

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 can not 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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