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# The 16 Biggest Mistakes Consultants Make

## ... and how to avoid them!

By Seann Maxwell

Many competent consultants lose thousands of dollars in fees by committing one or more of sixteen big mistakes. Seemingly small things can significantly impact your success as a consultant. By eliminating or adding something presumably simple, you can increase your income by 25 percent and more. None of the ways to fix these mistakes is difficult, but you do need to implement them to reap the benefits.

Consultants reduce their opportunities for big success when they do not:

1. **ADEQUATELY DEFINE THEIR UNIQUE QUALITIES AS THEY RELATE TO THEIR CAPABILITY STATEMENT, BROCHURES, MARKET POSITION, AND CREDIBILITY.** Unless consultants carefully and consistently define their qualities, they will not stand out from the crowd. Without any unique criteria with which to evaluate consultants, clients use price as the principal basis of selection. This position not only precludes the opportunity for negotiated agreements and reduces opportunity for higher fees, but also causes assignments to be lost through competitive bidding.
2. **PRECISELY DEFINE WHO THEIR PROSPECTIVE CLIENTS ARE.** Although it's a marketing fundamental to develop detailed knowledge of prospective clients, many consultants do not do so. While they may know their industry, they may not have selected their top thirty target clients. They may not have identified the key decision makers and the key decision influencers in those target firms. While hunting ducks as a teenager, I learned to shoot at a specific bird, not at the flock, if I wanted to bring something home for dinner. The same concept applies to marketing consulting services. Successful consultants select their top target clients and then learn everything about them.
3. **DEVELOP AND MARKET TANGIBLE SERVICE PRODUCTS.** It is easier to sell a tangible product than an intangible service because the buyer knows at the time of purchase what a tangible product will deliver. With an intangible service, however, the benefit is usually delivered well after the purchase decision. The more tangibility that you give to your service offerings and the more these offerings are packaged to emphasize their tangibility to the client, you increase the probability of your success and your engagement fees.
4. **FOCUS ON RELATIONSHIP MARKETING.** Effective consulting depends on good communications and trust between client and consultant. We all prefer doing business with someone we know and have confidence in. Successful consultants do everything in their power to create and maintain successful relationships with the key decision-makers and decision influences in their target market.

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5. **UNDERSTAND HOW TO CALCULATE THE RIGHT BILLING RATE.** Although this principle seems to be basic, many new and even experienced consultants do not understand the basis for calculating the right billing rate. Few consultants survive if they cannot command at least two times their desired hourly wage. For example, if a person wants to earn a \$100,000 per year salary, his or her billing rate must be at least \$125 per hour to account for payroll benefits, overhead, expenses, non-billable time, marketing, travel, communications, vacations, professional development, and so forth.
  6. **BECOME AN AUTHORITY IN THEIR FIELD.** By positioning themselves as experts or authorities in particular fields, consultants gain many opportunities for assignments and increased fees. Consultants are essentially problem solving resources to clients. The more credibility they can earn, the more consistent will be the assignment flow. To earn this credibility, consultants need to think creatively, publicize their efforts, and do outstanding work for clients who can refer them to other prospective clients.
  7. **TRACK PROSPECTS AND FORECAST REVENUES.** Even experienced consultants often fail to have an organized system for tracking prospects and forecasting revenues. Over the years, I have used a simple system based on a spreadsheet that accurately forecasts quarterly and annual revenues while assisting in the tracking of and following up with prospective clients. This system provides an easy and effective way to:
    - Identify and follow prospective assignments.
    - Predict sales revenues.
    - Know if enough prospects are being tracked to reach the revenue goal.
    - Predict when assignments are likely to materialize.
    - Organize marketing efforts according to clear priorities.
  8. **PAY ATTENTION TO GUT FEELINGS WHEN SELECTING CLIENTS.** I have found my intuition to be the best judge of whether a relationship with a client will be successful. Whenever I overrode my gut feeling about a client and went ahead with the project, I invariably ended up with problems completing the job or collecting my fees and feeling bad about the client. No one benefits from this kind of lose-lose situation.
  9. **WRITE WINNING PROPOSALS.** Many consultants lose assignments because they do not put enough time into thinking creatively and preparing written proposals. Successful consultants are superb proposal writers. They put their effort into creating winning proposals only, not those that lose. Before writing a proposal, they:
    - Build good rapport with the prospective client.
    - Clearly understand the client's objectives and available budget.
    - With the client, carefully design the scope of the assignment.
    - Make every effort to understand who your competitors are, and what they are offering that might lend them more credibility with the client.
    - Do what you have to do to offset your competitors' perceived advantage.
    - Agree about the proposed fee arrangements.

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All marketing efforts should culminate in a winning proposal. The winning proposal is a coherent, carefully structured selling document that persuades a prospective client that the consultant can **meet the client's objectives for a fee** within the budget.

10. **PRECISELY DEFINE AN ASSIGNMENT'S SCOPE OF WORK.** One of the primary causes of client dissatisfaction is the consultant's beginning an assignment without a clear understanding with the client of the scope of work. If the consultant doesn't know what the client wants, how can he or she deliver it? Successful consultants spend the time needed to precisely define with the client the scope and terms of the assignment. They then put this definition in a letter explaining both parties' roles and responsibilities before beginning the engagement.
11. **COVER ALL WORK PERFORMED WITH AN AGREEMENT.** Sometimes consultants are so eager to start a project, they fail to document the scope of work, the schedule, and the terms of payment in a written and signed agreement. Even experienced consultants sometimes make this mistake. Without an agreement, a consultant has poor ground on which to resolve questions concerning the scope of work, schedule, terms of payment, or collection of an outstanding debt.
12. **WORK ON THE CLIENT'S MONEY.** Not getting paid a fee for work done for a client is probably the worst thing that can happen to a consultant. It is better not to do any work for a client than to work and not get paid for it. If I am not going to be paid, I would rather be marketing new assignments or working on my own projects.

In my early days as an independent consultant, a few clients owed me several hundred thousand dollars. My business nearly floundered. Not wanting to repeat that experience, I now work on a retainer for all my projects. I collect and hold the first month's fees as a retainer and submit invoices every two weeks or at the end of the month. The retainer is credited to the client's account and accounted for at the end of the project. Clients readily accept this practice. Since adopting it, I have always collected my fees.

13. **RESTRICT YOUR AVAILABLE TIME TO ONE CLIENT OR PROJECT TO 50 PERCENT OR LESS.** Consultants who commit more than 50 percent of their time to one client or one project risk losing the flexibility to serve other clients. Also, should they lose their principal client, their entire business is placed at risk. It may take a long time to start from scratch to land the next assignment.
14. **OBSERVE THE SERVICE PRODUCT-MARKET RISK MATRIX WHEN TRYING TO GROW.** I have seen lots of consultants try to expand by introducing a brand new service product into a brand new market. This almost always results in an expensive failure because they have ignored the product service-market risk matrix, which clearly shows that introducing a new service to a new market entails the highest risk. It's much better to follow a less risky approach by introducing an existing service to a new market, and to become familiar with this matrix as you plan your business ex-

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pansion.

15. **MAINTAIN ACTIVE MARKETING EFFORTS EVEN WHEN FULLY BOOKED.** Consultants make an expensive mistake, one that is among the most difficult to overcome by failing to market their services when fully engaged. A client sometimes wants all of your time to complete a project on a tight schedule and since money is involved, you may feel inclined to go along with this. I encourage you to accept the project, but as mentioned before, never commit more than 50 per cent of your time to it. If necessary, sub-contract a portion of the work to another consultant, with their fees marked up of course. Also, keep in mind that successful consultants devote as least 15 per cent of their time to marketing, even when at their busiest.
16. **GIVE SPECIAL TREATMENT TO LONG-TERM CLIENTS.** It is so easy to take long term clients for granted, thinking that they will always be there to give you assignments. Not True! Every client is special and should be treated that way, no matter how many assignments you have done for him or her. I have seen clients give assignments to another consultant just because they were tired of being taken for granted. Simple things like not promptly returning a phone call can lay the seeds of dissatisfaction, and open the door to your losing the next assignment from a client.

Use the tips outlined above to avoid these sixteen big mistakes, and you will undoubtedly have more financial success and enjoyment in your consulting business.

#### **Note from Seann**

If this brief paper offered you some worthwhile tips that help improve your business, you may be interested in two of my E-Books that flesh out the above information:

- *Consult and Grow Rich*
- *Writing the Winning Proposal*

These books reveal the secrets that I've used in my 35 year career as a consultant to serve more than 400 clients, land more than \$500 million in new business of which my personal proposals have accounted for more than \$100 million in sales of professional services.

*For more information, or if you have questions about points raised above,  
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