

## LESSONS FROM LEADERS:

# When to Consider Consulting Instead of Full-Time Employment

Executives don't reach the upper echelons of corporations alone – they are influenced and supported through peer networks and interactions with other senior leaders. In this glimpse into the ExecuNet Consulting Roundtable, we offer some of the most pertinent advice from executives on when to consider consulting work instead of full-time employment.



“In times more ‘normal’ than these, there have been many contract or consulting positions available. Employers couldn’t get the talent they needed strictly from full-time employees, and a consulting gig offered an opportunity for the employer to meet a need without the cost, time and risk of bringing someone on the payroll. These days, most of the large companies in my area (Washington, DC) have numerous full-time positions listed on their websites, yet the contract work seems to have dried-up.

#### Questions for the Consulting Roundtable:

1. Is this problem occurring in other cities and other industries (besides government)?
2. Why do employers apparently prefer to hire full-time, given the risks of bringing aboard an unproven employee?
3. What, if anything, should consultants do differently in this economy to find projects?

— IRA GERSHKOFF, PRESIDENT, AVIATION SOFTWARE

“I agree. I have been freelancing since the beginning of 2009 after I was laid off. I live in Cincinnati, and if you’re willing to travel within a 100- to 150-mile radius, you can get work. I am booked solid until August, and am scheduling September right now. My experience is in IT and business process improvement; small-to-mid-size companies see value in this service.”

— ROBERT L. MULLEN, PRESIDENT, CONSULTING SERVICES SOFTWARE

“In my area (Cincinnati) we are seeing just the opposite. Employers are not hiring. And those who are posting ads are delaying their decisions or postponing offers once they find the candidate of choice. I think your situation in DC may be unusual because government is so large there and since it, along with healthcare and education, is one of the few areas really growing. As a result of the local market, I am considering launching a consulting practice. Here is what I have learned in preparing to do this:

- Getting consulting work is a challenge in this area. This is true not only for people like me who are doing this for the first time, but for people who have been doing consulting for a while.
- It’s all about networking. This is how I have come into contact with all my clients and potential clients.
- You need a personal brand that identifies you and sets you apart from all the others. You need to de-commoditize yourself. If you can find an area of need that no one else is serving, that is your best bet.
- If you haven’t already done so, it’s worth the investment to get professional marketing help for things like a logo, website and collateral. The more professional you look, the more committed you appear to be, and, therefore, the more likely potential clients are to take you seriously. Go to a group like the Small Business Development Corporation. They often have connections with marketers who will work at great rates to help small companies or people going solo.”

— ROB YOUNG, PRESIDENT, SOFTWARE

“I’m waiting to see what the ‘new normal’ will be as well. For the questions, there are not an abundance of contractor roles industry-wide in the greater Chicago area. Even IT has been hit, and all have been hit with a push to lower rates. Not sure about the second question — firms are hiring, but very selectively. In my own experience, roles still get put on hold at the final hours. Finding roles is still a hurdle, yet you still have to be ready to say ‘no’ if the deal is bad (e.g. on the other coast without full expenses reimbursement). Also, with the growth of the outsourcing in the hire process, more firms are keeping the roles advertised to keep the pipeline filled and ready; watch the ‘posted dates’ for some jobs.”

— FRED DEMPSTER, FINANCE TRANSFORMATION, MANAGEMENT CONSULTING

“I’ve seen employers hesitant to bring on consultants when they are reducing the benefits or jobs of full-time employees. I believe this has put a damper on consultant hiring.

Additionally, there is still somewhat of a stigma associated with consultants because some people think that only those people who can’t hold a full-time job become consultants. As an independent consultant for 10 years, I’ve been able to overcome this issue only because I’ve been an independent consultant for 10 years. People understand this is my chosen career, not that I am ‘bidding my time’ until I get a full-time job.”

— NAME WITHHELD, MANAGING DIRECTOR, MANAGEMENT CONSULTING

“I find things similar to a few other replies: Few companies are hiring. Lots of them have job openings posted, but few actually hire. Getting a personnel request approved — most of which now have to go to the president of the company — is really tough. A consultant, on the other hand, can deliver a value in a way that is much easier to demonstrate/justify. Doesn’t mean it’s right, but it is reality in many situations.”

— CHRIS MCCOMB, VICE PRESIDENT, ELECTRONICS, ELECTRICAL PRODUCTS

“One of the hottest sectors in business is crisis/turnaround management. Contract consulting vs. interim management poses unique options for executives in career transition and those already in retirement who still want to continue working. Many company executives who initially think they need a management consultant ultimately decide to engage an interim manager. In fact, a recent survey of 100 senior directors showed that 78 percent felt that interim managers offered clear advantages over management consultants.

Like consultants, interim managers provide:

- The latest thinking with ‘can-do’ attitude
- Short-term access to top management talent
- Strategic capability and an independent eye
- The ability to fast-track a critical project

Unlike consultants, interim managers are:

- Implementers as well as being strategists, analysts, planners, trainers, mentors, coaches and outcome-based project managers
- Loyal to your business objectives — not their consultancy’s objectives
- Flexible to do what you need — not restricted to doing things the way their consultancy prescribes
- Focused on your profitability — not their consultancy’s profitability. They do not have an incentive to sell in additional services companies may not need
- More cost-effective for both parties
- Non-threatening to existing employees (More team and partner friendly)
- Compatibility fit friendly and could pave the way for a permanent role within the organization after the ‘Feels Right — Test Drive.’

A classic interim manager’s profile might read:

- CEO, president, entrepreneur, executive director or senior manager in earlier career roles
- Reasonably overqualified for the assignment
- Organized, adaptable, results-driven and thrives on change
- Enjoys freedom of ‘no strings’ employment contracts
- Has chosen interim management as a distinct career choice — it’s not a fill in between permanent roles!

Major benefits for the client company include:

- Availability. Getting an interim can be much quicker than permanent recruiting, and interims are often expected to ‘hit the ground running,’ becoming very effective within the business very quickly.
- High value. Interim managers are often overqualified for the role and bring a wealth of experience in a chosen discipline.
- Low risk. Every company inevitably has some politics at play. The interim manager stands aside from this and is quite simply results-driven. There are no onerous employment agreements and contracts or expensive severance packages involved.

- Special skills. The interim manager will often bring key skills that the organization does not possess or would take a long time to cultivate organizationally or recruit permanently.”

— **MARK JAMES, FOUNDER AND PRESIDENT,  
EXECUTIVE RECRUITING AND CAREER COACHING**

“I have always viewed myself as a strategist, tactician, analyst, designer, planner, trainer, mentor, coach and goal-oriented individual no matter whom I worked for or the project I was on. Yes, there are/were always goals for the consulting organization — but that does not supersede the need to keep your eye on the ball for the client, nor to watch out for the health and welfare of the your team and office resources.

There are good consultants and bad consultants, good employees and bad employees. I would also suspect that there are good interim managers and bad interim managers. They can always ‘leave the mess behind’ when their tenure is done.”

— **FAITH FUQUA-PURVIS, PRESIDENT AND  
CHIEF SOLUTIONS ARCHITECT, BUSINESS CONSULTING**

“From my experience in negotiating both positions, I think that a downturn in the economy is likely to irritate some of the following:

- It is far easier to ‘hide’ or let be hidden the true cost of a direct employee versus a consultant, sometimes by as much as 1/3!
- It is very easy for accounting to track and report consultant fees and position their reporting as ‘extra costs over and above’ those costs that are right and necessary.
- When a consultant is good, they cannot charge enough to adequately match their value. That is why big firms with some very good people will send in a group where an individual or two would be enough. This is to get the billing high enough to match the value.
- Unfortunately, too many consultants are not good and do not add adequate value, which supports the subtle proposition presented by accounting in point number two.

As an individual seeking contract or interim work, I use the following search/screening elements:

- My client must have a manufacturing operation that is deeply in trouble (safety, quality, or cost and usually all three).
- They have exhausted their succession plan or are reserving it for even more critical issues.
- Management retains the dream that their operation can still reach ‘to the next level.’

The mental model of the value chain I follow is: They have pain. I can make their pain go away. They have the money and will to have their pain go away (or at least become tolerable).”

— **MARVIN W. HODGE, ENGINEERING LEADER,  
PACKAGED SOAPS AND DETERGENTS**

“It’s not only in DC. I’m located in New England, and it’s the same story here. We are even seeing instances where some former large users of contract help are now hiring full-time employees at ridiculously low pay and treating them like contractors and letting them go when the project is done.

There are relatively low risks hiring in employment-at-will states other than raising the unemployment insurance rates. The few real contract jobs are posted by at least three agencies, all bidding on the same position.

My only suggestion would be network with past clients and see what you build from. Don’t be afraid to contact people you worked for several years back. As long as you did a good job for them, they will remember. They all know they could be in the same spot in another month.”

—GARY P. GAUVIN, CTO, IT CONSULTING

“One thing I would change is interim manager to project manager. You are plugging a hole, and when the assignment is completed, you may be rolled over to a new assignment or handed your check.

Bottom line is: Are you prepared to rely on your assets and abilities to find the next project? I have been doing this on the West Coast for almost 20 years. When I enter into a project, I automatically assume I will be moving on upon completion. Obviously, things can change, but if you don’t prepare to move on you are not a true consultant. You are looking for a secure long-term position. You will really get confused on the long haul if you don’t make the differentiation.”

— DONALD D. FERREN, PRESIDENT, EXECUTIVE BUSINESS CONSULTING

“I’m thinking the contract works better on the front-end when there is evidence of a turnaround but an uncertain one (the rate of growth an unknown, but growth nonetheless). At the back-end, laying off employees while bringing on contractors seems disingenuous and bad press. They’d rather shift folks around and keep the corporate knowledge intact. Many of those job listings may be filled already as a result — the listing just an EEOC [Equal Employment Opportunity Commission] dodge. Ultimately 1099 work allows business flexibility, but this isn’t a time for flexibility; it’s a time for cuts.”

—JIM GARDNER, PRESIDENT, MARKETING AND MANAGEMENT CONSULTING

“Contrary to Ira’s observations, I am seeing a proliferation of offers that are being made by employers to prospective candidates to work on a contract basis, no benefits as opposed to the expected, traditional full-time position with all the perks, bonuses, benefits, etc. Perhaps this trend is more prevalent in certain industries or at specific levels within an organization and is not a general trend, but I hear from prospective clients every day that are weighing offers that look, smell and feel like a full-time job but are not permanent corporate positions.

Perhaps companies are wary of committing to a salary plus related expenses and are trying to reduce their financial risk. They are not prepared to pay handsome per diem rates or hourly fees, but are slicing and dicing annual salaries and limiting their exposure to severance and other costs if a new employee doesn’t work out or is not needed on a long-term basis. Perhaps there is an opportunity under these circumstances for dedicated full-time consultants to pitch for atypical consulting assignments performing in the role of a full-time employee for organizations that need such expertise, but are unwilling to hire a full-time individual. The engagement may be different than the consultant’s usual role as a project manager or diagnostician and problem solver, but it would fulfill one big requirement among consultants — a paying gig.”

— DEBRA FELDMAN, EXECUTIVE TALENT AGENT, CAREER MANAGEMENT

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