



100

Tips for
Consulting firms
to accelerate
profit and
value growth

Read Immediately and pass
on to your colleagues



Growing & realising equity value in consulting firms

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Would you like to reap the benefits of rapid profit growth?

...and grow equity value at the same time?

Sustained growth in consulting means bigger fees, larger bonuses and being a beneficiary of an increasingly valuable asset.. In the next 2 years as we creep out of recession in the west there will be winners and losers. Some firms will cease to exist yet many will surge past the competition, taking new clients, attracting the best professional staff and growing market share. This guide will help you to be one of the winners.

We've pooled our knowledge of helping to grow more than 100 consulting firms across 6 continents over the last 25 years. We've had many spectacular successes and some dismal failures yet each experience has helped to build the body of knowledge that is now encapsulated in our **Equiteq Growth Accelerator (EGA™)**

programme used now by hundreds of consulting firms across the globe. This easy-to-use handbook provides our Top 100 tips to keep you ahead of the pack.

The handbook is organised into sections using our '8 levers of Equity Value' model that our clients use for growing their business. Each section is prefaced with a brief explanation of the importance of the lever to growth, followed by the tips that you can implement **today** to help you drive rapid growth.

The first 80 tips are about a structured approach to growth that will work in most firms. The last 20 are hard-earned do's and don'ts that could stop your business from failing and at best could shortcut your efforts to world domination in your consulting niche!

Remember that in every cloud there is a silver lining and World Class firms always see opportunities to take market share. Get it wrong and you may have to take refuge as an employee of one of your clients, get it right and you could be much stronger next year than you are now, it's your choice! Read on and good luck...

The Equity Growth Wheel

A proven model for profit and equity growth in consulting firms

We've spent over 25 years developing this model to help consulting firms to grow, it works and our clients give it rave reviews. Go to www.equiteq.com/ega for more information.

The tips that follow are structured in these 8 segments. Each tip is prefaced with a short explanation of the issue, followed by the specific action you can implement today to improve profits and cash flow and help you grow value faster.

Good Luck





Sales & Profit Growth



Without client sales there is no profit and without profit there is no cash to pay salaries, bonuses, dividends, or invest in your future!

This lever is about turning growth of sales into profit growth and cash in order to fund your future and prosper, even in bad times. We will address sales growth in several of the other levers.

It's also the main factor that drives equity value in your firm. However good we think our clients, methods and consultants are, without profit growth your firm has little value in the eyes of investors.

Shrinking sales or profits, even for just a few months in a consulting firm, can have dramatic effects on cash flow. Running out of cash as a result of declining sales, or lack of cash management could put you into liquidation and take away your biggest financial asset. **THIS IS IMPORTANT STUFF!**

Most consulting firms are woefully inadequate at measuring and understanding sales, profits, costs, cash and the levers you can pull to improve performance. Many of these next tips are about measurement, focus, understanding and drive. **START HERE!**

Sales & Profit Growth

Focus on sales performance



You can't measure some things too much and sales is one of them. Without client sales you don't have a business and you certainly don't have any value.

Tip 1 Measure sales by market sector, by service line, by client, by project, by consultant, by team. Measure it weekly and put charts in key places in your office. Focus on sales performance in all management meetings and reward/recognise performance. Make sales growth the over-riding mantra for ALL staff. Do it NOW and then watch sales grow!

Sales & Profit Growth

Drive EBIT to 20% now



Investors and buyers get a return based on future profit growth. Without this you have no equity value. Without profit you will run out of cash quickly.

Tip 2 Analyse the last 2 years P&L statements in detail and identify EBIT (earnings or profit before interest and tax). Is it growing? Is it greater than 20% - the industry benchmark? Identify the levers that would increase it to 20%, like fee rates, utilisation, salaries, associate costs, overheads. Measure them monthly as a team and aim to get to 20% as fast as possible. 20% also provides a buffer that will insulate you against unexpected sales losses. See other tips for how!!

Sales & Profit Growth

Run weekly sales meetings

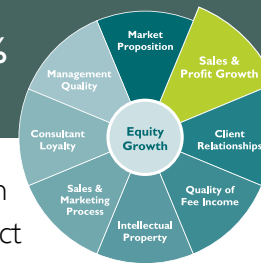


Growth consistency is crucial for building equity value. Consultants are terrible at doing anything consistently! You have to create a sales MACHINE to maintain growth. Easier said than done but here's a tip to help.

Tip 3 Make one senior person responsible for the firm's sales pipeline and run weekly sales and resource meetings to ensure that every sales opportunity is taken and all available staff are billing. Hold individual consultants to account for their sales activities.

Sales & Profit Growth

Drive Gross Margin to >50%



Gross Margin is the difference between the fees we charge clients and the direct consulting delivery cost; a huge focus for investors and critical to long-term growth and sustainability. It should be >50% at the individual consultant and project level.

Tip 4 Make sure you measure it! You can afford to drop up to 10% in under-utilised consultants at the company level so measure this also. This leaves 20% for overheads and 20% for EBIT – and a margin for error in times of trouble! Drive it relentlessly to >50%.

Sales & Profit Growth

Reduce overheads to improve EBIT



Time to focus on COST. Irrespective of what Gross Margin you make you won't be able to pay bonuses and invest in growth without making a net margin. The difference between GM and EBIT is 'overhead'.

Tip 5 Analyse your overhead costs for the past 2 years and critically challenge them. Focus on costs like offices, expenses, admin that don't grow sales. DON'T CUT sales and marketing costs – you will need these to keep growing or maintaining sales. Develop a plan to reduce the rest in order to maintain or improve EBIT to 20%.

Sales & Profit Growth

Increase your fee rates!



Are you under-selling your services? The biggest and fastest way to grow profit and cash flow is to increase your rates. Assuming costs stay the same, every \$ added to fees goes straight to profit!

Tip 6 First understand where you sit compared to the market. Poorly performing firms often under-sell on price. Most of this is in YOUR head, not the client and has to do with how you both express AND BELIEVE the value of your proposition and the benefits to the client. Target rate increases for new clients immediately and see Market Proposition tips to boost your selling confidence!

Sales & Profit Growth

Get tough on Consultant utilisation

It makes the difference between profit and loss in a consulting firm. Small changes in utilisation create large changes in profit and cash. But beware, consistently high (>75%) utilisation levels are not sustainable without burning out consultants and leaving no room for development.

Tip 7 Measure it WEEKLY by consultant, manager, project and client. Directly reward consultants on their utilisation. Many firms think this is wrong, but it is not, there is a direct link between high performance and utilisation. Utilise the 'bench' before you recruit contractors. Look for ways of replacing contractors with quality staff, but not at the expense of client relationships. Relentlessly drive utilisation to profitable levels.



Sales & Profit Growth

Drive up the size of engagements

Leverage is the way the big firms use a large team of junior consultants to improve margins. It works, but only when you have either a big brand or you have valuable intellectual property (IP) that facilitates the use of juniors.

Tip 8 Start to understand the relationship between size of client engagement and client profitability. There is a direct relationship. Measure average size of engagement and average size of client and drive it higher in every meeting, conversation and proposal. See the IP tips to build leverage.



Sales & Profit Growth

Get tough with Contract Consultants



Associates or contractors earn more per day than staff because they take the risk on utilisation. Often this risk isn't shared fairly and contractors win at the firm's expense.

Tip 9 Re-negotiate associate day-rates to less than 50% of the client fee rate. Use demand uncertainty as the reason to change the associate relationship and drive higher gross margins. Express the day-rate contract as a percentage of the client rate to encourage both parties to drive up fees and share risk more fairly. Consider trading monthly guarantees for lower effective day-rates. Buy by the week or month and negotiate volume discounts.

Sales & Profit Growth

Notes



Market Proposition



The service we offer to clients should provide overwhelmingly more perceived value than they pay. If our service is both high value **and** unique, clients will rush to buy it. If it is perceived to be low value relative to cost, and other providers, then it will be difficult and costly to sell.

This lever is all about creating a UNIQUE VALUE PROPOSITION that 'WOWs' our clients. Make it obvious that the 'VALUE' of what you are proposing will provide more financial benefit to the client than it will cost. Don't leave it to chance, make it compelling. 'UNIQUE' means persuading the client that his needs cannot be satisfied elsewhere. It could be unique experience, or IP or just good marketing, but 'unique' is what stops you having to compete on price.

So how do we build unique, high value propositions?

Market Proposition

Always present the BIG PICTURE



When you land that new client you never want to stop working for them. Many consulting firms shy away from presenting the long-term view of how they can deliver benefits for the client fearing it will scare the client away. The opposite is the reality.

Tip 10 Make sure your proposition to a prospect includes a long-term vision showing clear benefits over time. Break it down into ‘phases’ so that they only have to commit to ‘phase 1’. Make it clear that if that phase delivers the promised benefits, then there is much more value to be had down the line. Setting these expectations up-front is the best way to start a long-term client relationship.

Market Proposition

Focus on client benefits



Most consultants talk about the ‘features’ of their service. ‘Smart methods’ are features, cost savings or sales increases are benefits. Clients want to hear about benefits and outcomes, they want to know that your service will save them more than it costs.

Tip 11 Make sure that all client proposals describe the financial benefits of working with you. Work out the ROI for the client in your proposal and express it in both P&L and cash terms. Be prepared to guarantee a level of results to build confidence in your abilities. Then watch your sales conversion rates grow!

Market Proposition

Don't compete on price



If your service is the same as others then only price will determine the selection outcome. Even strong client relationships erode quickly in the face of a cheaper supplier! NEVER compete on price alone, it is the start of a death spiral!

Tip 12 Stack the cards in your favour by being unique in a way that clients value. It could be that you are the only supplier that will guarantee results on a 'no result-no fee' basis. It could be that you own IP that nobody else can access. It could be that you have sector testimonials second to none, or the best corporate hospitality of the year! Whatever it is, make your offer unique and don't compete on price.

Market Proposition

Become an expert



I'm a client and my business is worried about how to compete in an increasingly global market. Who will I trust to help me? A smart consultant with slick methods, or an expert with experience of my industry sector, who understands my unique problems? 'Grey hair' consulting works well when clients have problems!

Tip 13 Focus on selling services into clients and markets where you have the greatest experience and the most referrals. Clients, like you, want to de-risk mission-critical decisions. Make sure you are seen as 'experts' in one or more particular sectors or services and focus your selling efforts there.

Market Proposition

Become a thought leader

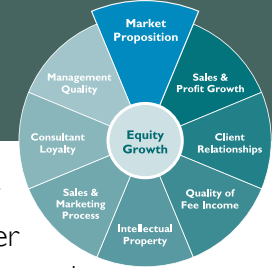


You want to make an impact with clients and new prospects in a key market sector where you have great experience. You might be good, but you are the sector's best kept secret! What better way than to be seen presenting or writing about solving the key industry issues of that sector.

Tip 14 Identify your sector's hot topic for growth, or its emerging trends and write a thought leadership piece, or a presentation for a seminar/workshop that will position you as the person to help resolve those issues. Execute well, link the solution to your service, and wait for the calls.

Market Proposition

Build on current client successes

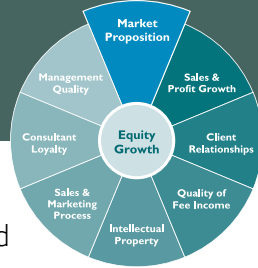


Does your proposition help you grow client revenues once you have got over the doorstep with the initial offer? One option to grow in the client is to think about 'step and repeat'.

Tip 15 If you have delivered a return on consulting investment of 200% in the last year in this department, or this site, or this process, what about repeating the same activity across the entire client? Review your most recent client successes and package an offer to take the same proposition, but at a 250% ROI (because you've fine-tuned the approach now) to the entire global business. Guarantee results and you can't lose.

Market Proposition

Develop a high value, contingent offer



Imagine selling \$10 bills for \$5 in the street. You wouldn't have to be a world class sales person to attract many customers. Now try selling \$5 bills for \$10 and see how good your sales skills need to be to sell just one! YOUR proposition needs to be compelling and feel like the former in the eyes of a client.

Tip 16 Develop your compelling value proposition tomorrow, costing you little to deliver, then let clients try it for free. Get their agreement upfront that if you deliver then after a short measurable period of success you will be paid your full fee. Watch them flock to your door.

Market Proposition

Find the 'white space' and exploit it



Someone once said that strategy was about finding the 'white space' in the crowd. Would you rather find yourself competing against the 'usual suspects' or have an unfettered path to success?

Tip 17 Read the latest industry reports; go to Top-Consultant.com and find out where recruitment demand is; do your research on what clients need NOW to help them survive and engineer some 'white space'. That's the space that clients need and on which competitors are not focussing. You could find yourself owning that space and until someone else spots it (when it's time to find the next new space!) demand and profits will be good.

Client Relationships

Don't wait for the tender, write it!

Ask any consulting firm why they lost the last bid and they will tell you that they lost it on price. Most didn't but don't know it! Most tenders are won by the firms that stack the cards in their favour by writing the bid, or influencing the client before the tender process even starts.

Tip 18 Rather than wait for the bid document to arrive, target clients with a compelling proposition in an area where you have a 'right to win' i.e. you have experience and strong referrals. Even if the prospect has to tender the work, the chances are only one firm will meet the spec – YOURS!



Client Relationships

Understand the competition

It seems obvious but always know who you are competing against on each proposal. Often there will be strong competitors and it helps to know who they are, how you might counter their strengths and exploit their weaknesses.

Tip 19 Research your market and map out the characteristics of your competitors. Build a 'Top 10' list of likely competitors for what you do and describe their strengths and weaknesses. Craft counter-arguments to their strengths and stories to 'damn with faint praise' their weaknesses! Remember that old saying "all's fair in love, war.... and sales pitches!" Don't hold back!



Client Relationships Analyse your wins, as well as losses



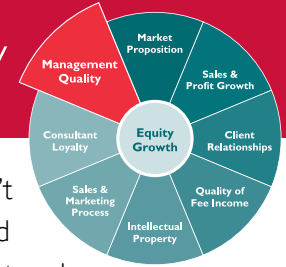
It seems intuitive to analyse why you lost a bid, although even this is often not done, but to analyse why you won often provides even more useful information. It's now common practice for high performance sports teams to analyse reasons for dramatic wins, whereas the reverse used to prevail. We can learn from this because the reinforcement of winning behaviours has a big effect on morale and future performance.

Tip 20 Always assess wins and losses. After all we want to improve our sales conversion rate and it helps to build knowledge that can be shared in the firm about which sales messages work and which don't. Analyse in detail and apply six sigma techniques to the variables in the sales process. Identify your best sales performers and discover the reasons why they win more than others, then train the others in winning techniques.

Client Relationships Notes



Management Quality



Growing a successful consulting firm isn't easy, only a small percentage get beyond \$1m in sales. You may know your subject and have good client relationships, but that alone won't bring long-term success. You have to develop or acquire Leadership and Management skills to build a successful consulting business. Do you have the full set of skills required to achieve company growth and prosperity?

If you have been managing OK so far, but in your heart believe that the management breadth and depth of skills don't exist at Board level, now is the time to do something about it. This lever is about the things you can do NOW to make life easier and share the load of navigating your firm through its phases of growth. Investors say they don't invest in firms, they invest in management teams. Make sure your management team is up to the test!

Management Quality

Get advice and listen to others



Have you gained your position as CEO of your business because you were the founder or your sales skills are/were the best in the firm? The answer to this is usually yes and often the full skills required to grow the firm, financial skills for example, aren't present on the team.

Tip 21 Go and find a mentor who is/was a successful business owner and befriend them! This could be a formal relationship through a board advisor, or non-exec type of role, or just informal chats over a beer, but find someone to talk to outside the firm who can help you with the decisions required in the times ahead.

Management Quality

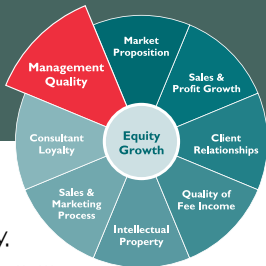
Recruit a Finance Director



The best decision you might ever take in your firm is to recruit a capable Finance Director. Most owner/CEO's have got there because of their Business Development skills, but attention to detail, particularly financial detail, is sadly not usually a strength!

Tip 22 Go and recruit an FD if you don't already have one and if you do, make sure they are up to the job. Depending on your size it needn't be a full-time role but all firms above \$500K sales should have a full or part-time FD on the Board – it will be the best money you spend in the next 2 years.

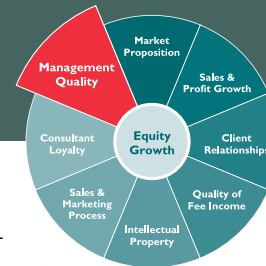
Management Quality Lead from the front and take charge



Don't make the mistake of involving all staff in developing company strategy. Some tasks must be clearly the responsibility of the leadership team or the firm could look 'rudderless'. You need to lead from the front and the leadership team must be seen to be in control.

Tip 23 Make it very clear to all that you are in charge, in control and that the firm is in good hands during both good times and bad. Most staff who leave do so because they don't believe in Management and subsequently worry about their future and yes, even bright, egotistical consultants need direction and security!

Management Quality Don't leave the future to chance, plan it!



Ok, now it's rare that we see good business planning in consulting firms – something about cobblers and shoes perhaps! Yet like any other organisation, the future needs planning or it is unlikely to be as successful as we would like.

Tip 24 Build a planning process that starts with financials and links to other drivers of performance like utilisation, fee rates, resource management (recruiting/contracting etc) and marketing/sales activity. Make sure that your reporting and resource planning spreadsheets and web services cover all the above so that you have real-time information at your fingertips.

Management Quality Re-structure and share the load



Do you work ‘in’ the business or ‘on’ it? For most consulting firm owners the answer is far too often the former. To navigate the successful growth of a firm you will need to change that balance. Here’s a tip to change that very quickly.

Tip 25 Break the firm up into several ‘Business Units (BUs)’ – it could be by client, by sector, by service line. Appoint your best people as BU Managers. Give each P&L responsibility to gross margin level and stand back. Measure and reward them on GM. You will suddenly find you have a lot more time to manage the firm!

Management Quality It’s good to talk!



It is always said that you can’t over-communicate to your staff and this is particularly the case in a consulting firm. As the firm grows you need to invest more and more in communicating your vision, client wins, new recruits, new IP etc to keep motivation levels high.

Tip 26 No matter how big the firm gets make sure you invest in bringing staff together to share news, ideas and build team morale. Include a social element to make it fun. Only ever measure the cost of this on a ‘per person’ basis or your new FD will kill the expenditure! Do it at least quarterly for all staff and more regularly for client project and office-based teams.

Management Quality

Appoint someone senior to drive resourcing

Firms that employ a senior person to manage company-level utilisation do better financially than those who leave it to the 'internal market', sometimes by a factor of 10% extra profit! That 10% can make the difference between paying a bonus or not when times are difficult.

Tip 27 Make sure you task a senior person with the power to make resourcing decisions. Include in their responsibility the management of 'bench time' as well as client time so that 100% of available days are accounted for. You probably have all the skilled resource you need in 'non-billed' days to develop the firm – make sure you use them!

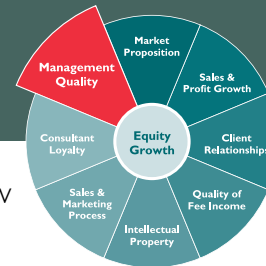


Management Quality

Keep critical information up-to-date

There is nothing worse than 'rear-view mirror' accounting. Knowing that your utilisation was 50% six weeks ago is of no use to anyone but an accountant!

Tip 28 Whatever systems you have in place make sure that any KPI's you need to run the firm are up-to-date within days of needing the information. For sales and resourcing data, that means real-time and for financial data, no older than a week. Fix it now and fix it quick. It is crucial for growth decisions.



Management Quality

Recruit functional experts to support growth

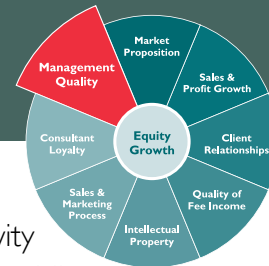


Face it, all consultants think they can do everything! 'Jacks of all trades, masters of none' perhaps! We've already persuaded you to recruit a FD, so now ask yourself whether the other functional skills needed for growth are present in the firm.

Tip 29 You need experts in marketing, HR, IT, admin and sales as well as finance and consulting skills in order to grow a successful consulting firm. These can be recruited through outsource, part-time or full-time positions, depending on your stage of growth. Every day you perform these activities yourself is a day that could have been done better by an expert!

Management Quality

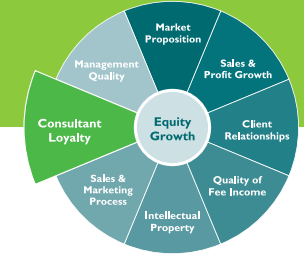
Invest in technology



It takes a real cynic to argue that technology doesn't improve productivity these days. Advances in internet and mobile applications have dramatically changed consulting over the past 20 years. If your firm is behind the technology curve you could be seriously disadvantaged.

Tip 30 Invest to make sure your IT is leading edge. Incredibly powerful applications tailored to the consulting market are now available to rent monthly using the 'Software as a Service (SAAS)' delivery method, including business growth systems like CRM and ERP, so this technology is now affordable to all firms, however small.

Consultant Loyalty



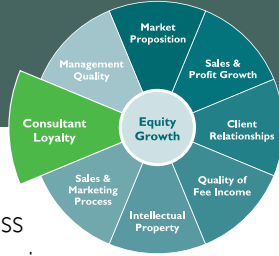
What is a consulting firm without consultants?!

This lever is about how we recruit, train, develop, motivate and reward our people. Despite 'people being the greatest asset' of consulting firms, most firms score poorly in this lever.

To optimise growth every one of your consultants must know what is expected of them, have the relevant skills to perform the tasks required and feel that they are both recognised and rewarded well for their efforts. The consulting market for talent is fiercely competitive and those firms who grow the fastest will be those who attract and retain world class talent.

Consultant Loyalty

Recruit only the best consultants

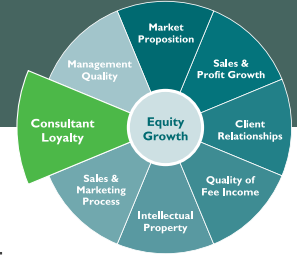


Making sure you recruit well from known sources is critical to the success of a growing consulting firm. Recruiting is good value if you get it right, but very expensive if you get it wrong.

Tip 31 You wouldn't leave your sales pipeline to chance, so don't take risks with recruitment either. Encourage staff to recommend known quality past colleagues as candidates. Once you've exhausted this route use a good agency to manage your recruitment. It might cost you 10% of first year billing but recruitment professionals are much more likely to get it right.

Consultant Loyalty

Strike the right employee/contractor balance



A well-managed pool of quality contract or 'associate' consultants is critical for a consulting firm to optimise profits and to have access to a broader range of skills. The use of contract consultants is increasing, even clients and investors are much less sensitive to the use of contractors today and the internet has made it easy to tap into the mobile talent market.

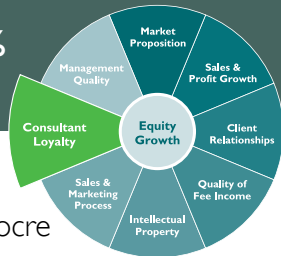
Tip 32 Make sure you manage sales, client relationships and project management internally and then use up to 50% of your consulting delivery capacity through contractors to manage sales demand variability and boost your skill base.

Consultant Loyalty

Reduce fixed salaries as a % of total compensation

A well-designed bonus scheme can make the difference between a mediocre consulting firm and an industry leader. They are that important!

Tip 33 Link compensation reward to both personal and company performance. For senior people, more compensation should be at risk, up to 75% of total compensation for Director/Partner-level staff, down to 25% for juniors. Link 50% of bonus to personal performance and 50% to company profits. Hardwire as much as you can to numbers – % utilisation, project gross margin, sector gross margin, company net margin etc. Watch for negative behaviours and manage them out, then watch profits grow!



Consultant Loyalty

Trade salary for equity and loyalty

The best consulting firms use equity through share schemes to motivate the senior team. Used intelligently, share schemes can be a large driver of growth as well as help you compete for senior talent. Many consulting firms stagnate because the founders won't share equity. Remember, 50% of \$100m is worth more than 100% of \$5m!

Tip 34 To grow beyond \$2m you must have many senior staff who are all motivated by growing profits and equity value. So, start an equity scheme that shares increases in company value with those that help to create it. Aim to make available 25% of equity value beyond 'founder shares' to qualifying staff.

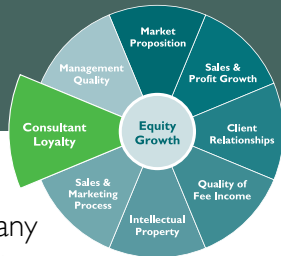


Consultant Loyalty

Recognize performance excellence

Consultants need recognition and transparent career paths as much as any other employee in any company. Just because they are smart and arrogant doesn't mean they don't need leadership and recognition!

Tip 35 Reward continued performance excellence with fast-track promotion for your stars. Don't let 'time in level' be the main criteria. Ensure you have a career path that recognises increasing skills, experience and performance. Publicly praise examples of excellence amongst the peer group to reinforce high performing behaviours.



Consultant Loyalty

Keep your staff busy to boost morale

Consultants who are not busy get demoralised quickly and cause poor morale throughout the firm. There should NEVER be a reason for a consultant to have nothing to do. Client billing might be the priority but supporting marketing/sales, writing articles, developing IP, writing case studies etc are all value-added tasks for every consultant.

Tip 36 The average 'bench time' of consultants is 30% so you have a third of your expensive staff who can be used to develop the firm – more than enough to support growth if downtime is managed properly. Make it the responsibility of one of your Directors/Partners to effectively manage consultant downtime.



Consultant Loyalty

Manage work/life balance

One implication of Tip 36 is the need to act if work/life balance tilts in the wrong direction for any of your staff. This might sound like ‘big brother’ but actually it is just good business sense and applies to both senior and junior staff.

Tip 37 Monitor every quarter and identify those staff who are consistently working high levels of billed utilisation and long hours. Take the opportunity to discuss this with the individual. It may not be a problem but it could signal other issues. Re-assign consultants if you and they perceive a problem. Just the discussion will be a worthwhile activity showing that the firm cares, even if no action is required.



Consultant Loyalty

Invest in the skills of your consultants

It sounds obvious that skills development is a key part of a consulting firm's success agenda. Sadly though, it is not commonplace. Any asset deteriorates if it is not maintained and consultants are no different. Staff should have their own personal development programme which is linked to both company and personal growth objectives and it doesn't have to cost the earth.

Tip 38 Every client assignment and internal process, particularly sales and marketing, is an opportunity for quality training. Assign under-utilised consultants to existing clients and sales campaigns to build skills as well as adding to improved client retention and sales. Learning from doing can be cost effective as well as motivational.



Consultant Loyalty

Use downtime to grow your skills matrix

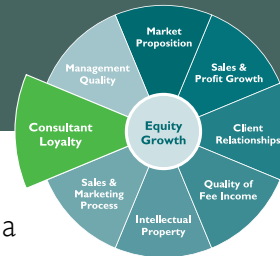


Quality consulting firms have a well-defined process for skills management and career development of consultants. The best Personal Development Processes include a skills matrix to manage the inventory of available skills in the firm.

Tip 39 Develop a skills matrix to include all the skills required in the firm and all the consultants. Assess each consultant and complete the matrix. Task each consultant to use their downtime to add more skills in priority order. Use consultants on current engagements to provide hands-on skills training for those in learning.

Consultant Loyalty

Make it Fun!



For you to be successful your staff will have to work hard. Consulting is a very competitive profession and staff are very mobile. For the best staff to stay with you, not only must reward be right, but the working environment should be fun, professional but definitely fun!

Tip 40 When you grow beyond the intimacy of a small firm with a handful of consultants you may have to work at making it fun! Build a social element into your training sessions, project work and regular technical exchanges. It's easy for consultants to forget who they are working for when on a client site for weeks on end, so create a sense of firm community as frequently as possible.



Sales & Marketing Process



No matter how good we are, there is no point if prospects are not aware of us, or we are not able to persuade them of our value. This lever is about the lifeblood of our company; how we attract clients to us – marketing – and how we persuade them to do business with us – sales.

Most consulting firms are poor at Sales & Marketing. We focus on this process because it is crucial to sustained growth in a consulting firm and for small improvements in this lever there is a high reward in growth. Once you have built a compelling market proposition, this is the next place to focus to optimise growth.

Sales & Marketing Process

Build a simple sales plan



You get what you measure so don't leave the lifeblood of the firm - sales - to serendipity. Growth will happen with more certainty if you have a plan that describes the activities required to create sales and the results that you desire. Understanding the link between the two is key to sustained sales growth.

Tip 41 Build a simple sales plan. Lay out by month the current sold work by value and consultant-days. Add to it current proposals and then current meetings. Forecast likely sales here by discounting opportunities from 100% down to reflect the probability of success. Add it all up for the year and see if it meets your growth requirements. If not, then add further sales revenues in future months to achieve your desired growth. Now work out the sales activities – leads, meetings, proposals etc and iterate. Measure your progress against the plan and update it with experience.

Sales & Marketing Process

Make the most of past/ current client relationships



Most firms start by working for past personal client relationships. These are always valuable assets to a growing firm. Your past clients already know that you are good and they should always represent a high percentage of your current and forecasted work. However not all will be aware of what services your firm currently offers.

Tip 42 Contact all of them by phone or email now with a 'new idea' that will benefit them during the next year. This should be a new sales proposition that is targeted to your understanding of their specific needs. You will get sales meetings because of past goodwill and if your new idea is strong, some of those meetings will create new sales. Past relationships are always an under-utilised asset.

Sales & Marketing Process

Ask and ask again for client referrals



Most people understand the idea of asking current clients for referrals but many either don't do it, or do it at the wrong time in the relationship – early is good. So long as you are not planning to work with the biggest competitor to your client, they are usually happy to refer.

Tip 43 Get all your consultants together in the next company meeting and run a session identifying who you can ask for referrals and which prospects you would like ideally to get referred to. Aim for at least one meeting from a referral per consultant in the next month.

Sales & Marketing Process

Build your 3rd party referral network



Whilst referrals from existing contacts must be worked first you should also be building new networks of affiliates motivated to send work your way. As our industry friend John Niland of Success 121 says "Time to use other people's leads!"

Tip 44 Get all consultants to brainstorm other providers that work for the same type of clients that you serve. Create a list and assign responsibilities to contact them with the offer of cross-selling each other's services. Include a financial incentive or win-win. Both they and you will benefit from access to each other's services and the referrals will get you over the doorstep.

Sales & Marketing Process

Rigorously follow-up old leads



These days there is no excuse not to track sales leads in an IT system that gives you real-time visibility of the pipeline. Systems like Microsoft Dynamics CRM and Salesforce.com are inexpensive and easy to use. Managing supply/demand is critical to both profits and cash flow.

Tip 45 List all of the leads that you have had contact with in the past 24 months that didn't turn into work at the time. Prioritise them and assign responsibility to your senior team to follow-up. Email or phone them all in the next month. It's surprising just how many will respond positively because circumstances have changed – they just needed asking and reminding of your existence!

Sales & Marketing Process

Ask current/past clients for testimonials



Knowing why you win business is just as important as knowing why you lose. Most of us just don't ask but if we did we would achieve fresh insight into winning new business.

Tip 46 Contact all of your main sponsors in current and past clients and ask them why they chose you for the job. Most will like being asked. Capture this information and produce a list of quotations to use in your prospecting. Ask permission to use the quotes – most will say yes or will agree with small changes. Put them on your web-site and use them in all sales calls.

Sales & Marketing Process

Use sales pipeline data to drive sales activity



If adequately described and measured, your sales pipeline data is the best predictor of future demand. Forecasting future sales accurately is possible in consulting and it can make a huge difference to profits as either too much delivery capacity, or too little, is bad news for profit growth.

Tip 47 Categorise all your prospects and assign a percentage probability to each of them converting into booked work over the next 3 months. Use this 'discounted pipeline' to help drive marketing and sales activities to increase sales. Track your forecast accuracy over time and fine-tune conversion ratios to improve predictability.

Sales & Marketing Process

Invest in sales training



There are few natural sales people in consulting, but contrary to common belief sales skills can be taught. There are two types of sales skills required in the successful firm – 'Hunters' and 'Farmers'. The former captures new sales accounts and the latter grows existing client relationships.

Tip 48 In the next year train ALL consultants in Large Account Management and for senior staff who have new client business development responsibility, train them in Consultative Selling. Both can have a dramatic effect on revenue growth. All consultants should understand that they have a role in leading or supporting sales; equipping them to do it will accelerate your growth.

Sales & Marketing Process

Build a marketing activity schedule



Marketing is one of the most underused disciplines in consulting. Today you are probably the industry's best kept secret and all because you don't invest enough on marketing. Relationship selling alone is not enough, you need to get prospects to call you!

Tip 49 You really can market consulting over the web and email – just don't expect to sell a \$1m project this way! - but it's great for reaching out and automating the process of lead generation in a low cost way. Use it to distribute your thought leadership materials and stay in touch with contacts. Mix it up with physical events, speaking etc and integrate these activities into multi-stage targeted marketing campaigns, then wait for those calls!

Sales & Marketing Process

Use your web-site proactively to drive sales



Treat your web-site as your store window! Make sure it is attractive, up-to-date and full of valuable, information to engage prospects. ALL prospects will visit your site prior to deciding to see you and many more new prospects can be driven to your website by marketing campaign activity (see Tip 49)

Tip 50 Use your web-site actively in the marketing and sales process to win more business. Offer something of value to prospects, like a white paper, and bring them to the site to get it with a well-targeted email. Make sure the paper leads them to the next stage or a face to face meeting. The idea is to pre-dispose them to call you or meet with you.

Intellectual Property (IP)



IP is the knowledge, tools, techniques, case studies, training materials, client lists etc that belong to THE FIRM as opposed to what is in the heads and laptops of your consultants. IP improves competitiveness, reduces delivery costs, increases LEVERAGE, speeds growth, simplifies training and raises barriers to entry. Without IP a consulting firm is just the sum of its parts i.e. just very mobile staff and computers! Building IP reduces RISK in a consulting firm and thus increases equity value.

Another way of looking at IP is this. It is the difference between what a client might pay one of your contractors direct versus what you charge for the same person! It has a massive influence on fee rates, profits and thus value. It is that important.

Intellectual Property (IP)

Appoint a Partner/Director to manage IP development

IP won't get created on its own!
Consultants are notoriously bad at creating re-usable materials so it really does need leadership and senior management sponsorship.



Tip 51 Appoint a management team member to lead the creation and maintenance of all IP in the firm. This includes consulting methods, tools, techniques, software, case studies, sales presentations, client and prospect lists, internal processes, training materials etc. Each document/process should have someone who owns its creation and maintains it at the state-of-the-art.

Intellectual Property (IP)

Protect and organize your valuable IP

Making sure that all of your IP is stored and maintained centrally and easily accessible to staff is sound management practise as well as good for building value.

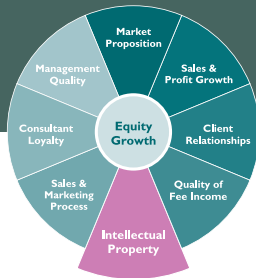


Tip 52 Do an audit now of all the valuable information that is held by consultants on their laptops and make sure that it is backed up on your central server. Invest in a simple document storage and management system like MS Sharepoint to make finding and updating the IP easy for all consultants. Invest in automatic back-up software that uploads changes to each laptop DAILY to protect the loss of new IP.

Intellectual Property (IP) Make your consulting services 'sticky'!

Good IP makes it difficult for competitors to displace you and makes it easier to win new work. You need to find a way to make your IP valuable and indispensable to clients.

Tip 53 Make sure you are difficult to replace. Get your client teams together and come up with ideas to make your service 'sticky'. This could be a proprietary piece of project software or a particular methodology unique to you that is embedded in the project. Be innovative and work out a plan for each client.



Intellectual Property (IP) Build new revenue streams from your IP

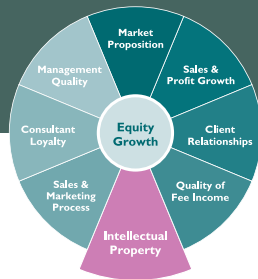
Some firms have developed IP that with a little effort could be sold as a stand-alone product. This could be software or training materials or books, for example.

Tip 54 Take a good look at your business and ask yourself the question 'is there stand-alone value in any of my methods or processes?' Even assets like client contact lists have value. Are there other non-competing firms that would value introductions from you to your clients, for a suitable introduction fee of course? Be creative and you might just find a new revenue stream.



Intellectual Property (IP)

Develop new propositions that leverage your IP



One of the benefits of well documented and managed IP relates to 'leverage' ie using junior, less costly consultants to increase engagement profitability. Clients benefit from consistency of approach and guaranteed outcomes, while the firm grows margins.

Tip 55 Instead of always using the most experienced (and costly) consultant on the next client project, develop solutions that combine junior skills with 'know-how' embedded in your IP. When selling, focus on the benefits of THE FIRM's experience and the robustness of its solution – as distinct from the experience of any individual consultant.

Intellectual Property (IP)

Get published



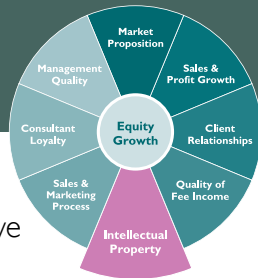
One of the best ways of marketing the services of a consulting firm is to get published in the right places. For this to happen you must have something topical to say that is of value to the audience of the publication.

Tip 56 OK, so what's topical at the moment? Ask your clients what keeps them awake at night and write an article about this problem and the effect on their industry sector. Throw in a few solutions that fit with your services and get it published. Even if it only gets published in the 'trade' magazine you can get reprints and mail them to prospects with a covering note. Make sure you follow-up.

Intellectual Property (IP) Be a case study for an academic/economist

The more you can legitimise your methods and results the more attractive your services will be. Creating links to academics or well-known centres of learning is a good way of doing this.

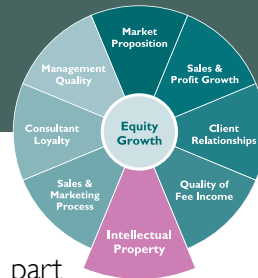
Tip 57 Many academics make their names by writing in the popular business press about the reasons for impending doom. This is particularly true of the economists. Academics always need case studies. Find a well-known writer and offer to collaborate on an article. Use his name and credentials to get the article placed in the popular business or finance press. Make sure you are well-referenced in the article and include a link to an offer on your web-site!



Intellectual Property (IP) Write up your case studies and send them to prospects

Producing case studies for every piece of client work you do should be in consultant objectives as mandatory and part of the project sign-off. Sharing these internally is just good practice but they can also be the source of new client growth.

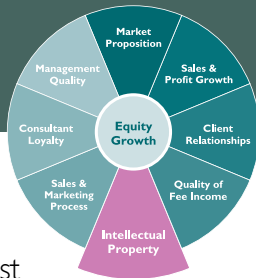
Tip 58 For those consultants that you wouldn't want selling to a client, get them to document all those engagements that haven't yet been turned into case studies. Others can use them to help marketing or sales activities and keep revenue growing. Most consultants can't write legible English! Use a professional writer to turn it into a marketing asset.



Intellectual Property (IP) Use the entire firm to drive sales

Regular sharing of methods, client prospects, lessons-learned, new sales propositions etc should be done at least quarterly in all consulting firms.

Tip 59 Keep these going even in bad times as lack of communications de-motivate staff, cause unnecessary concerns and reduce sales ideas. Focus the topic of the sessions on ideas to win new sales from existing and new clients. Remember all staff should be interested in sales and reinforcing the link between IP and sales success (and bonuses!) is a healthy thing to do. IP is not just about bureaucracy, it should increase fee rates and sales volume.



Intellectual Property (IP) Focus on developing internal processes

As a consulting business grows it needs consistency in policies, processes and procedures if it is to be successful.

The ability to manage large engagements often across large consulting teams in multiple sites and geographies depends hugely upon consistent processes.

Tip 60 Look specifically at your client management and sales and marketing processes to ensure that they are best practice. This will benefit you long-term and spotlight those processes that might increase short-term sales. Once you are happy that these processes are well-documented and executed, move your attention to less critical processes in the firm.





Quality of Fee Income



This lever is all about reducing risk in client fee income and making it predictable.

Strategically this means long-term contracts and annuity revenue streams. Firms like Accenture have solved this problem by developing Business and IT Process Outsource services. Every year a high percentage of their revenue is contracted before the year even starts. Most consulting firms would kill for this, but might not want to be a BPO firm! There are other ways of reducing forecast revenue risk and that is what we will cover in this lever.

Tactically this lever also covers cash management. One significant bad debt can take a consulting firm down. It takes about 2-3 months of losses, sometimes less, to bring a consulting firm to its knees and don't expect the banks to help! They are always there in good times but they are as elusive as Holly Grail when you are in trouble.

Quality of Fee Income

De-risk your biggest clients

Most small firms start with a large percentage of work in one or two clients. As you grow however it is too risky to just rely on those same clients. Spreading the risk across a number of clients makes sense.



Tip 61 Plan to grow the number of clients you serve so that no one client represents more than 25% of your annual revenues. Ideally this can be managed by growing extra clients so that the current large clients continue to grow in absolute terms but reduce in overall percentage terms (ie don't lose the big client just to make the numbers look good!)

Quality of Fee Income

Balance new client growth with existing clients

Whilst we don't want a dependency on just one or two large clients for our growth it is a fact that selling to existing clients should be easier than winning new clients. The mantra here is balance.



Tip 62 Aim to gain about 75% of your annual revenue from last year's clients. In absolute terms this value will be larger than the previous year. Additional growth will come from new clients. Although small at first, this revenue will grow in both absolute and percentage terms over the coming years.

Quality of Fee Income

Give your worst clients to the competition!

Have you noticed that it often takes as much effort to get a \$10,000 engagement as a \$250,000 one? The main costs in a consulting firm are driven by number of clients and number of engagements.

Tip 63 Look hard at your pareto of clients and engagements and start to cull from the small end – many of them will be losing you money and most are not as ‘strategic’ as you think! Challenge hard and move the freed-up resources to larger existing relationships.



Quality of Fee Income

Build multiple long-term relationships within the client

The nirvana of a long-term contract may seem like an unachievable dream, but there are many things a firm can do to de-risk the loss of client revenue. One of these relates to how we manage our client relationships.

Tip 64 Aim to build multiple relationships within the same client because relying on one contact alone risks the loss of the client if that person moves on. Build a network of relationships and develop new advocates to help you grow sales in the client



Quality of Fee Income

Become a preferred supplier

Another surrogate for long-term contracts is to become a 'preferred supplier'. This is an increasing trend and for those who are successful at qualifying it is a significant benefit.

Tip 65 Aim to target those organizations that promote the practice of 'preferred suppliers'. This will not guarantee you work but you should expect to get the chance to bid on all relevant projects for your skill-set. This increases the chance of long-term revenues from these clients and reduces risk.



Quality of Fee Income

Link your fees to client benefits/results

Those firms who take a contingent risk on fees linked to the delivery of client benefits not only achieve higher effective daily fee rates but also generate longer-term relationships.

Tip 66 Focus on the hard financial benefits that you deliver to clients (I know this won't apply to all of you but get as close to hard, measurable benefits as you can). Start reporting on those benefits in regular client meetings then suggest that you would be prepared to link some of your fees to the achievement of benefits – worst case this could just be project milestones. This will increase the chance of a long-term relationship even though it might appear at first to be more risky.



Quality of Fee Income

Build long-term benefits measurement into the client

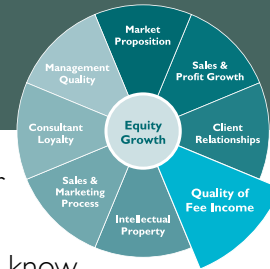


Being paid to sell to a client is always a winning strategy. Many projects deliver benefits way beyond the timescale of the initial work. Finding ways to monitor and measure benefits is one way of legitimizing ongoing involvement with the client and being around to take further sales opportunities.

Tip 67 Build ongoing benefits monitoring and measurement into every client engagement. If you can build this into a branded software ‘dashboard’ that sits on the desk of senior client management and constantly reminds them of your brilliance then even better. You may be able to get paid for this ongoing improvement support!

Quality of Fee Income

Use the ‘Pipeline Index’ as your ‘litmus test’



It goes without saying that a long order book is desirable. In order to deliver consistent profit growth it is crucial to know what the order book is at any point in time, as compared with your delivery capacity.

Tip 68 Put in place a new measure that links the two together. We call it the ‘Pipeline Index’ and it should become a key measure to ensure that sales translate into profit and cash. Calculate your delivery capacity at full sales value and divide it into your discounted sales pipeline to create a ratio. Bigger is better! Use it to make sales and recruitment/layoff decisions in order to maintain profits.

Quality of Fee Income

Link PM bonus to client cash collection



Nothing freaks an investor or bank more than the inability of firms to collect cash from clients – it smacks of poor management and lack of control. If your debtor days are more than 30-45 and very variable, here's how to fix it.

Tip 69 Make it the responsibility of the Project Manager on the engagement and link the achievement of this to his/her bonus. You can be as hard or as weak on this as your personality allows eg NO bonus if debtor-days exceed 45 or make it one factor in a balanced scorecard. Measure it and watch it improve!

Quality of Fee Income

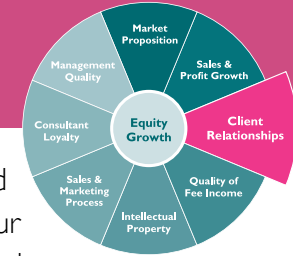
Get tough on client debts



Most of the time I'm sure your clients pay their debts to you but occasionally you find a client who just doesn't want to pay. Usually they can pay but just won't so if it happens to you...

Tip 70 Go to www.thomashiggins.com (for the UK, look up similar providers in other countries) and pay £2 to launch a 'Letter Before Action'. It threatens to close the firm if the debt is not repaid! It is run by lawyers, is totally legitimate and works. Most companies pay up in total within 3 months. It works for the lawyers because they have automated the process and the 5% or so that don't pay up cost you a % of the amount to collect. Great business!

Client Relationships

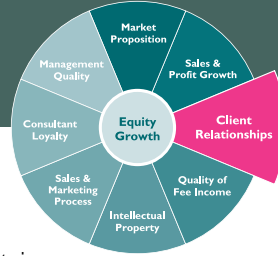


Without clients there are no fees and no future! This lever is about who our clients are or should be and how we keep, nurture and grow them once they become clients. Long-term, growing, client relationships are the hallmark of world-class consulting firms.

Not all clients are worthy of our service! – we should choose the clients we wish to serve. Some clients cost us more to service than they are worth by paying poorly and always moving the goalposts. These clients should be sent to the competition. For those we want to keep we should invest in client relationships as this represents our best way of guaranteeing long-term growth.

Client Relationships

Make client management a priority

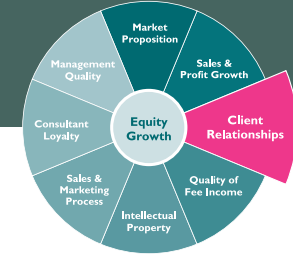


Once you have managed to persuade a strategic client to award you the first engagement you should see this as the trigger to invest in client management by appointing a senior person in the firm to take responsibility for growing the account.

Tip 71 Appoint client directors for all strategic clients. This role is in addition to the project manager. The project manager should focus on the deliverables of the project and delighting the client. The client director must focus on making sure that the account grows from the first piece of work to a long-term relationship. This will require investment in Large Account Management skills and processes to be successful (see Tip 76).

Client Relationships

Invest in strategic clients

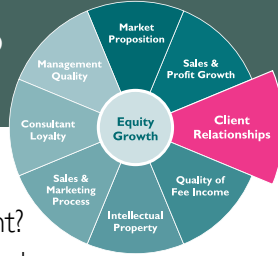


As a general rule, large blue-chip clients are easier to work with, pay better fee-rates and require larger engagements, all of which are better for profits and shareholder value.

Tip 72 Agree hourly or daily rates that are lower than normal to reflect the reduced sales cost of a long-term relationship. Offer volume discounts to reflect the profit benefit of high consultant utilisation in strategic clients. Your rates will become difficult to compete against yet still deliver good profits.

Client Relationships

Get CEO/Board sponsorship for your work

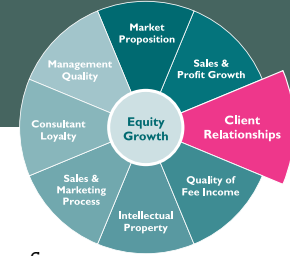


Who do you normally sell to in your client? The Board or junior management? If your sponsor is the latter you are much more exposed to being a casualty of competitors who are better connected than you. It's likely that your sponsor, whoever they are, doesn't want your work to stop so you need to secure that position.

Tip 73 Use your current sponsor to network to the top and gain Board visibility and support. Focus on how your work is helping your client to increase sales, cut costs, whatever the benefits are – be innovative if you have to! Get a meeting, impress the boss and increase your chances of staying there for the long-term.

Client Relationships

Maintain long-term client relationships



Long-term client relationships are the surrogate for the value implied by a large order book that most consulting firms don't possess. They are crucial for building long-term equity value. These are the clients you must maintain and keep happy.

Tip 74 List your clients by the length of the relationship and focus your client relationship and marketing skills on maintaining those closest to the top of the list. Sometimes this might mean taking less margin or even doing small amounts of work for free. This will pay-off in even more work over the long-term and in building firm equity value.

Client Relationships

Build project benefits into your client budgets

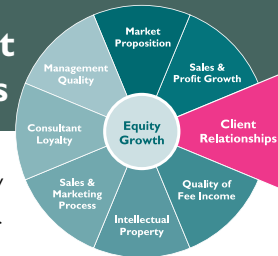


Making your way into the budget of your clients as a specific line item is a smart thing to do under any economic circumstances. However sometimes it can be a double-edged sword as budgets come under scrutiny and you don't want to be removed by the stroke of a planner's pen!

Tip 75 Make sure the benefit side of your costs are also included in the budget. Talk to your sponsor about adding benefit statements to the budget so that at least it will be obvious that both costs and benefits will disappear if they contemplate putting a line through your project budget. It might just make them think twice!

Client Relationships

Build Account Management plans for all strategic clients

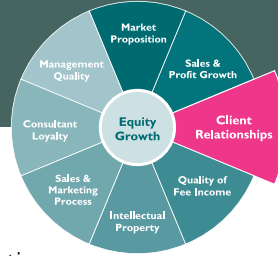


Most consulting firms know that they should have formal account plans for their strategic clients but many pay lip service to this. Knowing your sponsors, advocates, budget holders, enemies and gatekeepers is crucial to long-term account growth. Ignore this activity at your risk!

Tip 76 ACT NOW! Put account plans together to improve the chances of growth in strategic clients. Focus on building more advocates in the client at more senior levels and emphasizing the benefits and ROI of your work. Identify 'adjacent square' projects to migrate from the current engagement into new areas of the client.

Client Relationships

‘Walk the corridors’ of your best clients

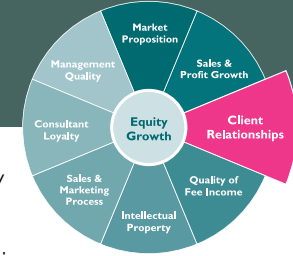


Account directors are tasked with growing strategic clients. They should spend as much time as possible promoting the progress of current work and influencing client staff on the benefits of working with you.

Tip 77 Walk the corridors of the client, meet people, keep your ears open and reinforce the benefits of your work. Use the firm’s marketing resources to market internally within the client if you can get permission to do so. Building a common consultant/client project reporting system is a neat way of achieving this goal without it looking too self-serving. Investing this time now will pay dividends later through multiple projects in the same client.

Client Relationships

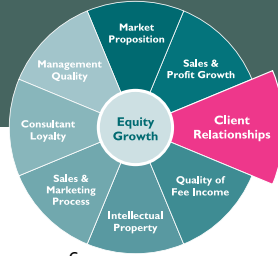
Offer personal help to your client sponsor



We all know that we should regularly and formally ask the client if we are meeting or exceeding their expectations, but how many of us take the time to do it?

Tip 78 If it’s not already part of your process, now’s the time for you as owner of the business to get out to clients and proactively meet the most senior sponsor of your work to see if they are happy with progress and results. Take the opportunity to talk about the issues that concern him/her and ask if there is any more you can do to help them. Become part of the solution to their problems as opposed to potentially part of the problem!

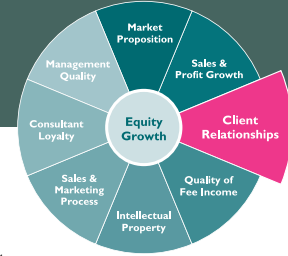
Client Relationships Go East, Young man!



At any point in the economic cycle there are parts of the world that are growing and parts in recession. At the time of writing this handbook the west is just coming out of recession but areas of the far-east and South America continue to grow rapidly. Normally we wouldn't recommend expanding internationally unless your local business has reached scale and is growing but here's a tip that will work in all stages of the economic cycle.

Tip 79 Talk to existing clients about their international operations or business contacts they have in regions that are growing rapidly. Get them to make an introduction and use your existing client successes as the case study to gain access.

Client Relationships Invest in (CRM) Customer Relationship Management



We have mentioned CRM already in passing and there is no doubt that 5 years ago many CRM systems were too expensive and difficult to use for many consulting firms. That is not the case today as many very effective CRM systems are within the budget of even the smallest of firms.

Tip 80 Invest what you need to in order to acquire a single central view of all communications with prospects and clients. Use information in the CRM system to drive both the sales process and account management as well as de-risk the often too personal nature of sales pursuits. The benefits of keeping track of all contacts in one place are huge and well worth the relatively small investment that is required now to make this happen.



Battle scars from the front line! Some do's and don'ts

Before you go and apply yourself to creating a rapid growth, high value consulting firm using the 80 Tips you have read so far, here are 10 Do's and 10 Don'ts that encapsulate hard won battle scars and trophies.

These have been accumulated over our many years of growing and selling our own consulting firms, from our assessments of the consulting clients we serve, and from our observations of companies that fail and succeed in our sector.

Please **do...**

Please **do...**

Tip 81 – Understand clearly what your business model is for profitable growth. Does the combination of your fee rates, direct costs, utilisation and overheads combine to make at least 20% Profit Before Tax? If not, think again, your time and money could be better spent on a different business model!

Tip 82 – Work out what leverage model you will use to scale the business and de-risk founder shareholders. If you plan to sell ‘grey haired’ consulting make sure you can find and motivate the number of expert consultants you will need for scale. If you plan to scale through the use of junior staff ensure you have the plans in place to invest in IP and large scale client value propositions.

Tip 83 – FOCUS, FOCUS, FOCUS! Someone once said that good strategy is all about knowing when to say NO! Focus your range of service lines, market sectors and geographies to those where you have a real ‘right to win’. The more you focus the faster you will grow.

Tip 84 – Ensure your market propositions are both high value and unique. I know this is repeating many of the earlier tips but it is worthy of repetition. We make more difference to growth in our clients through this one tip than any other advice we can give!

Please **do...**

Tip 85 – Change your market propositions to match the economic conditions of the time and the trends in the market. Markets and clients change over time. You must change also to optimise growth. Some sales messages work best in recessions and others require boom conditions. What works today might not be successful tomorrow. Be prepared to re-invent yourself to prosper as markets change.

Tip 86 – Recruit the best consultants. Value academic qualifications and experience – you will need both to minimise risk. ALWAYS take up client references. Try to independently validate CV track record claims. Act quickly if you get it wrong. Don't let one bad apple spoil the barrel.

Tip 87 – Spend enough time working 'on the business' as opposed to 'in the business'. You won't grow if all management time is spent on client and staff issues. Plan quality time for the management team to focus on growing the firm.

Tip 88 – Delegate as much as possible. This doesn't mean abdication of responsibility, just delegation of activities that can be done better by others. This is particularly important for functional areas like finance, marketing, IT and admin. If you are leading the firm leave these tasks to the experts to free up your time to lead and manage growth.

Please **do...**

Please do...

Notes

Tip 89 – Take advice from others who have done what you wish to achieve. If you invest in NED’s or Board advisors make sure they have relevant experience of the growth task ahead of you over the next 3-5 years. Ex-clients might be good introducers to new clients and FTSE 100 directors might know how to run public companies but a good board advisor will have experience of leading growth in a similar sized consulting firm to really add value.

Tip 90 – Balance your work/home life. Remember that old saying “all work and no play makes Jack a dull boy”, well it also affects your health, family and ultimately your happiness if you don’t strike the right balance. Take heed!

Please **don't**...

The don't's represent personal painful memories and mistakes we have seen others commit, do not fall into any of these traps!

Tip 91 – Run out of cash! Firms fail for only one reason – they run out of cash. This is to be avoided at all costs. When times are good resist the temptation of stripping all surplus cash out of the business. Build up a fighting fund to see you through lean times. If you follow the tips in this guide you should hopefully never experience running out of money – it is definitely not fun!

Tip 92 – Try and run more than one business at once. In consulting, opportunities to stray from the core service occur frequently. 'Stick to the knitting' and do one job well. There will be plenty of time to invest in other opportunities in your next career.

Tip 93 – Believe the ex-big 4 'rainmaker' when he/she tells you on interview that they can bring all their clients and 'best' consultants with them when they join you. It almost never happens! Big 4 rainmakers are used to selling behind a big brand, remove the brand and often little is left that you can use. All you will be left with is a big recruitment fee and an even bigger salary!

Please **don't**...

Tip 94 – Open that new office in a foreign land before you have built at least \$10m in sales in your home country. No matter how attractive it might be to open another office somewhere nice it almost always doesn't make sense. Establishing a new office and marketing to a new territory is hugely management intensive and will dilute resources at home before you reach critical mass. Do it at your peril!

Tip 95 – Issue shares or share options to all staff. It sounds like it should be a good thing to do but most staff – even some very senior consultants – just don't value the pieces of paper until they are converted to cash on a sale and by then the motivational reason that led you to do this has past! Only issue equity to those who help you create significant value and this is likely to be less than 10% of the firm. Competitive salaries and profit shares are more appreciated by the remaining 90%.

Tip 96 – Think that you can 'semi-retire', keep your majority shareholding and leave the growth of the firm to others. In consulting this rarely works. After a while those who are still working 16 hour days start to be envious of the lifestyle 'they' are maintaining for you and a management revolt is just around the corner. Spin-out consulting groups are commonplace in consulting – don't let it happen to you.

Tip 97 – Take yourself too seriously! We've seen palatial offices and luxurious overheads bought after a series of client successes only to be followed in quick succession by bankruptcy. Often the ego of the founder has been the architect of the disaster. Keep grounded. Consultants might be smart but they are not Heads of State or Royalty.

Please **don't**...

Tip 98 – Be impatient with the steady if not exponential growth associated with a consulting firm. We have seen so many successful growing consulting firms get sidetracked by investing time and money in ‘product’ development, often software applications that they have developed on client engagements. The seduction of exponential growth, high gross margins and the high valuations of software firms lead management to question their strategy. 95% of these initiatives fail and drag down the consulting business at the same time leaving them worse off than before. Again the message is ‘stick to the knitting’!

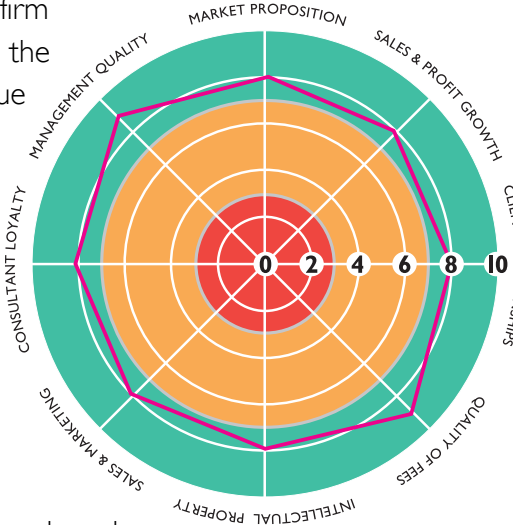
Tip 99 – Run your personal life on the business. We’ve seen boats, second houses, mistresses and all types of non-business expenditure passed through the firm. Apart from the legality of the situation, you expose yourself to jealousy and criticism from other members of the firm which isn’t good for either morale or growth. And if you ever get close to an investor this can kill a deal in quick time. Unravel it now or pay for the consequences later!

Tip 100 – Outstay your welcome if you do manage to sell to an investor after achieving your growth ambitions. Entrepreneurs don’t take kindly to sharing the running of ‘their’ firm, even after it is sold to a new owner. Better to accept this fact and move on to the next venture or the beach before you fall out with your new owners

What next

Benchmark your firm for profit growth

How well does your firm meet best practice in the 8 levers of equity value used in this book?



If you would like to benchmark the risks and profit opportunities in your business and build a plan for growth, go to www.equiteq.com/ega

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