

**FULLY REVISED 5TH EDITION
OF THE CLASSIC BESTSELLER**

**MILLION
DOLLAR
CONSULTING**

**THE PROFESSIONAL'S GUIDE
TO GROWING A PRACTICE**

ALAN WEISS



Million Dollar Consulting

**The Professional's
Guide to Growing
a Practice**

Fifth Edition

Alan Weiss



New York Chicago San Francisco Athens London
Madrid Mexico City Milan New Delhi
Singapore Sydney Toronto

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INTRODUCTION

IN 1990 I wrote a proposal for what would have been my fourth book, entitled *Confessions of a Consultant*. The premise was to alert corporate executives about what was going wrong unbeknownst to them, and what combination of internal and external resources was needed to become more effective. After all, I was an organization development consultant, working with Fortune 1000 firms.

That book idea was rejected by 15 publishers. Then one day my agent called on my brand-new car phone, hardwired to the dashboard, and said, “I’m at McGraw-Hill.” I was ecstatic—he was at one of the premier publishers on the planet. “They like the book idea?” I shouted.

“No, they hate it.”

“Jeff,” I said, “do you know what this call is costing me?”

“They want to know,” he said calmly, “if you can write a book about how you can make seven figures a year as a solo consultant.”

“I can do that in six minutes,” I said.

“I’m going to tell them six months,” he replied, “I’ll get back to you later. I’ll call you at your office—this connection is awful!”

And there you have the beginning of what is today a global franchise that changed my life to one of helping entrepreneurs and experts to build their businesses, improve their self-worth, and live the lives to which they aspire. You are reading the fifth edition of the book and, more important to me, its twenty-fifth anniversary edition. I’ve written 60 books that appear in 12 languages, more books on consulting than anyone, ever, and this book remains my bestseller by a wide margin.

Some of you are rereading it, and some of you are joining me for the first time. I’ve rewritten almost all of it from scratch, meaning I haven’t used past files to abridge and modify but wrote it entirely “from my head onto the screen” with no notes. You will find prior material presented differently and new material never presented before.

This profession has provided me—and many I’ve coached—with a fabulous life. You can accommodate new technologies, globalization, shifts in mores, changing demographics, and new discoveries. You can do all of that *if* you create and sustain a high level of self-worth. We are not “selling” services, not “taking” money. We are offering value and generating equitable compensation as a result of a huge return on investment for the buyer.

I’ve found that the most fundamental success factor is one’s mindset. As you read on, I’m hoping that I can influence your mindset to appreciate your own value and act in a manner commensurate with it. After that, it’s up to you.

Alan Weiss
East Greenwich,
Rhode Island
June 2016

WHAT IS A CONSULTANT, ANYWAY?

IS IT SOMEONE WHO COMES TO STUDY A PROBLEM AND REMAINS TO BECOME A PART OF IT?

I'm sitting on a cliff overlooking the Pacific in Laguna Beach, California, where I'm holding a meeting for global consultants in my community. The hotel manager, who's stopped by to meet me, asks, "When did you realize you would be a consultant?"

The answer is the day I was hired to be one.

No one I know has studied to become a consultant. Don't confuse MBA students with nascent consultants. They are simply students with advanced degrees in finance. (I have three graduate degrees, and not one has ever helped me in my marketing or delivery in this profession.) They may well enter Deloitte or McKinsey, but they do so as worker ants who are expected to carry tasks many times their own weight. They are expendable, paid X, and billed out at X times three to cover costs and produce profit.

Come to think of it, worker ants have a more creative life.

WE ARE ALL CONSULTANTS (OR ARE WE?)

The dictionary will tell you, tersely, that a consultant is someone who provides advice *professionally* (italics mine). That means, as I interpret it, for money. Thus, some of us are “amateur” consultants and some “professional.” I guess the former are sort of quasi-consultants in the manner that the Federal Reserve is a quasi-governmental entity or a Mercury is a quasi-Ford.

But advice is cheap. When we consider consultants in this book, we’re talking about *expertise*. Consultants are experts, not mere advice givers. You may give me advice about skiing, which you engage in sporadically, and it may be enough to sustain me in an upright position for a few minutes at a time. But the ski instructor, who is paid for expertise, can show me how to traverse, slalom, recover from being off balance, and take a fall correctly. That expertise is better than your casual advice.

So while we are surrounded by advice (especially if we have a significant other in our lives and *especially* if we have children old enough to talk), we’re not surrounded by expertise. We, and organizations, have to find it and either maintain it (employees) or situationally secure it (brief engagements by experts).

This book is about solo consultants and boutique firm owners. Although prior versions of this book and my other works are often read by consultants working for large organizations, the focus here is on the solo practitioner.¹ With that in mind, here is the definition of a consultant for our purposes:

Consultant: *An expert in one or more identified areas who partners with a client to improve the client’s condition.*

Once you walk away from a successful engagement, the client’s “state” should be better than it was when you got there, ideally in conjunction with previously determined and agreed-upon objectives (more about that later).

¹Some readers of the four prior editions consistently complained that I don’t address large firms or building large firms. There’s a reason for that—*it’s not the intent of this book or my work!*

Please consider the relationships shown in Figure 1-1. I said that a consultant “partners with” a client. That is the upper right in Figure 1-1, collaborator. There are two dynamics in consulting interactions. One is the importance of the issue involved (vertical axis), and the other is the transfer of skills to the client for continued and sustainable success (horizontal axis).

If you work on an important issue with zero transfer of skills, you’re simply an *independent expert* (upper left). You ski, but you can’t teach me to ski. Think of an expert witness in a trial who testifies about proper heart stent implants but can neither perform the procedure nor teach it.

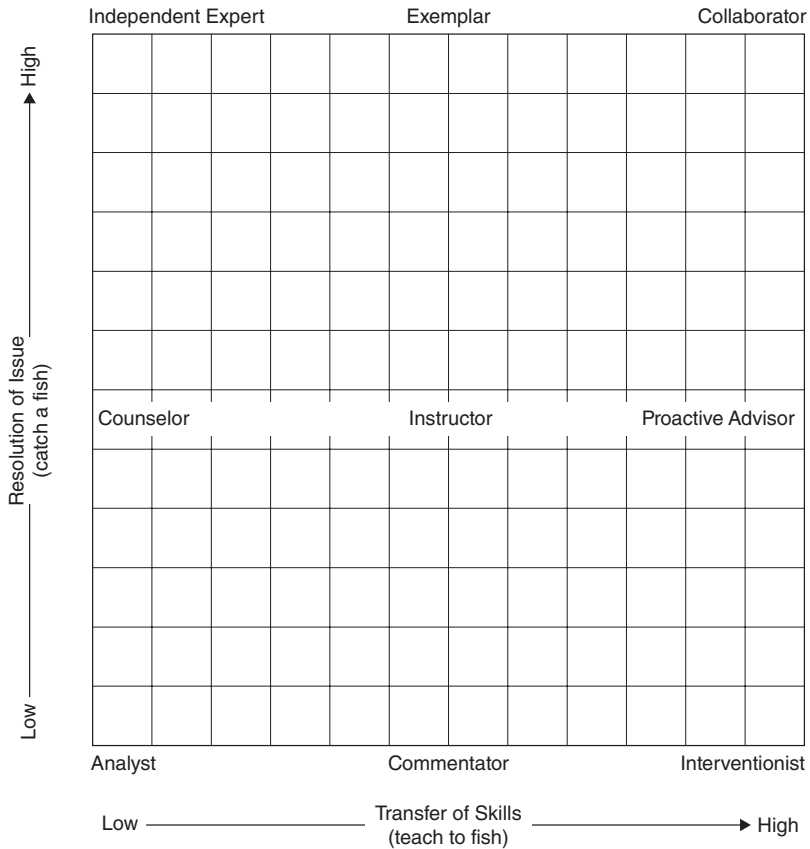


Figure 1-1 Issues and skills

If you transfer significant skills but not for an important issue (lower right) then you're an *interventionist*. By that I mean that you help people learn how to respond to complaints from customers, or change a tire in the body shop, or underwrite risk in an insurance policy. You've done these things yourself and can teach them. But you teach them generically, not because there is an urgent issue at the moment.

The upper right, *collaborator*, represents the real value in consulting, where you are both transferring skills *and* doing so as a vital issue is resolved. That's where the highest value and concomitant highest fees reside.

Expertise: Great consultants teach others how to do what they do and do not create codependencies. Counterintuitively, the more intellectual property you transfer, the more the client will value you.

Here are the traits of professional experts who consult:

- They have content knowledge (how to make glass) or process knowledge (how to make decisions) that can be transferred to their clients.
- They can speak conversationally and easily about their value.
- They never “sell” or “pitch,” but rather focus on contributing and offering value to improve the client's condition.²
- They continually expand their expertise through the development of additional intellectual property, experiences, and experimentation.
- They charge based on value, never by a time unit, head count, or boxes of materials.

I realize this last trait is somewhat threatening, even today after I've been writing about this for 25 years, but if you charge by the hour

²If you're looking for help with an “elevator pitch,” find a book from the 1950s. If someone pitched me on an elevator, I'd stop it at the next floor and toss the pitcher out.

you're an amateur, and by definition in this book, not a professional. We'll cover the basis of fees in Chapter 4, though I suspect some of you immediately turned to that chapter, in which case, welcome back to the beginning!

When expertise becomes so obvious and apparent that the consultant is sought out by clients, a powerful brand has been created, based on the allure of one's expertise. When that happens, credibility, terms, fees, and other factors are no longer any kind of obstacle or barrier.

THE MILLION DOLLAR METAPHOR

In the introduction I talked about the origins of *Million Dollar Consulting*. Sometimes it's better to be lucky than good.

However, as catchy as that title and notion may be,³ I understood from the outset that it's a metaphor. It represents the fuel you require for the lifestyle you desire. That may be \$450,000, or \$1.4 million, or \$6 million. Wealth is discretionary time; money is simply the means to obtain wealth. (Hence, some people pursue money so rabidly that they decrease their wealth.)

More important, however, is the issue of the labor involved to get there. Years ago, my accountant said to me as I was beginning to become really successful, "Alan, reducing debt is as important as making money." He demonstrated the cost of carrying debt, the power of being debt free, and so forth. As a result of his advice, except for my mortgage (which has certain advantages to maintain) and a couple of car leases, I'm completely debt free.

The analogy is that while building revenues is important, *reducing labor intensity is just as important*. The reason is that too many people are racing around generating money while eroding their wealth. They are making money but losing time.

³Someone published a subsequent book called *Six Figure Consulting*. I believe they're going in the wrong direction. What's next, *How to Lose Money in Consulting*?

Expertise: You can always make another dollar, but you can never make another minute.

Thus, the secret to Million Dollar Consulting as a metaphor is that you have to continually work smarter, not harder. The progression often looks like this (read from bottom to top):

- Retainer
- Project oversight
- Project implementation
- Work at client request
- Subcontractor

At the bottom, *subcontractor*, you're working on someone else's product and at that person's command and discretion, very much like being someone's employee. And many of us have to start that way to earn money—nothing embarrassing about that unless you're still doing it years later. Above that, *we work at the client's request*, often as a result of a request for proposal (RFP), with the client's specifications to be met.

In *project implementation*, you are collaborating with a client and internal people to design and executive an initiative. In *project oversight*, you have designed what others are implementing and you are simply providing guidance. Finally, as a trusted advisor, you are on *retainer* with the client paying for access to your “smarts” and not any kind of deliverable or presence on site.

The bottom of the list is highly tactical, the top highly strategic. The key is to minimize labor while maximizing fees. Trusted advisors do that the best.

As you can see in Figure 1-2, the maximization of increasing fees *while decreasing labor* is dependent on a strong brand. As your career progresses, your brand should build, and the ultimate brand is your name. If someone says, “Get me an excellent strategy consultant,” and your name could be pulled from that hat, that's nice. But it's better when someone says, “Get me Janet Murphy, she's the best strategy consultant around.” In the latter case, fees don't matter, *nor does the labor*, because people are seeking results, not the maximum use of your time. (We'll talk more about branding later in the book.)

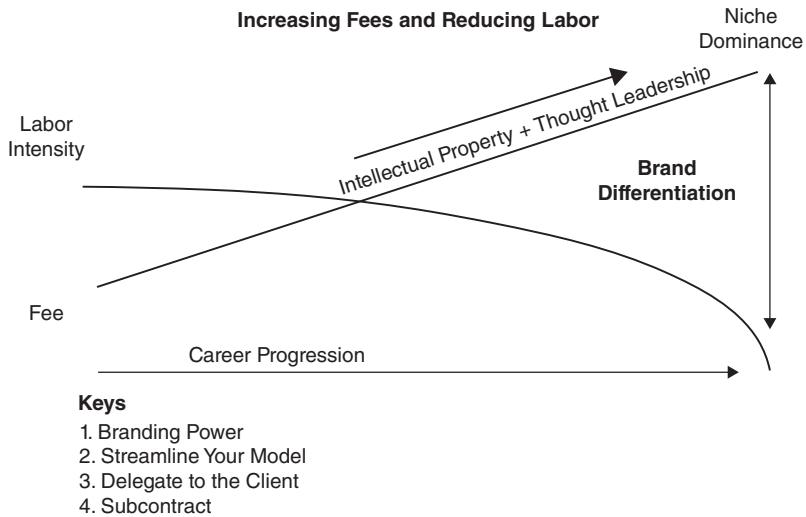


Figure 1-2 Million Dollar power

Case Study

Hewlett-Packard was my client for 10 years. At one point my buyer called and said, “Alan we need this project done, we know you’re the best one to do it—will you take it on? We need your conclusions within 30 days, it’s mission critical.”

I said, “Sure, my fee will be \$75,000, payable now, and you’ll have my recommendations within 30 days.”

She asked when I could get to Mountain View, California. I live in Rhode Island. “I’m not coming out,” I said.

“You’re going to do this in a month and never be here?”

“I can do this by phone, e-mail, and Skype, and I know you report to someone in Hong Kong whom you never actually see in person, right? Now let me get to work.”

And I did.

Whether you are new to the profession or veteran, it’s always a good time to examine whether you are reducing your labor and not merely increasing your revenue. There are three important aspects to doing this:

1. Streamline Your Business

We often do things because we've *always* done them. We've invented a "six-step sales strategy" without ever considering whether the results can be accomplished in three steps. Alliteration is no justification for labor! Never promise a client "ten focus groups." Just indicate that you'll conduct focus groups, because you might find out what the true patterns are after only five, so don't "owe" the client another five.⁴ I gave up writing reports 25 years ago when I realized that clients neither read them nor need them, but consultants keep offering them to try to justify their fees.

2. Delegate Work to the Client

The client has significant infrastructure and resources. Remember the power of the transfer of skills earlier in this chapter? Engage client resources and obtain buyer permission to use them to do whatever they can do in your stead. Most consultants never even consider this *because their fees are tied to the time they spend on-site.*

3. Subcontract

It's cheaper to find people who can conduct interviews, focus groups, observation, surveys, and so on than to do it yourself. Classroom trainers and facilitators are a dime a dozen. Why? Because they can't market themselves, can't "make rain," and are dependent on the work of others to gain income. Using them reduces your labor despite the relatively small cost of employing them. (Don't recommend this book to them.)

WHERE DO YOU BEGIN?

You require three things to be successful in this business:

- *Passion.* You must love what you do.
- *Competency.* You must be good at what you do.
- *Need.* You must identify or create client need.

⁴And with value-based fees, discussed later, the amount of time you spend never influences your fee.

If you have passion and competency but no need, you have a message no one wants to hear. If you have passion and need but not competency, you'll always be an "also-ran." If you have need and competency but no passion, you're simply your own employee with a grinding nine-to-five job.

Essentially, the great careers in consulting are built around what you love to do and are great at doing. It is not a process of continual addition, but actually one of culling.

Case Study

When you see Michelangelo's David in the Accademia Gallery in Florence, your breath is taken away, no matter how prepared you think you are to view it. The detail and colossal nature are overwhelming.

In what may be an apocryphal story, it is said that Michelangelo carved David from a single piece of discarded marble he bought from someone else. When asked how he managed to carve the masterpiece from the single block of marble, he replied, "I merely carved away everything that didn't look like David."

Carve away everything that you aren't great at and don't love, and you'll create the artwork of your career.

To begin, state your value proposition. This is a brief statement of how the buyer is improved after you leave, hence, it is *always* a business outcome or result, never an input or deliverable. Here are some examples of poor value propositions:

- We provide training in leadership skills.
- We help telemarketers use their time better.
- We assist in the creation of clear communications.

The following are excellent value propositions:

- We reduce sales closing time and acquisition costs.
- We turn customer complaints into additional sales.
- We reduce undesired attrition.

Note that these three propositions are all demonstrably related to bottom-line business improvement. Your value proposition is simply the point of your arrow, enabling you to penetrate lack of interest and resistance. When the other person says “How do you do that?” that’s the opening you need to begin the sales conversation. (And if the buyer says “I don’t believe you can do that,” it’s great, because a question or objection is a sign of interest. It’s apathy that will kill you.)

Once you have your value proposition, you’re ready to find your ideal buyer. First, write your one-sentence value proposition as a business outcome here:

Your ideal buyer is that economic buyer who can spend money for your value proposition, and who would probably find it at least attractive and possibly critical.

In Figure 1-3 you can see a three-dimensionality to the usual bell curve. Toward the left we have people who are apathetic or only pretend to be interested. In the middle are aspirational people, fence-sitters, perhaps. But then come serial developers and “hang tens” (a term from surfing that means those who take the biggest risks for the greatest ride). Note that the depths of these populations are key. In other words, you’re better off with a mailing list or audience of relatively few people on the far right than you are with tens of thousands on the far left or even middle.

Buying lists for a few pennies per name from people overseas may seem like a bargain, but it is not, for two reasons: The first reason is that cold-calling doesn’t work. But the second is that such lists are never useful in terms of your ideal buyers.

An ideal buyer for someone in the closely held business market might be the business owner. For someone in the Fortune 1000 market, it may be anyone with profit and loss (P&L) responsibility. More narrowly,

if your value proposition is something like “We increase the average size of sales and improve cross-product line selling,” then your ideal buyer is probably the sales vice president.

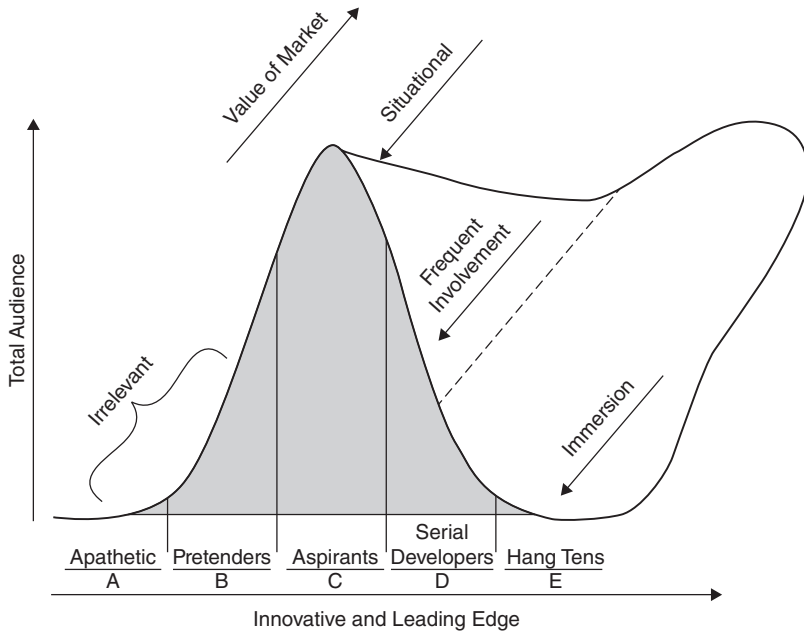


Figure 1-3 Finding the ideal buyer

Consider your value proposition from above, and write here who your ideal buyer probably is by title or position:

Expertise: You have limited time and money. Don't waste either pursuing the wrong buyer or nonbuyers.

Note that human resources is practically never a buyer, but is only the gatekeeper “protecting” real buyers. We’ll discuss circumventing them later in the book.

Your value statement reflects your passion—how you want to contribute to others. Now let’s look at what you’re great at.

IMMODESTLY GREAT

Let's be clear: We do not grow and prosper by correcting weaknesses; we grow and prosper by building on strengths. Most “self-help” books assume you are somehow “damaged” (i.e., not as good as the author) and provide remedial work. I do not. I want to remind you that we all succeed best by applying our existing strengths to challenges and opportunities, and surmounting problems in the same manner.⁵

To accomplish this, determine your “sweet spot,” which is what you are great at doing consistently (as compared to your value proposition, which is your passion for helping others).

In Figure 1-4, I've created an example of my sweet spot, which is boutique consulting. I am great at helping solo practitioners and small firm owners improve their results and dramatically grow their businesses.

The “spokes” around the sweet spot are factors or components of it. You can see the four I've chosen, but there could be more or less. If we considered value-based fees, that might be a separate component, but I'd include it here under acquiring business. There is no “right answer,” only the ability for you to map out what you're great at.

If your sweet spot is “formulating strategy” (note that these don't have to be business outcomes, they are things you do well), your components might include:

- Establishing values
- Identifying a driving strategic force
- Anticipating competitive strategies
- Translating into accountabilities

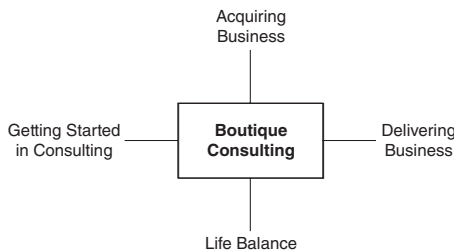


Figure 1-4 The “sweet spot”

⁵Dr. Martin Seligman, at the University of Pennsylvania, has done the best work on positive psychology of anyone I know. See his book *Learned Optimism* (Simon & Schuster, 2011), for example.

Take a moment to sketch out your sweet spot and four to six components. The components are *not* delivery mechanisms (e.g., coaching) but should be aspects of your sweet spot:

Sweet Spot: _____

Component: _____

Component: _____

Component: _____

Component: _____

The final consideration here is a vital one: What intellectual property (IP) will support those components?

If you return to my sweet spot, you'll find that I've written books, created workshops, recorded audio, filmed subscription series, and created speeches about all of those components. If you consider people who are "thought leaders," such as Marshall Goldsmith, Seth Godin, Marcus Buckingham, or Steven Covey, we've all done this.

The sweet spot and components give you the direction for creating IP that will establish your competency in others' eyes, and we've established that this is one of the three areas (with passion and market need) that are critical to your success and effective branding.

Expertise: IP doesn't exist, and isn't created, in a vacuum. It should be created within your competency and passion to support your name and brand.

The recognition of your value proposition (your passion around your contribution), your ideal buyer (the person who will invest in your passion because there is perceived need that exists or you create), and your sweet spot (the thing you're great at doing and want to do and that gives you great satisfaction), is the heart of your success in growing a solo practice and/or a boutique firm. Too many people leap into consulting as though they can simply "help" others without thinking about their own value, target audience, or future gratification.

The research and my experience are overwhelming in showing that people are most motivated by gratification in the work they do and recognition of the use of their talents to achieve results. (And, as we well know,

motivation is intrinsic and must come from within. We can't "motivate" other people.)

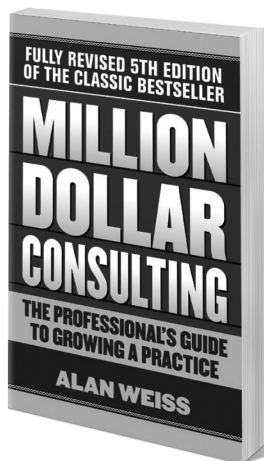
So why would we give clients that advice, but not follow it ourselves? If we're to be successful helping others, then we have to first help ourselves.

The oxygen mask rule: You put your own mask on first before attempting to help others. The same principle applies in consulting and in any career: You have to help yourself before you can truly help others.

Now that we have a basis for who we are and what we do, let's examine some aggressive approaches to launching, sustaining, and dramatically growing a practice.



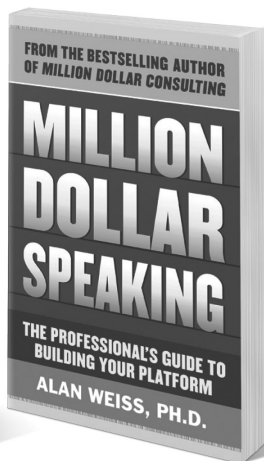
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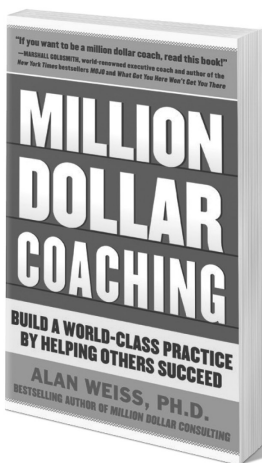
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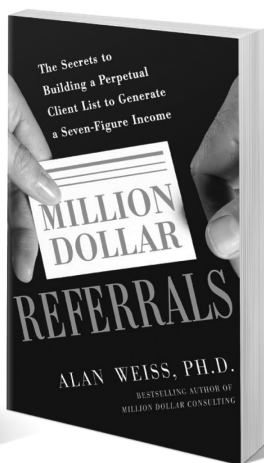
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