

Making Your Consulting Practice Work with an Effective Business Plan

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Do I Need a Business Plan?

- **Did you write one before you started?**
- **Did you write one after you started?**
- **Have you updated it lately?**
- **Do you mean to write one soon? (!!!)**

Do I Need a Business Plan?

Primary Functions of a Business Plan

- 1. Start up and run your business**
 - Provides day-to-day guidance
 - Short and long term goals
- 2. Attract resources**
 - Money - loans, venture capital
 - People – partners, key managers
 - Sales leads/contacts
 - Suppliers

Key Components

What's in a Business Plan?

Templates are Everywhere

- **SCORE**
- **Small Business Development Centers – many have seminars**
- **Entrepreneur - Magazine and website**
- **Software you can buy**
- **Someone can write it for you**

Key Components

Generic Format Twelve Sections

- 1. Title Page**
- 2. Table of Contents**
- 3. Mission Statement**
- 4. Executive Summary**
- 5. Industry Status**
- 6. Target Market/Customer Base**
- 7. Sales and Marketing Plan**

Key Components

Generic Format Twelve Sections

- 8. Production and Operations Plan
(if selling something)**
- 9. Insurance**
- 10. Management/HR Plan (only if
employees or partners)**
- 11. Financial Plan**
- 12. Attached Exhibits**

Key Components

Mission Statement

- **Short but must be exact**
- **Can be a variation of your slogan – slightly longer**
- **Often used for marketing materials like brochures and websites**
- **More than “we make the best widgets” – goal of safety is at a higher level**

Key Components

Executive Summary

- **Company history, qualifications of key personnel, general business goals**
- **Makes the reader want to go further**
- **Also useful as a stand-alone document for other purposes**
- **Sometimes easier to write after most of the Plan is done**

Key Components

Industry Status

- **Requires thorough research - don't skip or skim**
- **Helps you identify new opportunities as well as current limitations**
- **Look for the industry outlook in area(s) where you will practice – both geographic and services**

Key Components

Industry Status - Resources

- **ASSE and NSC - job outlooks and compensation analysis articles every year**
- **Chamber of Commerce**
- **Business section of libraries**
- **Small Business Development Centers**
- **General web-based search**

Key Components

Target Market/ Customer Base

- **Is there someone who will buy what you have to sell?**

Sales and Marketing Plan

- **How will you convince them to buy it?**

Key Components

Target Market/ Customer Base

- **Another research-based section**
- **Take the time to investigate fully**
- **How much should you charge?**
- **Don't short sell to get the work**
- **Determine what the market will bear - can you survive on it?**

Sales and Marketing Plan

“Sales is systematically converting potential clients to actual clients”

“Marketing is action to establish the consultant's reputation....it is directed at specific markets to generate prospects.”

***William E. Phillips, P.E.
The Advisor – Fall 2004***

Sales and Marketing Plan

An effective sales and marketing plan can keep you off of the “consulting roller coaster”



Sales and Marketing Plan

As Easy as 1-2-3!!

- 1. Figure out what you want to sell**
- 2. Find the people to sell your service to**
- 3. Convince them to buy what you are selling**

Sales and Marketing Plan

- **We are technical people first, business people second**
- **One key reason why consulting practices fail in the first two years**
- **Must commit the time and learn the skills**
- **Be who you are - if solo practitioner, sell your size and responsiveness**

Sales and Marketing Plan

- **Need to define your practice and market niche – at least once a year**
- **Two paragraphs or less**
 - **Look at industry sectors**
 - **Skills and functions**
 - **Ask your colleagues what they think**
- **Too hard to do? – Maybe you need to rethink your niche**
- **Find clients that are a good fit**

Sales and Marketing Plan

- **Focus on “target marketing”**
 - **Using a set of predetermined factors**
 - **Looking for potential clients who are most likely to become actual clients**
 - **Optimal return on time investment – allows enough time to stay billable**

Sales and Marketing Plan

Using Existing Client Base

- **One of the best resources - also cost-effective**
- **Evaluate carefully – create a client profile**
- **Use a rating system to organize:**
 - **desired, solid, borderline, “nope”**
 - **time spent is based on ratings**

Sales and Marketing Plan

The “Sales” part of the Plan:

- **Match the need with the solution**
- **Help your client find their needs**
- **Look for short and long term needs**
- **Balance time spent on both to smooth out the roller coaster**
- **Be aggressive and persistent, but not a pain**

Sales and Marketing Plan

- **Turning a potential client into a new client**
 - **this is a time-consuming process**
 - **more disciplined approach required**
- **Move “possible” new clients into “potential” ones (Phillips)**
 - **make sure to qualify before spending time (their needs, financial stability, match for your expertise)**
 - **create a “conversion” plan**

Client Retention Plan

John Nordstrom's Strategy:

- 1. Listen to the customer**
- 2. Provide them with what they want**
- 3. Appreciate the fact that they come to your store**
- 4. Do everything in your power to make sure they are satisfied when they leave**

Client Retention Plan

1. Keep track of your clients – follow the money trail

- **Simple excel spreadsheet database**
- **Identifying information**
- **Primary needs and service history**
- **Referral source**
- **4-5 years of historical data**

Client Retention Plan

2. Know Your Top Clients

- **Profile of specific clients or industry segments**
- **Not based on income alone – referral generation, multiple projects, multi-year projects**
- **Service needs have expanded over time**
- **They keep your doors open**

Client Retention Plan

Top Clients

- **How can you serve them better, faster, more reliably?**
- **Discounts, advantageous payment terms, specialized mailings or calls**
- **Prompt phone call return, prime scheduling dates for training classes and audits**
- **Think personalized service**

Client Retention Plan

3. Relationships are the Key

- **We provide a service based on them**
- **You are selling yourself and your expertise, but your personality will close the deal**
- **Repeat customers spend 33% more than new customers**
- **Repeat customers generate 107% more referrals**

Relationships Require Good Communication Skills

- ✓ **Build Rapport – feel at ease**
- ✓ **Make a good first impression – always “on duty”**
- ✓ **Show appreciation – “u r special”**
- ✓ **Find new ways to help**
- ✓ **Exceed their expectations**
- ✓ **Listen**
- ✓ **Establish a long-term relationship with them**

Client Retention Plan

4. Encourage Feedback - Especially Complaints

- **Everyone knows someone else - What will they say about you?**
- **Make the effort to follow-up - thank the client or find a way to fix it**
- **Even if they don't come back you have decreased the chance they will say something negative**

Client Retention Plan

- **Only 2-4% of unhappy clients provide unsolicited feedback, but they will still talk about you**
- **Set up a formal system for soliciting feedback**
 - **Customer Satisfaction Surveys**
 - **Telephone calls**

Key Components

Insurance (risk types)

- **Professional and General Liability - individual consultants**
 - **Can be hard to find competitive rates**
- **Business interruption**
- **Long-term disability**
 - **Very expensive**

Key Components

Management and Human Resources Plan

- **Table of organization, if needed**
- **Function-based description if not**
- **Project needs for ~five years**
- **Other consultants to be used – attorney, accountant, insurance broker, IT and website**

Key Components

Financial Plan

- **Often our weakest area – recognize and deal**
- **Looking for a solid break-even analysis**
- **Consider the need for Balance Sheets, Profit and Loss Statements, and Cash Flow Projections**
- **Must be solid if you need start-up cash**

Key Components

Financial Plan Resources

- **Find a good C.P.A. – preferably one the deals with small business start-ups**
- **SBDC seminars**
- **Service Core or Retired Executives (SCORE)**
- **Buy a book**
- **Take a local Community College course**

Miscellaneous Information

- **How long should it be?**
 - **10-15 pages is reasonable to start**
- **Outsider review**
 - **one or two trusted colleagues**
 - **an outsider for clarity**
 - **your mentor**
- **More than one version may be needed**
 - **different purposes**
 - **cut and paste sections**

Miscellaneous Information

- **When is it done?**
 - **never – it's a live document**
 - **guides day to day operations**
 - **prominent place on your desk**
 - **review at least quarterly – more often if major changes occur**

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Questions??