IMC USA Academy for Professional Development

"How to Build & Maintain A Profitable Consulting Business"
A series of three three-hour webinar courses
Consulting 201-202-203

By
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I. Introduction to the Consulting 200 Level Courses

The Consulting 201-202-203 series is designed to help consultants increase their consulting income and profits by attracting and keeping more and better clients by capitalizing on their experience and expertise. Based on twenty years of research on what successful consultants have done to become successful, these courses are designed to communicate these research findings in ways that will help participants apply the information to their situation.

These courses contain useful information, strategies and tactics for persons who want to start a part-time or full-time consulting business; grow an established consulting business; turnaround or increase the income and profitability of an established consulting business; launch new consulting products for their contemporary consulting business; or investigate consulting as a full-time career or as a part-time career to go along with retirement, part-time employment, or other professional pursuits. At the conclusion of each of the nine one-hour sessions in the Consulting 200 series, the participants will be able to develop action plans that they can implement the very next day. Among other things, they will know how to: identify their expertise and experience; position their consulting business; select their niches and most promising prospects; cause clients to seek them out first; promote their consulting business; build a substantial referral and retainer business; develop successful proposals and contracts; close a sale for a consulting engagement; identify and develop consulting opportunities; set, disclose, and collect their fees; determine and increase the real profitability of the business; obtain new and better clients, larger contracts and projects; identify roles consultants play, reasons consultants are hired, and values consultants create for clients.

Course Organization and Materials

Each of the three courses 201, 202, and 203, is presented under the auspices of the Institute of Management Consultants Academy of Professional Development in three one-hour webinar sessions, a total of nine hours for the series, presented by William T. (Bill) Mooney, Jr., CMC. Bill Mooney is a Consultant Coach, and the Principal in William Mooney Associates where he has directed the Center for Consulting & Professional Practices since 1987. Currently, each of the one-hour sessions is presented on Tuesdays at 11:00 – 12:00 am PST. For more information on the schedule and registration for the courses go to the Academy section of www.imcusa.org.

In addition to the live webinars, registrants receive an electronic version of the text for each session a few days before the live presentation of the session. This includes supporting text to the presentation as well as focusing questions, exercises and suggested readings in the literature of consulting – books, magazines, journals, newsletters and web pages. Registrants will also be sent a seminar information questionnaire to complete and return before the seminar to help Mr. Mooney become acquainted with the consulting situation as well as their reasons for participating in the seminar and what questions they hope will be answered for them. Additionally, registrants can download a more than 12 page consulting resource bibliography with books, directories, periodicals – both print and electronic, newspapers and business publications, organizations, and websites that are valuable in building and maintaining a profitable consulting business.

Consulting 201 is not a pre-requisite course to 202 or 203 nor is 202 prerequisite to 203. However, having a knowledge and understanding of the content of 201 will make 202 and 203 more valuable for the participant as will knowing and understanding the content of 202 for 203. So a consultant or want-to-be consultant can enroll for all three courses or for any single course or combination of two courses and still receive gain tremendous knowledge and technique to apply to building and maintaining a profitable consulting business.

Consulting 201 – Starting the Business: Research and Development Strategies and Tactics for Establishing and Positioning a Consulting Business

Defines consulting and consulting specialization. Introduces model for business start-up and client work. Identifies resources needed for success: expertise, experience, finances, time, energy, contacts, and reference materials. Emphasizes identification and case studies, development of niches, roles consultants play, reasons clients hire consultants, consulting cycles, value created for clients, and four-section database. Discusses business name selection, tag-line development, mission statement, consulting products and product lines, client profiles, and marketing collateral materials. Presents strategies for identifying and developing consulting opportunities. Considers selection of business form, licenses, certifications, insurance, office location and systems, advisors and support personnel; and professional organizations.

Consulting 202 – Marketing the Business: Promoting, Networking, and Selling Solutions to Client Problems to Prospects & a Niche.

Clients are attracted to a particular consultant when they strongly sense that the expertise and experience of the consultant constitutes a unique qualification to help them satisfy a perceived need or want and add significant value to the client organization. Successful consultants use multiple strategies and tactics to present their experience and expertise to their niche and the individual prospects in the niche. The most successful tactics include referrals; speeches;

articles; activity in trade, professional, and business organizations; and attractive and informative websites. These tactics create mental intersections where the consultant's experience and expertise meet the mind of the prospect. When there is a close match between the experience and expertise and the needs or wants the prospect tends to seek out the consultant and creates a personal intersection. From this point on, they move from a "contact to a contract" through relationship building, research, presentations or proposals, negotiations, and agreement on the details of the engagement. Often, consultants will engage in networking, a strategy which causes personal intersections first. This is followed by conversations involving questions and listening to the prospect aimed at exchanging information and relationship building to create a strong mental attraction over time between the prospect and the consultant. After this course, participants will learn how to create strong or high energy mental intersections with prospects either when the personal intersections follow or precede the mental ones. This whole process, called The Intersection Theory of Marketing™ is aimed at making the consultant a client magnet attracting clients and developing a long term relationship or attachment to them.

Consulting 203 – Managing the Business: Contracting, Fee-Setting, and Financial and Planning Management

Discusses developing agreements/contracts including sample contracts, customizing, and legal review; progress reports; and change orders to deal with scope creep and the unexpected. Includes fee-setting; use of fixed price, time and materials, and value based methods; collections; other forms of compensation, and avoiding giving services away. Presents accounting models for financial management of client work and operating expenses and a cost accounting model for managing profitability. Provides models for business, growth, and exit plans.

For more detailed information on the courses, contact Bill Mooney by phone at 310.324.2386 or by e-mail at wmooney@consultantcoach.com.

II. An Introduction to the Consulting 201-202-203 Webinars

The **How To Build & Maintain A Profitable Consulting Business** webinars help you **discover and explore the contemporary world of consulting.** At the conclusion of the series, as well as each individual session, followed by your working through the accompanying text material, you will be able to **capitalize on** (that is, take advantage of and make money from) your **expertise and experience** through your consulting business**.**

There is much to be learned during this program for those who are:

- **considering** an entry into **consulting** as a part of a career transition, or
- **starting** a **consulting** business, or
- **established consultants** who want to grow or turn around their consulting practices.

Like a **converging lens or magnifying glass**, this seminar **focuses other people's experiences (OPE) on your consulting business (YCB)**. You receive a **skeleton structure** for a consulting business. As you apply and adapt to your situation the keys to success presented in these sessions, you will **flesh out your business** into a profitable practice.

The program expands upon a one-day seminar that I have offered for 20 years, a program originally offered based on a similar one-day seminar developed by the late Howard Shenson during the 1980's. It has been **continuously modified** since 1988 so that the current version is consistent with the consulting trends of the middle of the first decade of the 21st century rather than a transplantation of the original program into the 21st century.

A slogan for the series is **The Keys to Success.** This arises from the weaving into the program the results of a continuing 20-year research program that studies what successful consultants have done to become successful. This research has had much influence in shaping the program into its current form. Feedback from participants has also had a significant impact on the content and character of the presentation.

Your webinar experience should be viewed as **a springboard for lifelong learning.** As a consultant coach or consultant educator, I am more concerned with what happens in your practice after the seminar. That is with the way you continue to learn and apply your knowledge and understanding after the webinars to create a profitable consulting business based on your expertise and experience.

The **nine-phase model** for building and maintaining a profitable consulting business is the basis for the organization of this webinar series. The webinar text materials provide you, the seminar participant, with a **guide for a long-term business development** program.

Additionally, the seminar will help you establish a successful **consulting oriented networking strategy**, which has many unique characteristics, compared to other service and product businesses.

Participants must keep in mind that ideas and experiences of other consultants generally can not be successfully adopted or just dropped into one's practice, they must be combined with other ideas and experiences and adjusted to the unique characteristics of your practice and its business environment – or **adapted** to your situation.

This introduction document is your orientation to the program and should be read carefully before your first webinar session.

With the adaptation of the seminar to a webinar mode of presentation, we are using a unique format for the accompanying textual materials as well as the interaction during the presentation. Some of the features of this new arrangement are the following:

- The text is in narrative form rather than power-point and will parallel the presentation very closely. This has been done, so you can concentrate on listening during the session and taking notes on only those "ah-hahs" or "nuggets" of information or ideas that have great value for your situation. It also allows you to record questions to be asked when the opportunity presents itself.

- Some topics may not be completely covered during the telephone session but you will still be able to study and apply them because they will be in the text material.
- Exercises are included with each of the sections for the session and they are emphasized as being a key to applying what a participant learns to their consulting business.
- At appropriate places throughout the text, you will find some questions interspersed between paragraphs. These are focusing questions, to keep you focused on thinking about your business as we talk through and you read through the material.
- Major points for a section may be included in a box at the top of the section. These are the bullets that would be in a power-point presentation in the live seminar.
- Timing in the webinar is critical because of the time limit for rental of the bridge line and the recording of the program. In order to break up the session, so I am not talking for 45 minutes without a break, I will entertain one or two questions two or three times during the first 50 minutes and leave 10 minutes at the end for more questions and answers as well as discussion. I hope that this works for you.
- If you object to being recorded during the webinar, please let me know and I will not call on you or refer to you by name. You may save your questions that you would have liked to ask until after the seminar and we can talk about them in a separate one on one call.

III. The Mooney Nine-Phase Model for Building A Profitable Consulting Business

The paper, Keys to Building A Profitable Consulting Practice, see section V, to this introduction, introduces you to the nine-phase "P's" model for strategic planning a consulting business. Each of the nine phases is considered in order.

- The **first** phase in the Keys model is researching the **PLAYING FIELD or your PROFESSIONAL ENVIRONMENT**. Information necessary to good planning is identified. It involves studying consulting trends, understanding the consulting process, the role of change in consulting, understanding different approaches to consulting, knowing what start-up requires, developing resource conservation plans, learning from successful consultants, and using codes of ethics and standards and practices and how to identify and apply the knowledge and techniques of the consultant as well as the experience or problem solving record of the consultant to develop consulting products and niches. This phase is addressed in Consulting 201A and 201B.

- The **second** phase is **POSITIONING** or how to locate your business in the multi-dimensional business environment in which it will operate in such a way that referrers and clients will think of your practice when they think about what you do. Additionally, such positioning will help prospects find you. Here we look at the roles consultants fulfill in engagements, the reasons clients hire consultants, identifying and developing opportunities, developing client profiles, being professional, moving from a generalist to specialist to expert to authority, the SWOT analysis and vision, and the portfolio of consulting products. This is covered in Consulting 201C.

- The **third** phase is **PROMOTION** of the business or communicating what you do to help clients add value to their organization. In this section we present a model for strategic planning your marketing that includes a consideration of the goals of marketing, marketing strategies and marketing tactics. These are viewed in terms of building your reputation and image as well as creating mental and personal intersections with prospects. Overall, this phase helps you macro-position your business with respect to your niche. This is treated in Consulting 202A.

- The **fourth** phase, the **PROSPECT INTERSECTIONS**, discusses the characteristics of intersections created by prospects because of your promotional activities as well as those created by the consultant through networking. We emphasize the use of questions, listening, and classification of prospects to move smoothly into the next phase of procuring the business after the contact. This is treated in Consulting 202B.

- Once intersections with prospects have been created, the consultant enters the **fifth** phase, **PROCURING THE BUSINESS**. Here we discuss strategies and tactics that enable you to successfully move from contact to contract. This phase requires micro-positioning the consulting business with respect to the needs and wants of the prospect. Its major steps include building relationships and trust, obtaining information about the needs and wants of the client, making presentations, negotiating and contracting. We also discuss how to mix personal meetings, telephone conversations, and directed mailings in a flow-chart strategy. This section is concluded with a presentation of a four-D model for consulting engagements and the development of proposal, negotiating, and contracting skills. This is covered in Consulting 202C.

- The **sixth** phase, or **PRODUCING THE WORK**, emphasizes the professional approach to conducting engagements and stresses the importance of continuous reporting and change orders. This is covered in Consulting 203A.

- The **seventh** phase, **THE PAYOFF**, looks at the strategies and tactics for setting a value on your consulting work; setting fees; determining daily billing rate; disclosing fees; determining the best compensation for each consulting product, adjusting your fees, and the mix of your consulting products. This is covered in Consulting 203B.

- The **eighth** phase, **PROFITABILITY,** helps the consultant understand the maximum income possible on a time-based feeing system and the real world decrease from this maximum because of time spent on the business, which is not billable. It also considers the relationship between chargeable and billable time as well as markups, markdowns, receivables, and un-collectables. All of this gives rise to a formula for profitability that allows one to identify areas for decreasing both money and time expenses and increasing proceeds. The comparative value of using cost accounting concepts in managing your business over just end of the month Profit and Loss statements is discussed. This is covered in Consulting 203C.

- The final phase is the **BUSINESS PLAN,** the **ninth** phase. The importance of a business plan in focusing a consulting business contrasts with the usual use of a business plan by small businesses to obtain financing. Suggested components are also noted. Other types of plans such as strategic, action, growth, succession, and exit are mentioned. This is covered in Consulting 203C.

IV. Twenty Questions Webinar Participants Will Be Able To Answer About Their Business After the Consulting 200 Series is Completed

Here are twenty questions that attendees will be able to answer after completing all three of the Consulting 200 level courses and working through the companion text manuals and resource materials. Being familiar with these questions before participating in the webinars will sensitize the participant so that they can better identify ideas and innovations as well as tips, techniques, and trends discussed during the program or presented in the manual that will help them more effectively answer these questions for their business.

1. How will you increase your **visibility**?
2. How will you increase your **credibility**?
3. How will you increase your **memorability**?
4. How will you increase your **attractability?**
5. What will you do to solve problems and add value for clients or customers?
6. How will you solve these problems?
7. Who will hire you?
8. How will you intersect with these prospects mentally and personally?
9. Why should they hire you?
10. How can you identify and develop consulting opportunities?
11. Who will help you identify and develop consulting opportunities?
12. How will you determine the needs and wants of clients?
13. How do the client’s needs and wants compare to what you want to do?
14. How you will do your work for clients?
15. Who is your competition and what do you know about them?
16. Where can you find more information on them?
17. What will you charge clients and how will they pay you?
18. How will you move a prospect from a contact to a contract?
19. How can you be perceived as a specialist, expert, and/or authority?
20. How will you manage your business so it is profitable?

V. How Bill Mooney Can Help You After Each Session and After Each Course & the Series

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As you start on your journey to success after the webinar, you undoubtedly will have questions that need answered, thoughts and ideas that you need to share and discuss, dilemmas about what you should do, direction in some area of your practice, and help in evaluating different options. I provide three different programs or consulting products to assist you in such situations. Briefly they are

- The **Short Question and Answer Contact** which is included in your webinar fee.
- The **Customized Consultant Coaching** on a retainer.
- **Consulting to Consultants on specific problems/projects** on fixed price or time basis

These three programs will be described at the end of each course in the webinar series as well as referred to, as appropriate during the program. Questions will be entertained about them throughout the discussions of the day and off line via telephone calls or e-mail messages.

For more information on any of these three programs, webinar participants are encouraged to contact me, Bill Mooney, by phone at 310.324.2386 or e-mail at wmooney@consultancoach.com to discuss how I can help by answering your questions, coaching you in the development of yourr practice, or helping you solve a particular problem or dilemma in your practice. The programs are customized to the needs of each client and the fees for coaching and consulting are very reasonable.

VI. KEYS TO BUILDING A SUCCESSFUL CONSULTING PRACTICE

Recent research and reading have revealed several significant trends in the contemporary consulting and client view of consultants' arena. Many of these trends are important to starting, building, and maintaining a successful, or profitable, contemporary, consulting business. These key findings include, but are not limited to the following:

- Consulting is solving problems for people in organizations.
- Clients buy solutions to their problems, rather than services and products.
- Clients will only buy solutions from consultants with whom they have built a relationship and trust and whom they view as uniquely qualified to solve their problems.
- Clients want consultants who know their industry and bring to the engagement a state of the art expertise (knowledge and technique) the client organization does not possess or have time to apply if they possess it.
- Clients also want a consultant experienced in solving similar problems for similar organizations.
- Clients want to deal with a consulting organization that looks like and acts like a business.

Consultants need to take these developments into account as they strategically plan their consulting business to obtain a competitive edge. Experience has shown that the success of the process described below for establishing, growing, and maintaining a profitable contemporary consulting business comes from its reliance on this information.

First, the consultant must establish the consulting practice as a business. Before attempting to promote the business, a professional consultant concentrates on ***positioning*** the business. This means they identify and incorporate into the image and operation of the business the parameters or characteristics that reflect the experience and expertise necessary for the practice to become a profitable client magnet. This means that when prospective clients come within the field of influence of the consultant the prospect's interaction with the messages of the consultant attracts the prospect to the consulting business as a source of solutions to their problems.

Over time, the net result of this positioning is that the consultant attracts and keeps more and better clients, obtains larger projects and increases fees with a minimum of effort and expense. Eventually, a state is reached where the total income exceeds the total expenses of the business, all things considered, and the difference continues to increase. Thus, a ***profitable*** state results and the business is financially successful.

Once the consulting business is properly positioned, the consultant must concentrate on ***promoting*** the business. The two objectives of promotion are to build a ***reputation*** or image and create both mental and personal ***intersections*** with prospective and former clients (people you have worked for), colleagues (people you have worked with), and influencers (others who can help you make connections with prospective clients). To achieve these objectives, the consultant selects marketing strategies and engages in marketing tactics such as:

- requesting internal and external referrals from former clients, colleagues, and influencers;
- speaking to groups attended by prospective clients and influencers;
- writing in publications read by prospective clients and influencers;
- participate in trade associations, professional societies, and other organizations in which prospective clients and influencers participate;
- conduct informational inquiry market research studies and make the results available widely;
- develop relationships with appropriate media editors and send them properly crafted press releases that relate to key developments in the consulting business;
- obtain listings in directories and with referral services used by prospective clients when they seek assistance in solving problems;
- advertise economically.

Proper execution of the above indirect marketing tactics will create ***intersections*** with clients who have problems they believe the consultant can help them solve. After the contact with the prospect, the consultant must engage in strategies and tactics that will take them from ***contact to contract***. This third phase of marketing concentrates more on ***procuring*** the business engagements than promoting the consulting business. It involves the following activities:

- building the ***relationship and trust***,
- ***diagnosing*** or ***researching*** to acquire important information about the client's situation and the prospective engagement including the prospect's ***vision of success.***

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- making both informal and formal ***presentations*** involving proposals and the ***design*** for solving the problem,
- closing the sale, if necessary,
- ***negotiating*** the responsibilities of both the consultant and client for the engagement,
- ***contracting*** for the consultant to produce a solution for the client's problem.

The majority of the intersections with prospects and referrers result when the consultant provides the impetus for the contact by employing another set of other marketing strategies and tactics. These activities are more direct in creating personal intersections with prospects. Examples of this category include:

- networking
- direct mail including faxes and e-mail messages
- cold phone calls
- cold office visits.

When the consultant provides the impetus for the intersection the contacted prospect is not as fertile ground for new business as when the impetus comes from the prospect.There are four characteristic situations for the consultant impetus intersections, as follows:

- the prospect does not recognize that they have the problem;
- the prospect recognizes the problem but they do not realize the value or benefits to cost ratio involved in solving the problem;
- the prospect recognizes and realizes but they do not have the resources to address the problem;
- the prospect recognizes, realizes, and has the resources; however, they are not ready to solve the problem now.

Each of these four intersection types requires a different set of strategy and tactics in the next phase, procuring the business. The action plans for these cases also differ from the plan required when the prospect provides the impetus for the initial contact.

Once there is agreement on the contract, the consultant proceeds to ***perform*** the work in a ***professional*** manner to deliver the solution to the problem. During the period of the engagement, the consultant must ***periodically repor***t on the progress of the project through periodic debriefing and ***recontracting*** communications with the client.

The goal of the engagement must be to produce a solution to the client problem that allows the initial vision of success to become a reality and the client organization has accrued additional value and benefits as a result of the consulting intervention.

A satisfied, or delighted, client is an excellent candidate for ***internal referrals***, or new work for the consultant within the client organization, and ***external referrals***, or creating for the consultant new intersections with qualified prospects accompanied by ***recommendations*** seasoned with praise. In both referral scenarios resulting from successful engagements, the consultant returns to a "from contact to contract scenario" with the promise of a shortened selling cycle to procure the work. Furthermore, the consultant has a new success story for use in marketing the business as described above.

The day before this paper was first presented in 1997 at the Annual Conference of the National Bureau of Certified Consultants a Crain Communications news release entitled "Data Lacking in Service Industry: Study finds Strategic Marketing Hurdles Have Not Been Addressed" came to my attention through the Individual, Inc. news service.

The release reported on a 1996 fax study by Suzanne Lowe, president, Expertise Marketing, of Concord, Mass., of 123 decision makers at professional service companies in the U.S. and Canada in which 86.2% said they have done something in the past three years to address strategic marketing challenges.

However, nearly three-quarters of the respondents said they had not done a competitive analysis of rivals; about half also said they had neither examined their marketplace positioning nor researched their pricing policies.

Ms. Lowe commented that "Too many professional service marketing decision makers rely on promotion, not strategic, sound planning." Promotion is really more tactically oriented she said. "It's anything solely to raise visibility, like seminars, brochures, talking to the press, a speech, letterhead, Web site development. . . strategic analysis says, "Here's what our competitors are doing."

The major finding of the study "shows that neither large nor small professional service firms understand or use the principles of strategic marketing . . . .they understand the promotional stuff better than they understand the reasons why they should promote."

Ms. Lowe says businesses should ask more questions about their market and the total portfolio of services they offer. She also comments on the lack of marketing budgets in the respondent firms, suggesting they spend money on marketing informally and there is a real possibility money is wasted.

This release provides research support for the need to do the playing field analysis research and positioning of a consulting business before engaging in promotion, networking, or procuring the business activities. It also argues strongly for making the marketing of your business a client of the practice – treating it like you do any other client.

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