13 Competencies For Great Solo- And Boutique Consultants For Long-Term Happiness

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Dynamic Innovations Squad
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Blog entry

Did you know that nearly 2,500 left-handed people die each year as a result of using products meant for right-handed people?

I mention this because many consulting firms use outdated concepts that were great in the last millennium, but today they are considered not merely obsolete but plain dangerous. And when it comes to running entrepreneurial consulting businesses, they focus on competencies like, presentation skills, objection handling skill and closing skills.

In consulting, just like in any other professions, there are certain “core competencies” which consistently lead to success for solo consultants and boutique consultancies.

In this article, we’re discussing 13 key competencies.

Start your improvement with any one of the 13 competencies. Once you’ve mastered it, move on to the next one.

They are not complicated, but need a little attention, but that’s all.

So, now let’s see what we have in store...

Compentence #1: Great Consultants Have Clear Marketing Plans...

...while average consultants have either business plans or no plans at all.

By marketing plan, I mean a plan to acquire, serve, retain and grow clients.

Acquiring and serving clients are obvious because this is how consultants earn and their bread. Retaining and growing clients put something tasty and nutritious on the bread.

For most consultants, the “serving clients” part is just fine. That’s why they have business plans with detailed descriptions of their subject matter expertise and how they intend to dispense that expertise.

The problematic parts are acquiring and growing clients. That’s why they don’t have marketing plans.

They conclude that they hate those sneaky and slimy sales and marketing people and what they do, and they would never lower themselves to the level of doing sales and marketing. So, they set impressive goals in their business plans, and hope that somehow they achieve those goals.

But marketing plans trump business plans on any day.

A marketing plan that clearly defines the target market, the perfect client, the problems consultants solve, the solutions they offer, the fees for which they solve problems and a great unique selling proposition (USP) has a pretty good chance of winning great clients.

Compentence #2: Great Consultants Have Documented Processes Woven Into Highly Automated Systems...

...while average consultants have impressive goals, wishes and desires.
Goals are nice, but realistically, they are merely wishes and desires somewhere in the future. Systems are in the present, and they are designed such that they give you the highest probability to reach your desired future goals.

Losing 50 lbs in the next 12 months is nice, but what about designing and building a system that wakes you up at the same time every morning without the possibility of hitting the snooze button and sleeping in, makes it almost automatic for you to start every morning with a three-mile forced march or run, to have nutritionally balanced breakfast and all the other factors that you have to fulfil to lose your preset weight?

This is practical. And you will lose the weight even if you don’t set the goal of losing it. Systems create habits, and it’s the habits that make it possible for us to achieve certain goals. Systems make it automatic for us to fulfil a goal’s criteria, so we hit the goal without much setting it.

Saving a certain amount of money may be a nice goal, but automatically redirecting 10% of all your income into an untouchable savings account is a system. You may have heard about these stories...

A salesperson sets his monthly sales goal, and when he reaches it in one week, he subconsciously starts slacking off, selling nothing for the next three weeks. Entrepreneurs have the same problem with business plans. As soon as they hit the projected numbers, they switch off and do nothing for the rest of the year. Therefore they can’t hit new heights of success.

**Competency #3: Great Consultants Focus On Delivering Value...**

...while average consultants focus on selling time chunks or other effort-based entities. Value can be either quantitative or qualitative. In the knowledge age, way over 50% of the total value is qualitative value. I also believe that quantitative value is the effect caused by qualitative value.

For instance, take a peak performing salesperson. Throughout her career, she’s always been a top producer. One day she goes home and finds her husband in bed with the cleaning lady in a rather obvious situation. Her world shatters and doesn’t know how to handle it.

Next morning she goes to work, but her performance is a tiny fraction of her previous performance. All the quantitative ingredients are in place. She has lots of great sales leads, the same processes and same systems.
Except one qualitative ingredient: Trouble at home.
Until and unless that one qualitative ingredient is dealt with, her performance will never be the same as before.

So, when you look at what value your clients get from you, look at the qualitative values.

Client: “We haven’t hit our goal of increasing our sales by 20%.”
Consultant: “No. We’ve hit only 15%. We’ve also reduced your weekly working hours from 80 hours to 48 hours, so you can spend more time with your wife and kids. Is that worth the 5% shortcoming?”

However, this approach requires you to discover all the qualitative values that are important for your clients.

And this should be in your Perfect Client Profile. For instance, I don’t work with workaholics who regard their families as second- or third-class citizens ranked after their peers and clients.

Think of a great client value, like increasing sales by 25% in the next nine months.

But, as a consultant, you can’t help your client to pull it off, unless he employs high-quality people and acquires only top-notch clients.

And requiring top-talents and landing upper-crust clients are most definitely qualitative values.

Let’s just remember that high qualitative values can lead to high quantitative values.

And since you can’t personally do everything, make sure to stay close to fulfilling the qualitative values and the quantitative values will follow.

As a practice leader, make sure you provide such an exciting and euphoric work environment, that your people, who do the quantitative value stuff, are ready, willing and able to offer their best and brightest to make your clients pee themselves in delight.

**Competency #4: Great Consultants Excel At Building Transformational Client Relationships...**

...while average consultants build transactional relationships.

But you can’t build transformational relationships with everyone.

This is why you have to carefully onboard your clients through a multi-step process, giving them plenty of opportunities to leave your sales funnel.

One of my skydiving buddies is a former Navy SEAL, and he told me that during his basic training (BUD/S: Basic Underwater Demolition/SEAL) instructors encouraged, motivated and cajoled them to ring the bell, the sign of voluntary acquittal.

But almost no one quits that way.

Although the drop-out rate is around 75%, people quit either for medical reason or for failing certain element(s) of the training.

We have to realise that a transformational relationship is a high level relationship, a few notches
higher than the typical vendor-vendee relationship.
Vendors acquire vendees through sales pitches or RFPs.
Respected industrial authorities, just as the elite military forces, like SEAL, Delta, SAS, Sayeret Matkal or Spetsnaz, carefully hand-pick potential clients and then put them through a qualification course.

In his book, *PSF is Everything*, Tom Peters says...

"You’re as good as your last client."

Tom knows what Axle Rose taught us back in 1991 (Bad Apples¹ - Guns ‘N’ Roses: *Use Your Illusion I*), when he wisely advised us that...

“If it were up to me
I’d say just leave me be
Why let one bad apple
Spoil the whole damn bunch."

And no matter how good your firm is, the wrong clients can bring it to its knees.

How do you recognise low-level transactional clients?
It’s easy. They come to you to implement their own solutions and they refuse to participate in your discovery/diagnostics process.
Transformational clients come to you with their problems, so you can explain to them that what they see as the problem is just a symptom, and together you can discover the root causes.

Upper crust transformational buyers like this approach.
Also, while transactional buyers want you to do the work FOR them, transformational buyers want you to work WITH them in close collaboration to find and implement the best solution.

**Competency #5: Great Consultants Position Their Firms...**

...while average consultants hire commissioned salespeople and call centres to do ugly, filthy, bone-jarring cold prospecting grunt work.

Why don’t more consulting firms play the positioning game?
Well, because it takes too much non-billable time, and firms want to make profit from day #1.
So, they don’t have time for this positioning nonsense.
It’s like hiring salespeople in a way.
Average companies expect their salespeople to produce from day #1.
Great companies educate their salespeople about the company’s own sales process, the company’s products and services and lots of people skills.
So when, 6-12 months later, salespeople from great companies go out to sell, they have blazingly high success rates and the attrition rate is pretty low.

¹ [https://www.youtube.com/watch?v=qeJgyAsIED0#t=3m40s](https://www.youtube.com/watch?v=qeJgyAsIED0#t=3m40s)
Average companies, that chuck their new salespeople out on the streets on a sink or swim basis, face low sales performance and high attrition.
And this is where all the training pays off.
But to have a vision that long requires a certain level of greatness, which most companies in any industry don’t have.

**Competency #6: Great Consultants Engage In Both Personal And Professional Development...**

...while average consultants focus only on professional development or no development at all.
The fundamental ingredient of a great consultant is a great human being. And on that personal greatness, the human being builds business savvy.
But business savvy without personal greatness is a waste of space.
And the reason why I’m saying that is that in my experience every business problem starts out as a personal problem, but with time it escalates into a business problem.
Lack of profits in a business is not a problem. It’s merely a symptom caused by a colourful array of root causes, including a string of business problems.
And if you dig deeper, you discover the business problems are caused by personal issues like...

• The business owner’s wife has run a way with the milkman.
• The CFO’s teenage daughter’s got knocked up at a recent rave party.
• The sales manager’s son has been expelled from school for selling marijuana.
• The CIO’s wife has just been diagnosed with pretty advanced breast cancer.

And if you consider that these people are the heart and the soul of the company, can you see why profitability is just a symptom?
People who are messed up on a personal level can’t run successful businesses in the long-run.
Sooner or later they reach the ends of their wingspans, that is, the start of chaos and disorder in their personal lives, and that’s when the trouble starts in their business lives as well.
And this is why all human development effort should be half personal and half professional development.

**Competency #7: Great Consultants Are Businesspeople First And Consultants Second...**

...while average consultants are consultants first and, more often than not, have no time left to be businesspeople.
This problem usually happens to consultants who have quit their firms for the reason that they
got paid too little for their expertise and experience relative to those consultants who have less experience but consistently bring in new business.

Trade barbarians, who have great subject matter expertise but nothing else, always look down on those colleagues who can also land new business.

What those trade barbarians fail to realise that they are dime a dozen but rainmakers are few and far between.

And the long-term success of the firm depends first and foremost on the rainmakers.

Under business skills, consultants should learn how to...

- Land new clients
- Diagnose clients’ situations
- Price their services
- Understand the key numbers of their operation without relying on your accountant\(^2\).

A few years ago Robert Kiyosaki did a seminar here in Vancouver.

Someone in the audience complained that she was an excellent writer but no publisher had shown interest in her writings.

Robert suggested to her that she should proactively sell her writings.

She said she couldn’t do that because she couldn’t degrade herself to the level of a salesperson.

Robert told her that publishing companies are looking for potential best-selling writers NOT best-writing writers.

At this point she got steam blowing out of her ears and stormed out never to return.

The reality is that marketing and selling consulting services takes much more effort and experience than delivering consulting services.

This is why average consultants deliver well, but when it comes to marketing and selling, they rely purely on referrals and refuse to do anything else.

While referrals are great and easy, they are based on the perception of the referrer.

Imagine that you have a referrer from five years ago. Rest assured you new referred buyer expect to get the same deal the referrer got five years ago. That is, she expects to pay you the same rate as the referrer you paid five years ago.

Are you still interested? You are if you haven’t raised your rates in five years, but then you have some other kinks to iron out of your operation.

So, focus on those key business skills.

**Competency #8: Great Consultants Learn To Master Their Time...**

\(^2\) Don’t mistake your accountant for a financial manager. In very rough terms, accountants document where the company has been. Financial managers help to chart new courses where the company is going. They also oversee accountants’ operation.
...while average consultants waste it on performing trivial tasks.
This is interesting.
Great consultants sell the value of their solutions and expertise, but guard their times like junkyard dogs.
Average consultants sell their time and effort, but most of them show no interest in managing them well.
I reckon great consultants use all sorts of mobile communication devices too, but they control the way they use them, and don’t offer unlimited “on call” type access to their clients.
This is another area where average consultants and average clients meet.
Average consultants get their time squandered both by their clients and themselves.
Average consultants don’t respect their own time and their clients don’t respect it either.
Hence, average consultants very often feel their engagements are permanent on-call gigs.
One way great consultants master their time is that they communicate to their clients when and how they can contact them.
Great consultants set and communicate their boundaries. Average consultants let their clients set and communicate their boundaries. And in those transactional relationships boundaries and often abusive for consultants, but they accept them because they think that’s the norm.

**Competency #9: Great Consultants Gain Leverage On Their Clients’ Personnel...**

...while average consultants hire their own staff either as employees or subcontractors.
One criterion of a successful engagement is that your clients’ people learn from you, so next time they can solve their own problems.
So, that means, you have to work in close collaboration with your clients’ people, so, they can learn from you.
And this is how one consultant can oversee even a large project, making sure it gets done as per the specifications.
And this is why boutique consulting firms and solo consultants can make much higher profit per associate than the consulting behemoths like McKinsey & Co., Boston Consulting or Bain & Co.
Consider that the hyper prestigious McKinsey’s revenue per associate is just around $450,000, while the same number for many widely unknown boutique consulting firms is over $1.5 million.
What is the difference?
McKinsey provides all the people that work on projects. They do projects FOR their clients.
Solo consultants and small boutique firms tend to use more of their clients’ personnel by working WITH clients.
The McKinsey model is, “Tell us what you want and get out of our way.”
Solo consultants and small boutique firms’ model is, “Together we diagnose the situation and then together we remedy it.”

This is why solo consultants and small boutique firms can develop better and longer-lasting solutions than the consulting giants.

**Competency #10: Great Consultants Learn Project Management...**

...while average consultants merely go to work day after day until clients say, “We’re done”.

Great consultants can do project management, because they have dedicated, not merely designated, project teams (See Competency #9: Great Consultants Gain Leverage On Their Clients’ Personnel).

Since they work with their clients’ own people, all those people have a vested interest in completing projects at the highest level of success. After all, their own futures depend on it.

Now tell me, who has more dedication to your clients’ success? Your employees/contractors, most of whom on some kind of hourly compensation, or your clients’ own people?

Well, it’s the latter.

It’s just natural.

Why? Simple.

Once upon a time, a Zen master took his student to the woods for a little observation exercise.

They saw a fox chase a rabbit.

The Master asked the student: “Who do you think will win the race?”

The student: “The fox, of course, because he is bigger, stronger and faster.”

After a short silence, the Zen Master corrected his student: “The rabbit will win.”

He continued: “The fox was running for his next meal. The rabbit was running for his life!”

And this is why if you do projects with your clients’ own people, you have a better chance to succeed.

Your people work for their next paycheques.

Your clients’ people work for their companies’ long-term success, so they can keep their jobs, so they can feed their families.

**Competency #11: Great Consultants Use The Right Technology In Their Work...**

...while average consultants hire more people to do manually that which could easily be automated without hiring new staff.

There is a pervert notion here. Many consultants, especially guys, love bragging about how big
their firms are. That is, how big in terms of headcount, number of offices, gross revenue and some other vanity indicators.

In my experience, new people should be recruited (but never hired) if and only if the new person’s job description can’t be automated and you definitely don’t want to assign more work to your the existing people.

Also, if the work that this new person is supposed to perform is not core work to the firm’s profile, temporary outsourcing may be a better option.

For instance, if you run an internet security consulting firm, there is no need to have full-time graphics artists or web designers on the payroll.

But I also believe that your firm’s core work should be done by payrolled employees, not by third world subcontractors.

Break down your work processes, and see which parts of the processes can be automated and which parts must be absolutely performed by a flesh and blood human.

**Competency #12: Great Consultants Are In The “Margin” Business...**

...while average consultants are in the “volume” business.

Great consultants have few, but very carefully selected clients based on their Perfect Client Profiles. And most of these clients come from the cream of the crop of their target markets. These clients pay full price, pay on time and treat their consultants with trust, respect and peer-level candour.

This approach enables great consultants to be in the margin business, working with great clients on sexy, exciting projects. They have few but high-margin engagements. And this high margin refers to both money and professional satisfaction.

By contrast, average consultants have lots of low margin engagements. They live under the mistaken notion that wherever there is some hefty gross (revenue), there’s also some equally hefty net (profit).

So, they keep hiring more people to increase capacity and land all sorts of clients without much qualification, except a pulse and a chequebook.

**Competency #13: Great Consultants Slowly Onboard New Clients...**

...while average consultants make quick sales.

Companies all over the world have discovered that if they want to get the most out of their people, instead of throwing them into deep water on a sink or swim basis, they have to onboard and gradually integrate them into the corporate culture.

That also happens to be the secret of getting the most out of clients too.
Client onboarding achieves another benefit too.
It gives ample opportunity to prospects to disengage. It’s like fishing with barbless hooks, so in the hands of inexperienced anglers, the fish can shake themselves off the hook.
While the traditional sales process is based on why the buyer and the seller should work together, with onboarding, you present a qualification course for buyers.
And if they want to work with you, they have to pass that qualification course.
In my experience, this onboarding process positions your firm more firmly than any logo, slogan or other typical branding element.
Why?
Logos and slogans don’t require courage.
Onboarding does. Hinting the buyer at the beginning of the sales process that the probability of not qualifying to work together is pretty much around 80% or higher.
Yes, you’re basically challenging the buyer to buzz off and start looking for greener pastures.
Inappropriate buyers drop out of your sales funnel like dead flies.
And by the time buyers go through your onboarding process, only the best (as per your Perfect Client Profile) can become clients.

**Summary**

Granted, there more competencies consultants need to have and need to sharpen on an ongoing basis. But I think the one we’ve just touched are some of the most important ones.
Let’s say you give yourself one full month to take care of every one of the 13 competencies, in two years you can have a totally transformed firm.
A firm transformed for the better.

With victory on high...

Tom “Bald Dog” Varjan
http://www.di-squad.com/

**Additional Knowledge Products to Build Your Consulting Firm**

Here are some knowledge products on a broad range of areas as they apply to running a boutique consulting firms or solo consultancies. These products are sort of workbooks. They explain what is what, then walk you through the "how to..." part of the process. As you read the books, you do the exercises, and by the time you finish reading, all the relevant bits and bobs are in front of you on paper applied to your own unique situation.
I hope you find them valuable.

**Consulting Retainer Engagement Toolkit:** A comprehensive home study programme on the ins and outs of setting up consulting retainer engagements in which your clients receive great value and you are compensated for the value you bring to your clients' tables by making your brainpower available to your clients. For details see [Consulting Retainer Engagement Toolkit](http://www.di-squad.com).

**It's All About Your Value: Consultants' Guide to Setting, Raising and Safeguarding Fees:** How to price consulting engagements based on buyers' perception of the value the consultant brings to the table regardless of time, materials and other retarded but commonly used factors. This booklet covers a step-by-step process of establishing the value of your contribution and how to get paid for that value. For details see [It's All About Your Value](http://www.di-squad.com).

**Mastering the Consulting Proposal Process:** For many consultants proposal writing is a "hope-and-pray" game. They sit down with prospects, chat for a while and then volunteer to "submit a proposal" without knowing the full specifications of the intended project. But some, usually false, buyers are just collecting free information for in-house implementation. A proposal, just like a marriage certificate, is a short document, but it is silly to offer it unless the other party has already made a commitment to go ahead. This e-book walks you through the maze of developing your proposal and presenting it to buyers. [Mastering the Proposal Process](http://www.di-squad.com).

**Dynamic Duo Mentor Programme:** If you're a solo consultant, my Dynamic Duo Mentor Programme may be a solution for you to have access to a second opinion on both strategic and tactical issues you’re about to put into action. For details see [Dynamic Duo Mentor Programme](http://www.di-squad.com).