

STRATEGIC INSIGHTS

Secrets of a Successful Consultant What Does It Really Take?

The establishment of a consulting practice requires that the prospective consultant be prepared professionally, financially and mentally for the challenges of self-employment.

BY JILL J. JOHNSON



About the Author:



Jill J. Johnson is an award-winning management consultant who has personally impacted more than \$4 billion worth of business decisions through her consulting work. Jill is in the board rooms, the back rooms and the executive suites where complex decisions are being made, impacting the future of clients located throughout the United States, as well as in Europe and Asia. She knows what it takes to develop and implement strategies for turnarounds or growth that get results.

Jill is a widely-respected business executive and leader who has been a member of the boards of directors and executive committees of a variety of business, professional and governmental boards. She has served on two federal boards under three different United States presidents representing both political parties. Jill has won numerous honors for her business acumen, her leadership savvy, as well as her entrepreneurial success. She is a 4th generation entrepreneur who grew up in a family-owned business. Jill is also one of the first women ever inducted into both the Minnesota Women Business Owners Hall of Fame and the Top Women in Finance Hall of Fame.

Jill has been quoted on a range of management issues in national publications including *The Wall Street Journal*, *The New York Times*, *Inc.*, *Money Magazine* and *Entrepreneur*. She has appeared as a thought leader on a variety of radio and television programs for business. Jill is a powerful speaker with the rare ability to deliver substantive content in a way that is engaging and easily accessible. She is also a Professional Member of the National Speakers Association.

“I recommend Jill Johnson for audiences seeking the whole package: grace, intelligence, wit and savvy advice. Jill’s messages resonate. She’s a thoughtful, poised speaker with great information and a personable style.”

Shawna Suckow, CMP, Founder and President

SPIN, The Senior Planners Industry Network

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Secrets of a Successful Consultant What Does It Really Take?

Each year, many men and women make the decision to become management consultants. Typically, the motives for this decision are varied but usually involve one of three reasons. Many new consultants have experienced a recent job loss and desire to have an interim work experience to generate income until they find a job that better utilizes their talents. Others have worked in their professional capacity for a long time and now desire another outlet for their expertise. Still others have made a personal commitment to consulting as a profession.

Most new consultants do not understand that consulting is a business. The establishment of a consulting practice requires that the prospective consultant be prepared professionally, financially and mentally for the challenges of self-employment. Most of the questions new consultants ask of more experienced consultants revolve around how to get clients and how to deal with the early struggles of establishing a practice. The following paragraphs highlight some of the secrets I have learned over three decades in the consulting industry.

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Develop Your Business Plan

Getting started as a professional consultant requires limited initial up-front capital. Most new consultants find they need only a telephone, access to word processing via a computer, a high quality printer and business cards. They spend all of their creative energy visioning about what their office will look like, however, and not enough time determining who their clients will be or why these clients would buy their talent. They know they have skills but do not fully understand why a client would buy these from an outside vendor rather than tasking an existing employee to just do the work. Don't start your consulting practice until you have developed a business plan. Do your homework. There are a number of books and resources available that describe the nature of the work and how to start. These resources will answer most of your questions. Many will have outlines and worksheets to help you think through the issues of developing your business plan. Working on a business plan will help you decide what to do, where to focus and how to proceed.

Being an independent consultant also means that you are a business owner. Go to workshops on how to start a business. You need to learn everything you can about making estimated tax payments, handling collections, managing accounts receivable, dealing with creditors and the other mundane aspects of running a business. As your practice grows, you can expect to spend up to one-half of your time on sales prospecting and general administration.



Generating consulting engagements is often very difficult for new consultants. I find that this is usually because they don't understand that, as with any business, you must ensure that you have an existing market opportunity to sell your services, the professional and educational credentials to be considered an "expert" and an already

developed referral network to generate work. Consulting should be pursued as a career option only if you have already developed a strong referral network. Many people starting consulting find they really don't have any type of network, or they have a network that lacks contacts that are at a sophisticated enough level to either refer business to them or hire them. The lack of a referral network will make it very difficult to generate business. My experience over nearly three decades in this profession reflects that few consultants without a good network ever succeed over the long-term! It is also important for you to understand the nature of consulting so that you can decide if this is really where you want to spend your time and money.

Remember, there is no security in being a consultant. If the idea of being in a continual search for work is distressing to you, then you should reconsider your desire to be an independent consultant. You will always be looking for the next job or project. If you don't like the idea of working alone and motivating yourself, then independent consulting is not the right choice for you. If you really want to work with others, but don't think you want to deal with all of the business aspects of running a consulting business, perhaps you can find a job working for another consulting firm. Another firm may have significant expectations about your ability to generate work for the business. You can't escape the need to be able to sell your services! If you are still uncomfortable with these concepts, then you should consider setting aside your ideas about consulting and focus instead on looking for a full-time job.

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Generating Business - It Takes More than a Cold Call to Develop Chemistry

It is critical that you look at the nature of the prior relationships you have developed over the course of your career. Initial contacts should be made with people you already know. One of the biggest mistakes I see new consultants make is they spend all of their time contacting people they don't know. Cold calling, if you will. After six or nine months of cold calling with prospects who don't know them, they wonder why things aren't working.

Keep in mind that getting consulting engagements is similar to how you develop personal relationships. A casual contact leads to a date. Dates lead to an engagement. An engagement leads to marriage. This reflects a gradual building of confidence in you and an evolving level of trust. This rarely happens in a cold call, unless the prospect already knows about you from a speech or referral from a trusted friend or advisor. In the early days of building a consulting practice, most people cannot afford the luxury of waiting for these cold calls to warm up and turn into revenue.

I have found that well over 90 percent of the work for my firm comes from referrals from clients and contacts that I have known for at least two years or more. Many of our referrals are from people with whom I have had longer term relationships of five years or more. These are people who know me, trust me ... and trust our work! The rest comes from speaking engagements where the prospect or their trusted friends sat in the audience and just knew I could help them. The other successful consultants I know have a similar story to tell.

While you may feel the need to get out and meet new people, I suggest that you invest your time in joining the professional business groups that your clients belong to rather than investing time cold calling anyone and everyone. The key is to focus your efforts effectively to generate clients rather than to be so scattered that you careen from

contact to contact to contact with little logical connection except that someone told you to call them.



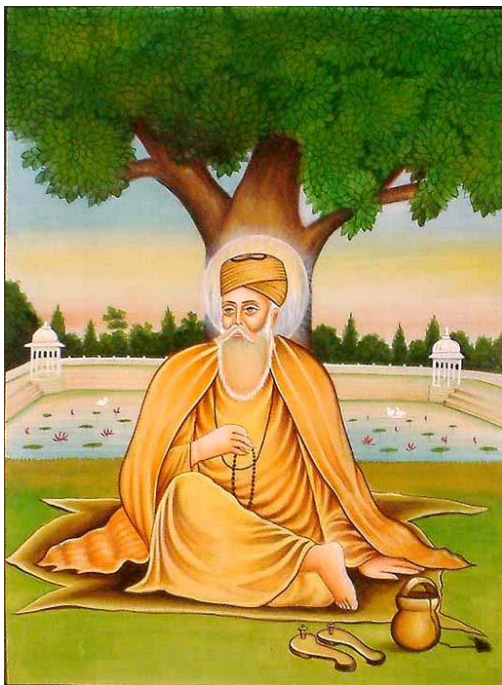
Before you call a contact you don't know, but that someone else told you to call, ask the person making the referral about how well they know the person they have just referred you to. You may find that they don't even know the individual personally or don't know them very well at all. These types of calls can be a waste of your time and the person you are calling may feel very uncomfortable about why "John Doe" referred you in the first place. In this type of situation, you are just making another cold call.

I find that it is better to meet someone face to face, such as saying hello at a business meeting, before you call them. This allows you to get a feel for the chemistry you have with the prospect. If there is no chemistry in a low-pressure situation, it is highly unlikely that it will be there during a negotiation over money or during an engagement. Sometimes you will find that you don't like a prospect. Trust your instincts in these types of situations! Pre-screening people at meetings allows you to be in a less stressful situation as you begin to ask them questions about their business and the issues they are dealing with on a day-to-day basis. This type of conversation provides you with a legitimate foundation for asking for a follow-up meeting. A cold call has no such foundation. Any follow-up meetings should have some kind of mutual benefit.

Keep in mind that you are in the process of re-positioning yourself in the minds of your existing contacts. They know you based upon your prior position. If you really want a job but are marketing yourself for a consulting project, then you are really dealing with two separate and potentially conflicting strategies.

Don't Make These Mistakes When Selling

All too often those who enter consulting because of a job transition spend their time with their contacts complaining about the "raw deal" they got when they were laid off or fired or they talk too much about long term job opportunities. Don't forget that these meetings must demonstrate your confidence in your ability to provide your professional expertise to solve the problems of others, not to solve your own problem in generating income to make your house payment.



Any fear or doubts about your abilities must be set aside solely for meetings with close personal friends. Often your contacts in your network, especially those that you know relatively well and who want to see you succeed, will be the most supportive. But few professional contacts will refer you to anyone they know if you come across as anything less than confident. Confidence means that you project through your speech and body language that you know what you are doing. A confident posture conveys that you can handle the work you are discussing with your prospect.

If you don't have the technical capability to provide the services being discussed, then say so. Integrity is the only thing you have to sell.

In your meetings with your contacts and prospects, remember that you are positioning your expertise. You need to make sure you fully understand their issues and concerns before you try to "sell" your services. New consultants often make the mistake of talking first. You lose your ability to really identify a prospect's needs if you do this. You neutralize your ability to customize your discussion of your background relative to your proven ability to address the needs they identify. The goal is to find out what they need or want accomplished. Then you talk about how you can help them with that issue or problem. Listen first. Sell last.

I find that new consultants make two other mistakes when selling their services. They will try to sell services they are not qualified to provide and the prospect is too naive to identify their real lack of expertise. Or they try to pressure the client to buy a service that they want to provide that is significantly different from what the client knows is needed. If you don't have the technical capability to provide the services being discussed, then say so. Integrity is the only thing you have to sell. If the client wants services you do not want to provide, quit wasting their time by trying to convert them into a sale for something they don't want or need. Sometimes the client really doesn't know what they want and it is appropriate in this situation to help educate them about other options, but be respectful of their knowledge of their own situation. You might be the one who doesn't understand their issues.

Sometimes you can get your foot in the door with a company if you break a project down into smaller parts. This lets the client make a more modest financial investment in you through a project with a more limited scope, rather than needing to make a commitment to a six-month project. Sometimes this can be accomplished with the

A contract, or an engagement letter, will help to make it clear to both sides what services will be rendered relative to the fees charged. Make sure you deliver on the services you say you will offer or you may have problems with a client challenging that you have not fulfilled your obligations. Many books written for new consultants have sample contracts within them.



Liability

Most new consultants never consider the real risks they are assuming when they give business advice. Not only do you have to honor the contracts you enter into, but you are also potentially responsible for the advice you give. If it does not work, or is not implemented effectively by your client, you run the risk of being sued for professional negligence. Few ever consider the liability exposure they face when they begin consulting.

You can mitigate some of your exposure by incorporating your business, by purchasing errors and omissions insurance and by carefully managing your engagements. Great care should be taken in which clients you decide to work with and the promises you make to them. It is essential to only agree to perform work for which you are totally qualified otherwise you open yourself up to lawsuits. Giving advice to others is not something to be entered into lightly. Yet even these actions cannot always insulate you from the risks of giving advice that others rely upon.



We live in a litigious society and lawsuits are filed every day. Large consulting firms have imploded because of lawsuits over the quality of their work. Even small consulting firms and solo practitioners get sued by clients. So be certain that you are willing to accept the real liability risks before you move forward in consulting.

Isolation

One last key consideration about consulting is that being a consultant is often a very isolated profession. As a consultant your role as an outsider is an important part of what you bring to the table. You are never truly part of your client's team. You are always moving from organization to organization. Never really quite fitting in and often being looked at as interloper from others who had no role in hiring you. You need to understand your tolerance level for moving in and out of these relationships. In addition, if you are self-employed, you are also on your own, not just for doing the consulting work, but in having to deal with the other complex responsibilities of managing your business finances, your promotion and business development responsibilities and finding time to continue to enhance your professional skills.

Final Thoughts

Consulting is known for its "feast or famine" syndrome. You either have more work than you can handle or none at all. You will need mental stamina to handle the complex work when you have it and emotional stamina to handle the uncertainties of not knowing where your next engagement will come from. The other challenge you will face is the need to have on-going contact with your prospect network while balancing your commitments to your clients. It is essential to your long term success that you find an appropriate balance between these important activities and the unique nature of the consulting profession. If you can, consulting can be a very rewarding career choice that allows you to make a real difference in the business lives of your clients.



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