CONSULTING 101:
STEPS TO BECOMING A
CONSULTANT

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QUESTIONS TO ASK YOURSELF/
STEPS TO CONSIDER
FOR A SUCCESSFUL MOVE
INTO CONSULTING
YOU NEED TO CONSIDER:

- Difference between consulting & contracting
- Incorporation vs sole proprietorship
- Consulting Agreements
- Getting Paid
- Skills assessment
- Marketing and Sales
- Networking to advance your business
CONSULTANT OR CONTRACTOR?

**Contractors**

- Placed by firm which pays & provides benefits
- Sends you out to a client/firm at a set hourly rate
- 100% markup over your rate to cover co expenses
  - *i.e. billed out at $120 you’ll see $60*
- Handles hard issues, e.g. collecting from client, etc.
- Good way to start out when you have no contacts
CONSULTANT OR CONTRACTOR?

**Consultant**

- You formulate your own Consulting Agreement
  - *Sample*
- You find your own clients & assignments
- You work all of your own assignments
- You bill (and collect) from the clients
  - *What to charge? Based on your experience and expertise*
  - *Fee needs to cover expenses, benefits, and pay your salary*
  - *For a new consultant - $125.00-$175.00*
- You market for your next assignment
- Simultaneous management challenge!
Incorporation vs Sole Proprietorship

- **Consider BOTH OPTIONS** whether consulting OR contracting
- **Acquire your own attorney and accountant!**
  - Check with other consultants/contractors in your area for attorney/accountant referrals
  - Review both options with them
Get a basic consulting agreement

- **Your attorney can help with creation**

- **Should cover:**
  - Task to be performed (can reference a Statement of Work)
    - *SOW should specify: tasks, where work will be performed, proprietary info access, and point of contact*
  - Schedule
  - Deliverables
  - Hourly rate
  - Intellectual Property

- **Sample agreements can be found at:**
  - [www.digicontracts.com](http://www.digicontracts.com)
  - [www.ieeeusa.org/business/ConsultingAgreement.pdf](http://www.ieeeusa.org/business/ConsultingAgreement.pdf)
THIS AGREEMENT is effective as of [date], by and between [Company] Pharmaceutical Corporation ("[Company]"), with offices at [address], and Dr. Petr Kuzmic (Consultant), at Biokin, Ltd., 1652 S. Grand Ave., Suite 337, Pullman, WA 99163

WHEREAS, the Consultant is an expert in enzyme kinetics;

WHEREAS, [Company] wishes to have the Consultant provide it and its subsidiaries and affiliates advice and assistance in evaluating complex enzyme kinetic or inhibition data encountered during [Company]'s in-house inhibitor screening efforts (consulting services); and

WHEREAS, [Company] wishes to maintain in confidence all information including data, technology, commercial and research strategies, trade secrets, inventions and know-how disclosed by [Company] to Consultant, directly or indirectly, in written, oral or other tangible form, for the purpose of the consulting services or arising from the consulting services (collectively, confidential information).

NOW, THEREFORE, [Company] and Consultant hereby agree:

1 Term.
[Company] will retain Consultant, and Consultant will accept such retention, commencing as of the effective date of this Agreement and continuing through midnight of [date] or until termination of this Agreement as provided below.

2 Compensation.
[Company] will pay Consultant as compensation [hourly fee] dollars per hour ($[125.00]/hour), up to maximum of [daily fee] dollars per day ($[100.00]/day). Payments will be made within thirty (30) days of [Company]' receipt of your invoices detailing the services rendered. In addition, [Company] will pay for reasonable travel expenses (coach class air fare, lodging, food and ground transportation) incurred by you at [Company]'s request. Travel time will not ordinarily be compensable.

3 Intellectual Property Rights.
(a) [Company] shall own all right, title and interest in any inventions or discoveries (e.g., compositions of matter, devices, processes, treatments, improvements, concepts, ideas, and the like), whether or not patentable, developed or acquired by Consultant and/or [Company]' employees as a result of the consulting services (inventions).
(b) Consultant will promptly, without royalty and at [Company]' expense, (i) disclose to [Company] any inventions that he develops or acquires, (ii) execute all applications, assignments and other instruments and do such other acts that [Company] may deem necessary to obtain and maintain patent rights, copyrights and other similar intellectual property rights anywhere in the world and (iii) provide [Company] assistance as needed in any legal proceedings regarding such intellectual property rights.

4 Confidentiality.
(a) During the term of this Agreement and any subsequent extension, and for a period of five years thereafter, Consultant will not disclose confidential information to others without the prior written consent of [Company], except Consultant will not be prevented from disclosing information that (i) can be shown by contemporaneous documentation to have been in Consultant's possession prior to the disclosure by [Company]; (ii) at the time of the disclosure is, or thereafter becomes, through no fault of Consultant, part of the public domain; or (iii) is furnished to Consultant by a third party after the time of the disclosure without the breach of any duty to [Company]; or
(b) The Consultant will keep separate and segregated from other work all confidential information. All right, title, and interest in confidential information, including that arising from the consulting services shall belong to [Company], and upon expiration or termination of this Agreement, all tangible forms of confidential information, including copies thereof, whether prepared by Consultant or other, will be delivered to [Company].
Sample Consultant Agreement - cont

5 Outside Employment.
(a) During the term of this Agreement, Consultant may be engaged by one or more other institutions for his expertise.
(b) Consultant represents that he is not and will not become a party to any agreement which conflicts with his duties under this Agreement.
(c) Consultant will use best efforts to segregate the consulting services provided under this Agreement from work at other institutions, or done with Government funding, so as to minimize any questions of disclosure or ownership of rights under inventions or confidential information. [Company] may terminate this Agreement if in its reasonable opinion the performance of such work will conflict with its interests.
(d) Consultant will not disclose to [Company] any inventions, trade secrets, or other information of third parties that Consultant does not have the right to disclose.

6 Notice.
Any notice to required or permitted by the terms of this Agreement shall be given by registered mail, prepaid and properly addressed as follows:

If to [Company]:
[Company] Corporation
[address]
Attention: Legal Affairs.

If to Consultant:
Mr. Paul Kostek
Air Direct Solutions
Seattle, WA

Any such notice shall be deemed to have been given when received.

7 Survival and Termination.
(a) This Agreement may be terminated by either party upon thirty (30) days written notice, pursuant to Section 6 of this Agreement, to the other party.
(b) This Agreement may be terminated by a non-breaching party, in addition to any other remedy, for breach of any term of this Agreement, upon written notice, pursuant to Section 6 of this Agreement, to the breaching party; upon which event all rights of the breaching party shall terminate.
(c) The terms and obligations of Sections 3 and 4 of the Agreement shall survive and remain in full force and effect after expiration or any termination of this Agreement, regardless of the cause of such termination.

8 Entire Agreement.
This Agreement is the entire agreement of the parties relating to the subject matter hereof, and supersedes all prior and contemporaneous negotiations, correspondence, understandings, and agreements of the parties relating to the subject matter hereof. It may be amended only by an agreement in writing, signed by both parties.

9 Not an Employee.
Consultant is an independent contractor and is not an employee or agent of [Company]. Consultant shall be entitled to no benefits or compensation from [Company] except as set forth in this Agreement and shall in no event be entitled to any fringe benefits payable to employees of [Company]. Consultant shall be solely responsible for the payment of all taxes due on the income received for the consulting services provided under this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.
Getting Paid!

- **Consulting Agreement specifies how you will be paid** (1099, W2, or purchase order)

- **Now you need to be prepared to WAIT to be paid**
  - Companies pay as close to due date as you do!
  - Be financially prepared for this
  - First assignment reimbursement can take 30 days or longer!
  - Offer 2-3% discount for POs paid within 30 days to offset this problem
    - can really help!
Skills Assessment

What do I offer that is different/unique from company in-house talent or another consultant?

- Certification?
- Advanced degree?
- Industry Experience?
- Specific skills?

The answer to this exercise focuses your sights on potential clients and contacts.
Skills Assessment – con’t

What areas/industries do I want to address, and what do I need to be able to do so?

Start with industries you know and continually branch out into unfamiliar territory.

Add new skills or upgrade old ones?

The answer to this exercise focuses your sights on potential clients and contacts.
Top Challenge – marketing and sales!

- Leverage not only who you are but what you can do for your clients!
- Develop an elevator pitch!
  - Use it wherever and whenever you can to get attention!
  - Technical society meetings!
  - Chamber of Commerce meetings
  - Business Network Intl (www.bni.com) or LeTip (www.letip.com) meetings
- Continually market yourself – hardest part of the job!
- Your network will help you to find new contacts and businesses
- Consider joining Prof & Tech Consultants Assoc (www.patca.org)
Resources

  - Listing of contract awards, bidding opportunities

  - Advice, contacts, funding

- Aerospace Industries Association [www.aia-aerospace.org](http://www.aia-aerospace.org)
In a changing employment climate, it may be an option for you to pursue!