BEING YOUR OWN BOSS - Behind the myths and fears of consulting

I'm here to give you an understanding of what it’s like to be an Independent System Administration consultant. You should leave here with knowledge of what it takes to become a successful self-employed consultant, the good and bad sides of being a consultant, and the technical and business skills you need.

I’ll cover how to find work and how to work a project in a way that keeps your clients wanting you to work for them again and telling all their friends how great you are.

We’ll also talk about the “Back Office” of your consulting practice—the how-tos of running your own small business.

What we’ll cover

- The bright & dark sides of consulting
- Keeping your skills current
- What you need to have before you start being successful
- Having successful Technical & Business skills
- Marketing and Sales
- Contracts
- Working professionally
- Getting paid
- Back Office: Tools and Toys
Why be a consultant or contractor instead of a “regular employee”?  

The bright side of consulting  
- "I'll make a fortune!"  
- "I'll get to pick and choose my work!"  
- "I can take lots of vacations!"  
- "I'll get all these business deductions on my taxes!"

The dark side of consulting  
- "It's too risky and I don't know a thing about business."  
- "It's too much work".  
- "I'll have to become a manager!"  
- "I'll have to work all the time."  
- "What if I don't make any money?"  
- "There's all this stuff I don't know! How do I stay current?"
Keeping your skills current

Concentric Circle View of Hi-Tech Business

Technology Pioneers
- They build the core products that go into other technologies, and are often solutions in search of problems.
- They formulate the ideas; real-time inventing
- Research organizations like Xerox Parc, SunLabs, NCSA, MIT, some start-ups
- Some buildings/floors/hallways of larger companies
- Usually don’t have marketing departments

Technology Packagers
- They use the core technologies in their products
- Most “high tech companies” like Sun OpenWindows group, Netscape, Oracle, Telecomm products companies
- Different buildings/floors/hallways of larger companies
- Usually have marketing departments

Technology Package Users
- IS Organizations
- End-user companies

You learn technologies in the inner circles
- Need to learn the inner workings of a specific technology? Go to the source and work with them in some way for a while
- I toiled on Sun’s support center to learn serial ports under Solaris

You make money in the outer circles
- Take that which you learned and market it to the world.
- I wrote the Solaris modem tutorial from what I learned at Sun.
- It’s the classic definition of a trader: One who takes things from where they’re plentiful to places where they’re scarce.

Taking the plunge

What you need to have before you start being successful

- If you’re “in a relationship”, an honestly supportive significant other
- Reserve Fund $$$ you really can spend
What you need to have before you start being successful...

• Vision, Courage, Determination & Persistence

Press On.
Nothing in the world can take the place of persistence.
Talent will not;
nothing is more common than unsuccessful men of talent.
Genius will not;
unrewarded genius is almost a proverb.
Education will not;
the world is full of educated derelicts.
Persistence and determination alone are omnipotent.

--Calvin Coolidge

What you need to have before you start being successful...

• Marketable technical Skills in high demand in your area
• Clients (or at least prospects)
• Contract agencies serve a useful purpose

Notes - Being Your Own Boss - Lisa '96
What you need to have before you start (continued)

Vision, Courage, determination, persistence

• Vision: What do you want to do? What is your goal? How can being your own boss achieve your goal?
• It’s easy to lose sight of your goal when it’s hard and your client’s server is giving you fits. Write that goal on your office wall to remind you why you’re doing this.

• Courage: Starting a new business is scary, especially the first time
• “That which does not kill us makes us stronger.” — G. Gordon Liddy
• Every time you do something, it will get easier because you’ll get better at doing it and you’ll have more of what to expect

• Determination: Keep yourself going when it’s tough
• You’ll fail at some things, then you get to pick yourself up and figure out why you failed and how you can succeed next time.
• With each success, figure out how you could have done things better/better/cleaner/meaner, so you can succeed even higher next time.
• You’ll work harder as a business-owner than at anything else in your life. You must have something to sustain you.

• Persistence: Just keep doing it
• If you throw everything into making this business work, it will probably work.
• Quitters never succeed.

Notes - Being Your Own Boss - Lisa '96
What you need to have before you start (continued)

Marketable technical Skills in high demand in your area

• Unix Sysadms are in high demand nearly everywhere, but make sure your area can support you.
• Silicon Valley and Route 128 are safe bets, but the Florida Everglades or Bosnia may not be.
• Is your phone ringing with recruiters calling you now?
• Are the classified ads of your newspaper full of Unix Sysadm Contractor listings?
• Do you know many successful Unix sysadm consultants in your area?
• Don’t be a consultant in a 1-company town unless you love travel.

Clients (or at least prospects)

• If you haven’t already talked to your 1st prospective client, and they want you to work with them, you probably aren’t ready to start out on your own.
• If you think your current employer will let you go then hire you back as a contractor, you’re probably wrong. It’s often not in their best financial interest to do this.
• If you’re currently contracting with an agency, you probably are contractually prohibited from seeking work with their clients for a year or more. Read the fine print and don’t burn any bridges.

• Contract agencies serve useful purposes
• Agencies can get you used to the “temp worker” lifestyle and workstyle with a bit of a safety net.
• Take the opportunity to learn the “business side” of consulting by bonding with your agency. You’ll have to sell them out on this, they won’t offer you the chance to learn.
• If nothing else, by working with an agency you’ll meet many other consultants and develop a “lead network” for finding new clients.
What you need to have before you start being successful:

- A human network
- Plan A - your business plan outlining your vision, how it works, and how you'll implement it.
- Plan B in case Plan A doesn't work

An attorney
- To draft your initial contracts. Contract law changes.
- To advise you on how to structure your business (should you incorporate?)
- To write letters to clients who don't pay, when all else fails
- To be able to use the magic phrase "I'll have to discuss this with my attorney".

An accountant
- Your clients use your services because you're a pro in your field. You're probably not a pro at taxes and finances, so bond closely with an accountant. Tax laws change constantly.
- A good accountant will be able to advise you all year long, not just at tax time. A good accountant will save you 10s of 1000s every year on your taxes, and keep you out of hot water with the IRS.

A bank
- Get a business checking account separate from your regular account, and use that account to pay business expenses and deposit checks from customers. It will help you decide if you're making money, and make the IRS calmer about your business.

Health Insurance
- If you're not already covered by someone else's health insurance, you need your own.
  - Buy only what you need. Don't be sucked in. Lots of "business agencies" exist only to sell bad insurance. Do your research.

Business and computer insurance
- General Liability and Errors and Omissions
  - It's obviously expensive for new, small consultants, and the companies often refuse to underwrite it anyway. I've had few client insist on it. Usually negotiated out of contracts.
  - Some companies require by BIS, others ignore it. Some clients insist you have it, but it can often be negotiated out of a contract.

Business permits and licenses
- You have to be legal. It shows your clients and the IRS that you're really a business. Don't neglect these!
**Having Successful Technical Skills**

Know your customers and what they want from their consultants

You can focus your career with:

- solid, deep, rare, expertise in high demand
- broad expertise in high demand
- but sometime, just being the only one with a clue may be enough

Retrain yourself constantly

**Having Successful Business Skills**

Learn project planning

Your writing skills can be crucial

Your physical appearance is important!

- I shouldn't have to say it, but personal hygiene is important. Ok?

Learn to communicate with people different from you

**Having Successful business skills**

Learn to speak in public and to make presentations

This will give you confidence, and allow you to make your points more effectively.

Often, the project must be sold (and re-sold) to groups of people. Learn to do this effectively.

Learn project planning

Even if you don't market yourself as a "project planner", you need to plan every project you undertake

Your writing skills can be crucial

Clients love to receive a complete write-up of the project, including how to operate and maintain the technology, at the end of the project.

The manager who retains you has to justify spending the $ on you. Don't make this difficult! Your contracts, status reports, project plans document why using your services is a good idea.

Sometimes, this write-up is what gets you called back in for the next project. It shows them (again!) that you're a professional.

Your physical appearance is important!

- You should try to look like the client looks, as much as possible. This may be jeans and T-shirts or suits and dresses.
- Bathe!
- Perfume or cologne is dangerous--someone will always be allergic to it, and the scent will often remind someone of a person they don't like.

Learn to deal with people not like you - have successful communication skills with all types

You should adapt to your customer's culture, not the other way around

Learn to deal with as many cultures as possible, including those from different countries as well as marketing.
Marketing and Sales

Generating or finding leads
- Contributing is marketing
- Recruiters and body shops have a use,
- Getting referrals and referring others

Setting your rates
- What are other consultants with your experience getting?
- Read Steve Simmons’ 36.8% Overhead or Money, the Bottom Line on Consulting in these handouts

Marketing and sales

Generating or finding leads
- Contributing is marketing
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Setting your rates
- Know what the going rates are for your skills in your area
  - If you charge too much, you won’t get the work. Too little and you don’t make enough money.
  - You and your market may have different rates for different-length gigs.
  - Rates overall vary widely
- Read Steve Simmons’ article. 1.5 times your salary or salary/1000 may not be the best hourly rate!

Starting a Project:
The Art of the Contract

Why you must have a contract

Using yours or the client’s?

Check the consulting books for sample contracts

The Art of the Contract

Why you must have one
- Spell out what you’re doing and for whom and how long
- Spell out how you’re paid and when
- Spell out what happens if things go wrong
- If you don’t have one, you have no recourse if things get horrible.
- If the manager who brought you in is fired or reorganized, and you don’t have a written contract with the company, you lose.

Yours vs. theirs
- Often, having one ready means you don’t have to wade through theirs.
- If you don’t understand it, don’t sign it. Period.
- Everything is negotiable.
- If the contract can’t be negotiated, the customer will probably continue to be a pain, so I’d no-bid.

Read the books about:
- Sample contracts - try to get one from an honorable consultant, then take it to your lawyer.
Conducting the Project: Working Professionally

Ethics: Be a good scout - loyal, honest, trustworthy, prompt, etc.

Attitude, reputation, and expertise are everything

- Golden Rule: “Be the professional’s professional.” 1st-time customers buy what you know. Repeat customers buy who you are. (Stokely Consulting’s Golden Rules are in this handout.)

Working Professionally...

- Never underestimate the importance of the first deliverable
- Document your work as if you were to be hit by a truck tomorrow

Notes - Working professionally... Being Your Own Boss - Lisa '96

Working professionally

Ethics: Being a good scout - loyal, honest, trustworthy, prompt, etc.
- If you are honorable, the clients are likely to act honorably, too

Non-disclosures:
- Keep your clients’ secrets secret
- Be careful in working with your clients’ competitors

Attitude, reputation, and expertise are everything
- Golden Rule: “Be the professional’s professional.” 1st-time customers buy what you know. Repeat customers buy who you are.
- See Stokely Consulting’s Golden Rules in this handout

Notes - Working professionally Being Your Own Boss - Lisa '96
Conducting the Project: Getting Paid

What you hope for:
- You start January 1
- You invoice them on January 15, net 30 terms
- They pay February 15, 1.5 months after you started

What may happen:
- You start January 1
- You invoice them on January 15, net 30 terms
- They finally get it to Accounts Payable February 1. AP puts it in the check run for March 1
- They pay April 1, 3 months after you started!

What to do when your client isn’t paying....

- Call the manager you worked for
- Call Accounts Payable
- Call the CFO
- Have your lawyer write a letter to the client
Your own Back Office: Tools & Toys

• Electronic or paper organizer
• Voicemail, Pager & Cellular phone to return those pages - always be able to return a client’s page instantly.
• A quiet place to work & maybe child care
• A main office computer, email, Internet connection, modern, portable computer
• Business computer with accounting/invoicing software
• Fax machine
• Available phone lines
• A mentor or close friend who has “been there”

Tools that may help you

Computers
• Main computer: Remember, this is your fileserver, comm server, backup server... it’s eventually going to cost you $10,000+
• Online accounting/invoicing software and possibly another computer for this function
• Email with Internet connection
• High-quality printer
• Good power, UPS
• perhaps a portable computer
• accounting/invoicing software - business computer

Electronic or paper organizer/calendar
• Day-Timer, Day Runner, etc.
• Fancy hand-held electronic gizmos

Voicemail & Pager
• Critical! You’re not in your office, you’re out being billable.
• Cellular phone to return those pages
• I resisted this for a long time, until we nearly lost a large contract because we were stuck in traffic and unable to return a page. Now, we depend on our cell phones.

A mentor or close friend who has “been there”
• Critical! You need lots of advice, no matter how long you’ve been doing this.
• They won’t mind helping you — there’s enough work for everyone!

Support network of professionals
• Software Entrepreneurs’ Forum
• The Contractor’s Lunch Bunch
• Start a mailing list

Useful Resources

Books
• The Computer Consultant’s Guide, Janet Ruhl, Wiley
• Guerrilla Marketing Attack, Jan Conrad Levinson, Houghton Mifflin
• How to Succeed as an Independent Consultant, Herman Holtz, Wiley (or anything else Holtz writes)

Organizations
• ICCA
• Small Business Association/S.C.O.R.E.
• Chamber of Commerce

Online
• alt.computer.consultants newsgroup
• misc.business.consulting newsgroup
• *.jobs.contract newsgroup
• Yahoo’s small business section
Things to Remember

- Successful consulting = 80% business skills + 20% technical skills, so be a pro!
- Have an attorney & an accountant
- Run your business as a real business
- Always work from a signed contract
- Be a trader: Acquire skills where they are plentiful and sell them where they are scarce.
- Attitude, reputation, and expertise are everything