

Consulting

Is that what you want to do when you grow up?

A Workshop Presented by
PATCA
Professional And Technical
Consultants Association

What a Consultant Does

- Sells Time
- Provides Solutions

Who Are Consultants?

- 5+ Years experience
- Well above average track record

Is Consulting for you?

- Personality:
 - Work independently or as part of a team
 - Self directed
 - Communication skills (at various levels)
 - Ability to think strategically
 - Operationally (outside the box)
 - Focus on the Problem
- Financial
- Career Goals
 - Career Consultant

Is Consulting for You? (cont)

- Flexible
 - Quick Study; comes up to speed fast
 - Work in a variety of conditions
 - Team player -or- Isolated Project
 - Flexible hours
 - Work under pressure
 - Time
 - Problem Projects
 - Personnel issues

Who Hires Consultants?

- Problem to be solved
 - Need specialist
 - Time Pressures
 - Supplement Staff
 - Training/Technology transfer
- Second Opinion, Review/Analysis/Proposals
- Specialty Consulting
 - Expert Witness
 - Training
 - Standards Organization
 - Liaison/Representative/Introductions

How much do consultants make?

- Currently in Silicon valley
 - HW/SW Engineer
 - \$100 ~ \$150/HR (~1.5 to 2x employee pay)
 - Expert Witness
 - \$300+/HR
- Consultant pays
 - Taxes, Benefits
- Deductions from Taxes:
 - (Home) office expense
 - Car Expense
 - Any equipment (computers, etc)
 - Travel/Meals

How do consultants find assignments?

- Same way as employees
 - Networking
 - Brokers
- Be visible
 - Present at conferences
 - Publish
 - Community participation
 - Web communities/mail lists
 - Programmers: contribute to open source projects
 - PATCA
 - Web Presence
 - Website
 - Listings
 - PATCA Bio
 - SIGs
 - Linked-in

Getting Started

- Minimum
 - 3 “Real” prospects
 - Budgeted/management authorized need
 - 1 ready to commit
 - In the bank
 - 6 month cushion

Business Structure

Sole Proprietor or Corporation?

- Corporation
 - More complex and expensive to setup and operate
 - ~\$800/Yr in corporate tax
 - B2B Relationship – companies prefer
 - “Looks” more professional
- Sole Proprietor
 - DBA

Both Cases

- Business License
- Bank/checking account
- Pay estimated tax 4x/yr
 - Self employment tax plus income tax
- Retirement Plan

Dealing with Clients

- Contract or PO
 - Project Based
 - Statement of Work
 - Deliverables
 - Hourly/Fixed cost
 - Retainers
- Submit Invoices
 - 2 week or monthly
 - 30 days net (typically)

PATCA Added Value

- A place for consultants to “learn and grow”
 - Timely information from active professionals **IN YOUR FIELD** about what is particular about consulting in Silicon Valley today.
 - Being informed about what is happening
 - Business trends
 - Legislative changes
 - Consulting ‘hot spots’
 - Camaraderie

Contractor vs Consultant

- Consultant
 - Own marketing/networking to find clients
 - High rate of pay (but many overhead hours)
 - High prestige/visibility
 - Additional tax advantages
- Contractor
 - Extensive (or exclusive) use of brokers/agencies
 - Lower rate of pay
 - Less marketing
 - Less prestige
 - Not a bad way to supplement a consulting practice when getting started

“Luck is working darned hard to be in the right place at the right time”

Oprah Winfrey