

Is Consulting Your Next Career Move?  
by Pamela Cook and Paul Gietzel

So, you are thinking about hanging up your own shingle and leaving the rat race behind.... Before you make the leap, consider carefully whether you are suited to be a consultant.

People often assume that you leave behind the challenges of a “regular” position and gain the flexibility, freedom, and fees that go along with consulting. But flexibility can mean irregular work hours, freedom can mean insecurity, and fees can be reduced by the expenses of running your business.

Can you respond affirmatively to all of the statements below?

- I am extremely self-motivated and can work with minimal structure.
- I am able and willing to manage all aspects of a business including marketing, finance, proposal writing, producing and delivering reports and presentations, technology, billing, and collections.
- I am financially disciplined, willing to take financial risk, can survive without a paycheck for several months, and can obtain appropriate health insurance.
- I can work without support staff.
- I have many contacts in the nonprofit community.
- I enjoy marketing myself.
- I have a skill or expertise for which nonprofits will pay.
- I can deal with rejection.

If the statements above describe you, then you may be a candidate to become a consultant. Here are specific questions that you will want to address as you develop your business.

1. What kind of consulting do you want to do?

There are many specialties in nonprofit consulting. You can focus on special events, direct mail, interim development work, major gifts, capital campaigns, executive search, board development, staff mentoring, capital campaigns, strategic planning, marketing, grantwriting, search, information technology and databases, board retreats, and more. To gain a competitive advantage, successful consultants usually focus on one or two areas. The kind of consulting that you choose will determine how to market your business, how to set your rates, and where you will work.

2. Do you want to work on your own or with other people?

There are increasing numbers of consultants who set up one-person or small shops with a few individuals. Some work independently and set up formal or informal partnership or contracting relationships with other consultants. Other consultants choose to join firms. You should consider your work style, your specialty, whether

you want to work outside or inside the home, what kind of travel you desire, and whether you need the benefits that some firms can provide.

3. How do you want to structure your business?

There are three basic business structures – sole proprietorships, partnerships, and corporations. The appropriate structure for your business depends on a number of legal, financial, and personal factors.

Regardless of the legal structure of your business, you will need to obtain the appropriate licenses and make the appropriate tax filings. These are likely to include a business license from your local government and a professional license or registration from the appropriate state agency. If self-employed, you will need to pay the employer component of social security taxes and make quarterly estimated tax payments.

4. What are your financial goals?

Independent consulting is not a good option if you live from paycheck to paycheck or have fixed financial needs. Even in the best of circumstances, there is a significant time gap between when you put in the effort to secure and work on a project and when you are paid. Sometimes nonprofit clients can be slow to pay or have cash flow issues. Furthermore, most consultants will experience ebbs and flows in their project load. Consulting can be unpredictable. You will not be selected for every project for which you submit a proposal and clients may retain your services on a faster or slower timeline than what is anticipated at the outset. You must have sufficient financial resources to weather periods when revenue is slow.

You will also require funds to establish your business. If you have a business at home, you will need to fully equip it as a home office. If you have an office outside of the home, you will need to budget for rent and equipment. Other start-up costs will include licenses, insurance, and promotional materials. You will also need funds for travel, entertainment, and professional meetings and development.

5. How should you charge?

Consultants charge fees in a number of different ways that fall into the general categories of (i) fixed project fees, (ii) retainer fees where a uniform monthly amount is assessed, and (iii) time based fees. You will need to determine whether to charge for travel, what increments of time to charge (some consultants charge as small as 15 minutes, others only on a daily or half-day basis), and whether your costs in supplies (phone, fax, computers, paper, etc.), professional training, marketing, fees, gas, and potentially health and insurance benefits are covered in your fees.

6. Where do you want to work?

For some, one of the joys of consulting may be working in a home office in your pajamas. For others, their home is not suitable due to insufficient space, inadequate equipment, or distractions. Even if you don't have these obstacles, you need to decide whether you really want to work from home. Some of the problems of working from home include isolation and difficulty in separating home and work life.

7. How will you manage and track your time?

Consultants have more flexibility in scheduling than those in jobs with standard hours. However, the need to manage and track your time carefully is even more critical. If you have an unproductive day or are ill, you will not be paid. Similarly, if you work a long day and don't record it adequately you cannot bill for your time.

8. How will you market your business?

There are many ways to get the word out about what you do including personal appearances, websites, advertising, newsletters, and mailings. Tell everyone that you know what you do and the kind of clients and work you are seeking. Many consultants make referrals to each other when they have too much work or when a client requires a service that they cannot offer. It will be useful to get to know other consultants and it is critical to continue to network within the nonprofit sector. Your best future clients are likely to be current clients or referrals from satisfied clients.

9. How will you cover the range of tasks you need to do?

You will need to be a "jack of all trades." In addition to the specific demands of your consulting specialty, you need to be your own finance, IT, office, marketing, business development, and communications manager. You can hire people to do some of this work for you, but that introduces additional costs and complications.

10. How will you maintain work/life balance?

You may have thought that it was hard to leave the office when you worked in a "regular" position. As a consultant there can be flexibility, although client needs often dictate your schedule. You will frequently need the discipline to work when you would rather not, such as on a vacation or after a long day of traveling.

At the same time, you need to pay attention to the needs of your family and yourself. It is easy to be on call 24/7, particularly when your office is in your home and technology makes you constantly accessible. Setting the appropriate boundaries around your business life is a struggle for most consultants, and one that you need to establish without the guidelines that a "regular" office setting provides.

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