So You're Thinking About Consulting? Think About This…

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Topics I'll Cover

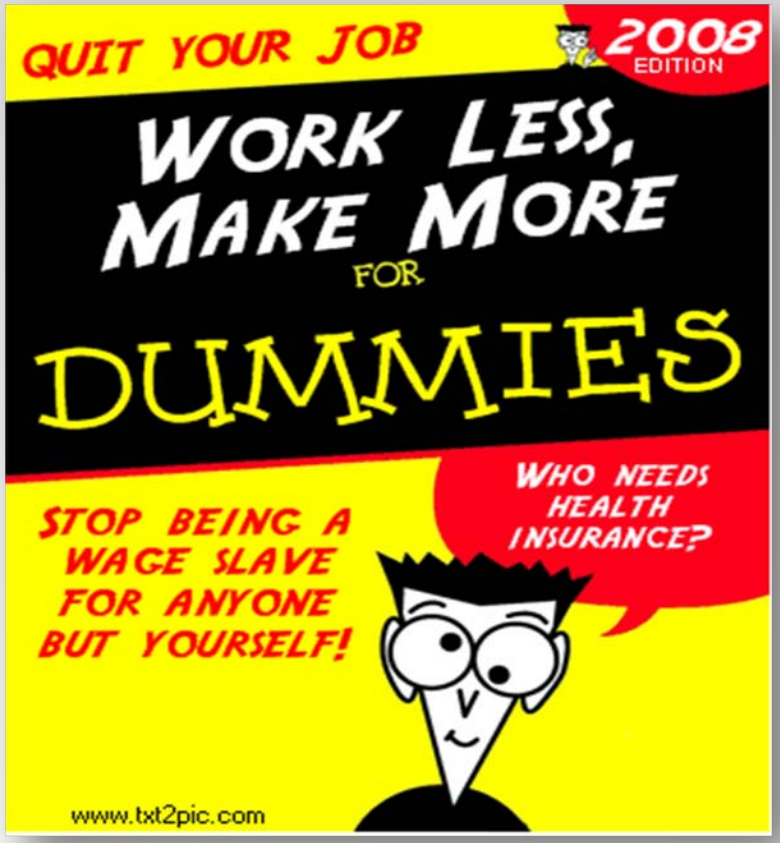
- Why me? What do I know?
- Top 10 Considerations for Consulting
- Useful References

Thought I had a fair shot at it…

12 years experience :

- Research and publication credentials
- Known companies (TiVo, Adobe, Autodesk, Excite, AT&T Labs)
- Prior consulting company experience (in France)
- Portfolio materials (kind of)
- No dependents.

- And I like interviewing.



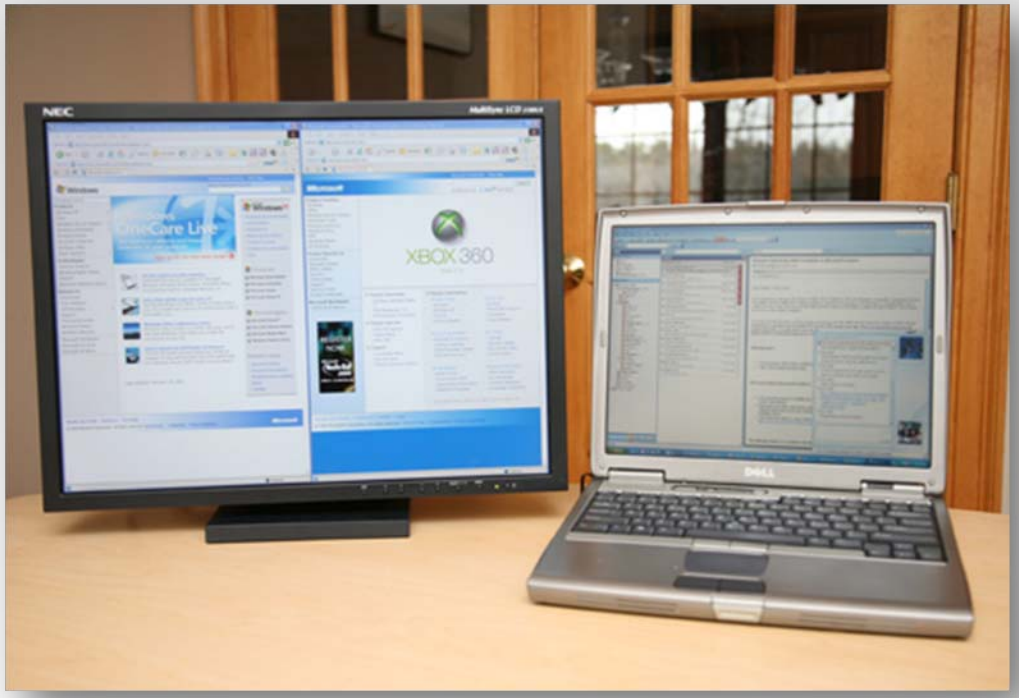
Lynn Cherny, Ghostweather R&D

Setup (Software and Office)

1.

Office Equipment

I brought it all in myself…



On another (home) job… Emergency Staples run!

Software is expensive.

Software	Cost
(Adobe Photoshop)	*($300 - $600)*
(Adobe Acrobat Professional)	*($288)*
(Adobe Dreamweaver)	*($270)*
OR Adobe Creative (Web) Suite CS3	OR $1533 (new)
Office Professional 2007	$215
Visio Professional 2007	$279
Axure RP Pro	$589
Tableau (for stats)	$500
Concordance Software	$99
XLM Data Miner	$90
Adobe Premiere Elements	$73

To Incorporate or not?

2.

Types of Incorporation

- Sole Proprietorship, Partnerships, LLC, S-Corp…
- Online resources like
  - IncorporateFast.com
  - http://smallbusiness.findlaw.com/

Get a financial advisor and small business tax person!

I went LLC, because…

- Credibility with (big) clients
- Separation of business and personal financial records for risk reasons

Accounting 101

Cost in MA for LLC: $500/year with annual report filing

What to charge? Calculations.

3.

Models for Charging

- Project – seems to be the norm in design
- Hourly ("Time and Materials") – my preference.

- Input for your calculations:
  - Last annual salary (or realistic target)
  - Cost of life (do you know what you need/spend?)
  - Insurance and other non-benefit necessities
  - Expenses and unpaid work time
  - Days off (biz working, holidays, vacations, sick…)

Other Factors to Consider

- How hot is the market
  - Gauges: incoming queries, your peers, job ads out there, competition for pitches, rate haggling…
  - How many yeses vs. no's on your rates
- Short term vs. long-term rates
- Magic psychological numbers like $100

Not all jobs are alike:

Project will help you as much as it helps them…

VERSUS

Project is really difficult with tough stakeholders and lots of unrealistic expectations going in.

Remember it can be hard to raise rates later on a client you had.

Charging models for hourly rates

- Aim for a specific figure (your last annual salary or net?) and divide by work days/hours to figure rate + expense allowance on top.
- Work from what you need to live with the expenses and insurance etc. and see what it works out to

Ex: Calculations up from last annual salary

5 days * 52 weeks =	260 base weekdays
Minus 6 national holidays, 10 days vacation, 2 personal days, 5 days sick leave =	237 working days
Assume work day of 7.5 hours (lunch isn't paid time):	1777.5 hours.
Assume last annual salary:	$100K
This means you were making:	$56/hour

Now you add on your calculations for other costs…

Add into this rate…

- Health insurance: min $400/month
- Software: $5000
- Conference: $2000
- Computer: $1000

estimate at least $12800K for expenses

Missing assumptions that are also crucial:

Higher tax rate (self-employment rate), SEP IRA not 401K

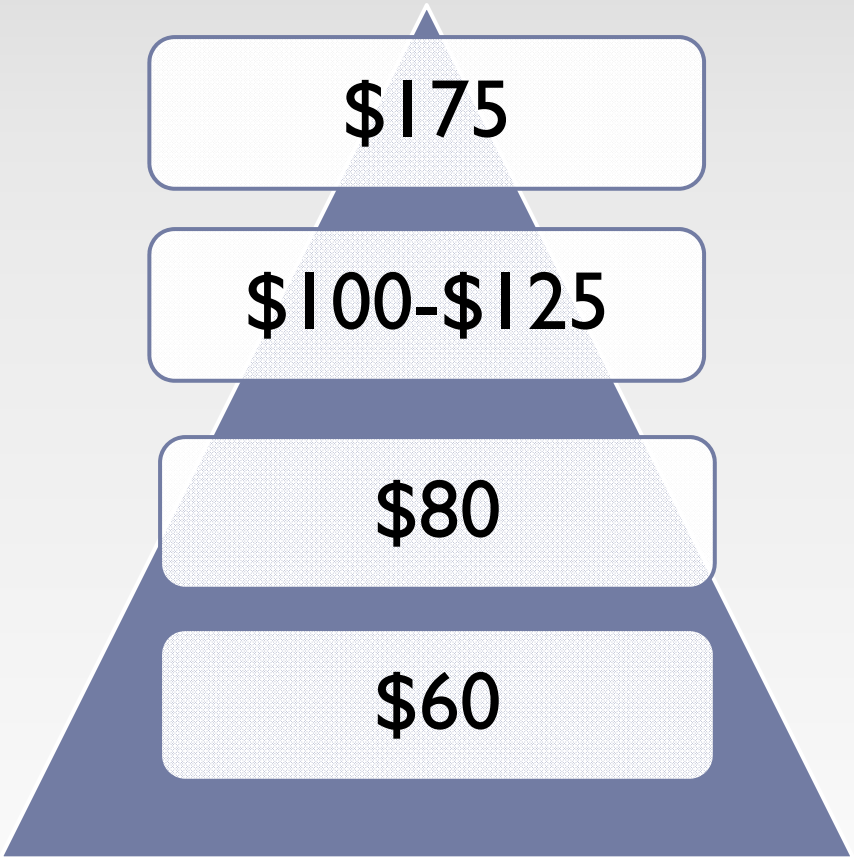
Unpaid days for business overhead (proposal writing, etc) - reduce working days by 10-20 or more.

Calculations change from days/hours alone:

5 days * 52 weeks =	260 base weekdays
Minus 6 national holidays, 10 days vacation, 2 personal days, 5 days sick Leave, 15 unpaid work days off =	217 working days
Assume work day of 7.5 hours (lunch isn't paid time):	1627.5 hours.
Assume last annual salary plus expenses:	$112.8K
This is approx:	$70/hour

Without the extra tax and retirement calcs too!

Some local hourly rates for individuals



McKinsey and the Big 5

~$300

same goes for senior folks at UI consultancies (billable, not take-home)

The sad truth… we are all bad at work accounting.

- Most of us don't know what we spend our time on when we're working
- Most CLIENTs don't know
  - what is needed to get a job done
  - don't know what overhead time is involved in email alone
  - And don't VALUE it.

More time is needed for admin and overhead than anyone ever expects, on both ends.

Expense Tracking

4.

In brief:

Tips:

- Mileage is worth a lot
- Per diems for cities are also good news (no receipts needed)
- Meals/entertainment good at only half the value
- Never go on a purely non-work vacation again

Do it formally – including cell phone, mileage, food/entertainment including meals while working, marketing stuff.

Especially if you're an LLC like me.

Financial Big Picture

5.

Big topic, but some reminders

- Have a big cash cushion – 3-6 months living expenses
- Need to keep reserves for quarterly taxes
- April tax time requires large output of cash: tax you owe, estimated first quarter, anything for SEP IRA or penalties
- Long term disability insurance isn't free, but is a good idea if you can get it.
- SEP IRA can save you big on your taxes and keeps you working towards retirement.

Get a financial advisor and tax accountant who knows small business/self-employment and IRS tricks.

Marketing: Web and Net

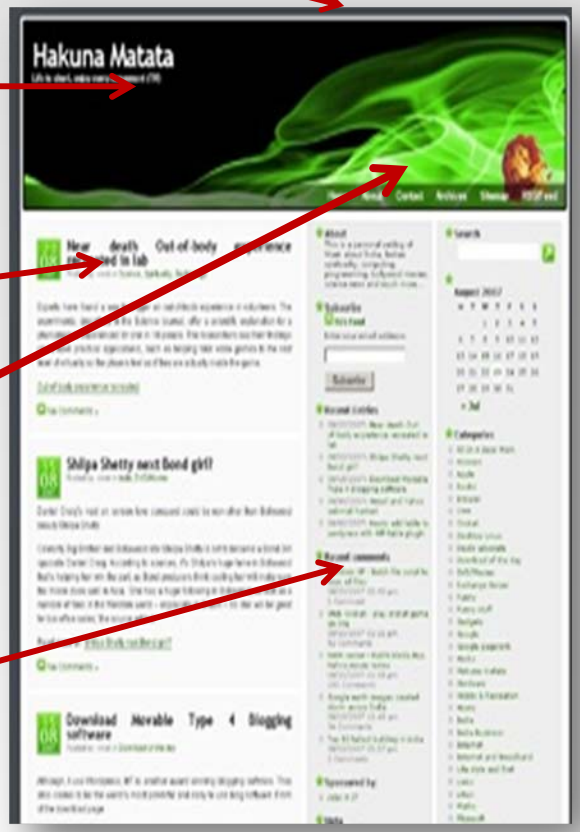
6.

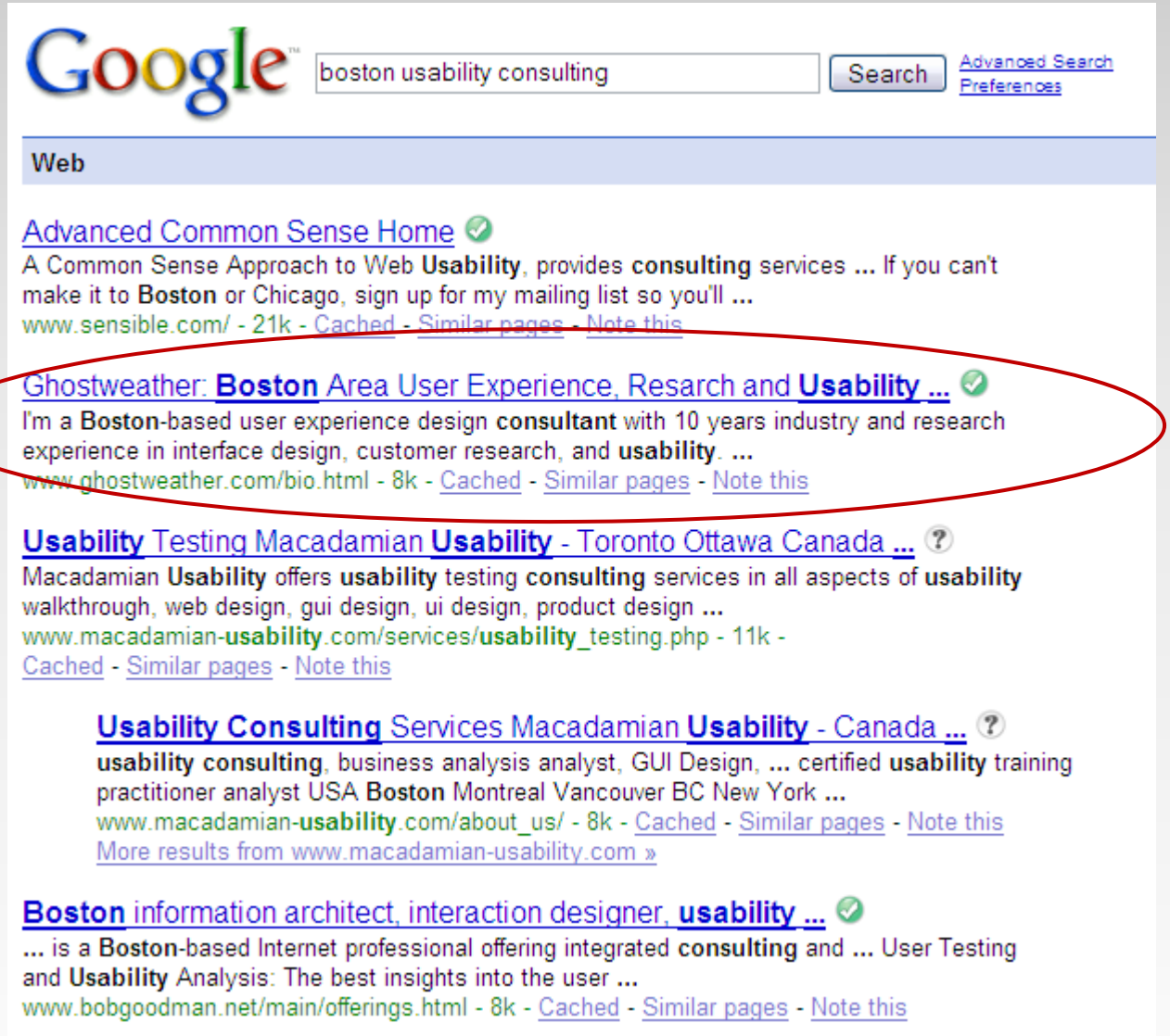
Things to Do for PR online

- Website with resume and work samples, keywords
- Blog
- LinkedIn (get reviewed), Plaxo Pulse etc
- Presence in forums, blog posts, interaction design lists, consulting directories, etc
- Publish; show it off online (Slideshare etc)
- Talk at conferences and local events
- Elance.com bidding…
- Keep your resume up to date on job sites like Monster, Hot Jobs etc. (you get pinged when you refresh it)

Get found by others: SEO basics

- Use real page titles (<title> tag), make them differ across pages.
- Put the words you want in your important page titles ("Boston UX consultant" etc)
- Use H1, H2, H3 for tagging important content
- Use good, plain, catchy titles on posts and documents
- Put alt tags on images in your document that help it be indexed
- Link and be linked to (post your url in comments on other blogs, etc)
- Have good text content! And refresh it.

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A Common Sense Approach to Web Usability, provides consulting services ... If you can't make it to Boston or Chicago, sign up for my mailing list so you'll ...
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Ghostweather: Boston Area User Experience, Resarch and Usability ...
I'm a Boston-based user experience design consultant with 10 years industry and research experience in interface design, customer research, and usability. ...
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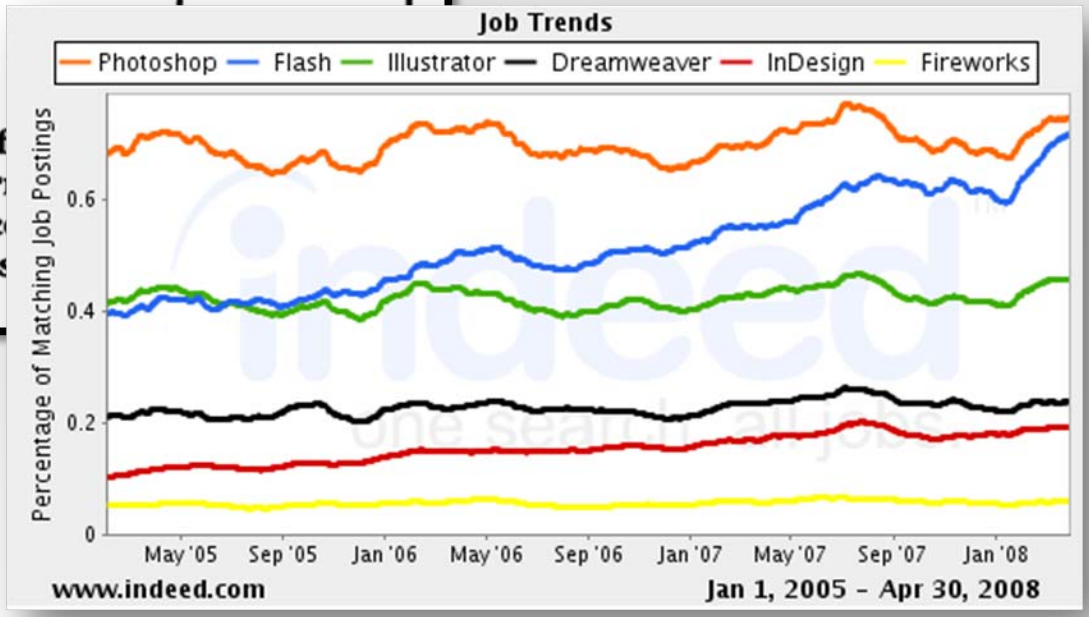
Some Offline Stuff to Do

And Eat/Drink.



Marketing: Who Are You? In other ways.

7.

What do you sell? What do you want to be?

Types of Sales Package

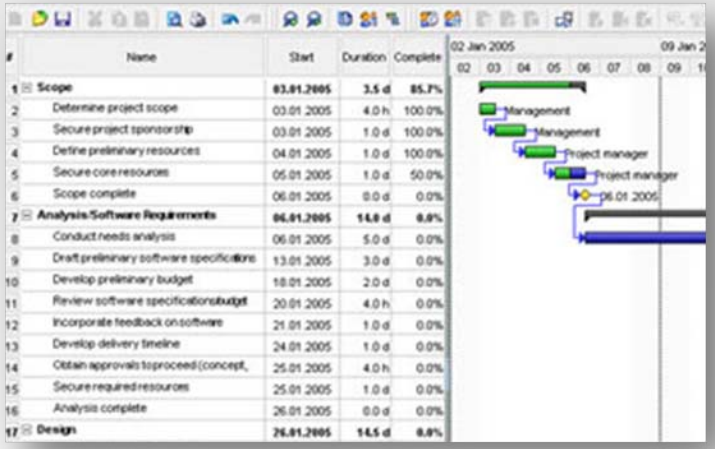
- Workshops, brainstorming
- Project delivery
- Long-term design support
- Expert reviews with upsell
- Persona creation
- “Facilitation”
- “Innovation”

Skills to Sell

- Data analysis (web logs, etc)
- UI wireframes and specs
- User testing
- Reviews of existing sites/designs (heuristic/expert)
- Prototyping
- Web design + Dev
- Brand studies
- Customer research

Who do you talk to?

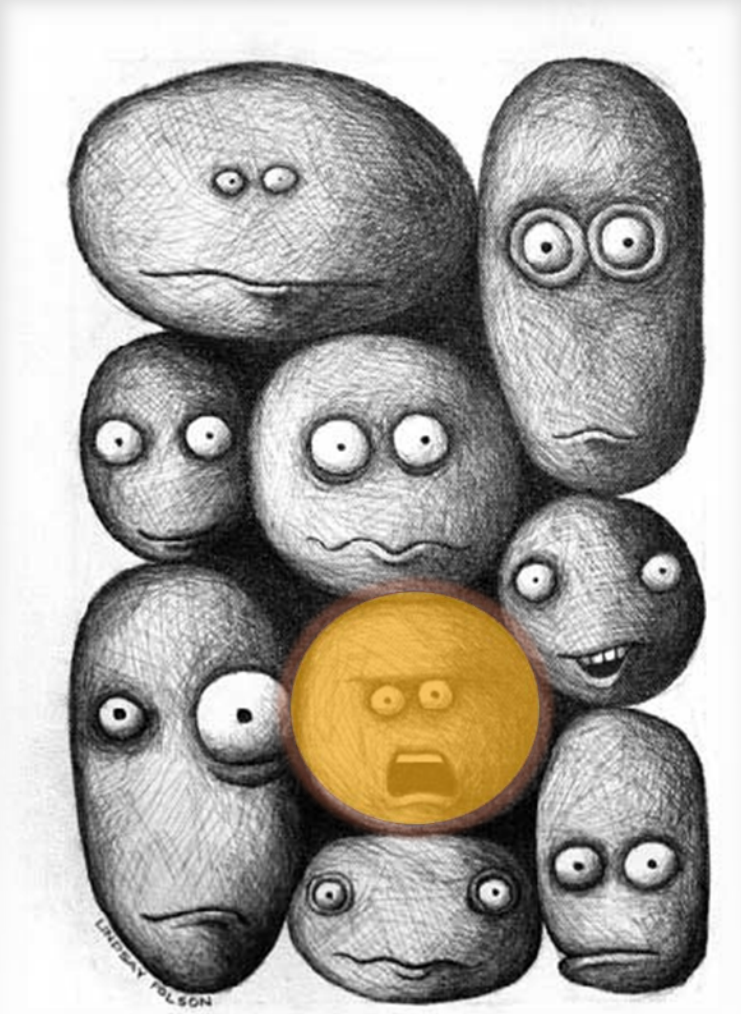
- **Engineering**



#	Name	Start	Duration	Complete
1	Scope	03.01.2005	3.5 d	85.7%
2	Determine project scope	03.01.2005	4.0 h	100.0%
3	Secure project sponsorship	03.01.2005	1.0 d	100.0%
4	Define preliminary resources	04.01.2005	1.0 d	100.0%
5	Secure core resources	05.01.2005	1.0 d	50.0%
6	Scope complete	06.01.2005	0.0 d	0.0%
7	Analysis/Software Requirements	06.01.2005	14.0 d	0.0%
8	Conduct needs analysis	06.01.2005	5.0 d	0.0%
9	Draft preliminary software specifications	13.01.2005	3.0 d	0.0%
10	Develop preliminary budget	18.01.2005	2.0 d	0.0%
11	Review software specifications/budget	20.01.2005	4.0 h	0.0%
12	Incorporate feedback on software	21.01.2005	1.0 d	0.0%
13	Develop delivery timeline	24.01.2005	1.0 d	0.0%
14	Obtain approvals to proceed (concept,	25.01.2005	4.0 h	0.0%
15	Secure required resources	25.01.2005	1.0 d	0.0%
16	Analysis complete	26.01.2005	0.0 d	0.0%
17	Design	26.01.2005	14.5 d	0.0%

- Marketing

What does everyone else offer?



What does your business card say?

GhostWeather Research &
Design, LLC

"Data driven"

Lynn Cherny, Ph.D.

Work Always In Progress

Headhunters vs. Going Direct

8.

Headhunters / Recruiters

Pros

- They find you, usually
- You can use them to filter for you (sometimes)
- They are useful in slow times to get the net out
- A good one will be your advocate – and you can both benefit from the network effects.

Cons

- They add a surcharge, which reduces your take-home
- Don't necessarily understand what you do and perform a good filter
- They may be misled about the job / time / skills / need
- They are often pushy and not out for your best interests, but theirs.

Finding work yourself

- Allows for better filtering – you know what you want (after a few bad jobs)
- You set the rate and take it all home.

But: It's more work. You need to have the connections and input to choose from. Plus be great with email. A history helps.

&

Not all leads turn into jobs – a fraction do. Budget for this in your finances and time planning.

Portfolio and Interview

9.

In brief:

Have a portfolio when you interview. Check for examples online.

- Show your strengths
- Highlight range and depth of client work
- Have a large amount in high fidelity
- Make sure it's work you personally did and can speak to.

You must be a rockstar!
(Freelanceswitch.com ebook)

Proposals, contracts, agreements

10.

Signatures on papers

- If your potential client won't sign a general engagement agreement before you start, you may be at risk.
  - Use your discretion on whether to require it
- Engagement letter : Establishes your rate, estimate for the project and deliverables, and overtime rate (if you do project basis). See elance.com example.
- You are probably required to sign an NDA. Review what you sign carefully (especially terms for ending work engagement and having other clients simultaneously).

Proposals

Lots of prospects/clients don't read them

Or honor them

So be wary of how much time you put into them.

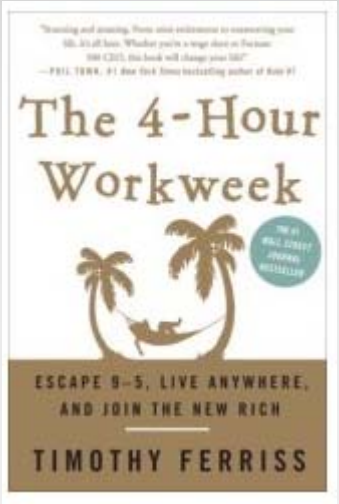
But they're necessary, in some form.

So is it for you?

References for More Info

- Training: Lynda.com, ACM courses
- Critical look at your life and starting business: "The Four Hour Work Week"
- Design consulting info, rate calculator, ebook on setting up for work

  All at Freelanceswitch.com
- "Talent is Not Enough" by Perkins
- 12 breeds of client and how to work with them (freelanceswitch post)
- Biznik.com for small business owners, office nomads (etc); chi-consultants list



Stuff to look into

Accounting

SALES – LEAD GEN

SEO

Branding

Public Speaking

Conferences You Wouldn't Go To

Market research

What Else-?

- Get my slides?
- Have coffee with me?

Want More? Workshop with more on Consulting:

- This summer
- Co-run by me and Greg Raiz, from Raizlabs
- Offered via the local UPA

Contact me for info.

Pass me your card!

Thanks from GhostWeather Research & Design, LLC

Lynn Cherny, Ph.D

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