Are you thinking about starting your own consulting firm? I did so four and a half years ago, and the experience has been incredibly challenging, yet remarkably rewarding. Over time, I learned a lot of lessons and would have done some things differently. Many individual and small firms probably run into similar challenges and opportunities. Below are some observations that may be helpful to those considering making the plunge and starting small or individual firms.

Understand your level of personal experience. Have a good awareness of the range of services provided by consultants in the aviation industry. It helps to have past experience working for an airport, where you’ve had the day-to-day interactions with consultants, and gained an understanding of why some were successful and others were not. Working for a major consulting firm also helps. It provides real insights into corporate demands, including the need to market, keep the new business pipeline full, and meet revenue goals.

Be flexible in developing target markets. Try not to be too narrow in the focus of the firm, as selecting one area for concentration could limit opportunities with potential clients. There could be elements of your background that are more relevant than you realize. When starting my firm, I was convinced my target client base would be airports. However, after four plus years the majority of my clients are other firms interested in developing business at airports. Once conversations begin with a potential client and you learn their concerns, you often discover a problem you can relate to directly. Don’t be confined to a limited scope of work described in a marketing brochure.

Research before pricing services. This is one of the most important lessons. At first I stumbled trying to figure out how to price my service. In fact, price became an obstacle in dealings with potential clients. I eventually developed a technique that has worked well. First, find out both the standard and maximum rates your typical clients pay to their existing consultants. Try to float your rate somewhere in the middle. Next, when dealing with a private client, try to delay giving a rate quote until you have a chance to relate the cost of your service to a client’s real problem. Having a “price discussion” before the client understands what you can contribute to their specific problems is not a constructive conversation when trying to establish a working relationship. Ask for a meeting with the staff to understand the nature of the work and your ability to “add value” to the problem solving exercise. Once you can be specific about what you can contribute, the pricing conversation will relate to a deliverable and be more meaningful.

Develop a good marketing strategy. Business is built on relationships. Every consulting firm must have a marketing strategy that focuses on establishing relationships in multiple areas. Effective strategies include:

- Develop a simple brochure describing your services for mailings and inclusion with any correspondence. Conduct a one-time mailing of the brochure to potential clients. Clients will occasionally contact me years
after the mailing is distributed. Develop a more detailed piece to attach in e-mails, and establish a web site that has comprehensive information on the firm’s services.

- Join as many trade associations as you can afford. Association membership provides tremendous opportunities to network with airport clients and develop teaming arrangements with other consultants. Make every effort to be involved and contribute your services to these associations. Offer to serve as a conference panel speaker, or as a replacement if a scheduled speaker cancels at the last minute. Attend as many conferences as possible and read as many trade publications as possible.

- Select the name of your consulting firm wisely. Unless you have significant name recognition within the industry, avoid the use of your name in the company description. Focus instead on services being offered. Names like Pavement Design Specialists, Inc., Concession Managers, LLC, or Business Development Strategies all give an idea about the service the company provides.

- Although working from home has become common, avoid establishing a business address that is the same as your personal residence. Become part of an office or business center with mail/copy services. Also have a separate phone line with a voice mail message that has a clear business message when not answered.

Establish a corporate identity. Initially establish your business as a Limited Liability Corporation (LLC) in your state. It will provide a protective wall between your business and personal activities. If the business becomes successful, you can later consider the benefits of incorporating. However, be aware that forming a corporation increases the complexities of tax accounting, involves others in the management of your enterprise, and creates paperwork burdens.

*Select good support services.* Establish working relationships with a local lawyer and accountant. The lawyer will be needed to file the LLC papers with local and state officials. The accountant will describe the paperwork and backup details required for filing tax forms and establishing weekly and monthly records.

*Determine insurance requirements.* Selecting insurance can be difficult and costly. Based upon the services to be provided, Errors and Omission (E&O) coverage may be needed, particularly if you’re providing engineering-based services. If your service is general advisory in nature, it may not be a necessary cost. Minimum coverage of a single proprietorship could be in the $25,000 – $30,000 range. Auto and personal liability umbrella policies will have to be modified to name some of your clients as beneficiaries.

Delay obtaining such coverage until you have secured an opportunity that will cover the expense. Be prepared to inform the client that coverage can be purchased, and let them know the cost to you as part of the base of your fee. Insist on a minimum fee for the project to insure the E&O payments can be covered.

If your firm is invited to join a team of companies to pursue a major project, insurance coverage will be an issue. If the entire team is sued over project performance, the major players already have legal representation. Asking to be included in this defense may allow you to wait before hiring your own counsel until the seriousness of the action can be determined. This is a no cost request to the major firms and a benefit to small consultants.

*Find good subcontractors.* Establish good relationships with other individuals and firms that can handle work when you find a client that requires assistance beyond your capability. As you are negotiating with a client, you will benefit if you are able to provide assistance in a variety of areas that could require using the services of sub-consultants.

**CONCLUSION**

The challenges that inevitably face those opening their own consulting firms can be daunting. However, when these challenges are approached deliberately and with foresight, it helps ensure the future success of your firm. Eventually, working in a comfortable environment — with a reliable client base that helps you utilize the full extent of your expertise — makes the hard work worthwhile.

About the author: Jerry Fitzgerald spent thirty years with the Port Authority of New York & New Jersey, at one time serving as the Director of Aviation. He also spent eight years as President of Parsons Brinckerhoff’s aviation subsidiary, PB Aviation. Since starting his own consulting business in 2004, Jerry has written a novel that will be published in January titled “Seat of Power.” Look for it in airport bookstores soon.