

Your Mindset Will Determine Your Success

You might be thinking that you're entering a sales job in going out on your own. Or you may believe that the nature of this profession is all about methodology and technology.

Let me disabuse you of such notions right out of the gate.

This is the *marketing business* and you're offering *value* to prospective buyers.

Please assimilate that before you read on. Your mindset is going to determine your success, and I don't mean that in the guise of some bizarre motivational speaker. I mean it as a businessperson who constantly seeks the highest profit with the least labor.

The Notion of Value

This is the *marketing business*. We may be consultants (or coaches, experts, facilitators, trainers, writers, speakers, and so forth) but nevertheless we're in the marketing business. Get used to it.

Marketing is the creation of need. Most people know what they want, but few realize what they need until we propose it to them. If it's

strictly what people want that's in question, then the lowest price will often prevail in a commodity competition (lawn mower, computer, consultant). But if you're presenting a unique need they hadn't considered (remote learning, Wi-Fi available in the car, a strategy in six hours), then you are creating something that isn't subject to fee sensitivity.

This is why your mindset must be about the value you bring to the *economic buyer* (the person who can actually approve the check) and not about making a sale. The former is about being willing and eager to approach people because you can help them with your value; the latter is about fear of intruding or being rejected because you are trying to sell—take their money.

It's the difference between giving and taking. I constantly have to reinforce this with even veteran consultants.

When you arise in the morning, your attitude must be, "Another great day to offer people my value," and not, "Another long, slow crawl through enemy territory."



Alanism

Being an expert in the consulting field means focusing on marketing your value to true buyers.

Another benefit of identifying your value is that you won't be intimidated by those who have been around longer, or work for large firms, or who have complex methodologies. I call this pursuit and creation of your personal value the *value proposition*. It can be broad or narrow.

For example, when my clients were primarily Fortune 500 organizations, my value proposition was "I dramatically improve individual and organizational performance." Now that I work with other consultants (actually, the "retail" business), my value proposition is, "I dramatically improve the businesses and lives of entrepreneurs around the world." The value proposition doesn't have to be unique—a lot of people might claim what I've said—but it must represent the initial explanation of the value you convey, the tip of the arrow, so to speak.

So here's your first exercise: Write a one-sentence value proposition below. Try not to use "by," "through," "with," or other prepositions, because they tend to define methodology, not value. Think in terms of results, or: "After I walk away, how is the buyer better off?"

My value proposition:

Digression

Note that my value propositions are very broad. Yours can be quite narrow, such as, “I reduce sales closing time and costs of acquisition.” But don’t believe the weak advice that you “specialize or die.” My 30 years in this business has amply demonstrated that you can “generalize the thrive.”

Your value statement needn’t be etched in stone, and you may well change it as you proceed through the book. But you have a start, and that’s the main thing.

The chart in Figure 1.1 indicates the true power of value as a mindset. The difference between what a buyer believes is wanted *and what you determine is actually needed* is what I call the *value distance*. The greater the distance, the higher your fee. The smaller the distance, the less your fee, because you’re in the commodity sea.

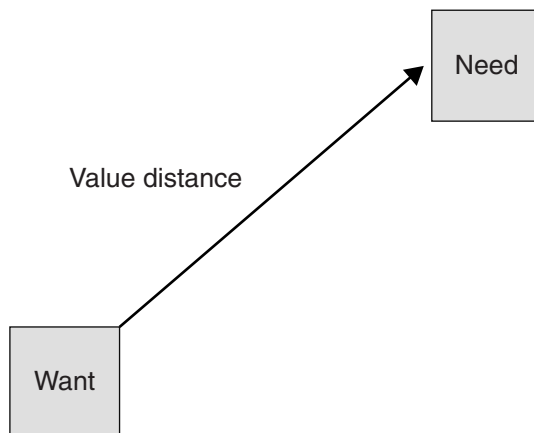


FIGURE 1.1: Value distance.

The final aspect of mindset (for now) is that of your *ideal buyer*. There are still people who contend that everyone is a potential buyer, but that might only occur if your product were oxygen and sunlight, which you'll note are both free. Since you (and I) are lone wolves, we need to focus our precious time and energy on those buyers most likely to say "yes" because they appreciate our value. While others may come our way at times, they are not the ones to whom we should aggressively market.

Thus, the ideal buyer saves us time and energy and maximizes our profits. The ideal buyer is that organizational executive who is most likely to need and appreciate our value. I know it's early, but try to identify that person below (for example, the owner in a small business, the executive director in a nonprofit, the sales vice president or the chief operating officer in a large enterprise):

My ideal buyer:

You can see from Figure 1.2 that the ideal buyer is a slim slice of everyone out there. That's because you're not selling oxygen or sunlight, but rather value not generally available. I call these people "hang tens" in reference to the most aggressive surfers who hang off the front of the board.

Let's move now past your mindset to the mindset of those whom you want around you.

Support Systems

In addition to your own, proper mindset, you'll need the mindsets of others. I'm discussing this prior to office space, bank accounts, insurance, or websites *because all of that is relatively easy, no more than purchase decisions, which can be changed at any time.*

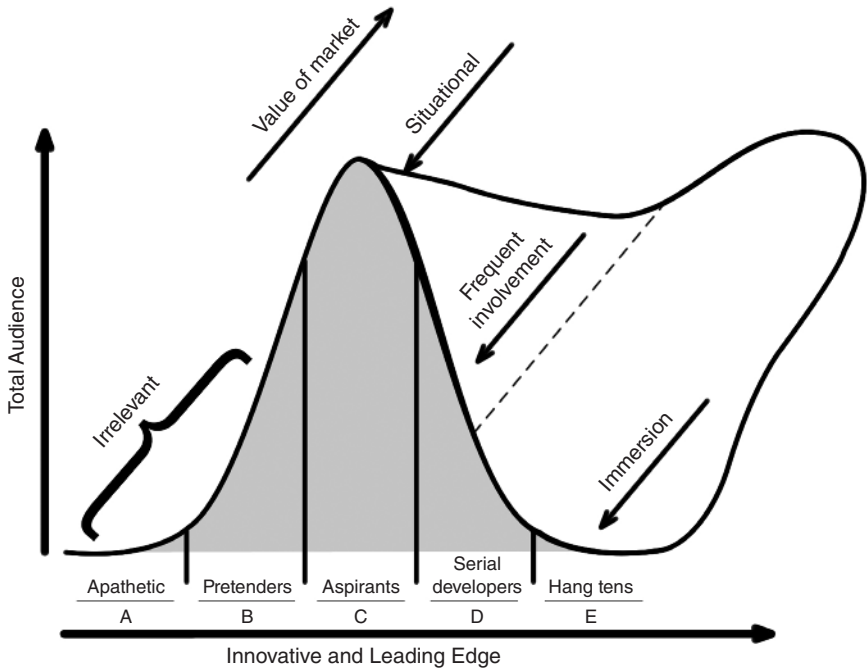


FIGURE 1.2: Ideal buyers (hang tens).

However, there are two issues that will probably spell doom for any solo consultant: one is poor personal relationships, and the other is insufficient funds, and they are obviously inextricably connected. We'll get to the easier of the two—how to make and keep money—a bit later. But let's tackle the critical one first: relationships.

If you have a partner or spouse supportive of your venture you will have a far better chance of success. If you do not have a spouse or partner, then you face some potential obstacles, which we'll deal with below. *But if you have a nonsupportive or even indifferent spouse or partner, you need to attempt to change that now.*

Why would life partners be unsupportive? Here are the reasons:

- You are the sole breadwinner, and they are scared financially since you have less “security” working for yourself.
- They don't understand consulting or solo practice and feel it's impossible to compete against the larger firms.

- You haven't demonstrated any great affinity for sales or marketing.
- Your first few months in the profession have been dismal.
- You've never traveled much alone, and now you'll be away from home more often.

Actually, those are pretty good reasons, right?!

Case in Point

My wife told me early on, "Forget about the mortgage, we'll sell the house if we have to, but you're not going to make any money sitting in your den looking at the phone. Get out of the house!"

Here are my suggestions for enlisting your life partner in the support of your new career:

- Make introductions to successful solo consultants and their partners.
- Explain *how* you expect to compete, generate business, and thrive.
- Have a daily debriefing on progress—good, bad, and ugly. (We've always done this over dinner.)
- Show the total cash reserves you have available: bank accounts, credit lines, retirement funds, investments, securities, refinancing potential, and so forth. You may never need them, but they're there, and no one is going to debtor's prison.
- Have your partner read this book. Show that there is a rational approach to being successful and that thousands have done so.

All of these steps should dramatically improve the relationship aspects of your new career. But if you are experiencing relationship problems for other reasons, going out on your own will almost always exacerbate them. Reconcile them first, one way or another, before embarking on a path that requires loving support.

What if you don't have a partner? Well, then you need to create a support system. These *are not* business or professional advisors per se. In other words, not necessarily your attorney or accountant (although they might fit the bill if they're also personal friends).

Here are typical people to recruit into your support system:¹

- Other solo consultants who don't directly compete
- Colleagues in trade and professional associations as well as in social clubs
- Community leaders, perhaps from the chamber of commerce, Rotary, and so forth
- Family members who you know are supportive and not envious or overly critical
- Independent business owners in other enterprises who can empathize
- Long-term, understanding friends

How big should your support system be? Who knows? Just remember that the purpose is to enable you to have a sounding board for your ideas and to interpret your successes and failures, and to keep you centered. In other words, one rejection from a prospect doesn't make you a lousy marketer, and one signed contract doesn't make you a superstar.

The support team needn't be gathered, or meet, or even know each other. This isn't a group to which you report. It is a group composed of individuals who can listen well and provide you with objective feedback. Otherwise, *you'll spend immense amounts of time worrying about insignificant matters, trying to interpret the vague utterances of prospects, and generally indulging in too much introspection!*



Alanism

In this business you need someone to commiserate with the lows and celebrate the highs, but most of all, to keep you honest with yourself.

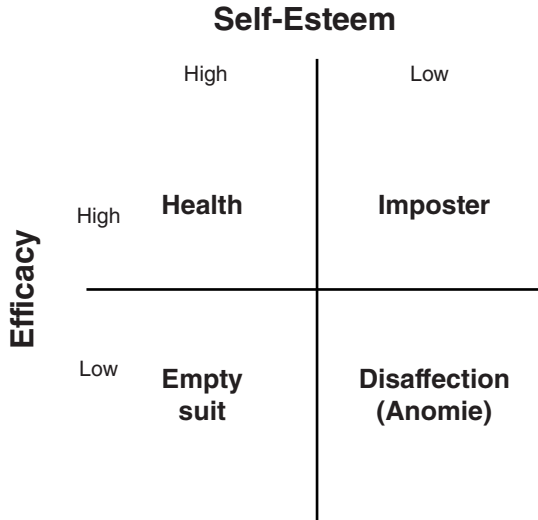


FIGURE 1.3: Self-esteem and efficacy.

What we do isn't rocket science. But what we do is extremely personal and can too often be perceived as commentary on our *self-worth*. In Figure 1.3 you can see the importance of perspective.

When we're good at what we do (efficacious) and also feel good about ourselves, we are emotionally healthy. But when we don't feel worthy, even though we're successful by other metrics, we believe that we're imposters and about to be found out.²

Many people who are good at what they do don't believe they deserve it, creating the "imposter" syndrome in the upper right of the chart. This has been found among business executives, performers, athletes, and politicians. When you feel like an imposter ("Why would they believe what I'm telling them?"), you're subject to rapid decompression when someone does challenge you ("I've been found out!"). In this context, you may be effective, but you feel unworthy, so a critique quickly reinforces those inferiority feelings.

The converse is the "empty suit," who has feelings of great self-worth but not much talent. This is the person who can talk a good game (in Texas: "Big hat, no cattle") yet doesn't deliver on the talk.

And if you're weak in both self-worth and effectiveness, you are alienated and disaffected, odd person out. There's a type of suicide called

“anomic suicide,” which is caused when someone feels completely alienated from those around him or her, is unable to perform well, and feels worthless.

Your support systems are intended to keep you focused with honest, tough-love feedback and support, so that the lows are never catastrophic, and the highs are never too euphoric.

When you’re getting started in consulting, this is especially critical.

Basic Necessities

Let’s move now from your fundamental, positive mindset to what will support that mindset in your daily life. This section is about the physical assets you need at the outset to bolster your positive intent.

Office

You don’t need an office. What you need is a quiet place where you can work undisturbed, meaning you need a door and room for a desk and chair with Wi-Fi access.

When I began consulting on my own, after I was fired in 1985, my wife talked me out of an office, explaining that if it turned out I needed one I could get one later. I never did need one, using instead a spare bedroom converted for my purposes. I figured out that I saved, over 16 years, \$450,000 in rent, insurance, utilities, maintenance, repairs, and furnishings. And \$450,000 is almost *exactly what it cost me to put my two kids through 16 years of private school with no indebtedness on their shoulders when they were graduated from college!*

Your home office is deductible under the tax laws in effect as I write this.³ And you can pay yourself rent, deducting also the expenses for your house represented by the percentage of space occupied by your office (for example, insurance, mortgage costs, and the like).



Alanism

The more comfortable you are and the more professional you feel, the more productive you will be. That’s very tough with an ironing board or litter box in the room.

Stock your office with:

- Normal supplies (copy paper, stapler, tape, markers, and so forth)
- Postage meter (leased from Pitney Bowes, usually)⁴
- Copier that can also serve as a scanner and fax machine (yes, some people still fax)
- Computer of your choice
- Alexa, or an equivalent music and information source
- Ergonomic chair
- Paintings or photos on the walls that please you
- Phone system that can be used for conferencing, has a backup voice mail function, and has a speaker (ideally two lines, house and office; cells are fine but awkward for long calls)

If you don't have such room, then consider a shared-suite provider. These operations charge a monthly fee for a receptionist, offices of varying sizes, office equipment, shared copiers, and so forth. Many will also serve as a mail drop and answering service.

What should guide your choice is privacy. You shouldn't be in a place in your home with a heavy traffic pattern, ambient noise, or distractions. (You need to tell your family that when the door is closed, you're out of town.) A home office can be a blessing or a curse, depending on your level of discipline. I've coached too many people who never got around to calling for referrals because they kept staring at a guitar in the corner wondering if they could master a diminished fifth chord.

Basically, your office should make you happy to be there (natural light helps tremendously). The degree to which it's complete as a resource for you will be determined by how often you have to leave it to perform tasks. The fewer occasions, the better.

Professional Help

You'll need the following from the outset:

- *Attorney.* This shouldn't be your cousin Louie or the person who closed on your mortgage. You need someone who can create

your company bylaws, help trademark intellectual property (the marks™ and®), and create and/or review client contracts. Your attorney will also provide for incorporating your business, and with your accountant will advise (under current laws) whether you're best off financially being a C corporation, Subchapter S, or LLC.

- *Insurance agent or broker.* You *must* carry what's called *E&O* (*errors and omissions*) insurance, colloquially known as “malpractice insurance”). This is a litigious society, *and some clients will demand proof of such coverage before hiring you.* You'll also need liability insurance, which covers you if someone trips over the power cord connected to your laptop at a meeting (even if someone else connected it). E&O can be about \$2,500 annually (at the moment, for about a million dollars in coverage), but liability is inexpensive. You should also carry your own life insurance, health insurance, disability insurance, and umbrella liability insurance. This is why you need a good broker.⁵
- *Bookkeeper.* This is the person who takes your checkbook stubs, receipts, and bank statements and creates a monthly profit and loss statement, a general ledger, and the inputs for your tax people. I strongly advise you to pay someone to do this (probably about \$200 to \$300 per month) rather than attempt to do it yourself using software, even if you're a financial consultant. Have independent eyes and calculators do this.
- *Tax professionals.* The tax laws have more pages than the combined constitutions of the world's democracies, so let the professionals figure out your taxes. The government takes a very dim view of errors on returns and claims of honest mistakes.
- *Payroll services.* Use Paychex or a similar resource to pay your salary, withhold taxes, and file electronic reports. Do *not* attempt to get a check weekly or monthly of a certain amount. These services enable you to tell them the size of check you want and the withholding amounts, so that you can receive cash from your company based on your actual expenses and needs.

Do not use or hire the following:

- Services that promise you leads every month.
- SEO (search engine optimization) services that promise greater visibility on the web.
- Any coach who hasn't done what you want to do successfully. A coaching certificate from some group means absolutely zero. (Who certifies the certifiers?)
- Services that promise you networking opportunities.
- Services that claim you'll be a speaker in front of buyers if you pay them a fee.
- Anyone who offers a cable TV or AM radio show if you pay for it.
- Anyone who offers a celebrity to appear with you on video if you pay for it. (The "celebrities" usually are D-list or so ancient that someone has to prop them up or they'll fall over.)

Stationery, Literature, and So On: Hard and Soft

This is an electronic age, yet we still don't have a checkless society or a paperless office. You will need a business card to hand out, which should have your name, title, business name, phone, physical address, and email address. This isn't an advertising billboard, though some clueless consultants think it's clever to put promotional wording on the back or their photo on the front. Picture your buyers, with whom you should be a peer. Do they have their photos and excess verbiage on their cards?

Similarly, have hard copy letterhead. You will sometimes need to send a hard copy letter, so you'll need envelopes and address labels. When you start out, have a local artist, or even art student, create a logo for you to place on your website, stationery, card, and so on. You can always change it later, but it will add professionalism from the outset.

Virtually everything else can be virtual. You don't need a sophisticated website at the outset, but you need a home page that provides these items, which we'll tackle in detail later in the book:

- Typical client results
- Video and text testimonials
- Your photo
- How best to reach you⁶

We'll talk about blogs, more website content, newsletters, and so forth as we proceed. But for now, these are the essentials to put in place.

Hitting the Ground Running

The final major factor in mindset is to gain momentum early. You can begin this before you leave your current position (remember that most of us are refugees from larger organizations). I'm sure you can see the obvious: set up your office, arrange for incorporation, purchase insurance, print stationery, and so forth.

However, here are eight less obvious ways to stack the deck and support your mindset:

1. If you are currently employed and leaving amicably, explore a consulting relationship with your soon-to-be-ex-employer, which might cover some of the work you currently do more efficiently and less expensively than hiring a replacement.
2. Make a list of everyone you know, and put each one into one of three categories:
 - A. Those likely to be buyers or recommenders
 - B. Those about whom you're uncertain
 - C. Those you're sure are neither

For example, your dentist or attorney should be in category A, since they will clearly have clients to whom they can refer you.

3. Seek to meet other consultants who would be willing to share with you what they did well and not so well in starting their own practices. Make sure they are successful people. There can be far too much “big hat, no cattle” in this profession.
4. Prepare your family. Let your family know what to expect. You may be traveling; you can't be disturbed when the office door is closed; there's a phone line they shouldn't answer; you may be able to be at a dance recital or soccer game in the middle of the day; you may be able to include some vacation time with business trips if they come along. Be sure to include these positives with the negatives.
5. Look for inexpensive associations to join. The chamber of commerce may make sense. There may be a consulting organization with a local chapter. If possible, private clubs make sense, since many of your prospective buyers will be members. And charities and community group are important because they're always looking for volunteers, and your buyers will often be on the board or major donors. (If there's a local theater or dance group, just look at the donors, who are usually listed in the playbill.)
6. Study the craft. I strongly recommend that you read these books as far in advance of your start as you can:

The Capitalist Philosophers, by Andrea Gabor: A quick history of consulting and the major thought leaders therein.

Innovation and Entrepreneurship, by Peter Drucker: He literally invented modern strategy while working for William Sloane at General Motors.

Million Dollar Consulting, by Alan Weiss: I've written more books on consulting than anyone in history, and this is the *magnum opus*, on the shelves for over a quarter century through five editions.

These three books are a great start and will generate still more options for you.

7. Put your financial house in order. Ideally, you should have at least six months of normal expenses set aside as you begin this journey. I've found that disciplined people can usually make a first sale within six months and begin to support their regular lifestyles in 12. Specifically, do the following:

- Identify all of your assets.
- Determine which will initially fund your business if you're not receiving severance or money from other sources.
- Determine reserve funding sources—for example, invested retirement funds.⁷
- Calculate what the total available credit is on your credit cards and other lines of credit (for example, second mortgage).
- Ask yourself how comfortable you (and your spouse) would be borrowing money from family members who could afford to make such loans.

The idea here is not to build a huge cash pile by exhausting these sources. Rather, it's to build the mindset that you're not about to go broke, you don't need to make a sale tomorrow, and you have far more resources than you might think. When you go into your own business, there is no such thing as untouchable money!

8. Create your business checking and savings accounts. Work with a bank that can provide you with the ability to send and accept wire funds, and set up a merchant account to receive payments (Mastercard, Visa, Amex, Diners Club) and electronic banking to move funds around 24/7.



Alanism

It neither illegal nor unethical to prepare for your own future while living in someone else's present.

Case in Point

Pay yourself from every incoming transaction. In other words, if you receive a payment from a client for \$25,000, put \$2,500 of it in a savings account and the balance in the checking account. If you are disciplined in doing this, you'll build up a nice cash reserve. Don't even worry about the interest rates; just put the money aside.

The idea in this chapter has been preparation, to some extent physically, but to a larger extent mentally and emotionally. *Logic makes you think, but it's emotion that makes you act.* That's true of clients and true of all of us.

Figure 1.4 shows the basic progression that we'll be working through in terms of securing business.

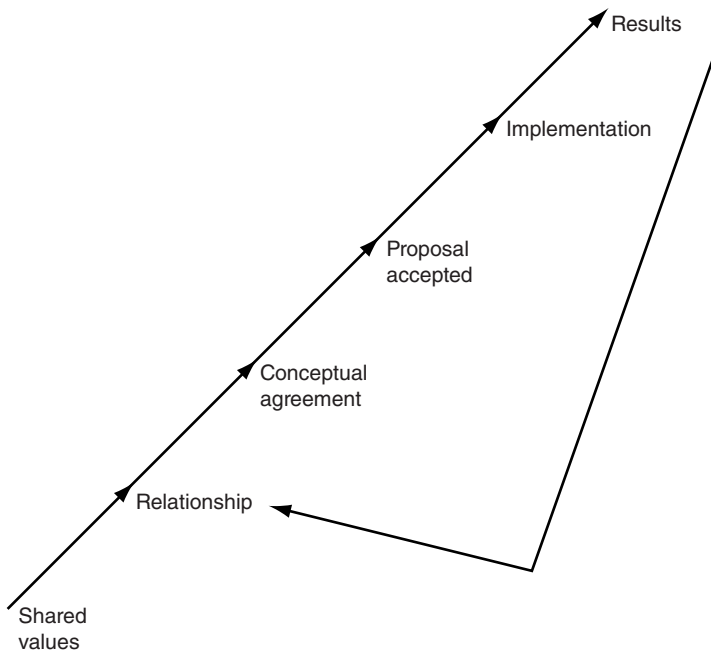


FIGURE 1.4: Business acquisition progression.

We are searching for prospects with whom we can work ethically (shared values), build a trusting relationship, agree on outcomes, submit a proposal, implement the project, and then obtain the results that further cements the relationship and creates expanded business and referral business.

The right mindset is how to get started getting started.

Chapter 1 Definitions

Economic buyer: A business executive who can sign or authorize a check to pay for your value—as opposed to lower-level people (gatekeepers) who can say “no” but cannot say “yes.”

Marketing: The creation of need. The more that need is unique to your value, the easier to acquire business that is not fee sensitive.

Value: The improvement delivered through the consultant’s actions and involvement. This can be tangible (money saved) or intangible (a heightened sense of well-being).

Value proposition: A one-sentence “tip of the arrow” explanation of how people’s conditions are improved by having worked with you.

Value distance: The range from what the buyer wants to what you determine the buyer actually needs, creating a uniqueness about you and higher fee potential.

Ideal buyer: That economic buyer who is most likely to appreciate your particular value more than all other buyers.

Self-worth: Confidence in one’s abilities and intentions through both victories and defeats.

Malpractice (E&O) insurance: Covers you in case you’re sued for providing poor advice in the client’s opinion that cost the client money and material damage.

Notes

1. You *do not* need a board or advisory group of any kind. The last thing you need in going out on your own is to create bureaucratic oversight!

2. This is why movie actors, with an award in their hands, still worry about whether they'll ever work again, because they've been given an award for portraying someone other than themselves. (My son and daughter are in the business.)
3. Consult a good lawyer and put the provision in your company bylaws. The historical IRS criteria have been that the space is used solely for your business, you have no other place of business, and you are the sole user.
4. You can use various online stamp sources, but I've found a personal scale and meter a great deal easier.
5. Some of these items can be paid with company funds, pre-tax, depending on your bylaws, which is why you need a good attorney.
6. Always include a physical address. Some people need to mail you things, such as checks or packages. It's amateurish not to have a physical address because you're concerned about security. Rent a postal box if that makes you more comfortable.
7. Under current laws, IRA and similar withdrawals may be made without tax liability if they are redeposited within 60 days—an interest-free loan.