The Life of a Consultant
Employee / Contractor / Consultant

- What are you?
- What do you want to be?
Employee

- W2 – Employer takes care of taxes
- Work directly for a company
- Told what to do and how to do it
- Told when to do what you do
- Provided with company resources to do your JOB
Contractor

- Work for a company that hires you out to other companies
- Usually W2
- Higher hourly rate but little or no benefits
Consultant

- Work for yourself
- Typically have multiple clients
- Better hourly rate
- 1099 form
- Provide own tools (usually)
- Need to do own marketing
- Set your own hours
How do you start

- Budgeting
- Business forms
- Legalities of consulting
Forms of Business

- Not paperwork but that too
- Sole Proprietor
- Partnership
- Corporation
  - S type
  - LLC
  - C type
Budgeting

- How much money do you need to start?
- How much money do you need to keep going?
- Expenses
- Income
- Unexpected
How do you start

- Have a MARKETABLE skill.
- Have ESTABLISHED contacts
- Have at least 6 months living expenses
- Don’t give up the day job … yet
- Make sure you have a support system
Differentiation

- If you are the same as everyone else you cannot command a higher price.
- You will have a lot of competition.
Costs of doing business

- Financial
- Personal
Location

- Fancy rented office?
- Separate home office?
- Corner of cellar or bedroom?
Professionalism

- Your reputation is your #1 asset.
- Appearance
- Conduct
- Punctuality
- Quality of work
- Say what you DO. Do what you say.
Referrals

- Getting
- Giving
Setting Fees

- How do I set a fair price
- Covering my true expenses
- Giving me a living wage
- Without over or under charging
How Much Do I Charge?
The Scientific Method

- How much is the salary you are replacing?
- What is your overhead?
- What is your profit margin?
- Are you selling products with your services?
How Much Do I Charge?  
The Practical Method

- Perceived value of the work
- Know your competition
- What do you NEED
  vs.
What do you WANT
Supplementing Income While Building Your Practice

- Contracting
- Subcontracts
- Alliances
- Teaching
- Public Speaking
- Seminars
Proposals

- **Contracts**
  - Spell out what, when, and where
  - Get it in Writing!
  - What is in print is what you are held to.
  - Follow up conversations with email.

- **Non Disclosures – READ THEM**

- **Never cut your price - Balance your services to meet budgets**
ARE YOU REALLY A CONSULTANT per the IRS?

- Keep perfect records - Bury them from the Shoebox
- Have many different clients - DIVERSIFY
- Have your own DISTINCT place of business
- Set your own hours and manage your own time
You Win!
Now how do you get Paid

- Contracts with terms
- Bill them
- Progress payments
- Work stoppage
- Negotiations
- Collection Agencies
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