Best of the AICN Newsletter

BY HERMANN AMAYA, CHAIR, IEEE-USA’S ALLIANCE OF IEEE CONSULTANTS NETWORKS COORDINATING COMMITTEE (AICNCC)

The Alliance of IEEE Consultants’ Networks Coordinating Committee (AICNCC) started publishing the electronic version of the AICN Newsletter at the start of 2009. In the 6 years of publishing this great newsletter the committee believes we’ve shared many great articles that have been a benefit to IEEE consultants. The AICNCC has decided to go back and collect a few of those great articles to share with you again. We believe these articles are very informative, relevant and useful. IEEE Consultants and would be consultants will enjoy this great issue of the AICN Newsletter.

Hermann Amaya is chair of the Alliance of IEEE Consultants Networks Coordinating Committee (AICNCC). He is director of engineering at AMHER Corp. in Tampa, Fla. He is also the chair and founder of the IEEE Florida West Coast Consultants Network Affinity Group.
How to Get Started as an Engineering Consultant

BY WILLIAM R. KASSEBAUM, P.E.

I started my small consulting business more than 10 years ago with a small group of skilled engineers. At the time, we had only limited experience with how to run a company or market ourselves to potential customers. Over time, I have learned a number of secrets key to starting or growing a consulting practice. Succinctly put: you must identify your strengths; improve your credentials; and farm your professional network. These strategies are powerful, yet simple concepts that should guide you and foster your practice as you grow.

First of all, you need to know yourself, and identify your strengths and weaknesses. What skills do you have that set you apart from other consultants? In what areas do you perform the best? Make sure you highlight these skills and communicate these abilities to your potential clients.

Second, do you have good credentials? You can always improve your credentials, even if you have a Master’s or Ph.D. You can get your Professional Engineering License (PE). And you can get other credentials in your field that may help you identify yourself as an expert in your chosen industry. Also, consider writing articles or publishing white papers on topics of interest to you. Such publications become credentials you can refer to.

Third, grow your professional network! It just doesn’t matter how awesome you are if no one knows you. In consulting, people work with those they know and like. Consider volunteering with the IEEE to meet others in your field. Find and attend meetings associated with your industry and with executives and directors who may be potential customers. Introduce yourself confidently and repeatedly. Take time to grow a relationship over months and years. A carefully cultivated relationship can lead to other contracts and referrals! Also, the old adage holds that you get more work while you are working than when you are not working. That is because you are meeting people in the industry that you are working in. Those meetings and referrals are powerful. So, get out there and socialize!

In summary, you need to learn many aspects of business to help you succeed. But, the keys to getting started as an engineering consultant by getting and growing your workload is simple:

- Identify your strengths and key service offerings; highlight them when you introduce yourself
- Improve your credentials by getting your P.E. or other certifications; write articles on topics of interest to you
- Get out and meet people to grow your network; volunteer in the IEEE; become acquainted with those in your target industry
- Take time to farm — plant seeds of relationships with your professional network; water those seeds; ask for referrals
Land Your First Client

BY MICHAEL W. MCLAUGHLIN

Consulting is a big — and growing — business. The market for consulting services is estimated to be between $130 billion and $150 billion annually. Professional consultants are among the highest paid workers, earning more than many doctors, lawyers, and other professionals. It’s not surprising that consulting is attractive to many people who want to launch a business. After all, if you have a saleable skill, it’s an easy business to enter. On the flip side of the coin, consulting is fiercely competitive. Just ten firms own almost 40% of the consulting market share in North America alone, and they fight for every opportunity to grow. Today, clients have instant access to legions of experts at the click of a mouse, and they have found low-cost, offshore alternatives for many consulting projects.

But the beauty is that many of the large, lumbering consulting firms focus on thin slices of the market. That creates an opportunity for smaller firms and individual consultants familiar with guerrilla methods to snag their share of profitable business.

So, how do you break into consulting?

Think about Your Fourth Client First

As a new consultant, you should be able to generate a project — or maybe several — through your networks of friends, past employers and colleagues. After all, research shows that clients use their networks to select consultants more than any other method, and no doubt, they know someone who knows you.

Unfortunately, your address book alone won’t sustain your consulting business long-term. If your goal is to build a sustainable consulting practice, the real question isn’t how to get your first client, but how to create a business that will attract the second, third and fourth clients to your practice.

Before you ask your contacts — or anyone else — to hire you as a consultant for that first project, ensure your success by taking a longer view of your business. Work hard to land that first client, but also put the marketing and consulting fundamentals in place that will secure your future as a consultant.

Start with these four simple tips:

- Know exactly what to say — in one minute or less — to prove you are the best consultant a client can find.
- Create a marketing strategy that emphasizes action over planning.
- Become a master of the consulting process, not just a subject-matter expert.
- Win with value and results, not price.
Have Something to Say…

Prospective clients rarely look for consultants until they have a pressing need. In other words, “we just can’t do it ourselves; let’s get outside help fast.” A recent client admitted that his team had been spinning its wheels trying to resolve a complex transportation problem for three years before they hired consultants and gave them four weeks to come up with a solution. They did. The point is, that when most clients are in the market for help, they want it yesterday. And they want the best consultants they can find, at an affordable price. So, take the time to define what makes you the best consultant a client can find.

Many consultants mistakenly believe that by defining their expertise broadly, they’ll appeal to a wider audience and land more clients. The less specific you are, the less likely it is clients will think of you when they need help.

Why would clients turn to you for their most important projects? Be prepared to answer these questions during your first conversation with them:

- What, exactly, are you offering? Is it strategy development, financial management, operations improvement, sales and marketing advice, technology development, change management assistance, or something else?
- Why is it needed? What specific business problem or opportunity will your services address?
- How will the client be better off after having worked with you?
- What’s really different about your firm, its services, results, or approach?
- What quantifiable benefits and results can your client expect?

If you can’t articulate the answers in a minute or less, keep working. You may only have that one minute to make a first impression on a client, so make it count.

And Someone to Say It To

The market has no shortage of prospective clients, but truly profitable projects can be few and far between. If you want to work for the most profitable clients, you’ll have to compete for and grab their attention. And for that you must have a plan — a real one.

Many veteran consultants haven’t looked at their marketing plans since first creating them. As a result, they drift from project to project, getting by on meager profit margins. Guerrilla consultants, however, leave the low-profit projects for others. They focus on attracting and keeping the clients that give them the opportunity for financial and professional growth. Guerrillas begin that process by creating a one-page marketing plan that lays out how to get and hold onto profitable clients.

Forget the reams of fancy charts, detailed analyses and bullet-proof competitive intelligence. You can draft your first marketing plan in seven sentences:

- Sentence one explains the purpose of your marketing.
- Sentence two explains how you achieve that purpose by describing the substantive benefits you provide to clients.
- Sentence three describes your target market(s).
- Sentence four describes your niche.
- Sentence five outlines the marketing weapons you will use.
- Sentence six reveals the identity of your business.
- Sentence seven provides your marketing budget.
As you create your marketing plan, remember: you are building a platform from which to consistently communicate your ideas to prospective clients. That’s the fastest way to launch a new practice, because prospective clients equate the success of a firm with consistent visibility. So, create a marketing plan that maximizes your visibility in the market. Over time, keep your business networks healthy with constant attention; establish a credible Web presence; speak for industry and trade groups; participate in studies and surveys; publish articles; and make contributions to your targeted industry association and local business community.

And, most importantly, once you begin your marketing program, never stop. You’ll reap the benefits for the long haul, if you stick to your marketing guns.

**When a Client Asks What Time It Is, Don’t Take His Watch**

Perhaps the most serious challenge facing consultants is client skepticism. In a study by business analysis firm Ross McManus, only 35% of clients are satisfied with their consultants.

Part of the problem is that many consultants are deep subject-matter experts, but less familiar with the consulting process. Before you get too far into the business, get a firm grasp of the fundamentals of consulting, including how to:

- Qualify each project to determine your ability to win the work and earn a profit. These two factors don’t always go hand-in-hand.
- Scope projects, so you and the client know what work will be done and the anticipated results. Your profit can evaporate, if you have an ambiguous statement of the project scope.
- Find the pricing strategy that’s fair to clients and protects your bottom line. Pricing services is as much an art as a science, and there are at least fifteen different pricing strategies you can use.
- Prepare proposals that make the most of this time-consuming activity. Make sure you’re talking to the decision-maker, and that the project has funding.
- Deliver flawless work and communicate effectively with your client.

Do those five things well, and you’ll have more client work than you can handle. If you’re new to the business, interview consultants about how they handle different aspects of the business. Read books, articles and reports by leading thinkers in the field. Consider joining one of the many professional associations for consultants. You can save years of learning things the hard way.

**The End is the Beginning**

Your clearest path to a new client is your network of former employers, and others who can make introductions to get that first project kicked off. Keep in mind, though, that consulting begins and ends with results.

To succeed, you must offer and deliver undisputed value to your clients and everyone else in your network. Value is also the foundation on which you must build your marketing. Your network of colleagues won’t support you or your business, if your value is questioned anywhere along the way.

So, before you launch your practice, give these ideas some thought. They’ll help put you on the road to long-term success.

---

This article is reprinted here with permission from the author. Michael W. McLaughlin is the co-author, with Jay Conrad Levinson, of *Guerrilla Marketing for Consultants*. Michael is a principal with Deloitte Consulting LLP, and has over twenty years of consulting experience with clients in businesses of every size, from small start-ups to some of the world’s highest-profile companies. He is also the publisher of *Management Consulting News*. For more information, visit [GuerrillaConsulting.com](http://www.guerrillaconsulting.com).
From The Institute: Building a Better Consulting Practice

BY JOHN R. PLATT

Bruce Katcher [above] is passionate about consulting. “I don’t think anybody should have to work for an employer,” says Katcher, founder and executive director of the Center for Independent Consulting and author of An Insider’s Guide to Building a Better Consulting Practice [American Management Association, 2010]. “If you have skills, you don’t need any boss other than yourself. You can own your life.”

Katcher took his message to a recent meeting of the IEEE Boston Section’s Consultants’ Network, whose engineers and computer scientists had gathered to learn about the best business models and marketing methods for a consulting practice. The Consultants’ Network helps IEEE members establish themselves as independent contractors.

Katcher opened his presentation with an anecdote from the movie Gone With the Wind after first describing his feelings following his last days two decades ago as a full-time employee. It was 1993 and Katcher had been laid off, ironically enough, by a consulting firm. The experience left him scared and feeling powerless, and he quickly decided that he would no longer let someone else control his family’s financial destiny. “As God is my witness, I’ll never be hungry again,” Katcher said, quoting Scarlett O’Hara at the end of the movie. He wanted to direct his own destiny, and he decided he could do it by becoming a full-time consultant.

WHAT’S YOUR MODEL?

The first chore for Katcher was to come up with a business model for his new consulting business. “Every company needs a strategic business model,” he says, “even an individual consultant.”

At the Boston meeting, Katcher described 22 business models, each with its advantages and disadvantages. Unfortunately, most consultants first choose a model that won’t work, he says: “This model has them charging for their time. It’s a bad business model because if you charge by the hour, you have no leverage.” Clients are always looking at their watches to see how much you’ve worked, he says. An hourly rate also leads to a terrible work-life balance, he adds, noting, “You’re always a slave to the clock.”

A better model, he says, is to work for a retainer. “You’re charging a certain amount of money each month for a client to have access to you,” he explains. For example, a software consultant might charge a client a set fee every month to be available to answer calls when certain predefined situations come up. “You don’t say how many hours you will work up front, because then you’re charging for your time,” Katcher explains. The retainer model offers a higher income potential, as well as a greater work-life balance, he says, “because the client might not call you for three months, but you’re still collecting the money.”

Other business models include working on a per-project basis, which offers moderate income potential but forces consultants to remain on the lookout for the next assignment; working for a contracting firm, which offers a constant flow of work but only a fraction of the pay you’d get on your own; and the “freemium” model which, like Skype and many smartphone apps, gives away the basic work for free but adds fees for additional functions.

MARKETING TIME

Whichever business model you choose, make sure to leave enough time to market yourself so you can find new clients, Katcher advises. “If you don’t carve out the time in your schedule,” he says, “you’re not going to be able to do any marketing.”

Katcher discussed 18 marketing methods including cold-calling and direct-mailing potential clients, speaking at conferences in your area of expertise, advertising your services, and writing articles for trade magazines. Consultants should be careful to choose the approaches that work best with their individual writing, presentation, and interpersonal communication skills. “For example, I love public speaking and writing,” Katcher says, “so they are great ways for me to meet potential clients. But if you don’t enjoy doing those things, you’ll always put that type of marketing on the back burner.”
One tried-and-true marketing method turns out to be the best option for all consultants: keeping up with personal networking. “The people you’re going to get business from are the ones who know you, respect you, and trust you,” Katcher says. For consultants just starting out, that personal network will become the best and easiest source for getting in touch with potential clients.

CHANGE THE RULES
Katcher closes his presentations with what he calls “a lesson from the future.” At the end of the movie Star Trek II: The Wrath of Khan, viewers learn the secret of how Admiral Kirk became the only person to pass the Starfleet Academy’s Kobayashi Maru simulation: He changed the rules to get the outcome he desired.

“Here’s the moral: If you keep doing the same things the same way all the time, you’re not going to get different results,” Katcher says. “If you want independence, if you want control of your own time, if you want control of where you work and what you do, then change the rules for yourself. Consulting is the way to do it.”

This article is reprinted here with permission from the 6 May 2013 issue of The Institute.

Considering Engineering Consulting as an Option!

BY R.H. GAUGER, P.E.

If you are an IEEE member facing a cutback due to tight budgets, downsizing, or off-shoring, perhaps you should consider consulting as one of your options. To make an immediate savings, companies frequently lay off specialized, experienced (and more highly-paid) employees that have skills a company continues to need, but only on a part-time basis. As an independent consultant, engineers can then offer their special skills to industry for a fee. This type of self-employment can be particularly attractive. From the company’s viewpoint, it has realized an immediate dollar-savings. From the consultant’s viewpoint, this arrangement allows an opportunity to serve more than one client.

To make the most of such opportunities, consultants need to have up-to-date, salable skills; a high-risk tolerance; and a special mix of personal characteristics needed for self-employment. Often, experienced engineers are more likely to have acquired such abilities.

On the other hand, the demand for competitive computer skills means younger engineers can also do well in consulting.

For the consultant-to-be, the first evaluation should be whether consulting is the right option. Ask yourself:

- Are you a risk-taker?
- Can you work at home, with its many distractions?
- Can you solve new problems on your own?
- Are you organized? Can you handle multiple clients and multiple deadlines?
- Do you work well with people?
- Can you continually market your services? Some engineers find this one difficult.
- Can your finances support you during a start-up period of six months, or more?

The best time to consider consulting is while you are still employed, but you can see the handwriting on the wall. Join a local consultants network, and talk to the members about their experiences. Read all you can about consulting and the fields that you plan to enter. Network and meet potential clients. Use your vacation or free time to do some moonlighting for a short consulting assignment. If you like what you are doing, you are on track.

Consider your financial resources. Consulting requires a much smaller cash outlay than other areas of self-employment, but you will need several thousand dollars to equip your office — more if you also need a lab, or special equipment.

Much more important: planning your living and marketing expenses for the first six months, or until your first contract is completed and paid. Today, many companies are not paying invoices as promptly as they were in the past. Realize that you are entering a new field. Be aware that it may take several years before your new consulting practice is providing an income comparable to your previous salary.
Build the Network You Think You Don’t Need

BY MARK HAAS, CMC FIMC

The following story is taken from the Institute of Management Consultants’ USA Daily Tips (IMC USA) column. For six years, the IMC USA provided a daily tips guide to its members. This daily tip is from 23 December 2012:

I’ve never found networking events to be particularly productive in the consulting business. I’d rather be getting to know potential clients, rather than other consultants, or professional service providers. If the goal is to build our consulting firm, shouldn’t we focus on clients?

Networking is taken as an article of faith among consultants—as well as other professional service providers, and business people of all stripes. You may be asking the important questions in reverse order. The third question is: How valuable is networking? The second question is: What do you mean by networking? The first question is: What is the objective of networking?

Robert Kiyosaki, author of Rich Dad, Poor Dad, says: “The richest people in the world look for and build networks, everyone else looks for work.” His point is that, regardless of the size or breadth of your consulting practice, the pace, complexity and uncertainty of the business environment means that you will increasingly need fresh relationships, resources and information sources to thrive. A few colleagues or data sources are no longer sufficient to give you what you need. This is what networks are all about.

The next question about what networking is should not focus on “networking events.” Regardless of how well such events are designed, they are largely semi-structured aggregations of people who, if you are lucky, can connect with each other. Networking events may be what most people mean when they say “networking,” but it is not the same as building a network.

Building a network requires defining the people, information, skills, resources and access necessary to keep you current with trends in your industry and discipline. A network is defined, explicit and intentional. It is also continuously redefined. The final question about how valuable a network is, can be answered in terms of how critical network(s) are to your professional (and personal) growth. How damaging to your business is a loss of prospects, partners, or revenues when the market changes, key staff leave, or technologies or competitors devastate your market? Your networks are your safety valves. We can never have too many networks, and few consultants have enough.

TIP __________________________

Start by defining what you need to be agile in your business, to anticipate and respond to emerging trends. Like making a packing list for a trip, write down what you need to have, and be, over the next five years. What people or skills do you need to achieve these goals?

What different networks do you need to develop or strengthen? You may need 5-10 different networks. What is your plan to build, support and evaluate the effectiveness of those networks? How do you intend to not just connect others into your network, but to connect to other networks? The LinkedIn model of a “network of networks” is a good way to look at your own networking approach.

Finally, since you don’t know what you will need a few years from now, how will you build your networks—so you have access to information and people you may think you don’t need?

Larry Nelson’s War Stories: Part II

BY LARRY G. NELSON, SR.

Fixed Price Contract vs. Hourly

Many consultants refuse fixed price contracts. I thrive on them. Consultants, for your clients that want fixed price contracts, do you know that change orders from original specs can net five times the original hourly quote? The key to success is a solid spec that all parties agree to.

I have one client that continuously wants a fixed price contract, and then can’t settle on a spec. The client locked-in and paid the retainer, but continued to change things monthly. I give them the cost to implement the change, and they pay. The last two projects cost them about five times what a straight hourly rate would have been, but they are very happy with my perceived flexibility.

With the economic climate as it is today, companies need tight budgets. Clients are afraid of anything open-ended. When you quote only an hourly rate, they see it as a never-ending expense. The problem for the consultant comes when the specifications are not fully developed. Creeping features add costs and cause delays.

If you do not have clear specifications, the client will automatically assume you will flex to what they need for the original price. This assumption is especially true on a contract to deliver a “Widget” that “does XYZ,” but they change the “how it will be done” daily. When you have a solid specification every time, and clients change something—you can simply let them know the impact on cost and delivery time, then let them decide if the change is worth it. If their spec is totally inadequate, you can often divide the project, and quote separately for the specification development.

One thing to be very careful of is not allowing your customer to pay less than the fixed price you quote. You are taking the risk, you deserve the rewards. You are not giving them the fixed price quote as an hourly rate, with a not-to-exceed price. If you have done the quote correctly, you will not lose money. If you come in under your budgeted time to the defined specifications, making the client happy, and yourself more profit, then congratulations! On the other hand, if you take more hours than you budgeted, you are stuck with the fixed price. You have hopefully still made the client happy by an on-time delivery (there are 24 hours in a day available to work out problems), and you learn from your mistakes!

When a Client Demands a per person fee; consultant can make double or triple their hourly rate, after expenses

I had a client I offered to do some training for back when my rate was $60.00 per hour. They purposed that I train small groups of employees, and they were going to print the handouts for distribution to their employees. I told them it would take a few days to create the handouts and the training program, and depending on how many people were to be instructed, it would take two to four hours per group for training. The client then asked for a per person fee, which included all the handouts. I provided another quote (high — to discourage them), yet they went with it. I had to cover myself with a high quote, assuming the client would throw small groups at me, as they implied. When the dust settled, all the employees came in on a Saturday morning. We did a single, 2.5-hour seminar. The client never asked for a revised quote to the new terms (one single session), and gladly paid me the per person rate.

If you are lucky enough to land contracts like these, be grateful and save the money for when things do not go as well. Consulting can be very cyclical, so you need to budget — and keep an even keel.

Larry G. Nelson, Sr. can be contacted at L.Nelson@ieee.org; or at Nelson Research at http://www.mchipguru.com/.