1. What Is Consulting Like?

"A consultant is always looking for a job," said my father, a consultant for most of his working life. To consult full time is to lack the security of a regular pay check. No matter how busy you may be as you start your practice, and no matter how long work is plentiful, I think it's accurate to say that there will come a day (often brought on by yourself) when you will be hunting for a consulting engagement.

Literally from one day to the next a consultant can go from being overbooked to underbooked. And when underbooking lasts long enough, financial problems ranging from income shortage through bankruptcy result unless you are independently wealthy.

Even the busy consultant is not immune to money problems. You may badly underbid a fixed-price job. Your clients may refuse to pay you, either legitimately or pretextually. They may find ways to delay paying you, sometimes indefinitely. They may go bankrupt. I would guess that most consultants feel that at least once they were cheated out of a substantial sum of money.

Despite these money hassles, you might still believe that consulting is more lucrative than regular employment. I haven't done a survey of this, but my impression is that some consultants do better and some do worse than they would as nine-to-five folks. I would guess that my own net, after-tax income as a consultant is currently perhaps 35% more than I would get in net, after-tax income plus fringe benefits as an employee. However, during my first ten years as a consultant, I made less than I would have in a company; often so much less that it caused my family financial hardship. Over the twenty-one years I've been a consultant, I'd guess that my total income is probably about what it would have been had I been an employee for all that time.

Why start an article on consulting by telling you about the hard knocks you may take without gaining in wealth? It is with the hope that some consultants do better and some do worse than they would as nine-to-five folks. I would guess that my own net, after-tax income as a consultant is currently perhaps 35% more than I would get in net, after-tax income plus fringe benefits as an employee. However, during my first ten years as a consultant, I made less than I would have in a company; often so much less that it caused my family financial hardship. Over the twenty-one years I've been a consultant, I'd guess that my total income is probably about what it would have been had I been an employee for all that time.

Consulting, to be sure, is not all hardship and struggle. At this moment I am sitting next to my wife on the balcony of my parents' South Florida penthouse overlooking the Atlantic. I did not have to ask anyone's permission to take this vacation. I told my current clients that I was going to be gone for two weeks.

I also choose whom I work for, and negotiate my own deal with them. Much of the time I schedule my work time and location as I please. Increasingly - as communications technology has advanced - I have been able to carry out consulting projects in the office I had built in my home, either by modem to my client's mainframe or on my own PC (yes folks, the SAS® System on a PC is fantastic!).

Most of the work comes my way through a combination of an organization facing an impending deadline and no available staff to complete the job on time. When the deadline pressure on the organization is high, they lay it on me. Usually, they also push me to keep my cost to them down, whether I contract the job at a fixed price or work by the hour.

The work itself I find challenging. Although much of the software I write is sophisticated and difficult, I am also asked to do things I've done hundreds of times before. I make the tedious jobs or the tedious aspects of all jobs bearable by playing what I call the "perfection game." My goal is always to produce programs that are 100% correct.

This often leads to questions from my clients about why I don't work faster, hence cheaper. Even though I don't always convince clients of this, my training and experience have convinced me that in the long run my care up front will save and earn them money. I ask them to pay for my "extra" work, and many organizations are unwilling to do so.

2. Should You Try Consulting?

If you are someone who is contemplating a career change to consulting, I hope the preceding comments give you some inkling of what the consulting life is like. If so, visualizing yourself in some of the situations I've sketched may help you to decide whether to take the leap into consulting.

If you are to trade the security of a job for the uncertainty of consulting, there are two related personal attributes, I think, that will greatly improve your odds of success. The first is confidence and the second is adventurousness.

As with any technical field, confidence implies that you have mastered your craft and know it. In terms of SAS programming, if you are confident that you can write, test and debug a SAS program that will solve just about any
application that is thrown at you, you are probably ready technically.

You should also feel that you have or can acquire the interpersonal skills required for successful consulting. These are, principally, to persuade people to hire you, to negotiate contracts, and to collect what is due you. You will also need patience and good humor in dealing with taxing authorities, insurers and various vendors. As an employee, your organization handles many of these transactions for you.

The second personal quality is adventurousness. I began this article by alluding to some common events in consulting that I labelled hardships. I know people who thrive on such "hardships." To them, a threatening situation like having no work is a challenge. They respond to having no work in the same way you may respond to a difficult programming problem. They think about no work from every angle. They formulate a plan of attack to get work. Then they implement the plan with single-mindedness, intensity and confidence. Such individuals, in my judgement, can not help but succeed in consulting.

How are faith in self and adventurousness related? I've noticed that as people gain proficiency in any area they become more eager for challenges. Conversely, people who successfully meet challenges always come away with more faith in themselves. The two qualities are mutually reinforcing.

Should you try consulting? Sure, if you have a strong image of yourself working as a consultant and are able and willing to handle both the technical and business challenges that consulting entails.

Remember, too, that if consulting doesn't work out for you, you can undo your decision. I have known several consultants who returned to being employees. Their reasons? Professional isolation. Income uncertainty. Boring engagements. Desire to manage.

3. Starting Your Consulting Practice

In beginning a consulting practice, I suggest that you try to bring about opportunities that will culminate in satisfaction on both your and your client's parts. How can this be done?

For many if not most of you, your current employer is your best first prospect. Who is the best person in your organization to approach? Ideally, she or he should have the authority to hire you as a consultant, know you personally, and be aware of your reputation as an outstanding programmer. Tell that key person that you intend to start a consulting practice. Then probe to discover circumstances under which the person might turn to a consultant. You should ask questions here that might arouse in your prospect a desire for your services. Two questions I use are: "Do you ever find that you have more programming that must be done than programmers available to do it?" and "Do you ever have programming tasks that are too difficult for the programmers you have available?"

If your questions elicit interest, you should follow up by asking your prospect to give you examples of several situations in which having a consultant like yourself available might have saved the day. The idea here is to involve your prospect emotionally in the predicament of having important work undone, and seeing you as the potential savior.

What you are doing here is selling. And one of the fundamental rules of selling is that people usually buy only when they are emotionally involved. If your first prospect does not get interested in your services and your organization is large enough, approach someone else in it.

Once you find someone who is interested in your services, try to make a contract with the person. Your opening question might be, "Would you be interested in making an arrangement with me in which there was a commitment on both sides?"

Work out the arrangement details with your prospect. Then offer to draw up a simple, written contract, to be signed by both you and a representative of the organization, that spells out your responsibilities and theirs.

Often organizations insist on having you work under their standard contract. This is usually a form of several pages that has been drawn up by their lawyers. Your own unique relationship with the organization must then be written out and included as part of the standard contract.

Do not sign a standard contract if there is something in it that you can't live with. Show your prospect the problematic requirements. If the language can't be deleted, offer to write up an alternative requirement that you can live with.

Contracting always involves negotiation. Negotiations usually begin when someone considers hiring you. They are best conducted amicably and in the spirit of give and take. Your attitude should be: "You and I have a common goal of working together. How can we make our relationship mutually advantageous?"

As eager as you may be for work when you start out, I recommend that you not accept work whose terms are not right for you. Keep marketing and selling. Eventually you will find the client you are seeking.

This advice applies only to substantial assignments. Small jobs of several days or less can be taken because they don't take you out of circulation for lengthy periods.
I have found that small jobs are inevitable money losers. The time spent in travel, negotiation and billing usually exceeds the time spent working. My only reason for taking them is that occasionally they lead to bigger jobs for the same client.

One last tip. Don't let a client's payment go more than one week overdue. Call up the person for whom you work and say: "I haven't received your organization's check." Unless your client asks you to contact the organization's Accounts Payable Department, secure her or his promise to track down the situation and report back to you.

Employees usually get paid on time. Consultants usually don't. I believe that many organizations defer payments to their vendors until they get pressure to pay up. Forewarned is forearmed.

4. Summary

Should you become a consultant? Ask yourself these questions:

(1) Does the consulting life appeal to me?

(2) Am I a master programmer?

(3) Am I mentally prepared to run a small business?

(4) Am I confident and adventurous?

The more affirmative your answers are, the more likely I think you will be to succeed at and enjoy consulting.

If you choose to enter consulting, try to set up work for yourself before quitting your old job. Your present employer may be your best prospect as a first client.

In consulting you are constantly marketing and selling yourself, just as you would if you were job hunting. You will need to learn and practice marketing and selling techniques.

Negotiation is another skill a consultant needs. Work out a verbal agreement with your client and write up a contract that states the responsibilities on both sides.

If you can't negotiate terms that are satisfactory to you, turn down the project. You can do better.

Nothing in life is forever. If consulting doesn't work out for you, you can go back to regular employment or become an entrepreneur.

Remember that you make your luck.

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