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**Running a  
Consulting Business**

**by Colin Butcher**  
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# Running a consulting business

BCS Consultancy SIG, 13<sup>th</sup> Oct. 2020

Thoughts from the sharp end...

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# Introduction

This talk is intended to share some non-technical experiences from the past 25 years or so of running a consulting business.

The intention is to help other people, especially in these uncertain times. I hope it's useful.

My business is leading systems and infrastructure projects, many of them involving VMS based disaster-tolerant systems. It's usually technically complex and demanding work with a high level of responsibility. I usually describe myself as a “consulting engineer”, not a “consultant”.

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# What is “consulting” ?

- Problem solving in one form or another is at the heart of what most people in business actually do.
- Consultants usually get asked in when things are complicated and difficult. It’s not the easy stuff!
- Improving our ability to solve problems for other people will usually bring better business.
- Better business is much better than more business!

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# Problem solving

- IT has no physical reality, it's all conceptual
- Collaboration is essential
  
- Information gathering
- Reverse engineering – structure and function
- Constraints – the possible and the impossible
- Communication and explanation – mentoring
- Implementation and support
- Documentation

*See the book “The Mythical Man-month”, by Brooks*

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# Structure your thinking

- Your brain is your primary tool - keep it in good shape
- Work with other people, never work alone
- Have a process that you can follow, consistently
- Record your decisions, especially ideas you rejected
- Most decisions require good judgement
- Usually you have to make assumptions to get started

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# Key points

- Build your knowledge base
- Increase your depth of understanding
- Gain insights into your fields of expertise
- Improve how you communicate your ideas
- Know people you can discuss things with and can trust to help you when needed – and do the same for them

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# Some hard questions!

- What motivates you to start your own business ?
- What do you do that is unique to you ?
- Why should anyone hire you to help them ?
- How do people know that you exist ?
- How could you survive for 18 months with no work ?
- What is your exit strategy and succession plan ?



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# The brutal reality

- Don't expect to be in paid work all the time.
- Be well prepared - use slack time to work hard on stuff that you don't like doing.
- Recognise that pre-sales activity is essential - and don't expect it all to pay off.
- Realise what's happening to you mentally - you will experience highs and lows, often in the same call!

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# Business is personal

- You are what your customers think you are, not what you might think you are.
- Become more aware of “soft” skills in order to “fit in” (clothes, language, behaviour, car, etc.).
- Treat clients as friends and colleagues - keep in touch, even if there’s no immediate work.
- You’re only as good as the last time someone thinks you didn’t do a good job, for whatever reason.

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# Behave like a business

- You are operating as a commercial business - so behave like one (collaborate, establish a diverse customer base, contribute to many different professional communities, etc.).
- Understand the psychological contract you've entered into with a client and reflect it in the statement of work with clear boundaries and responsibilities.
- You can always say “No”, nicely.
- Build in “recovery time”.

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# Meeting your obligations

- There is a lot of administration that has to be done - expenses, invoicing, VAT, PAYE, contracts, insurances, annual returns, 'maintenance of equipment', etc.
- There are also legal and regulatory responsibilities which you have to meet – many of which have fixed timescales and penalties.
- Offload what you can't do or don't want to do, but it's still your responsibility.

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# Keeping your head above water

- Understand the field you work in and what's expected of you by your customers.
- Keep learning, evolving and adapting.
- Strive for excellence. Be the “trusted advisor”.
- How do you find time for everything ?
- Where can you go for help ?

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# Your trusted advisors

- Have people you know and trust acting for you:
  - Legal advisor (NDAs, contracts, disputes, late payment etc.)
  - Accountant (agent dealing with HMRC for PAYE, VAT, personal tax, corporation tax, etc.)
  - Insurance broker (PI cover, general business cover, employers liability, public liability, travel insurance etc.)
  - Financial advisor (pension, critical illness, income protection, investments, etc.)
  - Technology advisor (IT support, telephony, web site, etc.)
  - Trade associations and professional bodies (IPSE, AICS, BCS etc.)
  - Sales assistance (finding projects and closing business)

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# Use technology sensibly

- If it doesn't make your life easier, don't do it!
- What you have and how adept you are at using it is part of your professional appearance.
- Your data and your systems are your responsibility. You have no-one else to blame. Be prepared.
- Your ability to deliver depends on your equipment being fully functional when you need it.

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# Interoperability

- Your ability to operate as if you're part of your client's organisation is essential.
- Data interchange and compatibility in whatever form the clients needs or provides is essential.
- Think about security and confidentiality. Never make assumptions - ask first.
- Encrypt and secure your data and e-mail appropriately.



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# Purchasing “stuff”

- Systems and equipment have a finite operational life. Plan accordingly.
- You generally get what you pay for. Budget accordingly.
- Invest wisely in your own technology infrastructure. Make the effort to understand it.
- Treat business money and personal money entirely differently.

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# Minimise risk and hassle

- Hassle can damage an independent professional far more than it may hurt a bigger business.
- Things will go wrong. It will never be convenient. Be adaptable. Murphy was an optimist!
- Know how to set your systems up. Know how to back them up and how to restore them.
- Stay reasonably current with hardware and software, even for 'simple stuff' such as cellphones.

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# Expanding your business

- Are you prepared to risk your personal reputation to help others find work ?
- How will you explain it so that clients trust all of you ?
- How can you find work for other people while you're also doing work yourself ?
- How can you fund and manage that expansion ?
- Are you the best person to lead it ?

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# Administration and structure

- A bigger business will need to have all sorts of things in place, such as: policies on equality & diversity, environmental impact, health & safety, quality; insurances; project plans and management tools; etc. etc. etc.
- Don't underestimate the administrative workload of a bigger business.
- You'll need to be a lot more organised and structured to ensure that nothing gets missed.

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# Reputation, ethics and values

- By involving other people in your business, you're trusting them with your reputation – and vice versa.
- Having made the decision to involve others then you have to live with the consequences when they make decisions on your behalf.
- The ethics and values of the people you choose have to match your own, then you have a sound basis for trusting each other.

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# Leadership

- Your colleagues will often have better ideas and insights than you will, so be prepared to let go.
- You will have to learn new skills, especially around making business decisions.
- There is no room for passengers – everyone has to be committed to the cause and actively contribute.
- When it goes wrong – it's still all yours. When it goes well, you have to share out the credit.

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# Keeping the pipeline flowing

- You now have to be a lot more structured about planning ahead and finding good quality work.
- How will you fund the time and effort involved to identify potential customers, find opportunities, qualify them and bring some of those to fruition ?
- What kind of work is appropriate for the set of skills and people you have ?
- What kind of customers do you want ?

# The 3 x 2 matrix

|                                       | In crisis<br>Panic         | Aware of need<br>Normal          | Planning ahead<br>Smart               |
|---------------------------------------|----------------------------|----------------------------------|---------------------------------------|
| What's involved?<br>Understands value | Probably taken by surprise | Prepared to discuss approach     | Understand value of early involvement |
| How much?<br>Cost driven              | Likely to be conflict      | Less likely to understand issues | Probably "just looking"               |

Can you help them?



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# Clarity of purpose

- Initial discussions
  - Proposal and negotiation
  - Statement of Work
  - Terms and Conditions
  - Costs
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- Fixed price project based work
  - Limiting risk for both sides
  - Commitment from both sides is essential

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# Delivering the goods

- Clearly establish the contractual boundaries for the work you undertake .
- Clearly identify the criteria for successful completion and payment milestones along the way. Get paid on time!
- Pay your subcontractors on time. Cash flow is a lot more important as your business grows.
- All you need is a reasonable number of good customers.

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# Duty of care

- Understand your “duty of care”, then you have a good basis for making decisions.
- Teach as you go, passing on knowledge and experience, but letting them do things their way, not yours.
- Don’t become a single point of failure.
- Think about succession planning and how to quit without inconveniencing any of your customers or colleagues.

*See the book “The Trusted Advisor”, by Maister*

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Enjoy it and have some fun along the way

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