

FEBRUARY 8, 2010

## **How to Succeed in the Age of Going Solo**

**Anybody can become a consultant. But not everybody does it well. Here's what you need to know to thrive.**

Today, with unemployment rates hovering at 10%, and all our worries about the job market rooted in the moment, we are in danger of failing to see an important longer-term trend: More Americans are working as consultants or freelancers, either having given up or been forced out of the salaried world of 9 to 5.

It's a trend that began after the economic downturn of the late 1980s, as many laid-off professionals became consultants. Then it seemed temporary, though, tied to bad times. Evidence now suggests that this is our new economic condition. Today, in fact, 20% to 23% of U.S. workers are operating as consultants, freelancers, free agents, contractors or micropreneurs. Current projections see the number only rising in coming years.

The implications for the American workplace are profound. Imagine one in four workers, of all collars, working on a contingent basis. Whole career paths and professions have shifted from stable full-time jobs with definable career ladders and benefits to almost completely contingent work forces that shift from project to project.

We can rightly bemoan the loss of security, the shifting of economic risk from institutions to individuals. But crying foul will not change the circumstances that many Americans find themselves facing. Righteous indignation will not turn back time. We can, however, better prepare ourselves for the future.

The image of the freelancer is too often that of the struggling journalist or writer, who needs to wait tables to pay the rent. No doubt there are many such examples still out there. But there also are plenty of consultants and freelancers who are earning real income and enjoying real success in their careers (as well as redefining what it means to be a success).

So, what do these thriving solo artists have in common? What is the recipe for their good fortune? My research points to five ingredients to keep in mind.

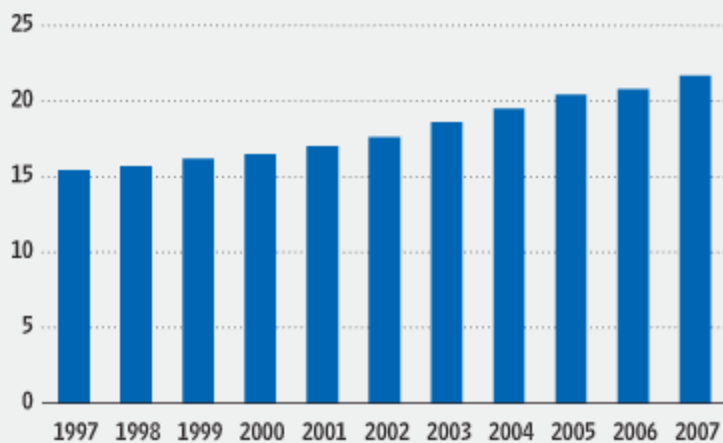
### **Think Long Term**

Too many freelancers see their condition as only temporary—one that will go away as soon as economic conditions improve. It's just a stage between jobs, they figure.

Some of them may be right. But the odds are that most are wrong. They're going to be on their own for a long time. So freelancers need to think in terms of the long haul, preparing for a marathon, not a sprint.

## Going It Alone

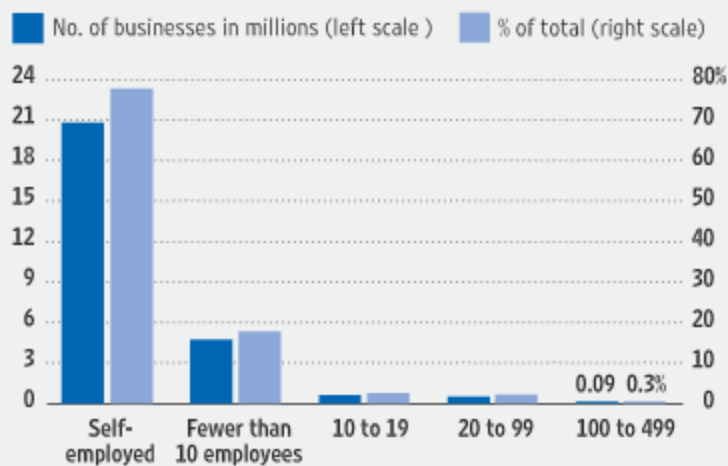
The number of self-employed workers has soared in recent years (figures in millions)



Source: Census Bureau, National Association for the Self-Employed

## A Growing Share

Self-employed entrepreneurs are making up a larger share of small businesses



Note: as of 2006

Source: Census Bureau, National Association for the Self-Employed

skill or expertise that is too expensive or infrequently used for companies to keep in-house. Perhaps it's a short-term technical project, such as implementing new accounting software, or a temporary graphic-design project. Such consultants demand greater salaries, and since the demand is only temporary, it is more efficient for the firm to hire this talent short term.

Most important, finding the next assignment cannot be done at the expense of retaining and enhancing these skills. Cutting-edge expertise is vital to long-term professional health. Successful consultants don't let their skills coast, even for a short period. There are simply too many consultants waiting to take their work.

Understand: This isn't easy. Many of these people have known only 9-to-5 jobs, and it can be scary to think of freelancing as all there will be.

Scary, but necessary. Because if a freelancer views the condition as temporary, it's almost a guarantee that however long it lasts, it won't go well. Unless you think about it as a job itself—requiring time, investment, thought—you won't get much of a return. Waiting for business to find you is not something successful consultants do. Clients know a halfhearted attempt when they see one.

One recent consultant in the financial-services industry told me that the day he was fired, he got a new set of business cards, launched a basic Web site and got a new cellphone for business. He already had a home office and had started making lists of contacts. He knew that he might be consulting for many months, and he decided to prepare for it as a profession—not something he would do on the side to get by.

The preparation has paid off: His consulting income has already reached 80% of his old salary.

The consultants and freelancers who are most successful offer a technical

Typically, consultants keep their edge by attending workshops or training courses. But the most successful often add another key element to their training: They teach—whether at a regional business college, through university continuing-education programs or through workshops given by professional associations.

At first, it sounds counterintuitive to train others to do what you do. After all, you're creating more competition for yourself in the very community in which you work. But teaching offers four big positives for consultants.

First, it provides some income, though admittedly not much. Second, it's a way to network, because sometimes students can become clients or lead to clients. Third, the teaching looks good on a résumé, giving consultants credibility in the marketplace and a way to stand out from the crowd. And fourth, if you're going to teach somebody the latest skills, you better have those skills yourself. So teaching forces consultants to stay current and sharp themselves.

I talked to one consultant who is an expert in change management. He teaches in a continuing-education program for a local university, and says it is time-consuming and pays poorly. But he says that when companies are looking for a consultant, they often take the fastest route: They search for someone who is teaching at an area college or university, figuring that person must be reputable.

So, he looks at his time teaching as the equivalent of advertising. In addition, he says, sometimes his students go back to their companies and are in a position to hire a consultant. And he gets the call.

## **Join a Network**

The image many of us have of the lonely consultant toiling on his or her own is touching. And dated.

Most successful consultants are in a network or community of consultants. These networks are important sources of new clients; most consultants, in fact, say they get as many clients from these networks as they do from client referrals. What's more, an increasing number of consultants share work, taking on bigger projects that require more hands. In this way, teams of consultants can function like a small boutique firm.

One former public-relations vice president, now a crisis-management consultant, shares an office with three other consultants. They all operate on their own, but she says in many ways they also function as a traditional office. She even refers to them as a "federation."

Recently, one of her office mates was consulting for a company that was concerned about the possibility of a minor scandal. So her office mate recommended her as a crisis-management consultant. She was hired. And while the scandal blew over, the company now will come to her in the future if they need crisis public relations.

Beware, though: You don't want to cross a network. These communities of freelancers often have their own unwritten rules, and too often consultants find out about these rules only when they break them.

One network, for instance, had an informal rule about using only those in the network for all referrals. One software consultant ran afoul of that rule when he referred work to someone outside of his

network, because he felt it required expertise that none in his circle had. Suddenly, his own referrals within the network dried up.

The lesson: With social networking and the constant contact of email and texting, word of a perceived violation spreads rapidly. While we assume there will be office politics in the traditional workplace, we should not be surprised that it exists in these networks. Freelancers are free from much of the 9-to-5 world, but apparently not the personalities of colleagues.

## **Have Your Own Space**

We have long been told that one of the joys of working on your own is being able to putter around in your pajamas and bunny slippers. And such flexibility is, no doubt, an attraction of consulting.

But there's a limit, and successful consultants say that having a work space separate from your living space is crucial. Clients do not want to have an important phone conference interrupted by a nagging two-year-old, a TV in the background or the sounds of street traffic. Most freelancers I spoke to have a space in their home that is solely for work—a bunker, as it were.

Others have started using shared spaces that provide a quiet space and a cubicle or desk to call your own. These spaces, called co-offices, often have other incentives. They give freelancers a place to go, which helps them keep schedules. They usually also provide a receptionist service, so someone always answers calls. And they provide a sense of workplace that is something many consultants complain about missing.

One financial adviser who lost his job about three years ago became a financial consultant. He worked from home. But, because he had a small apartment and young children, he found himself increasingly working in the Starbucks around the corner. He quickly discovered that clients wanted a level of professionalism that did not include the buzz of an espresso machine.

He subsequently began to share a suite of offices with a lawyer and mortgage broker. They share a receptionist and a conference room, and split expenses for a fax and copier machine, as well as broadband Internet access. He has his name on the door, and a place to meet clients. What's more, the lawyer has recommended his services, so he has new clients.

## **Think Like an Entrepreneur**

Here's probably the most important ingredient that distinguishes the most successful consultants: They think like entrepreneurs.

Too often, freelancers drift from project to project. That's a mistake. They need to have a business plan or mission statement. If all they do is take everything that passes over the transom, they will be viewed as a nonspecialist in a world of specialists.

Consultants are known for the work that they do, and this often means the work they don't do. With a mission statement and business plan, they can decide if a certain job is worth it. Sometimes the short-term gain in income becomes a long-term loss in reputation.

This doesn't mean you should starve: Sometimes, any work is good. But too many consultants say yes to anything that comes along, so when the perfect project arises, they might be too busy to take it. What's more, in this competitive world, prospective clients want to know what projects you're working on. If they aren't impressed, they may not hire you. So being able to say no to certain work, referring it to someone else, is a sure measure of a certain level of success.

In interview after interview, I was also shocked by how unprepared so many new freelancers were in organizing their businesses. Few used even simple invoicing software to track their billing, while many mingled their personal and business finances, and didn't keep good records for taxes or expenses. They did not think of cash flows, future investments or downtime. They lived in the moment, which for a business is a recipe for disaster. Developing a mission statement and code of values, something businesses do regularly, will help consultants develop a better sense of what they value, and then they can steer their business toward their goals.

— Dr. Greenwald is a professor and dean of the Caspersen School of Graduate Studies at Drew University in Madison, N.J. He can be reached at [reports@wsj.com](mailto:reports@wsj.com).