The Business of Consulting
THE BASICS AND BEYOND
SECOND EDITION

elaine biech

Foreword by Jim Kouzes

John Wiley & Sons, Inc.
“In today’s world, everyone will have fifteen minutes of fame and spend six months as a consultant. This book does a great job of bringing a business sense to professionals in the difficult position of creating a business where they, themselves, are the product. It is practical, compassionate, and a good alternative to an M.B.A.”

—Peter Block, author, Flawless Consulting

“Have I got a book for you! Take a look at The Business of Consulting by Elaine Biech. The title notwithstanding, this is really a guide for anyone trying to start a one-person business on a limited budget.”

—Anne Fisher, Fortune Magazine

“Why would anyone consider consulting without devouring this book? A great blend of solid information on consulting A to Z: the operational issues, the business and emotional risks, the personal discipline required, along with the tremendous payoffs of the profession! Applying the start-up thinking alone should increase first-year revenues four-fold.”

—Dianna Booher, Speaker Hall of Fame, Booher Consultants, Inc., and author, Communicate with Confidence and Speak with Confidence

“Elaine Biech has written about consulting from every angle! In this book, she offers her perspective on the business side of our work. If you are succeeding with your work but struggling with your business, Elaine can help.”

—Geoff Bellman, author, The Consultant’s Calling and Getting Things Done When You Are Not In Charge

“Elaine Biech has built an impeccable reputation as a savvy, practical, and no-nonsense consultant. This important update to her classic will help you jump-start your consulting business.”

—Pete Weaver, senior vice president, DDI

“Elaine Biech shows you what to do to get into the consulting business and stay in it successfully. You will not find a better written, more practical guide on all aspects of the business of consulting. The second edition of The Business of Consulting adds a wealth of new material that any consultant will appreciate.”

—Mel Silberman, author and president, Active Training

“The Business of Consulting is from one of the best minds in this business. Elaine Biech is the most astute businesswoman in the consulting world today. She speaks the language, knows the acronyms, has seen it done in all environments both in and out of the U.S., and has helped shape organizations everywhere. Elaine has been that one person that is inside my personal inner circle in everything I’ve done for the last ten years. When you want the hard work done, call her.”

—RADM (ret.) JB Godwin III, vice president, Athena Technologies, Inc.

“Bravo Elaine! You do a wonderful job of laying out the pros and cons of the consulting life. Elaine knows her stuff and delivers with humor, compassion, and deep understanding. If only Elaine had written this book twenty-five years ago when I started. It certainly would have made life simpler and moved my consulting career along much faster! Still, after all these years, I continue to learn from Elaine.”

—Beverly Kaye, founder and CEO, Career Systems International, and author, Up Is Not the Only Way

“Elaine Biech just made a great book much better. The first edition of this book is quickly becoming a classic in its field, and the second edition is even more valuable. It contains many useful, productive tools and examples and a CD that is extremely helpful. The use of technology is invaluable in today’s consulting activities. I recommend that you read the first chapter and then scan the rest of the book and read the last chapter. Then, if you still want to be a consultant, use it as a how-to guide to manage, grow, and sustain a consulting practice.”

—Jack J. Phillips, chairman, ROI Institute, Inc., and coauthor, Show Me the Money

“Hesitating about whether this is the right book for you? This is the only book you will ever need in order to start, maintain, or grow your consulting business. Elaine uses her years of experience—plus updated info and practical advice—to guide anyone contemplating or already in this profession. Get the book now and save yourself time and money—you won’t regret it.”

—Ann Herrmann-Nehdi, CEO, Herrmann International: The Whole Brain Company
"The Business of Consulting is a must-read for anyone in consulting—new or experienced! It is overflowing with practical insights and how-to tips that help you through the multiple business management challenges faced in the consulting world. Buy it • Read it • Apply it."
—Richard Chang, author and CEO, Richard Chang Associates, Inc.

"Despite the fact that I have greater access to information than I have ever had before, my most trusted resource when it comes to my professional life is The Business of Consulting. Elaine Biech has captured, organized, and articulated the heart of the matter when it comes to consulting. This edition provides an expanded blend of practical insights along with a realistic optimism about how to succeed. The Business of Consulting is my go-to resource."
—Pamela J. Schmidt, executive director, ISA, The Association of Learning Providers

“This updated edition is packed with tips and techniques to help you establish yourself as a consulting professional.”
—Pat Cataldo, associate dean for executive education, Penn State University

“In more than thirty years’ work with professional consultants, I have never worked with one I respect and value more than Elaine Biech. She is visionary, experienced, balanced, practical, and above all, responsible. She exemplifies . . . the best of what is meant by ‘trusted advisor.’"
—Michael P. Sullivan, retired U.S. Navy Admiral

“This incredible resource is the voice of reality! The Business of Consulting is different from most books in that Elaine condenses years of her own wisdom, learned through trial and error, and freely shares it in this practical guide for all practicing and new consultants. And she does so while pointing out the possible pitfalls in the process. A true window into what it takes to be successful.”
—Linda Growney, director, Organization Capability, CUNA Mutual Group

“The Business of Consulting abounds with the same business acumen that Elaine used when she worked with our senior leadership team. Every consultant should apply her principled practices to guarantee satisfied customers.”
—John E. Gherty, former president and CEO, Land O’Lakes, Inc.

“Elaine and her team did an outstanding job coaching our Region through our Quality Management journey. Her approach to consulting is refreshing and right-on for today’s and tomorrow’s business needs. Read her book. She shares all her secrets!”
—Gail Hammack, former regional vice president, McDonald’s Corporation

“If you are thinking about quitting your job and going into consulting, be sure to read this book first! It is a practical guide to help you decide what to do and how to do it. And if you are already a full- or part-time consultant, you’ll find many ideas for improving your success.”
—Dr. Donald L. Kirkpatrick, former national ASTD president, 1997 inductee into Training Magazine’s Hall of Fame

“Elaine is a true leader in the field of consulting and training. She willingly shares her knowledge through leading seminars, developing resources like The Business of Consulting, and serving as a resource to support up-and-coming leaders in the field. Having had the good fortune to be Elaine’s student, I know you will find this book an easy read and a complete resource, whether you are just embarking on your consulting journey or growing your skills as a seasoned consultant.”
—Barbara Schoenleber, business sales leader and former manager of training and development, Schreiber Foods

“So you think you want to be a consultant . . . and so do thousands of others. So how do you set yourself apart? You read The Business of Consulting and let Elaine Biech talk you through the steps. If the devil is in the details, then the details and easy-to-follow steps are in this book, and they will keep you on the path to success.”
—L. A. Burke, operational strategic planner, U.S. Customs and Border Protection

“Thinking of starting your own consulting business? This book will give you the roadmap, tips, and wisdom you’ll need as you step out. Benefit from the guidance of a pro who’s been there, done that.”
—Jean Lamkin, corporate training director, Landmark Communications, Inc.
Consulting Colleagues

“I wish I had this book when I started my consulting practice. Elaine has all the answers it took me years to learn! Even now, I use her pearls of wisdom—the pull quotes—during my annual planning session as a ‘tune-up’ to make sure I cover the basics of the business—and to bring new consultants up to speed.”

—Kristin Arnold, president, Quality Process Consultants, Inc.

“It’s all here! Elaine Biech has provided a comprehensive resource to make a consulting practice a viable operation. She provides insight and forms to plan, market, and grow a consulting business as well as guidance about how to make money in the profession. Real-life stories document her examples and advice. The Business of Consulting is a wise investment for any consultant.”

—Jean Barbazette, president, The Training Clinic, and author, The Trainer’s Journey to Competence and Training Needs Assessment

“After reading Elaine’s book you will see clearly if a consulting career is right for you. The book gives you all the hints a professional mentor can give. Don’t miss one of them. All my German consultant-trainees make excellent use of Elaine’s inside knowledge.”

—Björn Fiedler, founder, Fiedler and Partners, Germany

“The most effective negotiators know there are no magic tricks; they master the basics and continually refresh their skills and strategies. As the CEO of a negotiation training and consulting firm serving clients worldwide, I, too, return to master the basics of this business. Elaine Biech’s updated The Business of Consulting refreshed and refined my approach, leaving Watershed Associates a stronger firm for the rest of the 21st century.”


“Elaine has done it again—she’s improved an already great product! The e-Ideas provide great resources that make it easy to find data. I used this book to help my son-in-law start his own business—which is not even consulting. Elaine’s style of writing is clear, concise, and easy to understand.”

—Kathy Talton, program manager, Precise Systems, Inc.

“Elaine Biech has done it again! She has taken an excellent book and made it better. In the second edition, Elaine shares her expert knowledge of consulting as well as the secrets that enable a good consultant to become a great consultant. She provides ‘a star to steer by.’ She offers advice on client relationships, ethics, work-life balance, and fifty e-Ideas for using technology to build a successful consulting practice. This book is one that every consultant will want to read, whether they’ve been in the business for one week or several decades.”

—Sharon Y. Rhodes, adjunct faculty member, College of Southern Maryland

“The Business of Consulting is an essential guide to the nuts and bolts of consulting. Elaine Biech proves again to be the consultant’s consultant.”

—Jack Osburn, senior acquisition analyst, CRM Associates, Inc.

“The first edition served to decipher the practice of consulting and expose the benefits and risks of entering the world of consulting. Taking the input of real practitioners, Elaine has now further enhanced this no-nonsense, practical guide that is one of a kind in our universe. In this edition, her magic continues to unfold the many facets of the consulting business, making this book a must-read for anyone seeking to either enter, grow, or enhance their experiences in the profession. Even seasoned veterans of the industry—whose egos may prevent them from admitting that they really don’t know everything—will benefit from this edition.”

—Stephen K. Merman, principal, Organization Consulting Group, former national president, ASTD

“The Business of Consulting is an absolute treasure—and so is Elaine Biech! After fourteen years of by-the-seat-of-my-pants consulting, I can now fill in the gaps, polish what I’ve been doing well, and improve on those things that have always gotten in the way. Elaine’s writing style is both practical and conversational. Reading her book is like sitting in her living room and chatting with her over coffee about the business of consulting. This book is a must-have resource if you have ever dreamed of creating or expanding your own consulting business!”

—Sharon Bowman, author, The Ten-Minute Trainer
“There is a substantial gap between possessing subject matter expertise and possessing the skills to convey and apply that expertise in a way that adds value for clients. Then, once across the gap, there is need for a well-charted course to negotiate the challenges of simply doing business successfully. Elaine Biech has bridged that gap again with an even more reliable crossing to the realm of integrated expertise and consultant skills, and then provided the essential roadmap for reaching our business goals. This is my go-to book.”

—Joseph G. Wojtecki, Jr., senior fellow and business manager, Center for Risk Communication

“We’ve been in the consulting business for more than twenty years and we’ve learned something new from practically every page of *The Business of Consulting*. Elaine has done a terrific job of crystallizing the basics of what consulting is and what you need to know to translate your consulting dreams into a reality. Hands down, buying this book is the best investment in the future of your business that you’ll ever make.”

—Jeffrey and Linda Russell, codirectors of Russell Consulting, and authors, *Change Basics*

“Elaine lives what she writes. She is a highly organized, ethical, and caring human being who is determined to share her success with others. In *The Business of Consulting*, Elaine outlines her own business savvy, practice, and ethics for the benefit of her readers. What could be more compelling?”

—Edie West, consultant and author

“An essential read and invaluable resource! Elaine provides a wealth of practical, relevant information to help you achieve greater success as a consultant. I reference this book for inspiration and guidance on a regular basis.”

—Linda Revelle, president, Revelle Management Training Associates

“When it comes to starting up your own consulting business, Elaine wrote the book—literally! Quitting your corporate job and going out on your own is both exciting and scary. To make the transition, I needed a first-class how-to book. *The Business of Consulting* is that book.”

—Richard D’Loss, president, Rubicon Aviation Training and Consulting, Inc.

“Don’t start a business without it! *The Business of Consulting* is full of insightful tips and exercises to get you from intellectual comprehension to practical application. Sage advice + actionable ideas - inflated guru ego = a must-have tool for any consultant.”

—Halelly Azulay, president, TalentGrow

“What if you could sit across the table and learn the secrets of consulting from one of the best in the field? My business partner and I did just that by meeting Elaine before we established our new business! Consider this book your meeting with Elaine.”

—Dr. Suzanne Adele Schmidt, cofounder, Renewal Resources L.L.C.

“An incredible mentor, Elaine is intelligent, articulate, and full of great ideas for marketing your business. My business was at a standstill when I met Elaine. She gave me tons of great marketing ideas and got me going.”

—Marla Maeder, Maeder Design

“Elaine has that rare gift of translating her ideas into easy-to-understand writing. Buy and read her book if you seriously want to develop a dynamite consulting career.”

—Karen S. Ostrov, psychologist and owner, KONECT

“In *The Business of Consulting*, Elaine Biech has written the consummate how-to book for consultants in any field. It is a must-read for new and experienced consultants alike!”

—Barbara Pate Glacel, author, *Light Bulbs for Leaders*

“I treasure every opportunity to learn from Elaine Biech. She is a teaching pro. *The Business of Consulting* offers wisdom that can only contribute to your success as a consultant.”

—Garland Skinner, retired U.S. Navy Captain
About This Book

Why is this topic important?

Individuals often become consultants without realizing all the ramifications that accompany starting this new venture. They are joining the ranks of the entrepreneur and must instantly address a multitude of details required to start a business—everything from selecting a name and obtaining necessary licenses to financing and promoting the new business. The crucial start-up days may be frenetic and fraught with questions. Or, even worse, the new consultant may not even know what questions to ask, such as those related to income tax or legal structures. This book is a guide to ensure that every new consultant knows at the minimum what questions to ask and how to find the answers.

What can you achieve with this book?

The Business of Consulting, Second Edition, provides a road map to aspiring consultants. It offers guidance and wisdom from one consultant who has been down this road. The CD-ROM provides financial documents, decision-making tools, and self-evaluation questionnaires to guide you on the journey. The candid and practical approach of this book echoes the first edition, but with updated content and new references. With The Business of Consulting as a mentor, new consultants will have the tools at hand to:

- Identify the pros and cons of starting a consulting practice.
- Determine what to charge clients.
- Set up a professional business practice.
- Select a business model, name, and location.
- Establish a start-up business and marketing plan.
- Manage record keeping, cash flow, and other critical financial issues.
- Maintain an ethical, professional business.

How is this book organized?

The book is divided into eleven chapters. These chapters are ordered in a logical sequence from concept to creation of a new consulting practice. Each chapter takes the reader
through a progression of business decisions that must be made when starting a new business—and in particular a consulting business—such as:

- Is this the right profession for me?
- How much should I charge?
- How do I write a business plan?
- What should I consider to market a consulting business?
- How do I ensure the business is solvent?
- How can I build client relationships?

Spread throughout the logically sequenced chapters are tips and techniques from the voice of experience. And sprinkled among the practical advice are almost sixty e-Ideas—technology tips to assist the new consultant in laying a solid foundation, finding resources to build the business, and identifying tools to save time and remain on the cutting edge of the profession.
About Pfeiffer

Pfeiffer serves the professional development and hands-on resource needs of training and human resource practitioners and gives them products to do their jobs better. We deliver proven ideas and solutions from experts in HR development and HR management, and we offer effective and customizable tools to improve workplace performance. From novice to seasoned professional, Pfeiffer is the source you can trust to make yourself and your organization more successful.

Essential Knowledge  Pfeiffer produces insightful, practical, and comprehensive materials on topics that matter the most to training and HR professionals. Our Essential Knowledge resources translate the expertise of seasoned professionals into practical, how-to guidance on critical workplace issues and problems. These resources are supported by case studies, worksheets, and job aids and are frequently supplemented with CD-ROMs, Web sites, and other means of making the content easier to read, understand, and use.

Essential Tools  Pfeiffer’s Essential Tools resources save time and expense by offering proven, ready-to-use materials—including exercises, activities, games, instruments, and assessments—for use during a training or team-learning event. These resources are frequently offered in looseleaf or CD-ROM format to facilitate copying and customization of the material.

Pfeiffer also recognizes the remarkable power of new technologies in expanding the reach and effectiveness of training. While e-hype has often created whizbang solutions in search of a problem, we are dedicated to bringing convenience and enhancements to proven training solutions. All our e-tools comply with rigorous functionality standards. The most appropriate technology wrapped around essential content yields the perfect solution for today’s on-the-go trainers and human resource professionals.
The Business of Consulting
THE BASICS AND BEYOND
SECOND EDITION

elaine biech

Foreword by Jim Kouzes

John Wiley & Sons, Inc.
CONTENTS

List of Exhibits on the CD-ROM xv
Foreword, by Jim Kouzes xix
Preface xxiii

ONE So You Want to Be a Consultant 1
What Is Consulting? 1
Four Ways to Get Started 2
Why Consulting Now? 7
Myths About Consulting 13
Rewards and Realities of Consulting 18
Just What Are You Getting Yourself Into? 20

TWO Talents and Tolerance 25
Skills for Success 26
Personal Characteristics of Successful Consultants 29
Roles You May Play 30
Signs of a Mediocre Consultant 32
Your Personal Situation 33
Caution: Business Owner Ahead 35
Entrepreneurial Characteristics 35
Track Expenses 156
Set Aside Petty Cash 163
Charge Your Client 166
Project Revenues 170
Deal with Bad Debts 172
Keep an Eye on Your Numbers 172
Protect Your Capital Investments 176

SEVEN Building a Client Relationship 179
The First Meeting 181
Four Phases of Building a Client-Consultant Partnership 182
How to Improve the Relationship Continuously 194
It’s the People 197
How to Maintain the Relationship After the Project Is Finished 197
More Value for the Client 198
How Many Clients Do I Need? 200
Ensure Success 200

EIGHT Growing Pains 203
Adding People 204
Growing Without Adding People 218
Expand Your Geographical Market 227
Do Everything You Can to Grow Your Current Business 229
Final Thoughts 230

NINE The Ethics of the Business 231
Consultant to Client 232
Consultant to Consultant 238
Client to Consultant 242
Code of Ethics 243

TEN Exude Professionalism 245
Measuring Up 246
Continuing to Learn 252
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balancing Your Life and Your Business</td>
<td>255</td>
</tr>
<tr>
<td>Managing Your Time</td>
<td>258</td>
</tr>
<tr>
<td>Giving Back</td>
<td>265</td>
</tr>
<tr>
<td>A Personal Checkup</td>
<td>265</td>
</tr>
<tr>
<td><strong>ELEVEN</strong> Do You Still Want to Be a Consultant?</td>
<td>267</td>
</tr>
<tr>
<td>A Week in a Consultant’s Life</td>
<td>268</td>
</tr>
<tr>
<td>Visualizing Success</td>
<td>278</td>
</tr>
<tr>
<td>Taking Action</td>
<td>282</td>
</tr>
<tr>
<td>Getting Ready</td>
<td>282</td>
</tr>
<tr>
<td>Reading List</td>
<td>287</td>
</tr>
<tr>
<td>Index</td>
<td>289</td>
</tr>
<tr>
<td>About the Author</td>
<td>299</td>
</tr>
<tr>
<td>How to Use the CD-ROM</td>
<td>301</td>
</tr>
</tbody>
</table>
## List of Exhibits on the CD-ROM

### One
- Exhibit 1.1. A Dozen Questions to Ask a Consultant 20
- Exhibit 1.2. Are You a Match for the Profession? 21

### Two
- Exhibit 2.1. Consultant Skills and Characteristics 27
- Exhibit 2.2. Entrepreneurs: Do You Have What It Takes? 37

### Three
- Exhibit 3.1. Calculating What You Require 43
- Exhibit 3.2. Actual Billable Days 47
- Exhibit 3.3. Calculating Your Fee 48
- Exhibit 3.4. How Much Will Clients Pay? 50

### Four
- Exhibit 4.1. Business Plan Format 71
- Exhibit 4.2. Start-Up Expenses 79
- Exhibit 4.3. Budget Format 81
- Exhibit 4.4. First-Year Cash-Flow Projection 82
- Exhibit 4.5. Three-Year Projection 83
Exhibit 4.6. Personal Financial Statement 84
Exhibit 4.7. Fax Form 92
Exhibit 4.8. Start-Up Checklist 97

FIVE
Exhibit 5.1. Marketing Plan 102
Exhibit 5.2. Annual Marketing Planning Calendar 106
Exhibit 5.3. Company Profile 123
Exhibit 5.4a. Sample Introductory Marketing Letter 125
Exhibit 5.4b. Sample Introductory Marketing Letter 126
Exhibit 5.4c. Sample Introductory Marketing Letter 127
Exhibit 5.4d. Sample Introductory Marketing Letter 128
Exhibit 5.5. Questions to Ask Potential Clients 129
Exhibit 5.6. Client Contact Log 130
Exhibit 5.7. Sample Proposal 133
Exhibit 5.8. Sample Contract 140

SIX
Exhibit 6.1. Monthly Expense Worksheet and Record 158
Exhibit 6.2. Mileage Log 160
Exhibit 6.3. Time Sheet and Expense Report 164
Exhibit 6.4. Petty Cash Record 165
Exhibit 6.5. Invoice Summary 168
Exhibit 6.6. Invoice 169
Exhibit 6.7. Revenue Projections 171
Exhibit 6.8. Project Time and Expense Record 174
Exhibit 6.9. Program Development Costs Versus Revenue 175
Exhibit 6.10. Library Sign-Out Sheet 177

SEVEN
Exhibit 7.1. Contracting Checklist 185
Exhibit 7.2. Client-Consultant Partnership: Consultant Checklist 190
Exhibit 7.3. Client-Consultant Partnership: Client Checklist 192

List of Exhibits on the CD-ROM
EIGHT
Exhibit 8.1. Building a Firm 207
Exhibit 8.2. Partnerability 209
Exhibit 8.3. Subcontractor Agreement 212
Exhibit 8.4. Subcontractor Expense Record 216

TEN
Exhibit 10.1. Professional Checkup: How Am I Doing? 251
Exhibit 10.2. Time-Management Log 263
Exhibit 10.3. Session Planner 264
Exhibit 10.4. Personal Checkup: How Am I Doing? 266

ELEVEN
Exhibit 11.1. Visualize Success 280
Exhibit 11.2. Action Plan 283
Exhibit 11.3. Fast Fifty 285
For Shane and Thad,

the best consulting projects

a mom ever had
I will always remember Johnny Smith. Johnny was my very first supervisor in my very first full-time, salary-paying job.

I had returned from two years in the Peace Corps and was fortunate to find work in a consulting firm that had landed a contract from the U.S. Office of Economic Opportunity. I was part of a team that traveled from city to city in the southwestern United States to conduct training programs, facilitate team-building sessions, and consult on organizational issues to newly formed Community Action Agencies. Our group was made up of mostly young, inexperienced, but highly motivated behavioral scientists who wanted to change the world. It was a perfect kind of job for us, but without Johnny most likely we would have gone broke.

Johnny was a Texas Instruments manager who had decided to take on the temporary assignment of leading this small band of do-gooders. He, too, wanted to do good, but from his years at Texas Instruments, he also knew that to be of service we had to stay in business. Johnny brought a discipline to our merry band that was absolutely essential to our survival.

I vividly remember one consulting gig in Dallas, Texas. We had a meeting with the director of an agency to talk about the goals and roles for the assignment, and the director was called out for a few minutes. Johnny said to us, “This guy is very organized.” I asked, “How do you know that?” He said, “See all those file folders lined up neatly on the credenza behind his desk? That’s how.” And, he was right about that. The guy and the agency were very organized. Johnny paid attention to detail. He was all about the little things that, when you added them up, either made
something work or caused it to fail. I also remember what a stickler he was for filling out expense reports and submitting invoices. He used to say things like, “You’ll get my thanks when you fill in the blanks.” Corny, but it worked.

Johnny Smith would have adored Elaine Biech. He’d have wanted her on our team. And, had it been available back in 1969, I am certain that Johnny would have handed every one of my colleagues and me a copy of The Business of Consulting. It’s the kind of straightforward, no-nonsense book that he would have wholeheartedly embraced.

But since Johnny isn’t around to give you that advice, permit me to give it instead. If you are just starting out in consulting, or if you are at a place where you’re growing but not making enough money, you must study this book. The truth is The Business of Consulting is vital to your success. You can be knowledgeable and great at what you do, but if you do not know how to run your business, if you do not understand what you are getting yourself into as an entrepreneur, you will be out of business quickly.

Just take a look at what you’ll find in The Business of Consulting. In Chapter One Elaine asks, and helps you answer, the question, “What are you getting yourself into?” The chapter helps you come to grips with the myths and realities of the business and asks you to seriously consider whether or not consulting is right for you. Chapter Two is about the talents and tolerances you’ll need to succeed in the profession. Chapter Three discusses money—what you think you’ll need to earn, how much you should charge, and how to make ethical pricing decisions.

Chapters Four, Five, and Six focus on starting . . . and staying in business and the cost of doing business. These are the meat and potatoes chapters about running the operational, marketing, and financial sides of your practice. Need to write a business plan? It’s here. Need a marketing plan? This book has guidelines for developing one. Need to calculate your cash flow or deal with bad debts? It’s all inside. Elaine offers wise counsel on these and more.

Chapter Seven addresses clients. From the first meeting to maintaining the relationship after the project has been completed, Elaine coaches you on how to create value for your customer. Chapter Eight describes the pains—sometimes welcome, sometimes not—of growth. One of the most vexing issues you will have to deal with during the life of your firm is how to manage it as it matures, adds people (and costs), and becomes more than just a hobby for one person. Elaine talks to you about the advantages and disadvantages of key aspects of growth.
Elaine and I also share a passion for ethics. Elaine is adamant about how we conduct ourselves in business, and Chapters Nine and Ten are calls to action. As Elaine puts it, “Your reputation as a consultant will be created by thousands of actions, but may be lost by only one.” She reminds us that it is imperative that we act as role models for how business should be conducted. We always have to practice what we preach. All this takes continuous professional learning and personal growth.

In the closing Chapter Eleven, Elaine poses the question, “Do you still want to be a consultant?” She helps you answer it by giving you a peek into her own daily life as a consultant, a dose of reality for anyone daring to answer “yes” to the question. Of course, we all know what Elaine’s answer is, because it’s the profession she chose for herself. She’s not a journalist who just writes about it; she lives it every day. She’s a role model for the advice she gives others, and she’s personally helped over 100 people start consulting practices with the information in this book.

And you can understand why so many people benefit from her wise counsel. The Business of Consulting is complete and easy to use. The advice can be put into practice immediately. No theory here. Just real-world example and proven tactics to grow, maintain, or build a successful consulting practice. Elaine does not hold back; you don’t need to read between the lines. She is straightforward and candid and she shares all that she knows openly. This is a compilation of all the lessons she’s learned about running a consulting practice during her twenty-five years of being in the trade. There are over fifty checklists, tables, forms, and other useful tools. It’s all between these pages, but as an added bonus there are forms available on the accompanying CD-ROM that can be easily personalized. And in this second edition of her book, Elaine offers e-Ideas that are meant to help you tap into all the resources beyond the book. These “tech tips” are designed to help you use technology to save time and money, tap into ever-changing information, identify resources to build the business, and identify tools to keep you on the cutting edge of what you do.

But there’s something else that you need to know about Elaine, something that comes through when you read the book and especially when you talk with her in person. Elaine loves what she does, loves a challenge, and loves her clients. And, as you will understand when you read this book, these are perhaps the only three reasons why you should get into consulting in the first place.

The spirit of this book is best captured in a comment that Elaine sent to me when we were first corresponding about her new edition of The Business of Consulting. I asked her to tell me what she most wanted others to know about her
book, and one of the things she said to me was, “I feel I owe so much to the in-
dustry and to people who have helped me along the way. This book is one way for me to give back to the world that has given me so much.” That’s quintessential Elaine. It’s why those of us who are privileged to know her and work with her so highly respect her and the work she does. This book is Elaine’s gift of experience to our field, and I invite you to open it with great glee, read it with delight, and use it to help grow and sustain your business.

March 2007

Jim Kouzes
Coauthor of The Leadership Challenge
PREFACE

Winter 1987
Dear Peter,
For the last year I have been working harder but making less money. I have searched the library for a book, an article—anything that will provide me with a benchmark against which to compare my business. I want to know what the average consulting firm spends on marketing. How can I determine how much my employees should be billing? What is considered a good profit margin in “the business of consulting”? I will call you next week to find out whether you can recommend a book. Thank you.
Elaine

Peter Block read my note. When I called him, he said, “I’m going to do much more than recommend a book. I want you to pull all your records together, such as your expenses for this year, your taxes from last year, your income summaries for the past three years, and your projected cash flow and income for the next year. After you have everything together, call me back. Plan to talk to me for two hours! And by the way, there isn’t a book to read about this stuff!”
I couldn’t believe my ears! Peter Block was going to consult with me on my consulting business! We had a great conversation. He provided me with sound business advice—you might say it was “flawless consulting”!

Peter’s advice encouraged me to examine marketing dollars wisely, study business numbers and data carefully, and explore the advantages and disadvantages of hiring employees and forming partnerships. This second edition of *The Business of Consulting* covers the same topics and is written in the same spirit—giving you sound advice and practical suggestions.

For example, Chapter Five, “. . . And Staying in Business,” provides 113 marketing ideas to ensure that you spend your marketing dollars wisely.

Chapter Six, “The Cost of Doing Business,” describes forms and processes that I use to ensure that all the data I need for making decisions are always at my fingertips.

And Chapter Eight, “Growing Pains,” will help you weigh the advantages and disadvantages of hiring employees, creating a partnership, and otherwise growing your business.

Peter’s mentoring helped me make better business decisions for my consulting company, ebb associates inc. Being a successful consultant (like Peter) means that you not only provide excellent advice for your clients’ businesses but also implement excellent advice for your own business.

*The Business of Consulting, Second Edition,* has been written for several kinds of people: the individual who is considering a consulting profession and wonders how to start; the new consultant who may have mastered consulting and now realizes that there is also a business to run; and the experienced consultant who is continuing a lifelong learning journey and is looking for a few practical tips.

**IN THE SECOND EDITION**

This edition has been updated, renewed, and enhanced. Resources and recommendations are updated to reflect the current world of business. Some of the examples are renewed to present the changes that have occurred in my career and my life. The book has been enhanced with examples and additional content. More than fifty *e-Ideas* have been added. These technology-based tips will help you better utilize the technology resources around you and add content and information beyond *The Business of Consulting.*
Consulting is a most rewarding career. You are no doubt a very fine consultant, but being good at consulting is not enough to keep you profitable. You also must manage your business.

This book focuses on the business side of consulting: how to develop a business plan, market your business, charge for your services, build a client relationship, grow the business, ensure your continued professional growth, and, of course, make money in the profession. To assist you, all the forms presented in the book have been put on a CD-ROM. Pop the CD in your computer, personalize the forms with your company name, and print them out to project cash flow, plan marketing campaigns, track your time, or identify your aptitude for starting a business.

My goal in writing this book was to give you as many practical tools and sound ideas as possible. I learned most of them through trial and error. Perhaps this book will prevent you from making some of the same errors.

*The Business of Consulting* is written in the first person—singular and plural. Although I’m the author of the book, the employees of ebb associates inc have played a big part in shaping the content, and it isn’t right to use “I” when “we” did it.

### ACKNOWLEDGMENTS

Many wise and wonderful people were the authors of *The Business of Consulting*. It is a delight to thank everyone who “wrote” this book:

- Consultants who led the way and taught me all that I know: Geoff Bellman, Ken and Margie Blanchard, Peter Block, Warner Burke, Richard Chang, Marlys Hanson, Ann Herrmann-Nehdi, Mat Juechter, Bev Kaye, Don Kirkpatrick, Jim Kouzes, Pat McLagan, Julie O’Mara, Bob Pike, Dana Gaines and Jim Robinson, Mel Silberman, Thiagi, and Jack Zenger.
- Matt Davis, editor, for pushing me to complete this second edition.
- Cedric Crocker, publisher, for continuing to provide me with challenging and exciting opportunities.
- Kathleen Dolan Davies, editor and friend, for trusting me with your deadline.
- Susan Rachmeler, developmental editor, for cheerfully accepting yet another of my books—you make me look great!
• Brian Grimm, marketing manager, who will ensure that *The Business of Consulting* reaches every aspiring consultant.
• Lorraine Kohart, my assistant, who entered content and enhanced its meaning.
• Dan Greene, for keeping the world at bay while I wrote.
• Clients, for allowing me to practice the business of consulting with you.
• And especially Peter Block, for responding to a plea for help in 1987 with flawless consulting.

March 2007
The Business of Consulting