

## **Money Making for the Independent Consultant Some pitfalls and how to avoid them**

Finally you made the move. You are self-employed, independent, your own boss - doing what you want. You are free to follow your dream.

Well, perhaps. The dream can turn to a nightmare if you do not follow some basic principles of business. Profit must be your first motive, not doing what you want to do, or even helping others. If you do not consistently make a profit, you won't survive to do what you want. You may instead have a mediocre lifestyle of stress, constantly searching for new business. Usually you will be encouraged to keep in this state by the occasional good run, which suggests itself as the long awaited breakthrough. Don't be fooled - it isn't!

*The biggest mistake self employed consultants make is to focus on what they want to do and not what somebody wants to buy. This holds back their profit potential. Their focus is not tuned into the market, which means they continually miss opportunities.*

### **Client Focus**

You finally decide to take the plunge and go it alone. You eagerly prepare what you want to offer, materials, web page, business cards, newsletter, etc. until you are proud of all of them. Then, when all of this is ready, you go into selling mode, network, advertise, canvas, call prospective clients, attend events, etc.

If you want to make money this is not the best approach. Do it the other way around. Forget the web page, well-designed business card, newsletter, etc., at least for now. Invest nothing apart from your time. Instead, talk to people generally about what you offer; ask lots of questions, and listen to them. Do it with a blank mind, assume nothing, and do not filter for what you want to hear. When six out of ten people tell you about something that is a problem for them, then you have a market need. When one tells you they have something bothering them now, you have a sale. If you can package something together that will solve their problem, then you have a long-term profitable business. A business that won't need a lot of selling, because it relies on listening. When you have done this, design a web page and business cards focused on how you solve this specific problem. Design it for them to be impressed and served.

*People pay money to get someone to do something for them. They do not pay you money so that you can do what you want to do. You need to be a business person first, with a close ear to the market, and a practitioner of what you do second.*

### **Working Alone**

Loneliness is another potential pitfall. You have no one with whom you can bounce ideas around and test your plans. Being your own boss for many people makes them realise just how much they were dependent on their boss for motivation - stick or carrot. No one is watching over you. Personally I listen to various things, such as free motivational radio on [www.personalsuccessradio.com](http://www.personalsuccessradio.com). I also suggest you get a coach - choose carefully and establish rigid criteria. If you can find a buddy, someone in a similar boat, they can be your sounding board, and you can do the same for them.

## **Selling**

Many of the self-employed often shy away from selling. There is no boss now to make them do it. If you have something good, believe in what you offer. Then all you have to do is go around asking how you can help people. Focus on solving their problems. If you focus on helping others instead of yourself you will find deals come to you. It will also take your mind naturally into a healthy market research mode. You will come across as genuine and professional.

## **Knowing what you have to offer**

The next mistake of the self-employed is not really knowing their own skill set, and thus not selling in the area that gives them greatest potential.

I meet all the time:

- Financial advisors who are broke.
- Sales trainers who do not have a strong portfolio of clients.
- Telesales course providers who send mail-shots to their course attendees.
- NLP Practitioners who suffer phobias.
- Relationship experts who are desperately lonely and single.

What qualifies you to consult to others? What are your credentials? What are you successful and talented at? These are very different questions from: what are you most interested in doing? If I buy services from someone, I want them to be successful in this area, not just knowledgeable and certainly not experienced through failure alone, unless they have overcome it.

## **The Financial Model**

The next huge mistake as a one-person band is in not realising that you are largely still just an employee. Your financial formula is simple and the same as an employee. What it boils down to is selling yourself for an hourly rate. You can increase that hourly rate, or the number of hours you work in the week, but both have limited scope. No leverage. No money when you sleep. No passive or residual income.

In fact, the self-employed consultant is worse off because they have what I call negative leverage. Their employed counterpart has all sorts of support available to them, secretaries to open and deal with the post, IT expertise, a sales and marketing department, accounting, web site design - all sorted! The self-employed consultant thinks they can fee-earn 20 days a month. They soon realise that marketing, attending courses, having the flu, administration, preparation, etc., are all unpaid activities that burn up a lot of time.

You need to think differently and stop being like a little hamster going around and around on the treadmill in its cage. You truly become a business proper when you have other resources working for you.

You are ready to start a business when you have the answer to the following question.

*Who currently wants something that is currently unfulfilled in the general area that I offer skills?*

And when you have the answer to the above, ask.

*How can I serve more people for less work at a better price?*

## Using your time to best financial advantage

If your target is to be the leading expert in your niche, do the following. Produce materials that can be sold with no extra input from you. Then employ someone to do all the previously mentioned tasks. If you can bill anywhere between £150-£2500 per day for your services, then employing someone part or full time will make you more profit. Analyse everything you do in the week by the hour and put a value on it. Book-keeping can be done for £15 per hour, admin for ...etc. If you are not at your top rate, farm it out. Experts like accountants, web designers are also cheaper, because they take a fifth of the time you would need to do the tasks, and they get it right a lot more often. Don't be afraid to increase costs to buy you more time. Get going first and use that initial money to jump to the next step.

If you want to get rich this way there are two choices. Either you need a formidable day rate, most of which you then invest wisely against a rainy day. Or you need materials that have got a clear market *and* a means to tap that market. Produce a manual, audio clip for mobile and Internet download, DVD, video, CD-ROM, book, board game, whatever - on how to do what you do. But make sure you have a route to market first. The best routes are the ones that are free. There are so many of those that I would not look further. Anyone with a website dealing in your area is a prospect to put clear adverts on their site for a sales commission. Amazon will put your book or audio CD on their site. So will thousands of other web masters. All potential passive income, and all free advertising that does not continually drain your time.

You can, of course make a comfortable living as a consultant, charging a good daily rate, but if you are after big returns in this field, then here are six ways to do it.

1. Consistently secure very high billings and invest the bulk of it.
2. Produce products, sold through others that can give you a long-term passive income.
3. Build a business, not dependent on you, that can be sold.
4. Market a patented system for other self employed people in your field to follow.
5. A mixture of the above.
6. Inherit a fortune or win the lottery while you are working!

The author Alex McMillan is a freelance consultant advising, coaching, consulting, training and speaking to entrepreneurs. He shows them how to make more money in less time. He uniquely offers 'Contingency Coaching'. That is coaching with a fee contingent on the desired result being achieved. He takes the risk.

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