

Business Start-Up fact Finder Manual

COMPUTER CONSULTANT

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Computer Consultant

Vital Information

Start-up Investment

Low - \$0 (consulting for existing clients)

High - \$5,000 (setting up an office and advertising)

Break-even time - Immediate to one year

Estimate of Annual Revenue and Profit

Revenue \$50,000 - \$250,000

Profit (Pre-tax - \$40,000 - \$200,000)

A Computer on Every Desk?

With the advent of PCS, computer systems are now accessible to small and mid-sized companies. Very few businesses, no matter how small, can not afford to ignore the growing demand for instant information and finger-tip response to their clientele. Computerisation is a standard tool of competition and, if used correctly, should rapidly pay for itself in a reduction of man hours and an increase in efficiency.

Most companies have to computerise in order to "keep up with the Jones" but many small and mid-sized businesses haven't the slightest idea which of the myriad of available hardware and software makes the most sense in terms of their own business. And ...this creates a natural marketplace for the computer consultant. The demand for these services is growing by leaps and bounds.

Making Cents

Computer consultants serve two basic functions:

Selecting the appropriate computer system, including hardware, software, networks and peripherals. This is a one-time project and vital to the success of the automation process. Most business people are afraid of spending thousands of dollars for an inadequate or incomplete system. A consultant maps out the strategy for the appropriate system and the most effective and efficient software.

Integrating the computer into day-to-day operations. A consultant may be used on a on-going basis as upgrades in software occur or then network needs to be expanded.

A computer should make a business so much more efficient and productive that it pays for itself. Computer consultants not only productive that it pays for itself. Computer consultants not only help businesses realise this potential but a computer consultant's expertise should make the process much less stressful and the transition processes more comfortable and easier to accept.

Overhead Is Minimal

The only inventory you need is what's stored away in your brain: education and on-hands experience are your greatest assets. Like most computer experts, you probably already own your own PC and that's the only equipment necessary for start-up. The more involved systems work will come on-site as you design and install your client's more sophisticated hardware and software. The lion's share of your start-up expenses will be advertising and marketing your services.

Because your work will be exclusively on-site at your corporate customer's locations, it will not be necessary, especially in the beginning, to have an outside office. Not only will your costs be kept at a minimum by working from your home, but you can deduct office-at-home expenses off your taxes for the percentage of your home you convert into office space, but be sure to use that area of your home exclusively for your work.

When you begin your marketing efforts, do your homework and find out the type of customer who is truly in need of your services. Most undoubtedly, you will want to target mid-sized corporations. The big boys probably have permanent on-site computer experts and the little guys probably can't afford you. Make your marketing dollar as effective as possible by doing some legwork before you begin.

You will also want to look long and hard at your areas of expertise. Do you have a specialty or are you an across-the-board type of computer expert? Should you target a specific industry? Can you easily recommend the proper system to an accountant as you can for a trucking company?

Geography plays a major part in identifying potential clientele. If your specialty market is scattered all over the country, you'll want to advertise on a wide-scale. If you are the across-the-board expert, you can target a specific location. Keep in mind, the closer to home you're working, the less of your capital will be eaten up with travel expenses.

It is very important to establish on-going relationships with your clientele. Many companies pay their consultant a retainer good for a few hours per month in order to have a standing opportunity to ask questions or upgrade programming. This is often a less expensive option for your clients than hiring a full-time staff person. You will need to let your clients know how you can help them in their day-to-day operations and set up a flexible enough schedule so that you will be able to work within their parameters. Working on this basis with a number of companies will guarantee you some regular income and cut back on marketing expenses.

Balance What You Know and Who You Know

Since you can't possibly know all there is to know about computers, you'll need to make contacts in the industry who can assist you when you come up against a situation you're not qualified to handle. You will want to compile a network of professionals you can call on to fill any voids you find as you go along. You have the option to subcontract to other consultants (many university professors, for example, free-lance as consultants). You may want to put your subcontractors on the payroll or you may simply wish to put your client in touch with your source and then step quietly out of the picture. You may not receive immediate remuneration for the recommendation, but the long-term benefits can be well worth your efforts. Not only will this build good-will with your client but the other consultants may wish to return the favour when they have a need for your area of expertise.

To Market or Not to Market?

When starting any new business, the main focus must be on effective marketing. The first contacts will be the most difficult and will probably require references. However, after you reach your capacity, you will have a tendency to slack off on your marketing. You'll be so busy with one or two clients that you'll forget that there is an end to the work and to the income. Suddenly, the work will be starting all over again. It is absolutely essential to keep marketing even when things are at their most hectic.

A certain percentage of your time should be spent bringing in new business no matter how busy you are. You will have to decide what percentage of time allows you to keep an even flow of business coming in and out. You will find yourself only spending a portion of your time in "billable hours." A certain amount of time must be spent doing administrative functions, like billing and taxes. Another portion of your work must be spent in staying up-to-date with current developments in the industry and with software and hardware innovations.

You may also want to round out your services by writing articles for magazines or publications or giving seminars or workshops. These types of endeavours can help provide additional revenues and expand your network for both clients and subcontractors.

If your billable hours fall off, you will want to devote more time to marketing but remember, no matter how much money you already have to do, your's is a finite service and sooner or later, you're going to need new business. So never forget to continue to market..., network, and expand your client base. This will help to curtail the roller-coaster ride many new and/or small businesses face.

Common courtesy will also help you gain referrals and keep your clients happy. Send a thank you note to clients to let them know that you appreciate their business. Make follow up calls to let them know that you are concerned that the services you provided them are effective and producing the results you were anticipating. A little personal

touch here and there can keep your name in the minds of the most hardcore business person.

Manage Your Growth

Many computer consultants opt to stay one person operation. One of the attractions of being your own boss is that you can leave behind the hassles and politics of corporate life. The flip side of that coin is that the only funds coming into the business are your own billable hours in any given day. Owners of large computer-consulting firms reap a percentage of every dollar earned by each associate. There are many tradeoffs involved in being self-employed. Neither option is going to be a walk in the park. But the most important thing to keep in mind is to manage your company's growth. Don't get in over your head, just take one step at a time and keep an eye on the road ahead.

Resources

Industry Associations:

Independent Computer Consultants Association, 433 N New Ballas, P.O. Box 27412, St Louis MO 63141 (314) 997-4633

ACME Inc., 230 Park Ave., New York, NY 10169 (212) 697-9693

Institute of Management Consultants Inc., 19 W 44th St., New York, NY 10036 (212) 921-2885

Publications:

Consultants News, Templeton RD., Fitzwilliam, NH 03447 (603) 585- 2200

Byte, 70 Main St., Petersborough, NH 03458 (603) 949-9281

Business Computer Systems., 375 Washington St., Newton, MA 02158 (617) 964-3030

Info World, 1060 Marsh Rd., Suite C-200, Menlo Park, CA 94025 (415) 328-4602

For additional information helpful in setting up your new business, information about licenses, permits, the legal structure of your business, taxes, insurance and much more refer to the Business Start-Up fact Finder Manual.