

## The Consultant's Tool Kit – An NCHRA Annual Conference Concurrent Session

By Richard Sherwood, SPHR

As the economy continues to falter more HR professionals are considering the "consulting option." With little job security – or worse, no job at all – HR executives are finding themselves with much to offer by way of management talent and HR experience. Tired of putting their professional resources in the hands of others to use for their own corporate benefit, a special breed of entrepreneurs are using their intellectual capital to go it on their own.

At the 2004 NCHRA Annual Conference and Trade Show Richard Sherwood, SPHR, Partner, Innovative HR Solutions, gave attendees a hard look at what they needed to know before taking the "plunge." The benefits can be rewarding but anyone considering the path needs to take off the rose colored glasses and realistically evaluate whether or not consulting is a viable option. Here are some issues to consider:

### Advantages of Consulting

- Set your own schedule
- You choose with whom you want to work
- You determine your compensation
- You gain control over your career and life

### Challenges of Consulting

- It can be lonely
- You will need to establish your own daily agenda
- You will need to be very self-directed
- You will need to maintain the long perspective

Many individuals understand the "pros" and "cons" of consulting but are unaware of the business and legal structures that should be in place before taking on a full client load, not to mention the financial considerations. The first step is to create a Business Plan – a blueprint for the future. This is a summary of your business objectives, as well as an outline of your financial plan and the legal structure of your company. It should include:

- Legal Structure
- Mission Statement
- Summary of Services

- Client Profile
- Anticipated Revenue
- Projected Expenses
- Marketing/Sales
- Management
- Location of Business

Once your business plan is set, consider the legal structure of your company. Will it be a Sole Proprietorship, Partnership, Corporation or some other legal entity? What is the name? Will you have a Board of Directors or advisory group? All these decisions must be weighed carefully. Each legal structure has good and bad points depending on what you want to achieve, as well as the structure of your business. Take your time and do your research to be sure you are going to use the most appropriate legal structure.

Anyone considering the consulting path will need to review the financial considerations. Establish separate savings, checking and credit card accounts are an important first step. It will also be important to establish a realistic budget based on your business plan – be sure to include both revenue and expenses. And do not forget the cost of building a modern telecommunications infrastructure (phone, fax, e-mail, Web site, database management) to effectively communicate with your current and prospective clients.

Do you already have a client or clients? If so, you are lucky, but you need to consider how you will promote your services to the business community and sustain your work load. Prospering as a consultant is not a matter of luck but of diligence and determination. This brief overview is by no means all that needs to be considered for a consultant to begin a business and prosper. If you are considering the consulting path evaluate your choices carefully before making the plunge. Be prepared. You have a lot of work ahead of you!

HR

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