with no one else around. Compared to a traditional job environment, this can be very freeing, or very lonely. Also, pets and young children can be noisy at home. You might want to share an office with other consultants or business people, or rent an office from one of the many "turn-key" temporary office providers such as Regus.

Business License. Your town, city or county probably will require you to obtain a business license for a modest fee (often less than \$100). You need to decide on the location of your office in order to get the license. If you are in a regulated profession (such as lawyers, doctors, or architects) or industry (such as finance, real estate or mortgages), you may need additional professional licenses or certifications.

Consulting Contract. Using a written consulting contract is essential to protect you and your business from liability and misunderstandings, and to help you get paid for your work. Most consultants can get by using one or two standard form contracts prepared or reviewed by a lawyer. They then customize the business terms and project description for each specific client. Pricing can be on a time-and-materials, fixed fee, or even commission or contingent fee basis. It is also important to protect your rights to your work, so that you can reuse it in other projects or for other clients as needed. Many clients will try to take all rights in your work as a "work for hire" in their contracts. You should avoid this where possible. The resource at the end of this Report provides examples and more information about consulting contracts and fees.

Finances. This is another hurdle for new consultants, but it shouldn't be. For a small consulting business, there is little capital investment and no inventory, so finances are fairly simple. Software or online services can be real time-savers, and help you delay or avoid adding staff. Some consultants just use spreadsheet software, such as Microsoft Excel. Others will use accounting software such as QuickBooks or Quicken Home and Business. These permit simple tracking and billing on a time or project basis. Their options for online banking can save you time in balancing bank statements. If your consulting practice requires detailed tracking of lengthy time sheets or numerous fixed fee projects, you may want a more powerful (but more difficult to learn) time tracking and billing program such as TimeSlips. Other consultants will prefer a traditional bookkeeper instead of using software.

Office Operations. You will come up with the best office operations procedures for your consulting business, but here are a few tips:

- For any repetitive tasks such as billing or preparing proposals, avoid reinventing the wheel every time you do the task by writing down the steps involved. Eventually, you will develop these “cheat sheets” into a procedures manual for your

business, and can hand off the tasks to an assistant. Tip: the *less often* a task occurs, the more likely it is that you will forget all the steps, and the better it is to write them all down, so you don't have to re-think them the next time. So, start by documenting your annual tasks (e.g., closing the accounting books for the year) and monthly tasks (e.g. billing) first.

- Think mobile and portable. Buying a laptop gives you more flexibility than being tied to desktop computer in a single location.
- Measure and respect the value of your time. It's probably worth paying a delivery charge or an assistant for many tasks if it frees up your time for more important work, such as finding new clients. But you'll never know if you don't measure.
- Leverage technology where it makes sense, but always have a backup system or process. This is especially important for smaller consultants who don't have much technical support. Technology is so inexpensive that a backup system is a wise investment. For example, back up your data in more than one way. For backups, you can use an outboard hard drive such as a Maxtor drive, as well as an inexpensive automatic online

backup service such as Mozy.com. Another example is a backup for your internet connection. If the internet connection to your personal computer goes down, you still might be able to connect to the internet over the cellular telephone network using a smart phone, such as an Apple iPhone. Likewise, having both a cell phone and a wired landline phone line gives you a backup in case either fails. Finally, think about substitute vendors in advance. If you have a problem, it's much easier to follow a pre-set plan than scrambling to find a substitute.

Goals for Long-Term Security and Success

It's easy to get lost in the day to day issues of a consulting business. Once your marketing produces clients and projects, you can get caught up in their needs and lose sight of why you became a consultant.

For the highest success, you need to be seeking to become a recognized authority in your consulting field. This is much easier if you look for clients who you enjoy, and if you take pleasure in discovering and helping them solve their problems and concerns. Have a good variety of clients, so that you are not overly dependent on one client for your livelihood, which means you'll have a stable business and still be fine if you

lose a client. In doing this, you will create your own financial security. Hopefully those clients will have a strong flow of recurring business, which reduces your marketing costs and makes your consulting business more profitable and successful, and can make you very wealthy. Be part of a network of other high-powered advisors, who trust and depend on each other for referrals and support. If you follow the steps and tips in this Report and the resource that follows, you will be on the path to creating the consulting business that you want, having control of your time and the lifestyle that you want for you and your family.

Recommended Resource

The [Consulting Success Library](#) is the best follow up to our free "Fast Start Guide to Becoming a Highly Paid Independent Consultant." Based on Bob Bly's decades of experience as a consultant, this 3-volume set will help you discover:

- how to decide whether to become a consultant;
- details on how to get started and set up your consulting business;
- the best strategies to market and sell your services;

- the nitty-gritty on getting clients and keeping them satisfied so they'll come back for more; and
- valuable advice on running your office and maximizing your productivity.

Get the Consulting Success Library now at:

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