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THE BOOMER ADVANTAGE

SUCCESSFUL TECHNOLOGY CONSULTING

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

AICPA

L. Gary Boomer, CPA

Successful Technology Consulting

L. Gary Boomer, CPA

AICPA

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SUCCESSFUL TECHNOLOGY CONSULTING

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L. Gary Boomer, CPA

Several forms included in this publication, previously appeared in *Guide to Creating a Technology Budget* and *Guide to Creating a Technology Plan & Budget*, formerly published by Practitioner's Publishing Company, Forth Worth, Texas, 1997.

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HOW THIS BOOK WILL HELP YOUR FIRM

This book is designed to provide you with the road map that your firm will need to build a successful technology consulting division within your firm. The techniques that are discussed have been developed and implemented by Boomer Consulting and will now be shared with you.

As our consultants worked with CPA firms throughout the United States over the past several years to develop their internal technology strategies, it became apparent that our clients wanted more from us. They began to consistently ask us how they could meet *their* clients' needs for the kinds of service we were providing. They knew that their existing business—tax, audit and accounting—is run differently from the way technology consulting must be handled. But they needed help on how to set it up and get it moving.

As we began putting our knowledge together and sharing it with our current clients, we also began to see the need for this book. Moreover, this is a way to share our experiences with our industry.

In each chapter, you will find tips and techniques on how to build your consulting practice. Here is a quick overview of the things you will find.

Chapter 1: Technology Consulting: Is It for You and Your Firm? If you are not sure about your decision to dive into technology consulting, let us help you. In this opening chapter, we give you some down-to-earth advice on why this area is growing in our industry and who should be taking advantage of this great opportunity.

Chapter 2: How to Develop a Technology Practice Once your firm has made the commitment to develop a technology consulting practice in your firm, you have to get started. But where? Well, this

chapter gives you the lowdown on staffing your practice and structuring alternatives for your firm.

Chapter 3: How to Build Your Technology Consulting Team

When the commitment for the technology practice is in place and some basic decisions have been made, you need to ensure that the right team is in place. This chapter assists you in evaluating personnel for the positions within the technology practice and training them adequately enough to keep them.

Chapter 4: How to Identify Your Technology Services Finding the services that will be right for your clients and right for your technical staff can be a challenge. This chapter helps you get focused on the services that are best for your clients and, ultimately, your bottom line.

Chapter 5: How to Define Your Process At this point in your exploration of technology consulting, you will choose the kind of consulting that you will be bringing to your clients—but how will you turn that into a successful venture for your firm? This chapter on defining your process shows you how to develop procedures, processes, and systems and create value for your client.

Chapter 6: How to Structure the Technology Consulting Engagement for Maximum Benefit You have taken the time to make good decision, hired a qualified team, and the process is in place for a successful engagement. You are ready to go! Now you need to structure the engagements for optimal success. This chapter shows you how good engagement management can make your consulting visit a “win-win” situation for you and your client.

Chapter 7: How to Price Your Technology Consulting Services This is the chapter that will change your thinking about how you price consulting engagements. We look at pricing models, strategies, and possible approaches you can use that are critical to your success!

Chapter 8: How to Market Your Technology Consulting Services Marketing is crucial to the success of the technology consulting practice. This chapter walks you through the important factors of marketing your consulting practice and the benefits of putting the plans you make into action for your firm.

Chapter 9: How to Develop An Action Plan Now it is time to make some decisions. You need to put your plans into action or you will not make the progress you desire. This chapter gives you the opportunity to get your plans into action *today!*

For the sake of continuity, we have separated from the text implementation tools—forms, samples, and checklists. These appear in the Appendix as well as the diskette accompanying this book.

In all, this book is a useful and informative resource tool for your firm if you are either thinking about getting into the business of technology consulting or have begun in this area and want to become more successful.

ILLUSTRATIONS

The following illustrations are included in the book. Indicated are illustrations that are also included with the companion diskette provided with *Successful Technology Consulting: The Boomer Advantage*.

Exhibits 1.1 and 1.2	Technology Change
Exhibit 1.3	Internal Technology Assessment
Exhibit 2.1	Decision Matrix
Exhibit 2.2	Consulting Start-Up Budget, <i>also see diskette</i>
Exhibit 3.1	Example of A Trade Secret and Confidential Information Policy, <i>also see diskette</i>
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Exhibit 6.3	Change Order, <i>also see diskette</i>
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B	Requirements Checklist, <i>also see diskette</i>
C	Consulting Client Checklist, <i>also see diskette</i>
D	The Boomer Technology Management System Program of Work, <i>also see diskette</i> Supplement I Workstation Inventory, <i>also see diskette</i> Supplement II Software License and Usage Inventory, <i>also see diskette</i> Supplement III Network Infrastructure Inventory, <i>also see diskette</i> Supplement IV Locations Inventory, <i>also see diskette</i> Supplement V Owner/Senior Manager Perception Questionnaire, <i>also see diskette</i> Supplement VI Company Automation Questionnaire, <i>also see diskette</i>

-
- Supplement VII Priority Issues
Worksheet, *also see diskette*
- Supplement VIII Action Plan Statement
and Personnel Requirements, *also see
diskette*
- Supplement IX Technology Team Profile,
also see diskette
- Supplement X Training Needs
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- Supplement XV Timelines for Action,
also see diskette
- Supplement XVI Budget Worksheet,
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A WORD ABOUT THE COMPANION DISKETTE

The exhibits in the Appendix (and a number of those that appear throughout the book) are also included on the companion diskette provided with this publication. You are encouraged to use the disk that accompanies *Successful Technology Consulting: The Boomer Advantage* to set up your own technology consulting practice within and only within your own company.

See limited warranty and general information provided in the README file on the diskette.

The majority of the Exhibits (twenty-five) on the diskette were produced in Microsoft Word for Windows 97. Four of the Exhibits were produced in Microsoft Excel 97. If you do not own this software program but do have Lotus, your word processing package may be able to convert the Excel exhibits into Lotus. If the Excel files are converted to Lotus, you will have to clean up the files. Check your owner's manual for conversion directions.

HOW TO INSTALL AND USE THE DISK:

There are numerous ways to open, copy, and save files. Use the method you prefer. Refer to your computer's user manual for help with saving and opening files if needed. These directions are generic in nature and not specific to all computers or user preferences.

Installing: Open Word for Windows 97 on your screen and insert the companion disk into your computer's disk drive (a or b) and wait to click. Go to the file button and select *open* (with disk drive a or b selected). A list of files will appear. *All files* or *Word Documents* should be selected in dialog box. Select the file you desire and open. You can now work on the file you have selected.

Saving: If you plan to continually use and update the template file with client or other information, you must use the *Save As* feature when saving the file with new information for the first time. Go to the File button and select *Save As*. Save the file selected under a new name that you will remember for later use. Direct the saved file to your hard drive or other location as appropriate for your needs.

To open and save the Excel files. Open Microsoft Excel 97 on your screen and insert the companion disk into your computer's disk drive (a or b) and wait for click. Go to the file button and select *open* (with disk drive a or b selected). A list of files will appear. *Microsoft Excel Files* should be selected in dialog box. Select the file you desire and open. You can now work on the file you have selected.

Use the *Save As* feature when saving the Excel template files with new information for the first time. Rename the template files as appropriate.

Note to Users: As a general rule, remember to save your data frequently. Note that the *Successful Technology Consulting: The Boomer Advantage* files were produced to be used as template documents only. In order to maintain the template, you must save your work under the *Save As* window the first time you use a document and give your work a different name. This will allow you to always have the template available and to continue to customize the forms as needed.

Warning: If you use the *Save* function the first time you save your work, you will overwrite the template. This means that you will have to clean up your saved file to return it to template state or reload the file from the disk.

TECHNOLOGY CONSULTING: IS IT FOR YOU AND YOUR FIRM?

If you are already in consulting, this chapter may seem redundant, however, I urge you to at least quickly review this chapter. There is a good chance there are opportunities you haven't thought about. It also sets the stage for the chapters that follow.

This book is for the CPA consultant as well as the non-CPA consultant. If the advice fits your consulting practice, implement it! Check out the questionnaire on page 18 to ensure your own practice is in order. It is difficult to provide sound consulting advice if your own house is not in order.

HOW TO ASSESS THE NEXT THREE YEARS

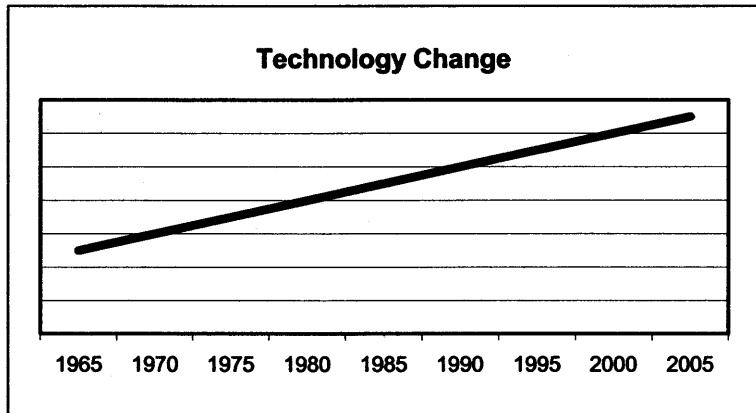
Let's take a mental trip together. Not a trip in distance, but in time. Think back thirty years, to the late 1960s. If you are not that old, think back to when you saw your first computer. Remember what computers were like in those days? Think of large, climate-controlled rooms, housing huge mainframes linked to their users by "dumb terminals." If you wanted anything nonstandard, you either had to code it yourself (Remember FORTRAN punch cards?) or submit a request to the Information Systems (IS) Department and wait days, weeks, or months for them to get it coded. That was the standard for years. Then, in 1981, an incredible invention hit the market: the IBM personal computer (PC). A mere toy, in the eyes of the "big iron" IS departments of the time, the IBM PC came

typically with 16Kbytes of RAM, (expandable to 48Kbytes), two 360K 5½ inch floppy disk drives (no hard drive yet) and a choice of green or amber monitor. Base price? About \$6,500. I know because I bought one with DOS V1.0, VisiCalc, and an Epson printer. These machines grew rapidly in both capability and affordability. Soon hard drives, color monitors, laser printers, and eventually Graphical User Interfaces (such as Windows) appeared. Take a moment to scan your Sunday newspaper to see what two thousand dollars will buy in a PC today. About any computer you want!

Then in the mid 1980s, businesses took the first faltering steps to link these PCs by cable in order to create Local Area Networks (LANs). A whole new change in how we use computers was upon us. In the mid 1990s, some creative young engineers developed a user-friendly interface, called a browser, to run on a Windows PC that would make it significantly easier to use a network of government and academic computers then called ARPANET. This browser allowed the use of the World Wide Web, and the Internet as we know it was born. It is no stretch of the truth to say that, in both computers and business, the Internet has changed everything. Today, with notebook computers boasting power undreamed of only a few years ago, connected to the Internet and, in turn, to business networks through Virtual Private Networks (VPNs), you can literally conduct business from anywhere, anytime with anyone. Amazing.

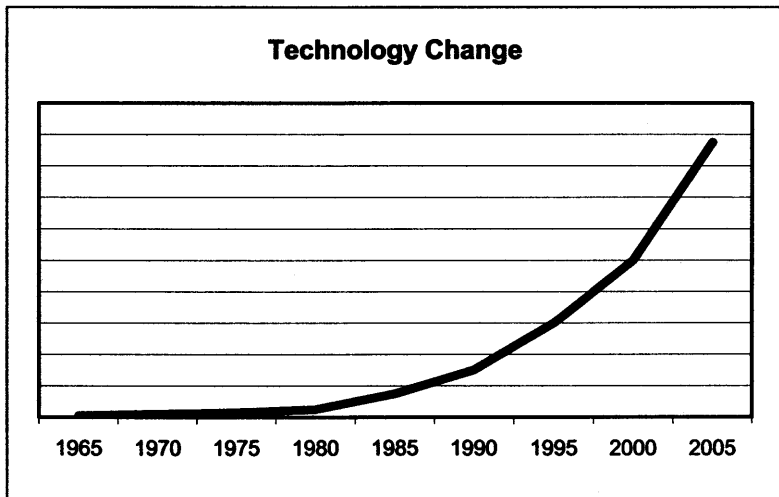
Now, let's think about that thirty years of progress. If you were to graph the amount of technological change over time, would it look like the graph shown in exhibit 1.1, "Technology Change?"

EXHIBIT 1.1



Or would it look more like exhibit 1.2, "Technology Change?"

EXHIBIT 1.2



I think most people would agree that the second chart is a more accurate representation. If we stand

at or near the Year 2000 mark on this chart, do you think it is likely the trend will suddenly begin to look more like the first chart from here into the future or will the *rate* of change continue to increase as much as the *amount*? Again, we believe most would agree the second scenario is more likely. Consider, then, what the next three to five years might bring in business information technology.

In the next three years, you will see as much technology introduced as we have seen in the past thirty years. That may be unbelievable to some, but just look at the past three years. Most people and small businesses were not using the Internet three years ago. Today, everyone is at least talking about it if not seriously using it. An important lesson needs to be learned: Everyone feels differently about the rapid technological change. There are early adopters, late adopters, and resisters. If your firm is a late adopter or a resister, technology consulting will be difficult and probably not advisable. If your firm is an early adopter and knows how to manage change, you are a prime candidate to lead clients through these exciting times.

Do you begin to see why there is a strong and growing market for skilled businesses technology consultants? Are you ready to step in and fill that need? Small business (with annual sales between one and fifty million dollars) are looking for assistance on how to compete and profit from technology. In the past, technology was not as affordable to small businesses. These are the companies that most accounting and small business consultants serve. It is not just about technical skills. Companies are looking for leadership, relationships, and creativity. We will talk more about the three key elements later as we discuss creating value.

How Your Business Clients Will Depend on Technology

The U.S. Department of Commerce has acknowledged that technology is driving the U.S. economy. Technology is enabling businesses to

become vastly more efficient. It is reducing the number of middle managers, and middle men and women. In some cases, though, technological advances are completely eliminating the need to outsource tasks that could never have been done in-house before.

Technology and business are now and forever forged together. If you don't understand how technology effects your business, you probably don't understand your business!

Why Businesses Want and Need Help

We are at a unique point. Most management personnel today grew up in a different era. Most had little if any formal technology training. The rules for commerce and communication have been rewritten and most businesses need help adopting them and adapting to them. More and more businesses are going to want to reap the benefits of this technological revolution. Many businesses are forced to turn to technology because labor is not available or at least not available at an affordable price. Competition for better and cheaper service is also driving companies to invest in technology. Many of these businesses need and want help!

THE MONEYMAKING OPPORTUNITY FOR CPAS AND CONSULTANTS

If a businessperson wants help understanding how technology can affect their bottom line, to whom should they turn? A trusted adviser? Their CPA is a logical choice! However, don't automatically jump to the conclusion they will automatically call. Market research indicates the market does not associate the CPA certificate with technology skills. The CPA certificate is still associated with tax and audit services. This, in and of itself, presents some real challenges to the CPA profession.

Nevertheless, if it hasn't happened already, someday soon a client will ask, "How can I find a

secure way to do business on the Internet?” If you don’t have the answer, you are missing a tremendous opportunity and, believe me, the client will find someone who does have an answer. It will probably be your competitor or someone outside the accounting profession. The possibilities for business-to-business and business-to-consumer transactions via the global network are limitless, and yet most small and medium-sized businesses don’t know how to take advantage of these opportunities. Their interest is growing rapidly as they read the newspapers and view e-commerce advertisements on television. Most of the advertisements are directed toward medium and small businesses.

How This Book Can Help You “Seize the Day”

If you want to learn how to help these businesses use technology to improve internal and external communications, open new markets, cut purchasing and fulfillment costs, reduce inventories, reduce customer acquisition and service costs, and, at the same time, ensure the future of your firm, then you will definitely benefit from reading the remainder of this book. Don’t expect to learn all of the necessary technical skills required to offer technology consulting services from this book. However, you can expect to learn about how to grow and manage a profitable technology consulting practice.

WHAT IS TECHNOLOGY CONSULTING?

Our definition of a technology consultant is someone who helps his or her clients use technology to improve their situation. Technology is simply a tool that enables people. By building a relationship with your clients, you place yourself in a position to help them in an ongoing process, rather than a one-time project. You become a business partner who can be relied on for help. Not only will clients come to you whenever a need arises, but they will expect you to go to them whenever you have an idea that might improve their business.

Why a Value-Added Reseller May Not Be a Technology Consultant

Many small consulting firms describe their consulting work as follows:

- We have one full-time and two part-time consultants that install accounting software packages.
- We install and support three packages: MAS-90, CYMA IV, and QuickBooks Pro.
- Our consultants bill out at \$100 per hour and generate approximately \$3,000 to \$10,000 per engagement.
- Most of our consulting work is for existing clients. The remainder comes from referrals by our consulting clients and software vendors.

Okay, how much revenue is generated by the firm's consulting business? None. How many consultants does this firm have? Zero. This firm is a value-added reseller (VAR) of accounting software, *not* a consulting firm.

Don't panic! It is OK if you are currently in this situation. This book was written to assist you in recognizing opportunities beyond those of the broader-based technology consultant. I urge you to think about more than just accounting software. Accounting software is somewhat like plumbing. Companies don't replace it unless there is a compelling reason. Moreover, accounting software is only one of the many pieces in the technology puzzle. It can be a very important piece in many consulting engagements while in others it is not highly valued. In other words, we don't want you to miss opportunities that may have higher value perceived value.

Now there's certainly nothing wrong with being a VAR. A firm can add a substantial amount of revenue and make better use of its resources by becoming a VAR. But just being a VAR of software and hardware falls short of the full potential revenue a consultant can generate. You will probably find the work of reselling, installing, and configuring software and systems profitable. But,

you may have just seen the tip of the iceberg when it comes to potential revenue and possibilities.

Most firms and technology companies have approached reselling or consulting with a “dollar times hours” pricing model. This is a model we are all very familiar and comfortable with, but it limits our potential both in terms of the number of clients and the amount of revenue generated. We’ll cover the pricing model in detail in chapter 7, “How to Price Your Technology Consulting Services.”

Another often-cited drawback to the selling of specific systems or solutions concerns objectivity. Objectivity can be one of the most important assets for the CPA consultant. It can give a needed edge over the non-CPA technology consultants. The technology marketplace is very competitive, so we need every advantage we can get. Objectivity sounds good and generally is, but it can also confuse clients and slow the sales process. Clients are looking for solutions, not alternatives. Many consultants are offering alternatives when clients are really looking for a solution. VARs tend to sell solutions. In chapter 5, “How to Define Your Process,” we’ll talk about how you can resell software and hardware and still maintain your independence. Don’t believe your competition is independent, because many competitors are not.

Recent market research of CEOs and CFOs of small companies indicate they perceive VARs as implementors and not as consultants. They tend to involve VARs after they have made decisions.

How to Determine Your Goals

Our goal is to illustrate how to build a profitable technology consulting business that can exist independently of the accounting firm. The examples and information contained in this book apply to both CPA consulting practices and non-CPA consulting practices. We do believe that CPA consulting practices have competitive advantages as well as disadvantages when compared to non-CPA consulting practices. If you are a CPA consulting

group that is part of a firm, it is not necessary for you to split off from the firm, but you may want to consider that option for many of the same reasons the larger firms have separated. The majority of successful firms have severed ties with the accounting firm for a variety of reasons. Structuring your consulting practice options will be discussed in chapter 2, "How to Develop a Technology Practice."

Additionally, we want to build relationships with our clients that are independent of any specific solution. People have an unyielding desire to pigeonhole and classify others. We want to keep clients from describing us as "the firm that sells Solomon." Instead we want our customers to describe us as "the firm that helped us get control of our inventory" or "the firm that showed us how to use a network to increase productivity and improve customer service." Specific software applications are only "tools" that can solve business problems if properly implemented and maintained.

Realistically, VARs and consulting firms cannot know every software application. From a practical standpoint, the client benefits from a consultant who knows the product very well and has substantial experience. In our experience, we have seen firms struggling to support too many packages. Our goal is balance, based upon the firm's resources and its target market.

WHY CPAS SHOULD OFFER TECHNOLOGY CONSULTING

How to Achieve Big Demand and Fewer Big Competitors

Recent statistics reveal that the consulting industry will grow to over one hundred billion dollars by the year 2000 with over 70 percent of that revenue directly related to technology. Arthur Andersen and most of the major accounting firms have consulting divisions or separate companies providing technology-related services. These consulting firms

are growing faster and are more profitable than their traditional service counterparts. Although most of the press coverage on consulting focuses on the twenty-five largest firms, there are approximately 47,000 accounting firms who are members of the AICPA plus an equal number of accounting firms who are not members. Approximately 1500 of these firms have ten or more CPAs and this number is rapidly shrinking due to consolidations in the CPA industry.

As you can see, most of accounting firms are small. Most are also in the process of expanding into consulting services. Many have tried and failed. Others are simply too busy doing compliance work to consider expanding services through technology consulting. Chances are that you or someone in your firm is already offering consulting services. If you are, more than likely you are not getting paid enough for those services, and your processes are probably not structured in such a way that you can leverage your personnel to perform the work efficiently. This book will provide insight on how to leverage technology as well as personnel. We will focus on how smaller firms and companies can develop or hire the necessary skills, utilize proven processes, and profit from this huge opportunity.

You should consider technology consulting for the following reasons:

- There is a growing market for technology consulting.
- You currently have a relationship with many small to medium-sized businesses who now recognize the need for your services.
- Revenue from traditional services will continue to decline.
- You have many of the required skills and can acquire the other skills through training or hiring qualified consultants.
- Market research indicates a communications gap exists between the owner-managers of small businesses and the technical personnel.

WHY THE CPA IS POSITIONED FOR SUCCESS

How Process Thinking Brings Success

You may be thinking to yourself, “Why am I better suited, or as suited for that matter, to consult on technology issues, than say an MIS (management information systems) person?” The answer is simple: Process. Technology implementation is not about software and hardware. It’s about the clear, objective analysis of processes and procedures that affect the client’s business: gathering data, critical review, and, finally, the recommendation of solutions.

The art of the process is the heart of consulting and why CPAs are the perfect choice for business consulting, especially for problems that involve technology. Because technology is rapidly evolving, many business people feel completely overwhelmed. The typical non-CPA technology consultant may provide a technical solution but not know how to integrate the solution with existing business processes. In fairness, many times the business processes need to be changed in order take full advantage of the technology. It requires someone who inspires a great deal of trust and confidence to convince the client there are more efficient processes. It is very common for technology consultants to think, as long as their client is uncomfortable with technology, then the consultant’s future is assured. This kind of consultant is usually very knowledgeable about specific hardware and software solutions and will rarely consider alternatives. As mentioned earlier, these individuals, while they may have “Consultant” on their business cards, are often really nothing more than VARs.

The CPA consultant is well prepared to show how managing and implementing technology is not just about knowing the ins and outs of the latest operating system, but rather about how to implement a process that will manage the technology regardless of the latest and greatest system. Market research also shows that cost justification is an important issue and should be

addressed early in the planning process. This can greatly reduce the client's anxiety. Cost justification also eliminates a great deal of emotion from the buying process. Decision makers become realistic and focus on priorities once budgets and return on investment are introduced into the process. Initial sticker shock is easier to cope with than deferred cost overruns.

The client doesn't become paralyzed every time there is a change in the tax code. Your client knows you have a process and the process works. This is not to say that only CPAs can provide the kind of independence and process-oriented solutions described herein. On the contrary, any consultant can approach technology management as a process instead of merely a hardware and software solution, and we encourage them to do so. CPAs have a head start in that direction because they are the number one trusted business adviser.

Why Programming or Engineering Knowledge Isn't a Prerequisite

There is no doubt that technology consulting requires specialized training and a thorough understanding of how technology integrates with business. But the process of technology consulting is not about writing code or connecting cables. You don't have to be an engineer in order to help your clients implement technology and produce dramatic changes in their business. Our experience shows most clients have difficulty communicating with highly technical personnel such as engineers and vice versa. Business owners only want to know "how to tell time;" they don't care about "how to build the watch." The consultant's role is to improve the client's profitability and CPAs are well suited to do that.

Why CPAs Should Watch Out

Unfortunately, too many CPAs are skeptical about change and cautious about adopting new technology.

They also tend to be risk-adverse about replacing current procedures and technology with new and better ones. CPAs are often referred to as late adopters. The time has come to change our attitude and image, as well as our client's perception. If you plan to survive, let alone thrive, understanding how to use new technologies in your own firm is paramount. You must be able to "walk-the-walk" as well as "talk-the-talk."

The major disadvantage that a CPA must overcome in technology consulting is that the CPA is not yet recognized as being in the technology consulting business. The CPA is still perceived as a tax accountant and auditor. It will require marketing and education to change the perception. To date, firms have spent little if any marketing money to change that perception. The exceptions are a few of the pioneer firms who entered the market early. Perception is one of the reasons firms have established separate business units or divisions for consulting services.

The following is an example of a successful transition to consulting.

A former advertising executive built a very successful marketing consulting practice by helping small, start-up businesses develop and implement their marketing plan. Her reputation spread and soon established businesses began to ask her to consult for them as well. She learned that most of these businesses wanted her help because they were in trouble and undercapitalized. Success is one of the driving forces in the executive's life; she regretfully declined most of those requests on the grounds they would not be able to sustain a marketing campaign long enough to ensure a successful outcome. Knowing which clients to accept is an important ability.

One troubled business owner, however, was relentless. She was the 63 year-old owner of a wholesale distribution company. She had created the business with her late husband more than twenty years earlier. Over the years, the volume of her

business had dwindled to the point where she was barely staying afloat. She desperately wanted to retire but could find no one interested in buying the business. She would not dare consider abandoning the company because her employees and their families depended upon it. The owner felt trapped. So after much pleading and against her better judgment, the consultant agreed to take on the business as a client.

The consultant spent several weeks studying the company's products, competition, and marketplace. After carefully analyzing the situation, she came to the conclusion that the woman's business was doomed. There were practical limits to the size of the area the woman could market to and that area was saturated with competitors. As it turned out, no one in her market was thriving. The only possible solution the consultant could see was to use a mail-order catalog to expand the business's reach beyond its geographical limits. But catalogs and postage are expensive and even if the capital could be raised to finance the catalog, it would still take many months, maybe even years, to turn the business around. The outlook was bleak, but the consultant hated to lose so she continued to search for alternatives.

Then it hit her. The Internet and e-commerce! The consultant had just recently developed her own Web site and during her research for that project learned that niche market products like the ones distributed by her client were doing very well on the Internet.

Now, this marketing consultant had no technical degree and, although she was very computer literate, she knew nothing about HTML, TCP/IP, or firewalls. Still, she had learned how to use technology to promote her own business and she applied the same process to her client. She knew the procedures necessary to build the commercial Web site, the importance of adequate bandwidth, and reliable connectivity. And most important, she knew that a modest but effective Web site could be built for a fraction of the cost of a single issue of a print catalog.

In the first eighteen months after going online, sales increased by nearly 80 percent and the company had customers in Australia, Canada, the United Kingdom, South America, and all over the United States.

Today, this consultant still doesn't know all of the ins and outs of HTML or firewalls and hasn't a clue when it comes to TCP/IP. This doesn't keep her from helping her clients integrate technology into their businesses, often with dramatic but always with satisfying results.

This advertising executive is making money from technology consulting. So can you. In order to add value as a consultant, you must provide leadership, relationship, and creativity. Leadership provides direction, relationship provides confidence, and creativity provides new capabilities.

HOW TECHNOLOGY CONSULTING COMPARES WITH TRADITIONAL CPA SERVICES

What Characterizes Technology Consulting Engagements

Technology consulting services differ in several important aspects from the more traditional services of tax, accounting, and auditing provided by CPA firms. The following are characteristic of consulting engagements.

- CPAs often think of consulting work as nonrecurring. (Nevertheless, one of the primary objectives of this book is to demonstrate how to avoid this notion.)
- Specialized knowledge and skills are needed to provide the service (leadership).
- The primary work product is the consultant's rather than the client's (creativity).
- The relationship with the client involves more interaction and encompasses more aspects of the business (relationship).

These characteristics are discussed in the following paragraphs.

Why Work Can Be Nonrecurring

Accounting, auditing, and tax work are typically repeated at fixed time intervals (meaning, monthly, quarterly, or annually). However, consulting services have generally been thought of as nonrecurring, and this characteristic has a pervasive effect. It affects marketing, personnel utilization, and pricing. Any new engagement requires an up-front investment in the form of practice development efforts, planning and other start-up costs. Fortunately, you do not have to accept nonrecurring work as your standard. With careful planning, marketing, and engagement management, you can reap the benefits of recurring engagements. This allows the use of standardized processes and procedures. Standard processes reduce risks as well as produce predictable results.

How Knowledge and Skill Are Specialized

Technology consulting services require knowledge and skills that go well beyond traditional accounting training and experience. This characteristic influences many aspects of practice administration, particularly recruiting and training. Also, it is becoming much more common for a consulting firm to enter into a referral or cooperative arrangement with another professional or firm that possesses technology skills. Consultants require different training as well as different career paths when compared to CPA's performing traditional services. We will discuss this further in chapter 2, "How to Develop a Technology Practice."

What Is the Primary Responsibility for the Work Product?

The output (meaning, the report) of a consulting engagement is, to a much greater extent, the primary responsibility of the consulting firm rather than the client. Although there may be a tendency to

view consulting services as less risky than other professional services, the fact that the work product is usually the primary responsibility of the consulting firm increases the importance of establishing policies and procedures for documentation, review, and approval. An important note is that management's involvement in the process is mandatory. Representatives from throughout the enterprise will develop consensus and reduce the risks substantially if given the chance. Yes, it requires more time to build consensus, but the rate of satisfaction is much higher and the implementation time is decreased significantly. Participatory management is important when it comes to technology consulting. This is all part of the process.

What the Client Relationship Is Like

A consulting engagement typically requires more interaction with client management and personnel than do the more traditional engagements performed by CPAs. The consultant and management frequently work together to solve a problem. This places a premium on interpersonal skills and generally requires a more thorough understanding of the client's goals and objectives. Consequently, a greater percentage of the time of more senior and experienced personnel is required per engagement—that is, the ratio of staff-to-partner hours—is usually lower than for traditional services.

The consultant who provides leadership, a relationship, and creativity can command much higher fees than a CPA doing compliance work. Many firms experience profitability problems in the consulting field simply because they are using the same pricing model (hours times dollars) as for compliance services. In fact, this often causes jealousy and political problems within a firm. Again, pricing will be discussed at length in chapter 7, "How to Price Your Technology Consulting Services."

GETTING YOUR OWN HOUSE IN ORDER

Are You a Good Role Model?

Although it may seem obvious, you must ensure your own house is in order before you begin holding yourself out as a technology consultant. Many consulting firms have aggressively embraced emerging technologies and maintain near state-of-the-art practices; unfortunately, many others have not. Take a moment and administer this technology physical, exhibit 1.3 to get a quick assessment of your firm.

EXHIBIT 1.3 Internal Technology Assessment

Question	Yes	No
<input type="checkbox"/> 1. Do you have a current three-year written technology plan and budget? In order to stay on top of advances in technology and be able to maximize your ability to leverage this advanced technology, you should have a multiyear strategic plan, and a line item budget to support it.	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 2. Are your employees adequately trained? We are not just talking about your consulting personnel here but about your entire organization. Are your people adequately trained to use the technology tools that you have in place, both software and hardware?	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 3. Are you in compliance with software licensing agreements and are you using current versions of the software? (Is it documented?) This is very important and many businesses are not in compliance. Failure to take care of this could result in severe fines should your company be audited. If you are not using the current version of your software, you may not be getting the best utilization of the software.	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 4. Do you have an adequate number of technical and support personnel?	<input type="checkbox"/>	<input type="checkbox"/>

EXHIBIT 1.3 *(continued)*

Question	Yes	No
The number of personnel varies based upon the kind of business and number of applications. In a professional organization like a CPA firm, one support person per twenty end users is desirable.	<input type="checkbox"/>	<input type="checkbox"/>
Are your communications adequate? (Email, Internet, Remote Access, are examples.)	<input type="checkbox"/>	<input type="checkbox"/>
Everyone in your firm should have email and access to the internet. Email communication is the standard among all connected organizations now. Today, most of us receive more email than we do faxes. As for the Internet, more and more software applications are being deployed as Web-enabled applications. This means that all or some part of the application is executable over the internet. In addition, you simply can not stay abreast of what is happening in technology today without Internet access. Remote access to your network either via the web by way of a virtual private network (VPN) or through a direct dial-up modem, gives your staff the ability to work as though they are in the office no matter where they are, on the road, in a client office, anywhere. Also with the use of remote access, you can have virtual offices in several cities and still work as though everyone is in one office.		
You may not be able to take care of this item in-house to begin with. Smaller firms may outsource some of these functions but they must be done!		
<input type="checkbox"/> 6. Do you have a technology team or committee to update (at least annually) your plan and budget?	<input type="checkbox"/>	<input type="checkbox"/>
It is important to have management as well as end-user input. Implementation of projects is much quicker in organizations employing consensus building. The use of an outside facilitator is encouraged.		
<input type="checkbox"/> 7. Have you implemented Windows 98/NT on all personal computers?	<input type="checkbox"/>	<input type="checkbox"/>
You should take advantage of the 32-bit operating system machines.		
<input type="checkbox"/> 8. Do you have someone qualified to provide technology leadership?	<input type="checkbox"/>	<input type="checkbox"/>
This may be your consulting "champion" or someone else internally.		

(continued)

EXHIBIT 1.3 *(continued)*

Question	Yes	No
<input type="checkbox"/> 9. Do you have a written disaster recovery plan? Very important. If you don't have it written down, then how do you know it is being adhered to. And if you don't have a plan at all, then you are playing Russian roulette with your livelihood.	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 10. Have you upgraded at least one third of your network nodes during the past year? File server? This goes back to Question 1. The answer is "probably not." Few business do. But the useful life of business hardware is about three years. To avoid huge catch-up costs every few years, you should replace approximately one third each year.	<input type="checkbox"/>	<input type="checkbox"/>

If you can answer *Yes* to eight or more of these questions, you are probably working from a strong enough position internally to begin developing a technology consulting practice. If you cannot, consider how you will respond when a client wants to "see how you do it" in your own firm. You cannot be a technology leader for others if your own firm is lagging behind. You may be better off in the long run to concentrate, for a year or so, on getting your own firm's internal technology up to speed, and then move into consulting. Consider this: Your own partners are likely to be your most difficult audience to sell. If you can convince them to move forward in technology, you are probably ready to deal with almost any client!

How to Get Ready

By now, I hope you are convinced that information technology consulting represents a profitable opportunity for your firm. But, now that you've decided that you *want* to go into consulting, you may be struggling with the question of *how* to do it. Boomer Consulting has evolved over fifteen years of trial and error. We have done some really smart

things and some things we would rather not repeat and lessons we would rather not relearn. Those are some of the lessons we will share with you for the remainder of this book; you can learn from our successes and avoid some of our mistakes. By the time you finish this book, you will have a plan for the following:

1. Staffing and structuring your practice
2. Building a consulting team
3. Selecting your service offerings and designing a process to deliver them
4. Structuring successful engagements
5. Pricing your services and marketing them to the public

No one can guarantee success, but we believe that a structured plan and these principles will go a long way toward helping you achieve your goals.

HOW TO DEVELOP A TECHNOLOGY PRACTICE

By now you have decided that technology consulting is right for you. What you want to know now is *how* do I start or grow my consulting practice?

The first concrete steps in growing your consulting practice involve people, capabilities, and structure. Therefore, we will touch on some basic staffing needs in this chapter but will build on the technology team in chapter 3, “How to Build Your Technology Consulting Team.” We will also look at the different options available in structuring your practice. Finally, we will end this chapter with a discussion on the capital requirements necessary to start your consulting practice.

HOW TO STAFF YOUR CONSULTING PRACTICE

What Do You Need?

There are several key roles that must be filled to have a successful consulting practice. Regardless of the size of the firm or the number of people employed, someone must fill each of these critical roles, and rarely will you find them bundled in the same person. At a minimum, you will need leadership, technical, and marketing skills. Many practices fail to grow beyond a certain size because they only have technical personnel. In this chapter, you will learn the need for a variety of skills whether you are just getting started or several years into the business.

Leadership. The most critical personal role is that of champion or entrepreneur. Someone is going to have to lead this consulting group or it will go nowhere. There will be rough and challenging times as your consulting practice begins to take shape, and there is no substitute for dedicated, inspired leadership. The champion needs strong entrepreneurial skills and should be someone who is willing to take the risks necessary to build a business. Most likely, you, the reader of this book, will be the one to fill that role. Although many managing partners in accounting firms have envisioned consulting as a way to generate new revenues, they've had trouble finding the leader or the partner to take on additional risk and responsibility while at the same time giving up some income from their existing book of business (revenue sources). Many accounting firms are reluctant to enter the consulting arena because they simply do not have someone who can devote the time and energy necessary to make the consulting business successful. Usually, the best candidates for the job are the ones who already have a significant book of business or significant responsibilities and therefore chose not to lead the charge. You will have to identify this leader or you might as well not attempt this venture. Without a strong entrepreneurial leader to guide and nurture your consulting group, you won't be able to create a business and grow it. Chapter 3, "How to Build Your Technology Consulting Team," goes into more detail about finding a leader and what qualities set that person apart.

Technical Skills. It will be necessary to populate your staff with highly trained technical people. Many firms begin consulting with the staff on hand. Others plan from the outset to hire the skills they need. Either way, the requirements are the same.

Although many CPAs have a solid foundation in technology, this foundation will certainly need to be augmented with additional training in order to have a truly effective consulting organization. As you grow, you almost certainly will need to hire trained

non-CPA technical personnel as well. You should place high value on technical certifications such as the Novell CNE or Microsoft MCSE. These certifications not only give you (and your clients) assurance that the holder has demonstrated a certain level of technical education, but they are the mark of a disciplined and competitive person. These certifications are not easy to achieve, and those who have earned them stand apart from their peers. Although there is no substitute for experience, an industry recognized certification is a great addition to an experienced professional.

Once again, ensure that you have a good match between the skills available and the requirements of the services you will offer. If you don't, add the skill or drop the service!

Recent market research shows that technical skills are most valued in the implementation phase of the process. From experience we agree, however, that technical skills certainly add to the value of the planning phase. Thus, we advise a team approach in which technical personnel participate in the planning process.

Marketing and Sales Skills. Marketing may initially be your greatest challenge, and it never gets much easier. Much more so than a traditional CPA firm, the success of a consulting practice relies on effective marketing. You will have to establish yourself as a quality service provider in a field that is likely to have plenty of competitors, and in an area in which your traditional clients may not naturally think of you as an option. You will be frustrated by how many times good (accounting) clients tell you, "I didn't know you do that..." This book will devote significant time and space to the specifics of a marketing program, but you will definitely need someone to orchestrate and oversee it. Technology consulting is very competitive and the real opportunities will be difficult to reach without marketing expertise.

One final note before moving on to the structuring of your practice: Many businesses get

confused about the difference between sales and marketing. The short answer is marketing gets you to bat and sales gets you hits. In other words, marketing puts you in front of prospective clients and sales closes the deal. In many cases, marketing and sales could be embodied in a single individual or group of individuals. However, it is important to point out they are separate skill sets and both are necessary.

The firms that are the most successful in marketing have what we call *market awareness*. Everyone in the firm is aware of the importance of marketing and sales. Everyone is expected to participate in the process. Although technical personnel may not be as directly responsible for sales, they are held accountable for quality customer service and should always be looking for additional services (add-ons) that can be offered to the client. The successful firms also employ a marketing process on a continual basis. Many firms tend to market when they don't have business and cease their marketing activity when they are busy. Those of you who come from the CPA firm environment can certainly relate to this approach. In most accounting firms, very little marketing is done during the busy season because personnel are just too busy. Then a slow period occurs a few months later. The chapter on marketing will show you how to develop a marketing program that will force you into a consistent approach with ongoing results.

WHAT ABOUT STRUCTURE?

The question of how to structure your consulting practice is one of the earliest issues you will have to address. Essentially, there are three alternatives:

1. Complete integration into the accounting firm
2. A separate division of the accounting firm
3. A separate business entity

Which of these is right for your firm is a very individual and unique decision. No two firms will decide in exactly the same way or for the exact same

reasons. Our goal here is to give you a framework to help you decide which is best for your firm.

How to Address the Ownership Issue

One of the greatest challenges of staffing a consulting practice is finding, retaining, and motivating the right kinds of people. Earlier in this chapter, we talked about some of the functions that must be performed in a consulting practice. Particularly valuable are the hard skill technology people. These are the system engineers, network technicians, and perhaps programmers who will actually implement technology solutions for your clients. Although you may occasionally find a CPA with these skills, more often you will not. You will have to recruit non-CPA personnel in order to be successful. Quite often, these technically skilled people are entrepreneurial and will be motivated by the chance for an equity stake in the business. Although various states are liberalizing their rules, in general, it is still not feasible for a non-CPA systems engineer to aspire to "ownership" in a CPA practice. Even if it is allowable, the cultural differences are overwhelming. This alone may dictate establishing a separate business entity for the consulting practice. But there are other reasons to consider as well.

From a practical standpoint, most CPA firms experience a difference in owner interest when it comes to technology consulting. In other words, some of the owners are not as interested as others for a variety of reasons. The reasons can be simple; owners who are approaching retirement may not be interested in entering into another business venture. They want to focus on fewer interests. Often, traditional partners in tax and audit don't know enough about the consulting business to feel comfortable investing capital and time into a new consulting business. If this situation exists in your firm and you force partners to participate in the new venture in the same ownership percentage as in the existing accounting firms, you are destined for problems and perhaps failure. A few owners with a

burning desire for success are more likely to succeed than a group of owners who want to try technology consulting as an investment. CPA firm owners who say they don't want to have any part of management really don't mean it. Wait until more capital is required or a problem develops with an existing client. They will want to become very involved and it may not be in the best interest of the consulting business. In our experience over the past fifteen years, separate consulting businesses have done better than divisions or integrated ventures. Furthermore, the separate entities have had strong leadership with one person typically calling all of the shots.

A separate business entity may also facilitate capitalization by allowing outside investors to participate. If you take this route and you are part of an existing CPA firm, you may have to face troublesome issues of valuation and division of assets (furniture, fixtures, and equipment), division of the client base for billing purposes, transfer of information from the practice management database, and many, many more issues.

One pitfall to watch for or avoid studiously is the transfer of name and goodwill. We have already alluded to the special place CPAs hold in clients' eyes as the trusted business adviser. You want to be sure to transfer that reputation to your consulting practice, even if it is separately organized. Thus, "Smith, Jones, and Associates, CPAs" might spin off "SJA Technologies" or some such name. Remember, the consulting firm will be competing with all kinds of hardware, software, and networking companies and a strong identifiable tie with the accounting firm may give them a competitive advantage few others can claim. This statement may not be true in the case of a traditional services firm who is not viewed as progressive in the marketplace. Most firms will never admit to such a situation, but it does exist and in those cases total separation from the firm would be advisable.

How to Fully Integrate With Your Accounting Firm

Right or wrong, this is likely to be the starting point for most firms. Perhaps a champion has begun to build a consulting book of business within the existing firm. Perhaps the initial consulting focus will be on installing and supporting client accounting solutions, and the resources of the professional accounting staff will be a multiplier for servicing your clients. Perhaps the initial marketing plan relies heavily on cross-selling by the accounting partners and staff. Maybe you plan to draw upon the name recognition and goodwill of the accounting firm within the community. All of these may be reasons for keeping the consulting practice fully integrated within the accounting firm. This appears to be the trend in smaller firms and firms just getting started.

There are some special considerations to think about in this arrangement. For example, do any adjustments need to be made to the time and billing that are unique to the consulting practice system? Examples are work codes, engagement codes, and special billing rates. How will owners share in the development of consulting work? Will there be a referral fee in the partner compensation plan? What are the incentives for cross-selling? These are complex issues, and the earlier the owner group addresses them, the greater the chances of success. If ignored, they will become divisive issues.

Many owners providing traditional services to existing clients are overly protective of their clients. In fact, they feel they own the client. Often, the consultants must sell the partner (firm owner) as well as the client on the consulting engagement. Many experienced consultants will tell you that the bulk of their clients comes from outside the firm's client base simply because the sales cycle is shorter and easier than that of dealing with the accounting partner. This is sad but happens in many, many firms. Cross-marketing sounds good, but typically does not happen. This situation can be avoided with proper planning up front and good communications

within the firm. Something as simple as a mission statement may assist in avoiding this situation.

Another major issue that frequently arises when the technology consulting is integrated into the firm is the amount of internal system support time the consulting team must provide the existing firm. In a perfect world, the answer is none—these consultants are revenue producers, not internal support staff. Unfortunately, few firms live in this perfect world, so owners will need to agree upon how much time should be devoted to internal support and in what priority. Think about what the priority will be when your best technology consulting client has a serious problem and needs your help. Imagine that it is the fourteenth of March and the internal network is down. Who will get the priority of shared resources? These are all things that must be considered in your decision.

This situation normally occurs in firms which many of the owners have little knowledge about what it takes to support an accounting firm. National statistics show it takes one support person for every twenty end-users in an accounting firm. This ratio exists primarily because many of the end users are not adequately trained and because most firms utilize as many as fifty applications. It is as simple as if the internal support personnel are doing a great job, owners will probably wonder why they need so many support personnel. If the support personnel are not doing a good job, everyone in the firm will know it. If you can avoid this common mistake made by most accounting firms, your consulting practice will advance faster and without the internal battles that most firms have experienced. You will also avoid the potential loss of highly qualified personnel who simply won't put up with this kind of environment. They have too many other opportunities available to them.

What About a Consulting Division Within Your Accounting Firm?

A separate division allows a little more separation of tasks between the two functional areas. It facilitates separate budgeting and performance measurement as a unique cost and profit center within the firm. If possible and/or necessary, it facilitates moving the consulting team to a separate facility. (Be careful—the us/them syndrome is waiting to happen and this environment may help it grow!) A separate cost/profit center will also facilitate chargeback arrangements for internal support. Again, be careful since you can paralyze both sides of the firm with unnecessarily burdensome chargeback arrangements that get in the way of good business *and* good relationships. On a more positive note, it may ease some of the cultural differences that may arise. Consider something as simple as dress codes. If your CPA firm is strictly “suit and white shirt,” what do you expect your system engineers to wear? Are your expectations appropriate for their work environment? There are no universally correct answers, but these questions must be considered.

Which Is Right for You?

To assist in identifying the advantages and disadvantages of the various alternatives, use a simple “Decision Matrix,” exhibit 2.1. Think about the unique circumstances of your firm, the people involved, the competition your consulting team will face, and fill in the cells as they apply to you.

EXHIBIT 2.1**Decision Matrix**

Structure Options	Advantages	Disadvantages
Full Integration with CPA Firm	<ul style="list-style-type: none"> ▪ Uses all existing systems and relationships ▪ Maximizes “Good Will” of CPA firm name ▪ Minimal start-up costs 	<ul style="list-style-type: none"> ▪ Limits equity options for key non-CPA’s ▪ May be difficult to track and apportion revenues and expenses ▪ May encounter conflicting “cultures” between accounting and consulting
Separate Division of CPA Firm	<ul style="list-style-type: none"> ▪ Draws upon CPA firm “Good Will” and name recognition ▪ Establishes identity as a player in technology market ▪ Allows operation of a separate profit center 	<ul style="list-style-type: none"> ▪ Limits equity options for key non-CPA’s ▪ Potential for “We-They” atmospheres within the firm ▪ Some administrative and start-up costs
Separate Business Entity	<ul style="list-style-type: none"> ▪ Allows equity positions for key non-CPA’s ▪ Allows CPA partners to participate ▪ May facilitate additional business partnerships and alliances 	<ul style="list-style-type: none"> ▪ Additional administrative and start-up costs ▪ Risk of losing identification with CPA firm

This matrix should help you think through your unique situation thoroughly and help you make a decision as to how best to structure your consulting practice.

HOW TO DETERMINE YOUR CAPITAL REQUIREMENTS AND AVOID FRUSTRATION

Getting into the consulting business is not cheap. However, with a proper strategy and budget, you can enter the business fairly rapidly. Most accounting firms are already in the consulting business; they

just aren't managing it very well, if at all. Many firms have not stopped to think about the definition of consulting nor the additional services their clients are requesting. Smaller firms tend to do little strategic planning. They tend to be more reactive. Therefore, the existing consulting business just happens. Most are too busy with compliance services even though industry leaders predict reduced demand in these traditional services.

Until firms concentrate on consulting, develop structure and formalize a system, they typically are frustrated and not as profitable as they could be. Your existing situation and the speed at which you want to enter the market will dictate your capital requirements.

What Will Be Your Top Expenditures?

The top expenditures in consulting are similar to those in accounting with a couple of exceptions. These top expenditures are marketing, personnel, and capital assets, including technology.

Marketing. Most accounting firms spend only a small percentage of gross revenues on marketing compliance services. Today, spending five to ten percent of gross revenues is not unheard of for marketing a consulting practice. It was unheard of to see television ads and golf sponsorships by consulting firms until the past few years. The major consulting firms all spend considerable sums on marketing and advertising. With planning and strategy, you don't have to utilize television in your market, but be prepared to develop a marketing plan and budget.

Some of the critical elements that account for the larger marketing budgets for a consulting group are the following:

- Marketing and sales personnel
- Product development
- Newsletter
- Direct mail
- Advertising
- Internet site

Marketing is a lot like buying golf clubs. You can spend just about as much as you care to—up to and including the ridiculous. But will the added cost bring you enough added value? Will it make you a better golfer? Obviously, a marketing strategy and plan is a must. Developing a marketing plan is discussed in detail in chapter 8, “How to Market Your Technology Consulting Services.”

Personnel. Personnel costs are typically higher in the consulting area than in the traditional compliance services area. Salaries have skyrocketed as the supply of experienced accountants has diminished over the past few years. The same is true for technology personnel. Demand outside the accounting profession for qualified technology personnel is at an all-time high and growing. Therefore, firms must consider all staffing alternatives. Some of the more accepted alternatives are the following:

- Outsourcing
- Alliances and partnerships with specialists
- Part-time employees

These issues are all covered in chapter 3, “How to Build Your Technology Consulting Team.” Employees require significant training on an annual basis. As a result of the rapid change in technology, you should annually budget at least \$5,000 to \$10,000 per employee for training. This will be enough to ensure vendor certification (such as Microsoft and Novell), and maintain employee skills at a competitive level.

Training and maintenance of personal skills are high on the list of factors that encourage the retention of employees in a highly competitive environment. The other most-often mentioned factor

in the accounting firm environment is simply saying “thank you” to the technical support personnel.

Technology. Adequate internal technology is required in order to efficiently offer technology consulting services. Consultants require quality computers. Most consultants will benefit from using high-end, multimedia notebooks with docking stations that allow them to double as desktop machines. Your consultants will rely on these machines for presentations, communications, and computing. Don't scrimp on random-access memory (RAM), disk space, sound, modems, and visual displays. Once again, prospective clients will get a first impression from the kind of notebook your consultant uses.

There is a certain amount of research and development (R&D) the company must do in order to introduce proven solutions to their clients. You will need working copies of clients' software if you are doing any development work for them. Ensure that you have the latest versions of all software that you use, and ensure you are protected by adequate licensing. Imagine how embarrassing it would be (and how expensive) to be caught by the Software Publishers Association (SPA) using unlicensed software! Remember, you are a role model! There are numerous ways to obtain software and hardware at discounted rates. Not for resale copies of software are generally available to technology consultants.

And, if your consultants travel, or work from clients' sites, or work from home you will need reliable, fast, and secure remote access connections to your network. You will probably want to set up a direct access dial in (with a toll-free number) and virtual private network (VPN) connections so that consultants can reach the home network wherever they may be.

How to Develop a Planning Model

See exhibit 2.2, “Consulting Start-Up Budget,” (also see diskette) for a planning model to assist you in

determining the capital requirements for your consulting practice. This planning model contains various assumptions pertinent to consulting. You will need to incorporate your existing situation into the model in order to predict your capital requirements. For example, if you have existing office space and furniture, your start-up costs will be less than those of someone who is just getting started or someone who is expanding into new offices. Also, smaller practices often compete with individuals who operate out of lower cost facilities. The competition may not be paying fringe benefits. It is a very competitive market. Remember, your competition is not just the accounting firm down the street, but others outside the accounting profession who want your clients. Relationships with existing clients are very important. Given these conditions, you are forced to make some significant decisions that have a direct impact upon capital.

One last word on capital requirements: You must have capital and commitment from your firm and owners before you start. Careful planning will save you significant frustration and money.

EXHIBIT 2.2 Consulting Start-Up Budget

Expenses—Capital and Operating

Projected Number of Full Time Equivalents (FTE)

	Per Person	Firm Total	Comments
Capital Expenses			
Hardware	\$1,000	\$16,000	High performance required
Software	\$1,000	\$4,000	Stay legal - Vendor alliances will help
Office Furniture	\$1,000	\$4,000	Varies widely depending upon office décor
Phone (additional sets/installation)	\$250	\$1,000	Assumes system is already in place
Total Capital Expenses	\$6,250	\$25,000	Probably minimal - Could range to \$10,000 per person

Operating Expenses

Education Expenses	\$5,000	\$20,000	Certification is advised (Vendors)
Training per FTE	\$2,000	\$8,000	Often required for certification
Travel per FTE	\$10,000	\$10,000	Ranges from \$6,000 and up - Reduces payroll & training
Alliances			
Total Educational Expenses		\$38,000	

Professional Personnel Costs (Should equal FTE above)

	Number of Personnel	% in Consulting	Calculated FTE	Salary	Comments
Accounting	2.00	100.00%	2.00	\$40,000	Insure that FTEs equal calculated FTEs. Accountants and paraprofessionals Professionals working on certification Professional educator Absorbed in smaller firms through administrative expenses Agree upon sales responsibilities
Technology	1.00	100.00%	1.00	\$50,000	
Education/training	1.00	50.00%	0.50	\$40,000	
Management	1.00	25.00%	0.25	\$75,000	
Marketing/sales	1.00	25.00%	0.25	\$40,000	
Total Personnel costs--FTE from above must equal calculated FTE	4.00		4.00	\$178,750	

(continued)

EXHIBIT 2.2 (continued)

Overhead			
Fringe benefits	\$36,000	20,00%	\$35,750
Occupancy (rent and utilities)	\$250	10,00%	\$3,600
Dues and subscriptions per consultant	\$5,000	100,00%	\$1,000
Marketing per FTE	\$300	100,00%	\$20,000
Telephone per FTE		100,00%	\$1,200
Total Overhead			\$61,550
Total Expenses			\$278,300

Use firm's actual rate
 Use firm's actual rate
 Many valuable publications are free or on the Internet
 You won't succeed without marketing
 Basic lines, long distance and data communications -Maybe low

Revenue Projections

Number of FTE in department
 Internal value to the firm
Traditional Method

Option # 1—Budget Hours	FTE	Hourly Rate	Charge Hours	Revenue
Accounting	2.00	\$76	800	\$120,000
Technology	1.00	\$160	800	\$120,000
Education/Training	0.50	\$160	500	\$37,500
Internal value				\$25,000
Management	0.25			
Marketing/sales	0.25			
Total	4.00		2,100	\$302,500
Revenue per FTE				\$75,625

Comments

Includes some internal technology responsibilities
 Includes some internal technology responsibilities
 Part-time or outsourced
 Part-time partner or manager
 Full or part-time depending upon size
 Very important

EXHIBIT 2.2 (continued)

	Charge Days	Daily Rate	
Option # 2—Daily Rates			Assume daily rate is 10 times hourly rate
Accounting	2.00	\$750	Includes some internal technology responsibilities
Technology	1.00	\$1,500	Includes some internal technology responsibilities
Education/training	0.50	\$37,500	Part-time or outsourced
Internal value		\$25,000	
Management	0.25	—	Part-time partner or manager
Marketing/sales	0.25	—	Part-time or outsourced
Total	4.00		Very important
Revenue per FTE		\$362,500	
		\$90,625	
Option # 3—Value			
Accounting	2.00	\$240,000	3 times base annual salary
Technology	1.00	\$150,000	3 times base annual salary
Education/training	0.50	\$60,000	3 times base annual salary
Management	0.25		
Internal value		\$25,000	
Marketing/sales	0.25		
Total	4.00		
Revenue per FTE		\$475,000	Very important
		\$118,750	

	Option 1 Hourly	Option 2 Daily	Option 3 Value	Your Numbers
Revenue (per schedule)	\$302,500	\$362,500	\$475,000	
Expenses (per schedule)				
Educational expenses	\$38,000	\$38,000	\$38,000	
Personnel costs	\$178,750	\$178,750	\$178,750	
Overhead	\$61,550	\$61,550	\$61,550	
	\$278,300	\$278,300	\$278,300	\$-
Profit/Loss	\$24,200	\$84,200	\$196,700	\$-

Summary

8% 23% 41% #DIV/0!

EXHIBIT 2.2 (continued)

Calculation of Internal Value

Standard Method	
Number of personnel	12
Number of offices	1
Total Value	\$22,500
Average per person	\$1,875

Alternative Method

Per person \$2,500 \$30,900

Proof

Continuing education per support person	\$5,000
Number of support persons	0.6
Training	\$3,000
Salary	\$24,000
Fringes	\$5,400
Total	\$32,400

WHERE WILL YOU GO NEXT?

By now you should have a good grasp of who will fill the critical roles in your consulting venture, what structure you should adopt, and a working estimate of capital and operating costs. But, what if you still need someone to fill a key spot? Or, you are beginning to grow and are starting to think about expanding your staff? The next chapter will assist you with some of the difficult issues in adding new people to your team. In the meantime, consider some of the tips shown in exhibit 2.4, "Checklist of Start-Up Tips" for a successful startup:

EXHIBIT 2.4 Checklist of Start-Up Tips

- 1. Develop a business plan.
 - 2. Join a network in order to avoid expensive start-up costs. If you are already in the business, the network will assist you with consulting tools, talent and systems. This assures predictable results and consistency in the consulting process.
 - 3. Limit services and focus markets. The smaller your firm, the fewer services you will be able to provide. Evaluate the profitability of each service.
 - 4. Document your work (first step in building a system).
 - 5. Develop vendor alliances (possible through a consulting network).
 - 6. Focus on revenue per person and not chargeable hours.
 - 7. Value bill or at least increase your existing firm multiplier in calculating billing rates. Those old formulas no longer work in the firm or in consulting.
 - 8. Invest in your personnel. Training is expensive but necessary.
 - 9. Vendor certification is valuable.
 - 10. Selling skills are required.
-

HOW TO BUILD YOUR TECHNOLOGY CONSULTING TEAM

Most firms that decide to offer technology consulting begin with the people currently available in the CPA firm: shareholders and/or partners, perhaps a network administrator, or a staff CPA with talent and an interest in technology. With that team in place, they then decide how to structure the consulting practice and begin to look at which services to offer. However, a few of our Boomer-net members have told us they began knowing they would have to add people to their team. In that case, they began by deciding which services to offer, and then went looking for people with those particular skills. Either way, people and services are interrelated. If you are starting out with the team currently in place, you should continue reading this chapter on building a team. If, like many firms, you want to select services and then build the team, you should read chapter 4, "How to Identify Your Technology Services," first, then return to this chapter. Either sequence will work; it all depends on your starting point.

In the previous chapter, we outlined some of the critical skill roles that you will need for your consulting practice. Perhaps you have all of those already in place and ready to go. Or, more likely, you will need to add one or more people to your team to fill in the gaps. This chapter will help you get the most out of this difficult challenge. We will look at inventorying your current personnel, creating possible alliances, recruiting new people, along with the importance of nurturing your team and the challenges of retaining employees.

HOW TO INVENTORY THE AVAILABLE RESOURCES

What Are Your Personal Resources?

A great way to start the process of building your team is by taking stock of where you are, personally, right now. Consider using personnel or skills testing to better understand how *you* work and to determine *your* strengths and weaknesses. We will address one method of testing in just a moment. You can then determine what skills are required of your team members. Your main objective is to create a team that doesn't think and act exactly like you. Aim for diversity, both in skill sets and in personality. It might be comfortable to surround yourself with people who think and act like you, but it will duplicate your strengths, and will do nothing to compensate for your weaknesses. The most successful teams blend a mixture of diverse talents and skills into a mutually supporting group.

What Are the Resources of Your Staff?

Now look at your current team. What are their qualifications? Where do they stand educationally? Where does their experience lie? How do they work? Is your team strong in technical skill but weak in sales ability? How about client service—is that currently a strong or weak point? The answers to these questions will assist you in building and molding your team.

A simple exercise will assist you in assessing your current situation. Have your personnel individually prepare a one-page biography. This will document important experiences and educational achievements. Market research shows that experience and track record are very important in the decision-making process of hiring a technology consultant. This exercise will also prove valuable when we address marketing. You will already have the biographies prepared and ready to place in the marketing materials. Be sure to include the following:

- Personal photo
- Brief overview of current position
- History of work experiences
- Professional achievements
- Involvement with professional organizations
- Educational achievements
- List of events that show leadership, relationships, and creativity (the keys to value added services)

How to Use Tests to Obtain Reliable Results

When inventorying the skills and attitudes of yourself and of your personnel, we recommend that you use some kind of personality profile testing. The Tracom Social Style Model,SM <http://www.tracomcorp.com>, the Myers-Briggs Type Indicator (MBTI), and the Kolbe ATM Index, <http://www.kolbe.com> are all well-known and reputable means of evaluating the potential “fit” for a person into a particular job. The candidate’s personality or work style can then be compared to the personality of other team members. This allows you to determine whether they can meet the requirements of the job description and whether they will be able to work satisfactorily as a team. Boomer Consulting has used the Kolbe A profile since our inception and find it both incredibly accurate, and very valuable as a predictor of fit.

These testing methods are well worth the money. The firms that use them swear by them. Typically, the firms that don’t are unaware of the powerful tools that are available to them.

HOW ARE ALLIANCES AN ALTERNATIVE TO HIRING?

How Resources Can Be Gained Through an Alliance

Most consulting groups don’t have the internal resources to cover all their needs. You will need alliances to get you started. For example, we have already said that you’ll need leadership, technical, and selling skills. You’ll also need someone with training experience, although you may not be able

initially to justify the cost of a full-time trainer. You could, however, form an alliance with a training company—you provide the training to clients and they provide the curriculum. The two of you may share in the revenue in accordance with a predetermined agreement.

Alliances allow you to get started without all of the necessary skills and capital. They give the appearance that you have a full-service consulting practice. Alliances can be formed with software companies, hardware companies, training companies, and network integration companies, depending upon the kind of services you are going to offer.

How the Alliance Can Represent You

The trick to creating a successful alliance is to find a company with a similar philosophy and style. Be particularly aware of client service indicators. If possible, spend time with a prospective ally to get a feel for how they interact with clients. Your goal is to develop a mutually supporting relationship that will last beyond a given engagement. Remember, if you refer someone into a client's business as an ally, the client will see them as an extension of your firm. Avoid relationships with vendors who don't meet your client service standards, no matter how impressive their other skills.

HOW TO RECRUIT

Why Recruiting Is Not as Easy as It Once Was

The changing workforce and society's litigious nature have caused recruiting and hiring to be fraught with peril. Because of this, we have included a detailed breakdown of the process. We will look briefly at recruiting costs, questions to ask yourself regarding requirements, career path issues, flexible benefit arrangements, establishing job descriptions and advertisements and interviewing tips.

What Recruiting Costs

The average cost of recruitment is 15 percent to 20 percent of the first year's base salary. Recruitment costs can include advertising, management time spent evaluating applicants and interviewing candidates, search firm fees, travel and relocation costs, and lost productivity during the early stages of employment.

The time and effort spent on recruitment is critical to the success of any organization. Poor employee selection affects organization performance in many ways, including the following.

- Lower production and less cooperation is experienced.
- Turnover and absenteeism is higher.
- Training takes longer.
- Higher costs are incurred due to repeated recruitment and training expense.
- The chance of legal complaints is greater.
- Unemployment claims increase.
- The time required to provide direct supervision increases.

Good recruitment procedures will pay off in the long run and are well worth the additional effort.

How to Analyze Your Requirements

The first step in recruiting is to analyze your requirements. What job are you trying to fill? How does it fit the company's long-term goals?

When you are filling a new or vacant position within the company, the following are some things to consider.

- What are your periods of peak profitability? What was the staffing to revenue ratio during periods of peak profitability? How does current staffing compare with peak profitability staffing to revenue ratios?

- What is the current makeup of your workforce? Are there people who are ready for career growth who could successfully fill vacancies? Can you use vacancies as an opportunity for employee advancement?
- Can the work covered by a vacant position be done in a more cost-effective way than through full-time employment?
- Do budgeted expenses reflect the appropriate ratio of expenses to revenue to justify filling vacancies?
- Is the firm facing any uncertainties regarding performance against the budget or plan, future workload (sales, projects), or corporate direction? If the answer is *yes*, workforce alternatives should be explored.
- Calculate the cost (employment burden) of hiring a full-time employee versus using other staffing sources (workforce alternatives).

Answering these questions at the onset of your search will assist you in making a better decision based on the team's needs.

How to Create a Career Progression

Anyone who has experience in the field of technology is in high demand. You'll have to pay more for the technology consultants than for the traditional service people in accounting. A CPA certificate, in dollars and cents, is not worth as much as experience and certification in some other areas. So a CPA with five years of experience, which is very hard to find, is still not as hard to find as a person with five years of technology experience who may also have a Microsoft® Certified Systems Engineer Certification (MCSE). One problem we have in CPA firms is that our benchmark for compensation is how much we pay CPAs. When you exceed that benchmark, it upsets the compensation system, so you can't simply blend consultants in and treat them as you would another accountant. The same is also true on the revenue side. The experienced technologist may be more valuable than the experienced CPA in the marketplace.

What About Nonsalary Issues?

In today's workplace, employees are increasingly demanding about what they want. Employers should consider the following practices as commonplace. You must not only accept them, but embrace them in order to succeed:

- *Flextime*—Allow employees to alter their times of arrival or departure within limits set by the employer.
- *Compressed work weeks*—Allows full-time employees to work the hourly equivalent of a complete work week in less than five full days (for example, four 10-hour days).
- *Job sharing*—Two (occasionally more) persons working part-time perform one full-time position.
- *Part-time work schedules*—Allow employees to work less than 40 hours per week.
- *Remote access*—Many in today's workforce prefer to work from home.

These kinds of arrangements are becoming more and more commonplace in all different business arenas, including CPA firms. Flexible benefits make for a more productive and happier workplace. Turnover is much less likely because if employees are given flexibility that may not be available elsewhere, salary becomes less of an issue.

How to Write a Job Description

Now it is time to write a job description for the new position. A good job description must include the following.

- Job identification
- Job summary (why the job exists)
- Essential functions
- Other responsibilities of the job
- Either job specifications or job standards

There are many reasons to establish and maintain an accurate, up-to-date job description. You will be using the job description for the following:

- *Employment activities.* Identify skills and qualifications when recruiting, hiring, promoting, transferring, and counseling employees. To provide recruiters information about the kind of candidates to be approached; give employees clear information about internal employment opportunities. Finally, give prospective employees an introduction or orientation to the job help set realistic expectations about the job.
- *Legal compliance.* Establish the validity and invalidity of pre-employment testing based on established performance standards. Establish that employment decisions are based on qualifications and performance against established standards defined in their job description, thus showing that job requirements are nondiscriminatory. Establish health and safety standards.
- *Compensation decisions.* Provide information for comparison of a job against others. This helps determine a job's worth in an organization. This is the basis of a good wage and salary program. Job descriptions also provide information for evaluating comparable worth and equal pay claims.
- *Training.* Establish education, skills, and experience requirements by which employers can assess the training and development needs of their employees.
- *Organizational development.* Provide information by which management can evaluate an organization's effectiveness by indicating job assignments and clarifying job relationships and employee responsibilities. Job assignment and workflow problems can be more easily detected and corrected using job descriptions.
- *Measuring performance.* Provide a starting point for management by objective programs. Job descriptions establish standards of job performance that supervisors can use to evaluate employee performance.

As you can see, job descriptions are valuable tools for a variety of reasons and are a must at the onset of recruiting. Our experience indicates that a significant number of small and medium-sized

accounting firms do not use job descriptions. The reasons are generally that no one has taken the time to write them or they have never been forced to prepare job descriptions. Another reason is that the job descriptions are always changing. These are not good reasons for a defense in court nor do they justify poor management techniques. Many accounting practice management guides offer sample job descriptions for a firm.

Where to Find Qualified Candidates

The best approach to finding qualified candidates is to use multiple sources including the following:

- Local colleges and universities
- Newspaper advertising
- Companies within your industry
- Employees
- Friends and colleagues
- Job fairs and open houses
- Professional or special interest groups
- Consultants and contract recruiters
- Search firms and employment agencies
- The Internet

Don't underestimate the value of word-of-mouth. Many employers have gotten good leads on good people by asking and actively listening in the community and business arenas. Also, ask your employees whether they know someone who would be interested. Some firms offer existing employees signing bonuses for new employees.

How to Prepare an Ad or Job Announcement

When preparing an ad or job announcement, ask yourself, Does the announcement—

1. Concentrate on the job more than on the organization? Information about the organization is important, but can be conveyed during the interview.
2. Emphasize important details?

3. Highlight what is special about the job? If the job offers something special, be sure to emphasize it as a selling point.
4. Contain specific details? Avoid generalities whenever possible.
5. Portray a realistic picture? Don't glamorize the job, or make vague promises you can't keep. Stick to the facts.
6. Avoid cliches? Cliches are so overused they have lost their impact, and can sometimes create a negative impression. Instead, use words that present the job as it is, and details the job's qualifications.
7. Speak to the reader in a personal tone? The language used can convey the personality of the work environment.
8. Project the look of the desired image for the organization and for the job's importance to the organization?
9. Explain or portray the job opportunity in such a way that a stranger could understand? Remember that you will be competing with other employers who are also advertising in the same publication or through the same agency. Be sure the announcement gives a clear picture of the job and the ideal candidate.
10. Sell? Does it emphasize the aspects of the position that will appeal to a job hunter's self-interest?
11. Comply with legal requirements?

A good advertisement will catch the eye of good people whether they are actively looking or not. Those are the people you want to respond. You do not necessarily want those that would respond regardless of the look and feel of the ad. Take the time to create a good advertisement. It is well worth the effort.

How to Interview

The most effective interviewers are those who are prepared. Preparation includes knowing essential job functions and developing corresponding selection standards. The best indicator of future performance

is past performance. Gather verification of past performance for proof or look for demonstration of actual performance.

During the recruiting and hiring process, be mindful of your legal obligations and document each step. The following list summarizes key legal issues related to recruitment.

- *Discrimination in pre-employment inquiries*—Protection against discrimination in employment began when Title VII of the 1964 Civil Rights Act became law. Subsequent laws at the federal, state, and local levels have since expanded protection rights. These laws prohibit pre-employment inquiries that may result in the discrimination of any candidate on the basis of age, race, color, handicap, marital status, national origin, ancestry, medical condition (disability), religion, sex, or military status.
- *Arrest records and convictions*—In many states inquiries about arrest records and/or criminal convictions are restricted. Check your state laws to determine acceptable inquiries in this area.
- *Credit-related information*—Under the Federal Credit Reporting Act of 1970, employers may obtain an investigative consumer report if they disclose, in writing, that such a report will be reviewed as part of the application process. If an applicant is not hired as a result of information contained on a credit report, the employer is required to advise the applicant of the action taken, and supply them with the name and address of the consumer reporting agency. Only make credit inquiries when such information is essential to your hiring decision. Prior to making such inquiries consult your attorney or the appropriate state agency.
- *Polygraph examination and honesty testing*—In 1988, the Federal Employee Polygraph Protection Act became law. This act prohibits employers from requiring a pre-employment polygraph examination. The act does allow for pre-employment honesty testing. An honesty test is a written examination that seeks to determine the

applicant's self-perception of honesty through a series of questions related to theft and other related issues. The reliability of honesty tests is unproven, and accordingly, prior to use of this kind of pre-employment testing, carefully evaluate how essential this testing is to your decision, then consult your legal counsel or the appropriate state agency before administering such tests.

- *Psychological and personality assessments and drug testing*—Some companies choose to use psychological tests, handwriting analysis and other assessment tools as part of their pre-employment process. At this time, there are only a few court cases that address these issues, and thus guidelines are not well-defined. Such tests are controversial. Use them cautiously as part of your pre-employment process. Consult with your legal counsel or the appropriate state agency prior to conducting such tests. Drug testing is one area that has received a lot of attention in recent years. An employer's right to require pre-employment drug testing has been upheld in the courts. However, privacy rights must be protected during the process, and appropriate legal counsel should be sought prior to establishing a drug testing policy. Pre-employment drug testing should only be conducted after an offer is extended.

HOW TO NURTURE THE TEAM

How to Create Success

Once your team is constructed, your work has only just begun. Teams must be nurtured to make them successful. You probably know more about your firm's technology division than anyone else. You are also the one who knows all of the team members' strengths and weaknesses. You must direct team members to work toward a common goal while allowing each of them to develop their individual talents.

This is particularly important when working with the technology group. Many of the brightest

and most talented individuals in the industry are free spirits who do not care about climbing the corporate ladder. Nevertheless, they do care about individual recognition, flexible schedules, technical challenges, and ongoing technical training.

By authorizing a team to work together, unencumbered by any ongoing interference, you send a strong message that you trust them to achieve the firm-wide goals you have set for them. Give them a job to do, and get out of their way!

How to Provide a Guiding Vision

You will be required to give your team a guiding vision that pulls (not pushes) each team member in one direction. If the technology division doesn't operate under a strong central philosophy, it is up to the team leader to develop one and to clarify the philosophy and team mission. Here are some tips on how to achieve this philosophy and culture.

- Speak in terms of the team's successes, not your own.
- Get people to compliment other members of the team, instead of themselves.
- Treat each person as if he or she is the most important member of the team.
- Inspire team members to share the credit.
- Take an interest in your team members as people.
- Recognize and reward good teamwork.

Providing team bonuses versus individual ones is one way to grow a team culture and commitment. Your culture and philosophy are very important in the efficiency, effectiveness, and growth of both the team and each individual. Many of us have heard of the importance of creating a mission statement and probably have one or should have one in writing. Commit your mission to writing, circulate it, and practice and perfect it on a daily basis!

Why You Must Give Adequate Training

Once your team is headed in the right direction and communication has been established, the next challenge will be the ongoing training of team members to continue the development of their individual skills.

As you know, technology is changing at a phenomenal rate. The only way for technologically sound employees to stay ahead is to have ongoing training. Involve your employees in developing a plan for additional training each year and then enthusiastically support their attendance. In addition, include certain certifications and knowledge maintenance in their personal goals for the year on their annual evaluations. Create a culture that places a high level of importance on learning.

How to Determine What Training Is Needed

In order to be successful, we must have a learning organization. Your team members leave school with a basic set of skills, but they should expect to learn for a lifetime. Most of us graduated from school, and then we were told to go get a job. If we could get by with the CPE requirements, most of us would be very happy. But instead of forty hours a year we probably need closer to forty hours per month of learning to keep up with changes in order to meet our employment objectives.

Due to the rapid change in technology, you should annually budget at least \$5,000 to \$10,000 per employee for training. This will ensure vendor certification (such as Microsoft and Novell) and maintain employee skills at a competitive level.

If you are going to compete in the technology area, you need to be MCSE. Either the individuals in a specific technical area, or the firm as a whole should be certified. It is necessary to be a Microsoft Solutions Provider in order to be competitive with non-CPA consulting firms. There are many kinds of certification and training programs that can be of

value, but the logo that will have the most impact on your business card or brochure is Microsoft. Other valuable certification programs are the following:

- AICPA
- Novell
- Cisco
- Various accounting software consultant/implementation programs

Why the Team's Success Will Exceed Your Discomfort

Okay, you have thoroughly thought through the skills needed for your team, hired the best, communicated individual and company goals for each person, trained everyone thoroughly, and built trust within your team. You are definitely on your way to success. You will not always have everything your way, but the bottom-line success in your firm will outweigh any emotional discomfort you feel!

The benefits gained from this work are obvious. With such team spirit, you will have ten people going home each night worrying about the problems and looking for the solutions instead of just you!

HOW TO RETAIN EMPLOYEES AND INFORMATION

How and Why to Continue to Protect Your Investment

Finding and training the right team members is only part of the battle. Qualified technical people are in high demand. It is not uncommon for companies in search of personnel to try to raid competitors in an attempt to lure away the best and brightest employees. Once you have invested time and effort finding the people you want, you must be sure you can keep them. The following paragraphs will offer tips on how to retain these employees.

Provide Incentive Compensation. As long as technical personnel are in demand, you can expect to pay a premium if you want to prevent your best people from being tempted by better opportunities.

To retain employees, it takes competitive salaries, competitive fringe benefits, and some kind of incentive compensation program. There is a growing trend in the industry that bases salaries on production or revenue generated.

For example, an employee may produce \$200,000 of revenue and have a base salary of \$50,000, and then share a percentage of the revenue above their base salary. Maybe they get an additional 5 percent of the \$150,000 as incentive compensation, or maybe even 10 percent. The lower the base salary, the greater the percentage. So employees are guaranteed a certain amount, and are given an incentive for additional amounts. Most incentive plans take fringe benefits (15 percent to 25 percent) into account prior to calculating bonuses. (Production amount less [salary plus fringes] times a percentage equals the amount of the bonus.)

We have not seen compensation plans from traditional accounting firms that have worked very well in the consulting arena.

Provide Certification and Training. As we mentioned previously, your team members will expect you to provide a certain amount of continuing education. This will make the employees more valuable to your firm, and will increase their intrinsic value and make them a more attractive target to headhunters. It is unwise to invest in your team members' education without protecting that investment.

Certification programs can cost thousands of dollars. It is common to include a provision of repayment for education in the employment agreement in the event an employee leaves the organization within a predetermined amount of time after completing the training. For example, the employer might receive 75 percent reimbursement of the course cost within one year of completing the training and 30 percent reimbursement for the following year.

EXHIBIT 3.1 *(continued)*

No employee will use or disclose, either directly or indirectly, confidential information obtained as a result of employment with the Company. Such information is not to be used by an employee for his or her benefit or the benefit of another. Use or disclosure of such information can result in civil or criminal penalties, both for the individuals involved and the Company. All such trade secrets or confidential information should be sufficiently guarded to protect it from misuse.

Either or both copying and removing confidential information from the premises, without proper authorization, is prohibited. Any authorization for removal of material from the premises must be in writing and signed by the appropriate manager.

Exhibits 3.2 through 3.4 are sample personnel forms which you may find useful. These should be modified to fit your own needs.

EXHIBIT 3.2 **Example of a Standard Employment Agreement**

Instructions: The business may use this agreement to discuss provisions for confidentiality to be included in an employee agreement to be drafted by an experienced attorney.

(To be signed by all applicants prior to employment)

In consideration of my employment by _____, hereinafter called the "COMPANY," and other good and valuable consideration specified herein, I, hereinafter also called the "EMPLOYEE," agree and warrant as follows:

1. I agree

- (a) That I will hold in strictest confidence, and not disclose to any person, firm, or corporation, without the express authorization of an officer of the COMPANY, any information, manufacturing technique, process, formula, development or experimental work, business, trade secret, or any other secret or confidential matter relating to the products, sales, or business of the COMPANY or its affiliates or subsidiaries, except as such disclosure or use may be required in connection with my work for the COMPANY.

EXHIBIT 3.2 *(continued)*

- (b) That all inventions, improvements, and developments made or conceived by me, either solely or in collaboration with others, during my employment by the COMPANY, whether or not during regular working hours, and relating to any methods, apparatus, products, or components thereof, which, prior to the end of my employment, are manufactured, sold, leased, used, or under development by, or pertain to the business of the COMPANY, shall become and remain the property of the COMPANY, its successors and assigns unless expressly released by the COMPANY as hereinafter provided.
 - (c) That I will disclose promptly in writing to the COMPANY all said inventions, improvements, and developments.
 - (d) That I will, at the request of the COMPANY and without expense to me, make, execute, and deliver all application papers, assignments, or instruments, and perform or cause to be performed, such other lawful acts as the COMPANY may deem necessary or desirable in making or prosecuting applications, domestic or foreign, for patents, re-issues, and extensions thereof, and assist and cooperate with the COMPANY or its representative in any controversy or legal proceedings relating to said inventions, improvements, and developments, or to the patents which may be procured thereon. Should I be requested after termination of my employment to perform services for the COMPANY in connection hereunder, the rate of pay therefore by the COMPANY shall be at my salary rate prevailing at the time of termination.
 - (e) That at the time of leaving the employ of the COMPANY, I will deliver to the COMPANY and not keep or deliver to anyone else, any and all drawings, blueprints, notes, memoranda, specifications, devices, documents, and in general any and all material relating to the COMPANY's business.
2. The COMPANY will consider each disclosure submitted by me. The election of whether or not to file a patent application on such disclosure and the manner of preparation and prosecution of any patent application or applications filed in the United States of America or in foreign countries shall be wholly within the discretion of the COMPANY, and at its expense.
 3. If I petition the COMPANY in writing to release any of my rights to any inventions or improvements which by this agreement are assigned to the COMPANY, the latter will promptly consider and act on such petition, but is not obligated to release any of its rights.
 4. I warrant that all unpatented inventions, improvements, and developments which I made, invented, or conceived prior to entering the employ of the COMPANY, to which I now claim title, and which are to be specifically excluded from this agreement, are completely described below.

(continued)

EXHIBIT 3.2 *(continued)*

5. I warrant that I will not disclose or use any information that is known to me to be proprietary to a third party in connection with my work for the COMPANY.
6. The terms and provisions of this Agreement shall inure to the benefit of the COMPANY's successors and assigns, and shall inure to the benefit of and be binding upon my executors, administrators, or representatives.
7. The provisions of this Agreement shall be considered as divisible and severable in the event that any provision is invalid or unenforceable.
8. This agreement constitutes the entire agreement between the COMPANY and me with respect to the subject matter hereof, save that it shall not in any way affect, supersede, or alter any previous agreements in which the COMPANY has specifically released an invention, improvement, or development to me.

Date: _____

Employee: _____

Witness: _____

EXCLUDED INVENTIONS, IMPROVEMENTS AND DEVELOPMENTS:(Attach additional sheets if required)

EXHIBIT 3.3 Exit Interview Acknowledgment Form

Instructions: The business may use the following as a basis for instructing an attorney to draft exit interview language to help protect the business's trade secrets.

I acknowledge that the undersigned representative of XYZ Corporation has conducted an exit interview with me.

At this interview, my obligations to protect the trade secrets and confidential information of XYZ Corporation were reviewed. I hereby acknowledge and warrant that if I have any doubt whether a particular item of information is considered to be a trade secret or confidential information of XYZ Corporation, I agree to keep such information secret and not to disclose or use such information for my own benefit or the benefit of others without the express written consent of XYZ Corporation.

EXHIBIT 3.3 *(continued)*

I further acknowledge and warrant that I have given and returned to XYZ Corporation all copies of any company documents, including, but not limited to, notes, notebooks, letters, blueprints, manuals, drawings, sketches, specifications, formulas, financial documents, sales and business plans, and the like, in my possession, custody, or control, except for the following company documents which I have been specifically authorized to keep.

(Attach a list of all documents the employee is specifically authorized to keep.)

Date: _____

Employee: _____

Social Security Number: _____

Date: _____

XYZ Corporation Representative: _____

EXHIBIT 3.4**Employment Contract**

THIS Employment Agreement is entered into on [Date], between [Name] and [Company Name].

WITNESSETH:

WHEREAS, The Company is engaged in the business of management and technology consulting; and

WHEREAS, The Company desires to retain the services of [Name]; and

WHEREAS, [Name] is willing to be employed by The Company.

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained, it is agreed:

Section 1. Employment. The Company hereby employs [Name] and [Name] hereby accepts employment from The Company upon the terms and conditions herein set forth.

Section 2. Term. [Name]'s employment under this Employment Agreement shall be for an unspecified term on an "at will" basis. The term of this Employment Agreement shall begin on [Date], and shall continue until terminated as hereinafter provided.

Section 3. Salary. For all services rendered by [Name] under this Employment Agreement, so long as it is in effect, The Company shall pay [Name] an hourly salary of \$ _____ payable bi-weekly.

(continued)

EXHIBIT 3.4 *(continued)*

Section 4. Bonus. The Company may pay to [Name] a bonus from time to time and in such amounts as The Company shall determine, in its sole discretion. It is understood that The Company has no legal obligation to pay a bonus for services rendered under this Employment Agreement.

Section 5. Duties. [Name] agrees to devote all necessary time and best efforts in the performance of duties as a consultant for The Company and to perform such other duties as are assigned to [him or her] from time to time by The Company. [Name] will hold out and represent [himself/herself] as being employed by The Company. [Name] shall be free to exercise [his or her] judgment regarding services rendered to any particular client; however, [Name] agrees to observe and comply with the rules and regulations of The Company as adopted. [Name] specifically agrees that The Company shall determine the fees to be charged for professional services rendered by [Name] hereunder. Furthermore, The Company shall have the final authority over acceptance or refusal of any person from whom professional services may be rendered. All services rendered by [Name] under this Employment Agreement shall be billed by The Company and The Company shall collect all fees for services rendered by [Name] pursuant to this Employment Agreement.

Section 6. Duty to Act Diligently. [Name] shall carry out any lawful instruction of The Company not in conflict with [Name]'s professional or ethical obligations, and not act in a manner disloyal or in conflict with the interests of The Company.

Section 7. Working Facilities. The Company shall furnish, whether through lease or otherwise, [Name] with office space, professional staff, supplies, equipment, and such other facilities and services as are suitable to [his or her] position and adequate for the performance of [his or her] duties.

Section 8. Expenses. Reasonable expenses incurred by [Name] in the normal course of business, for the following expenses: travel expenses, educational expense including tuition, travel, meals and lodging, professional meetings, professional dues, professional books and journals, and professional equipment, shall be paid directly by The Company, or at The Company's option, shall be reimbursed to [Name] by The Company upon presentation by [Name] of an itemized account of such expenditures. All assets used in the business of The Company, if such assets are paid for directly by The Company or the cost for such assets is reimbursed by The Company to [Name], shall be the property of The Company. It is the intention of The Company to invest significantly in professional training and certification for [Name]. If [Name] terminates [his or her] employment within a two-year period following completion of professional training or certification, [Name] agrees to reimburse The Company at the following rates for direct training or certification costs, including, by way of example and not limited to, exam fees, certification preparation courses, registration fees, seminar costs and other direct costs related to training: seventy-five percent (75%) of training costs within one (1) year of completion of training and twenty-five percent (25%) of training costs within two (2) years of completion of training.

EXHIBIT 3.4 *(continued)*

Section 9. Fringe Benefits. [Name] shall participate in all existing fringe benefit plans of The Company, including retirement plans, according to the provisions and eligibility requirements of such plans, but The Company reserves the right to terminate or amend such plans at any time.

Section 10. Confidentiality. [Name] recognizes that The Company has and will have information regarding the following: prices, costs, discounts, future plans, business affairs, processes, trade secrets, technical matters, customer lists, suppliers, and other vital information (collectively "Information") that is a valuable and unique asset of The Company. [Name] agrees that [he or she] will not at any time or in any manner, either directly or indirectly, divulge, disclose, or communicate any Information to any third party without the prior written consent of The Company. [Name] will protect the Information and treat it as strictly confidential. A violation by [Name] of this Section shall be a material breach of this Employment Agreement and will justify legal and equitable relief. If it appears that [Name] has disclosed (or has threatened to disclose) Information in breach of this Employment Agreement, The Company shall be entitled to an injunction to restrain [Name] from disclosing, in whole or in part, such Information, or from providing any services to any party to whom such Information has been disclosed or may be disclosed. The Company shall not be prohibited by this Section from pursuing other remedies, including a claim for losses and damages. The confidentiality provisions of this Employment Agreement shall remain in full force and effect for a one (1) year period after the termination of [Name]'s employment.

Section 11. Non-Compete Agreement. Recognizing that the various items of Information are special and unique assets of The Company, [Name] agrees and covenants that for a period of three (3) years following the termination of this Employment Agreement, whether such termination is voluntary or involuntary, [Name] will not directly or indirectly engage in any business competitive with The Company. Any business competitive with The Company includes, but is not limited to, any business that is engaged in management or technology consulting business in the following vertical markets: accounting firms, banks or financial institutions, not-for-profit entities, and/or law firms. Directly or indirectly engaging in any competitive business includes, but is not limited to, (i) engaging in a business as owner, partner, or agent, (ii) becoming an employee of any third party that is engaged in such business, (iii) becoming interested directly or indirectly in any such business, or (iv) soliciting any customer of The Company for the benefit of a third party that is engaged in such business. This covenant shall apply to the geographical area that includes the continental United States. Should [Name] directly or indirectly engage in any business competitive with The Company within three (3) years upon termination of employment with The Company, [Name] agrees to pay compensation to The Company. Compensation paid to The Company by [Name] will be based upon gross receipts earned by [Name] from

(continued)

EXHIBIT 3.4 *(continued)*

any and all clients of The Company determined at the time of the termination of [Name], computed on the anniversary date of the termination each year. Compensation to The Company will be computed as follows: fifty percent (50%) of gross receipts earned by [Name] from clients of The Company during year one (1); forty percent (40%) of gross receipts earned by [Name] from clients of The Company during year two (2); and ten percent (10%) of gross receipts earned by [Name] from clients of The Company during year three (3). It is acknowledged by [Name] that the time periods, activities embraced, and geographical areas set forth in this section are reasonable in nature and scope; provided, however, that in the event this Employment Agreement shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reasons of its being too extensive in any other respect, this Employment Agreement shall be interpreted to extend only over the maximum period of time for which it may be enforceable or over the maximum geographical area as to which it may be enforceable or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action. [Name] agrees that this non-compete provision will not adversely affect [Name]'s livelihood.

Section 12. Death During Employment. If [Name] dies during the term of his employment, The Company shall pay the estate of [Name], or to [his or her] designated beneficiary, the prorated salary payable to [Name] up to the date of death.

Section 13. Termination Without Cause. Notwithstanding anything herein contained to the contrary, this Employment Agreement may be terminated without cause by any party hereto upon ten (10) days written notice. A notice mailed by one party to the last known address of the other party shall be deemed given when mailed for purposes of this Employment Agreement.

Section 14. Termination For Cause. This Employment Agreement may be immediately terminated by The Company for cause. In the event that it is terminated for cause, or in the event that [Name] dies, becomes disabled or voluntarily ceases to perform under this Employment Agreement, all obligations of The Company to [Name] shall cease. Termination for cause includes termination for the following reasons: (a) failure to carry out all the terms and conditions of this Employment Agreement; (b) habitual drunkenness and/or habitual drug addiction; (c) theft, embezzlement, or willful destruction involving corporate property or corporate funds; (d) disability of [Name]; or (e) death of [Name].

Section 15. Return of Corporate Property Upon Termination. Immediately upon termination of [his or her] employment with The Company, [Name] shall deliver to The Company all documents, notes, information, records, files or other material, whether or not secret or confidential, which are

EXHIBIT 3.4 *(continued)*

prepared, received, collected or otherwise acquired by reason of or in the course of such employment. If [Name] fails or refuses to deliver to The Company all documents, notes, Information, records, files or other material, whether or not secret or confidential, which were prepared, received, collected or otherwise acquired by reason of or in the course of [Name]'s employment with The Company, then [Name] agrees to pay to The Company as a liquidated damage an amount equal to the actual damages, including attorney fees and costs, sustained by The Company, but in no event shall said amount be less than \$ _____.

Section 16. Records and Files. All client records, personal and regular files concerning clients of The Company or clients consulted, interviewed or served by [Name] shall belong to and remain the property of The Company; however, upon the request of clients, [Name] may, after termination of employment at [his or her] own expense make copies of any of such records for [his or her] own use.

Section 17. No Oral Agreements. The terms set forth in this Employment Agreement, including the attached Exhibits and subsequent documents required to give effect to and carry out the contemplated transactions, are intended by the parties as a complete, conclusive and final expression of all the conditions of their agreement. Any amendment to this Employment Agreement, including an oral modification supported by new consideration, must be reduced to writing and signed by all parties before it will be effective.

Section 18. No Waiver. Except as otherwise provided in this Employment Agreement, any failure of any of the parties to comply with any of the terms and conditions of this Employment Agreement may be waived by the party entitled to the benefits. The waiver must be a written instrument signed by the party granting such waiver. Waiver, or failure to insist upon strict compliance with the performance of any of the terms and conditions of this Employment Agreement, however, shall not operate as a waiver of, or estoppel concerning, any other failure.

Section 19. Notices. Any notice provided for or concerning this Employment Agreement shall be in writing. It shall be deemed sufficiently given when delivered by hand, or upon receipt when sent by facsimile transmission, or when mailed, if mailed, by registered or certified mail (return receipt requested), postage prepaid, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

[Name]	[The Company]
[Employee's full name]	[Company Name]
[Address]	[Address]
[City, State, Zip Code]	[City, State, Zip Code]

(continued)

EXHIBIT 3.4 *(continued)*

Section 20. Binding Effect. This Employment Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but as to assignees, only to the extent assignment is allowed.

Section 21. Effect of Partial Invalidity. The unenforceability, invalidity, or illegality of any provision of this Employment Agreement shall not render the other provisions unenforceable, invalid, or illegal.

Section 22. Descriptive Headings. The descriptive headings set forth in this Employment Agreement are solely for the convenience of the parties. They shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Employment Agreement.

Section 23. Governing Law. This Employment Agreement and its validity, construction and performance shall be governed by the laws of [State].

Section 24. Assignment of Rights. This Employment Agreement and all rights and benefits hereunder are personal to [Name] and neither this Employment Agreement nor the rights of employment hereunder, shall be voluntarily or involuntarily sold, transferred or assigned.

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the date first above written.

[Name] [The Company]

[Employee's Full Name] [The Company]

By _____, COO

Please note these are only examples. You should consult legal counsel concerning any legal forms or documents.

CONCLUSION

Legal agreements and documentation require time and involve some level of expense. Most start-up companies avoid the use of these documents until they experience a problem. It is important to start with the documents in order to protect the firm as well as develop the appropriate culture and environment for success.

Employment agreements are a must in the consulting business. Please refer to the examples in this chapter to select the sections that are appropriate to your situation. Prepare a list of issues and then consult legal counsel for advice and drafting of the agreements.

HOW TO IDENTIFY YOUR TECHNOLOGY SERVICES

“Technology Consulting” is a very broad field; too broad for any one firm to be an expert in everything. You cannot be all things to all people. To be profitable, you will have to focus on one or more areas of expertise, decide what specific services you will offer, and then develop and refine an engagement methodology (system). As you consider the service areas in which you will operate, remember that your reputation is the most valuable asset you bring to the consulting market. If you are a CPA, you have a distinct advantage as the client’s trusted business adviser. Be sure that, as you decide upon consulting practice areas, you allow ways to leverage this unique advantage. This is, in part, what will set you above your consulting competitors in your client’s eyes.

Too many consulting firms are reactive to the market and tend to be driven in whatever direction the market is headed. The market is important; however, successful firms identify their market niche and remain focused. It is very easy for smaller firms to get their resources (personnel) pulled in too many directions. We have seen this in accounting software when firms have tried to support all of the packages currently being used by their client base. What generally happens is that they do a poor job supporting all of the packages and eventually get out of the business. Many firms have learned from their mistakes and now only support a low-end and high-end package. This approach allows personnel the

opportunity to gain in-depth knowledge of the products and in turn provides much better support.

As we have said in earlier chapters, accounting software is only one of many technology consulting areas your firm should consider. Our goal in this chapter is to expose you to some of the opportunities and provide you with an evaluation method in order to determine your service offerings.

HOW TO DESIGN YOUR CONSULTING SERVICES

You need to design a menu of consulting services. Do this by deciding in which few, among many, technology areas you will concentrate your efforts, and then what kinds of services you will offer within these areas. Only then can you successfully design profitable consulting engagements.

This approach is consistent with the strategy employed by many successful restaurants. They determine a limited menu based upon several factors. Some of those factors are the following:

- Existing skills and knowledge
- Competition in the marketplace
- Available resources (personnel and capital)
- Market demand
- Potential profitability

We encourage you to keep these factors in mind as you review the services now being offered by many of your peers.

HOW TO SELECT YOUR AREAS OF FOCUS

Start by asking yourself, "What does our firm do well?" Building upon past success is a strong indicator of future opportunity. One potential for success lies in leveraging your current client base and area of expertise. If you currently specialize in a specific industry such as manufacturing or home building your logical first choice for an area of focus would be to apply your technical expertise to your current client base. For example, you might

specialize in developing local area networks (LANs) and Intranets for manufacturers. You need to study your current client base, evaluate the services you currently provide, and decide which technology services or products your clients need and will be willing to purchase.

We recommend you carefully analyze the potential service areas you are considering. Focus your analysis by asking the following questions.

- What skills does this focus area require?
- What are the advantages to me of offering this service?
- What potential risks or pitfalls are involved in offering this service?

Once you have answered these questions, you will be in a better position to decide whether a particular service area is a good fit for your consulting practice.

In the following pages, we will examine a number of consulting areas you may wish to consider. First, let's look at a methodology for examining them in a systematic way.

Although the process is more important than the form or format used, the template shown in table 4.1, "Service Area Analysis," may be helpful in focusing your thoughts.

TABLE 4.1 **Service Area Analysis**

Requirements

List the skill requirements necessary to successfully perform this kind of service. Once you have listed them, you can evaluate whether your firm currently has these skills or can acquire them by hiring or training staff.

Pros

List the reasons why you might want to perform this kind of service. What are the advantages to you in doing so?

Cons

No product or service is risk-free. List the reasons you may wish to avoid this kind of service offering.

Once you have completed this kind of analysis, you will have a much clearer idea of whether or not this service is a good fit for your firm.

Now, let's look at some of the possible service offerings you might consider.

Strategic Technology Planning. Strategic technology planning has been the core business of Boomer Consulting for many years. It involves working with clients to better manage the constant change in information technology, and through planning and management, turn technology into a profit multiplier instead of an out-of-control expense. For many years, it was very difficult to explain to clients what we do and what benefits they could expect. Then we named our process, The Boomer Technology Management System. Once we named the system, clients understood what we were trying to accomplish and how we could assist them. Components of the system are the following:

1. An evaluation of the technology inventory
2. Education of top management and/or owners concerning how technology can benefit their company
3. Identification of priority areas in which technology will benefit the company
4. Creation and development of a technology team
5. Development of a training curriculum
6. Development of a written technology strategy
7. Development of a written three-year budget
8. Evaluation, recruitment, training, and retention of qualified technology leaders/personnel
9. Benchmarking for progress and creation of the environment for success
10. Assistance with implementation and project management
11. Ongoing coaching, consulting, and facilitation services
12. Assessment of disaster avoidance preparedness

For many years, we simply stated that we did technology planning and budgeting for clients. Each client assumed something different. Therefore, it was necessary to develop a system with processes for delivery of the services. Most businesses and organizations can look at the twelve components of the system and readily see a need. Cost is always a high priority with small businesses, so providing cost justification early in the process is important. This is a unique ability of those with accounting expertise. However, we have found that clients often have unusual answers to some basic questions such as, How much are you spending on technology? The typical answer is "Too much," "Not enough," or "I don't know." Any of these may be right. Most businesses have done a poor job of capturing all technology costs in one place for decision-making purposes. They probably know how much they spend on hardware, perhaps on software, but have rarely rolled the costs of maintenance and support contracts, consumable supplies, telephone line and connection fees, or training costs into the total technology budget.

We believe a strategic budget should cover three years. The first year should contain significant detail, with less detail included in years two and three. A shorter time span does not allow for a strategic view, and longer spans outrun our ability to forecast what technologies will be available. Each year, the budget should be revised and updated. It should include line item detail of costs and quantities in each year. Industry benchmarks and any available cost recovery strategies should be integral features of the budget.

Let's use our decision aid, shown in table 4.2, "Strategic Technology Planning," to see what such a service might require and offer.

TABLE 4.2 Strategic Technology Planning**Requirements**

- **Good Business Skills:** This service is designed to make your client more profitable. Good fundamental business skills are essential.
- **Good Communication Skills:** You must be able to communicate with your client at a high level. You will normally be dealing with the owners of the company.
- **Good Technical Skills:** You will be hard pressed to offer appropriate and affordable technology solutions to your client without good networking and communication technology skills.
- **Standardization:** The key to making a profit on this service is a standard approach and methodology. You cannot reinvent each engagement as it comes along. Some of this will evolve with experience, but a standardized means of data collection, compilation and presentation is essential.
- **Client Understanding of the Need:** In many cases you will have to create an awareness of need before your client will engage you to do the work. This requires effective sales and marketing skills in order to get the job.

Pros

- **Great for cross-selling other services**—This engagement will give you full visibility of your client's business. You can easily determine what other accounting or technology services they might need.
- **Good annuity potential**—After the plan is approved, the client will benefit from ongoing coaching and support to ensure objectives are met. You can provide this as a separately billed service.
- **Great for relationship building**—Once your client realizes what a valuable service you have provided, they will be more receptive to additional relationships with you.

Cons

- **Hard to sell**—In order to successfully sell this engagement you must first create an awareness of need in your client's mind. You must create the awareness of pain in order to sell the pain reliever. This may be a long process, with several months in the sales cycle.
- **Pricing strategy**—You must develop some methodology to price this engagement. Rate X Hours will not allow you to reach the full potential. You will improve with practice, but you must properly price the early engagements as well.

Now let's examine some other service offerings you might want to consider. Remember to conduct the kind of analysis shown in table 4.1 for each one that interests you.

Client Accounting Systems. Many accountants want to begin consulting by installing and supporting client accounting systems. Popular programs include QuickBooks, Peachtree, Great Plains, MAS 90, and others. The real value in working with these systems is in the development of additional accounting-related services. Although there is some technical skill required in the initial setup and configuration of these programs, most client problems are really accounting related, and not technical, in nature. The client will assume the bookkeeper role, perhaps reducing some of your traditional write-up work. By analyzing and advising on the output of these systems, you can assume the role of *outsourced corporate controller*. With this approach, you use your skills at a higher level with more lucrative tasks, and allow the low-end tasks to be performed by the client. There is also the potential for additional technical work if you want to set up remote access systems that allow you to exchange data electronically, or take remote control of your client's system for adjustments. This is an area with real potential on *both* sides of the house.

As you analyze the opportunities in this area, be sure to consider the following:

- The need to combine (and separate) the support provided by both technical and accounting staffs
- Opportunities for cross-selling between accounting partners and staff and the consulting group
- The ability to provide new services to existing clients and to bring in new clients
- The efficiencies you will gain by configuring client systems to easily exchange data with your professional accounting applications
- Vendor programs (training, leads and re-seller opportunities)

Be cautious of accounting partners overselling technology services without understanding the actual limitations of the software or client personnel.

Vertical Market Applications. Similar to the client accounting systems discussed above, consultants with expertise in one or more vertical markets will want to focus on the industry application software unique to their niche: medical, manufacturing, retail, or other. Again, watch for problems which are essentially accounting rather than technical in nature. Success in this area will require getting fully immersed in the client's industry. Joining trade associations, subscribing to trade journals, and participating in industry events are all important. Your consultants should know the subtleties of industry specific software provided by different vendors and be able to advise clients on the advantages and disadvantages of each. Specialization in one or more industry leading packages will aid the setup and installation portions of these engagements.

Local Area Networks. Some consultants may want to focus on the actual design and implementation of local area networks, usually referred to as LANs. There is great opportunity in this area because many small businesses today are either installing their first LAN or in serious need of updating an old network to current technology. Products such as Microsoft BackOffice Small Business Server can become cornerstones of this practice. Success in this area requires extremely solid technical skills. Consultants doing the implementation work should have industry recognized certifications (CNE or MCSE), as well as extensive hands-on experience. Once the network is installed, there is enormous potential for follow-up work by providing training for end-users and administrators, or by providing outsourced support and administration. If you choose to undertake this kind of support, you must be prepared to respond twenty-four hours per day, seven days per week as needed. Most consultants will find it advantageous

to specialize in one of the industry leading network operating systems, either Novell NetWare, or Windows NT. If you plan to make this service a significant part of your consulting practice, be sure you carefully consider your competitive advantage. There are many, many, well-qualified and reputable computer service companies in the marketplace who can and will do an excellent job of designing and installing a computer network. As an accounting firm, you have no perceived competitive advantage over these firms. You must at least match these computer service companies in terms of skills and qualifications, and then look for other reasons why a client should hire you instead of them. These reasons may well lead back to the trusted business adviser role and create opportunities for cross selling accounting related work as well as the pure networking engagement. Too often, the accountant thinks price is the only factor and reduces the price rather than benefit from the established relationship and trust.

Wide Area Networks. Businesses with more than one physical location will want to connect their LANs with wide area networks (WANs). This is a logical outgrowth of LAN work, but it requires mastery of whole new areas of technology. Telecommunications, security, and special thin-client technologies are among the topics you will need to understand. And, just as important, you will need your experienced business judgement to determine when this kind of network makes good business sense for your client, and when it does not. Once again, it is good business experience and knowledge that may set you apart from the competition. If you decide to pursue this kind of work, be sure you have technical staff with the appropriate skills and certifications to go with hands-on experience. You should recognize that this is a very dynamic area, with new technology developments reaching the market continuously. It will take serious study to stay abreast of the technology and be ready to offer the best and most current advice to your clients. You must also

understand that security issues will be of great concern to clients and you must not only ensure that your networks meet or exceed the required security standards, but that you can clearly convey that information to your clients. Once you are prepared to address these unique challenges, however, it is a rapidly growing field with great consulting potential.

Outsourced Support. Many small businesses need dedicated network administration but cannot justify assigning a full-time employee to do it. If you are in the business of installing and configuring networks, providing the ongoing support may be a logical extension of your service. Typical tasks might include the installation of service packs and other software upgrades, management of the disaster recovery backup program, monitoring of network performance, and routine troubleshooting and correction of problems. One technician can probably support six to eight clients on this basis and still provide high-quality service. One caution however; if you choose this route, be prepared to support services twenty-four hours per day, seven days per week, all year around! And, remember that the person providing this service will be representing you face-to-face with your clients on a day-to-day basis. They must have a strong set of customer service people skills to go along with the obvious need for technical proficiency.

Remote Access. Remote access is very closely related to working on WANs. Many of the technologies used apply to both areas. Remote access is gaining in importance because more and more businesses are finding value in being able to reach their networks from multiple sites (from customers' and suppliers' place of business, from the road, or from home). Mastery of the special technologies involved here can become a profitable niche market. As with working on WANs, communications and security skills are paramount. By design, you will be creating a method for users to attach to a network from a physically remote location. The trick is to allow access for those you want to let in, while

ensuring that unauthorized intruders are locked out. This will be an issue of great concern to your client, and you must not only ensure that security is in place, but be able to reassure your client that you have adequately protected his or her network. It is also vitally important that you convey to your clients the possibilities and limitations of the various remote access technologies. Typically, clients will expect to install a \$100 shrink-wrapped piece of software and be able to run complex applications over a dial-up line, and then wonder why it seems slow and unresponsive. The successful consultant will be able to determine, with the client, what the actual remote access needs are, design the appropriate system, and prepare the client for the actual costs involved. Remote application processing is not cheap, and requires special solutions such as Windows Terminal Server or Citrix WinFrame. Unless you properly scale the client's expectations to meet the budget, you may have a frustrated and unhappy client on your hands.

Internet Connectivity. Almost every business can benefit from good connections to the Internet. Email, Web research, and a growing interest in e-commerce head the list of reasons why. Clients will get great benefit from a consultant who can assist them with flexible and cost-effective solutions for connecting employees to the Internet. Connection speed (measured in bandwidth), full-time connections versus dial on demand, and LAN-based simultaneous connections are only some of the issues and decisions with which you can assist your clients. The successful consultant will have good working relationships with both telephone companies and Internet Service Providers (ISPs) in their market area in order to get the best value for their clients.

As you might guess, this is a rapidly growing area and will offer opportunities not yet thought of by many consultants. You must be in this area early in order to establish a niche. Therefore, most consulting firms are involved to some degree in Internet activity and e-commerce.

Groupware. *Groupware* is a generic name for software that allows the integration of email, calendars, to-do lists, contact databases, collaboration on documents, and more. The major players in this arena are Microsoft Exchange, Novell GroupWise, and Lotus Notes/Domino. Each has its strengths and weaknesses and no one solution is right for every client. Consultants can become expert at installing and configuring these complex client and server products, and then use this expertise to assist clients in making selections among the available options. Clients may not fully recognize the value of these systems until they use them or see them thoroughly demonstrated. The consultant may have to create the awareness of need before the client will be ready to pay for a comprehensive solution.

Groupware applications provide the basic tools to dramatically change the way a company does business. Processes can be eliminated or sped up significantly. GroupWare can change the culture of an organization through better and more timely communications. It is a significant tool used in process re-engineering.

Technical and End-User Training. At Boomer Consulting, we have worked with hundreds of clients to develop strategic technology plans. One of the issues that comes up over and over again is the need for technical training. This includes both professional skill development and certification training for network administrators and the everyday software needs for all staff members, regardless of their jobs. One of the complaints we hear most frequently from staff members is, "They give us new computers and new software, and no one shows us how to use them!" In many cases, productivity actually *declines* after the installation of new systems as users stumble through new software trying to relearn what they used to know how to do.

In addition to actual skill training, many client firms can benefit from assistance in training

management. This consists of assessing current-user skills, matching those skills against those required for top job performance, and designing training plans to fill in the shortfalls. Training material is available from a wide variety of sources: traditional classroom presentations, self-study books, CD-ROMs, videotapes, and, increasingly, the Internet. You may want to focus on providing technical training, or assisting your clients with the management of training needs within their businesses. There are superb opportunities here, particularly if you have access to a quality training facility and someone with good training skills. Be aware that you will be competing with a wide assortment of providers who can be very price-competitive if you choose this approach.

Custom Application Development. There are several related fields that can be considered together under the heading of "Application Development." In each case, we are referring to the custom design of new or existing software to meet a particular business need of a client. We are not (generally) talking about software design and programming for the shrink-wrapped mass market.

- ***Custom template design.*** Accountants have long been the leading experts in the use of detailed and complex spreadsheets to perform financial calculations. Building custom templates for clients that use formulas, macros, or visual basic programming can become a focus area for some consultants. These projects will generally begin with a precise analysis of the business need the solution is designed to address. Frequent interaction with the client will be required, and it is likely that the final scope of the project will be significantly different from that originally envisioned. This is a great opportunity to use *change order* management, a concept discussed later in this book. Once a template is designed, expect to support it with version updates and other modifications as desired by the client.

- **Database design.** In a similar vein, many clients need custom database applications. This is similar to designing a spreadsheet template, but usually is significantly more complex. The consultant must thoroughly understand the principles of relational database management as well as the front- and back-end applications. Using tools such as Microsoft Access with its visual basic programming capabilities, you can design custom forms, input screens, and query and report relationships keyed specifically to your client's needs. Much like the spreadsheet template, expect these projects to change dynamically and demand continued downstream support.
- **Custom programming.** This is a more focused niche, but some clients will want C++ or VB applications designed and written from scratch. As with the others, they will require support and upgrade over time, but also have the *possibility* of becoming a widely reproduceable application for wider market resale.

All of these related engagements will require both high levels of programming and design skills (depending on the language/applications used). However, these engagements will also require careful management analysis to determine the real business need of the product, and customer service skills to work with the client during and after the engagement.

E-Commerce and Web Development. This area is ripe with opportunity for consultants. Many businesses are rushing to provide Web-deployed services such as customer support Web sites, vendor extranets, and full blown e-commerce Web sites. Critically required skills for these services include mastery of secure electronic transaction processing (secure Web sites for credit cards) and design of Web-based delivery systems. Of course, there is a product sale involved; the sales and distribution mechanism will be an area of concern, above and beyond the order-taking Web site. This is likely to

remain a highly specialized consulting area for some time to come.

Hardware Sales. This is almost always a money loser for firms because of razor-thin margins, but a number of consultants can profitably bundle hardware with software and consulting services in a total package “turnkey solution.” Be careful in this area—do you really think you can compete with Dell on hardware sales? Also, problems associated with hardware often do not occur until one to two years after the sale.

The only firms we see profiting from hardware sales are those with a significant sales and support staff dealing with high volume clients. We caution small firms and those just getting started. You can avoid one of the most common mistakes made by firms if you stay out of hardware sales.

WHAT ARE THE COMMON ELEMENTS OF SERVICE DESIGN?

Now that we have listed several service opportunities, let’s quickly look at a number of common elements in the design of these services. There will be more about structuring engagements in chapter 6, “How to Structure the Technology Consulting Engagement for Maximum Benefit,” but a brief overview is appropriate as you decide which services to offer. One of the keys to profitable consulting is to properly manage the engagement process.

In addition to deciding upon a technology area in which to focus, you will want to decide which of several methods of service delivery you want to provide. You may choose to offer just one or all of the following services on any given project. The key, however, is to recognize that they are distinct; each one has a beginning and an end, and each one should be separately billed. The three major components of a consulting project are system design, implementation, and ongoing support. We

will look at each of these in more detail in the following paragraphs.

How to Structure System Design

Structured system design (SSD) is analogous to the architectural design of a building project. You will conduct a needs analysis, determine which among existing technologies meets those needs, estimate costs and benefits, and propose feasible and cost effective solutions. These projects will generally end with some form of written plan of action. Although it may not seem obvious at first, every project, in any of the focus areas discussed previously, will have a distinct design phase. It should not blend into installation or support phases. You should design this service as a distinct engagement with its own engagement letter and price. When complete, it should be billed and collected before any additional services are delivered. This is not to say you will not try to get the other two phases of the client engagement, and you may bundle them together for discounted pricing if you wish. However, you (and your client!) should recognize that they are unique and distinct phases.

How to Structure Implementation Assistance

Structured implementation assistance (SIA) is the process of turning designs into functioning systems. In these engagements, you will install and configure hardware and software, connect networking components, test all phases of the installation, and conduct some amount of user training. Although this is a logical follow-on to a design engagement, you could find yourself installing a system someone else has designed or designing a system that someone else will install. The point is, once again, this is a separately structured and billable engagement and should be presented to the client as such.

How to Structure Ongoing Support

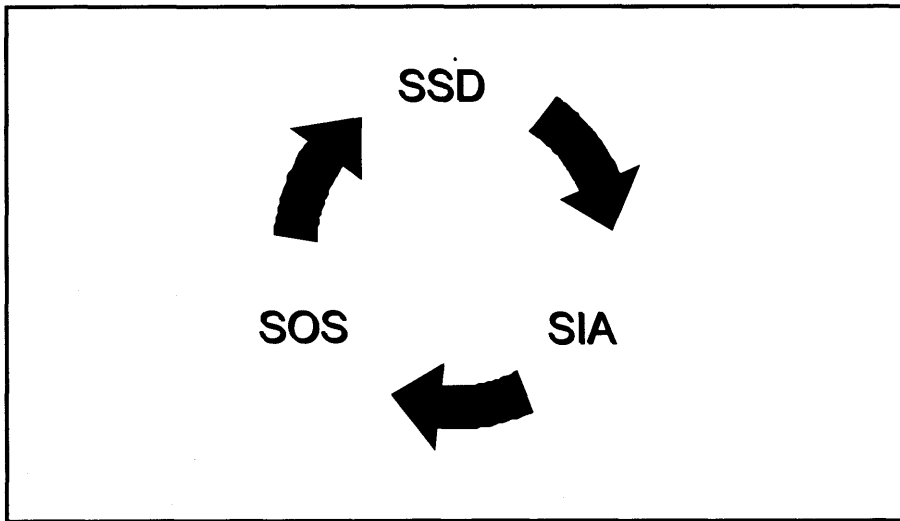
Structured ongoing support (SOS) is a means of attaining annuity-style work by supporting your installations or those of others. Even design-only engagements can generate annuity support if you renew plans annually, or serve as an intermediary for contacts with vendors, and so on. You should plan for transition into this phase for any engagement for which you do the design or implementation. This engagement is usually structured as an ongoing relationship, usually with monthly invoicing, and providing certain levels of continuing support (measured by numbers of phone contacts, on-site visits, software updates, and so on). It is often effective to present the client with the value of an ongoing coaching partner in order to achieve the goals they have set for themselves.

Many people first try to do things by themselves—from weight loss programs to physical fitness. The chance of success is probably low compared to the odds for those who join a health club. The process is the key. A weekly sign-in and a personal trainer or coach bring discipline and consistency to the process. Results can be predicted and benchmarks established. The same holds true for technology consulting.

It is extremely important that you guide your client's expectations in regard to these engagements. If the client believes he or she is hiring you to design, implement, and support while you have quoted a design-only price, there are serious problems ahead. The best way to clarify these relationships is through well-written engagement letters. We will address engagement letters and change orders in chapter 8, "How to Market Your Technology Consulting Services."

It may be helpful to visualize the relationship of these engagements with a diagram, as shown in exhibit 4.1, "Cycles of a Technology Engagement."

EXHIBIT 4.1 Cycles of a Technology Engagement



The process begins with system design, leads naturally into implementation, and then to ongoing support, but instead of ending there, it flows back into the design phase for a periodic update of the system. These cycles can continue for a long time, and each component should have its own beginning, end, and billable event.

HOW TO DISCOVER MORE POSSIBLE SERVICE OFFERINGS

This discussion of possible service offerings is not intended to include every service. In fact, the array of potential consulting services is limited only by your creative imagination and assessment of your clients' needs. Consider using an analytical process to determine the skill requirements needed to be successful in a consulting area, the advantages to you in performing those services, and any potential risk or downside that you must manage. See exhibit 4.2, "Service Offerings and Skills Assessment," for an example of how to carry out this process.

Our experience has been that most firms starting out in consulting are drawn first to providing accounting system solutions because it is such a natural fit for an accounting firm, and to LAN/WAN installations because they have hired or partnered with very highly skilled network engineers. Many members have expressed an interest in the strategic technology planning process, and some of the remote access and Internet connectivity issues. You should limit yourself only by careful decisions about what you can do well to add value for your clients.

You should also be sure you understand the concept of breaking any service delivery into three distinct phases, and manage those phases as separate engagements. Later in this book, you will read about engagement letters, change orders, pricing strategies and other engagement management techniques, but first you must be comfortable with carefully defining engagements with start points and end points, and making sure you and your client understand them the same way.

The following questionnaire, Exhibit 4.2 (also see diskette), of service offerings may be completed to determine the areas with highest potential for your firm. This list of service offerings covers most of the technology consulting services currently being offered by small to medium consulting practices. If you have additional services, please enter them in the blank rows. Most important, rank each service as to revenue potential within both your existing client base and potential clients.

EXHIBIT 4.2 Service Offerings and Skills Assessment

Rank	Service	Do we have the skills?		How long will it take to acquire the skills?
		Yes	No	
	Strategic technology planning	Yes	No	
	Accounting systems	Yes	No	
	Vertical market software	Yes	No	
	LANs	Yes	No	
	WANs	Yes	No	
	Outsourced support	Yes	No	
	Remote Access	Yes	No	
	Internet connectivity	Yes	No	
	Groupware applications	Yes	No	
	Training	Yes	No	
	Custom application development	Yes	No	
	e-commerce and Web development	Yes	No	
	Hardware sales	Yes	No	

HOW TO DEFINE YOUR PROCESS

As we have previously stated, consulting is a broad field in which technology is increasingly playing a greater role. In the previous chapter, we conducted a review of numerous services that accountants and consultants are currently offering. One of the primary differences between those who are profitable and those who are struggling is that successful consultants have developed a distinctive process of delivery. *Successful consultants create value.* Clients are willing to pay top rates for value. In this chapter we show you how to develop your consulting system, create value, and improve your clients' and prospects' understanding of what you do.

Hopefully, you have identified the services you intend to offer. The narrower your focus, the greater your chances of success and profitability. Historically, firms have tried to offer too broad a range of technology-related services. Although this is no fault of any particular firm or person, it just happens. In a typical scenario, partners see clients struggling with technology-related problems and offer the assistance of their in-house computer expert. This person may or may not be prepared to address the problem. Often, the complexity of the problem and the fee that was quoted (if any) are both understated. Many firms have gotten into technology consulting with little or no planning and strategy. This is not the recommended way to start a business relationship.

If you haven't identified the services you intend to offer, this chapter may help establish clarity as you learn how to develop your processes and create value. Uniqueness is also important. What differentiates you from the competition? Experienced consultants will benefit from analyzing and refining (documenting) their unique systems. Too often formal processes are never documented. Therefore, the process is difficult to teach or transfer to someone else. This is often a criticism of those in the technology field by top management. Without documentation, top management often views the consultant as trying to obtain job security rather than developing a system that is independent of any one person.

Accountants with audit and tax experience are familiar with a program of work and find checklists very useful. Thus, many accountants find consulting difficult due to the fact the road maps are not as well defined. Creativity is required in consulting. Without creativity, value is not perceived. Some accountants would go so far as to say there is a need for standards in consulting much like in auditing. Standards as most accountants know them from experience in auditing are generally not appropriate or available in the consulting market. While the AICPA has established consulting standards, non-CPA consultants (most consultants) are not required to adhere to those standards. Some accountants would go so far as to say the existing standards only serve as a competitive disadvantage.

As technology consulting evolves, so do the processes and procedures. Technology consulting is a relative new area of consulting, thus the lack of formal written policies and procedures.

DEVELOPING PROCEDURES, PROCESSES, AND SYSTEMS FOR TECHNOLOGY CONSULTING

Procedures, processes, and systems are all very important in consulting and particularly in consulting involving a technology component. "Process" is defined in *Webster's Dictionary* as "a

particular method of doing something, generally involving a number of steps or operations.” Each consulting service you offer will contain multiple steps. Processes and methods tend to evolve over a period of time and with experience. Efficiency occurs with experience. Learning from the experience of others and learning how to develop and document processes early in your consulting career will be advantageous. Just like procedures evolve into processes, processes evolve into systems. “Procedure” is defined in *Webster’s Dictionary* as “a particular course of action or way of doing something.” As you can see, the definitions are very similar. So what is the difference? From a practical standpoint, most consultants utilize procedures to develop a process and processes to develop a system. We will demonstrate this through an example later in the chapter.

Perception is also very important. In fact, perception is probably a better indicator of the chances of success than either procedures or processes. For example, perception is important in selecting personnel and clients. We all know that some people and some clients are much more difficult to deal with than others. Some people can be coached, while others must do it themselves. In fact, if you reflect on experiences that you have enjoyed the most, chances are the person or client had a positive perception.

Let’s take this a step further: *When it comes to technology consulting, the difference between the people and organizations who benefit from technology and those who are frustrated with technology is very simple. Those that benefit from technology view it as a strategic asset. Those who are frustrated with technology view technology as overhead.* Organizations who benefit tend to have a strong leader who views technology as a strategic asset. This does not imply that you will only work with those people and organizations that view technology as a strategic asset. However, you will learn with experience that those clients who view technology as a strategic asset tend to be the most

profitable and enjoyable to work with. This has not always been the case in that some companies in the past have been highly profitable without a great deal of technology. That trend is changing rapidly. As your practice grows and the demand on your time increases, you will be less tolerant of those who simply view technology as overhead. It is difficult to take a person or an organization to the next level when they view technology as overhead. Resistance is also generally apparent.

Nine Steps to Documenting Your Process

- 1. Define the objective or goal in writing.
- 2. List the required steps or procedures.
- 3. Group the procedures into processes for efficiency.
- 4. Identify or develop tools for efficiency (automate).
- 5. Identify obstacles.
- 6. Develop strategies to overcome the obstacle.
- 7. Develop a time and expense budget.
- 8. Execute.
- 9. Review for efficiency.

Example of a General Ledger Implementation.

To better explain the documentation process, we are going to use a common consulting engagement for implementing a new general ledger package for a client. The basics will apply to large and small clients. For purposes of illustration, we have only included a limited number of steps or procedures. You can refer to appendix D for an example of a more detailed program of work.

Step 1: Goal

Implement a new general ledger system by (date).

Step 2: Required steps or procedures

- (1) Acquire new hardware
- (2) Load the application software
- (3) Enter the chart of accounts
- (4) Convert data from the old system
- (5) Reconcile balances

- (6) Enter transactions
- (7) Print and review reports
- (8) Document month end procedures
- (9) Document annual procedures

Step 3: Group the procedures into processes

- (1) Planning
- (2) Implementation
- (3) Support

Step 4: Identify tools

- (1) Software selection
- (2) Budget calculator
- (3) Data conversion

Step 5: Identify obstacles

- (1) Existing system does not balance
- (2) Client's personnel lack the necessary skills
- (3) Conversion must be completed within 45 days
- (4) Experienced personnel are not available

Steps 6 and 7: Develop strategies

- (1) Develop a timeline and budget of hours and expenses
- (2) Issue a change order and have accounting personnel provide the beginning balances
- (3) Do not convert transaction history, only convert beginning balances
- (4) Develop a training schedule
- (5) Obtain management's commitment to provide the necessary personnel in writing
- (6) Use conversion tools in order to reduce time
- (7) Contract with personnel from an affiliate

Step 8: Execute

- (1) Complete the program of work
- (2) Execute change orders as the scope of the engagement changes
- (3) Regularly meet with owner or top management

Step 9: Review of Efficiency

- (1) Perform a self-assessment with team members
- (2) Seek client feedback through a survey or interview

The processes will evolve over a period of time until you develop a system. Naming your system is also important. By giving the system the proper name,

clients and prospects will benefit and understand what you do and how they can benefit. Until we named The Boomer Technology Management System, it was very difficult to explain what we did for clients. Naming the system forced us to clarify the processes and graphically show the clients the system. A picture is worth a thousand words!

Identify Distinctive Processes

Most everyone in consulting has distinct processes and procedures; however, few people take the time to study, document, and name the process. If you are new to consulting, you should develop a process before you start. How do you develop the process without experience? Emulate someone who has been successful and then refine his or her process until it becomes your unique process. There is an old saying, "First you make it up, then you make it real." With the guidance offered in this book, you should be able to create your own unique process for any service(s) you decide to offer your clients. Many entrepreneurs are forced to document and define their processes when they reach the conclusion they can not grow without additional personnel and support. An excellent book by Michael E. Gerber, *The E Myth Revisited*, published in 1995 by HarperBusiness, a Division of HarperCollins Publishers; New York, NY, is recommended reading in this area.

On a personal note, I was like many entrepreneurs and started my consulting practice individually even though I was a stockholder in a forty-five person CPA firm. The firm did provide some clerical and technical support. However, when we added additional consultants, I was forced to define my distinctive process in order to transfer the workload. Most people never get around to documenting their process, therefore, their process is of little value without them. To some, this is a feeling of security; to others, it quickly becomes limiting. Successful consultants and firms have been building and defining efficient processes for years. Now is the time to document and profit from your processes. *Documenting your processes will increase*

the value of your practice and improve it at the same time. Without processes it is impossible to ensure quality

Bridge the Technology Gap

The AICPA and National Accreditation Commission (NAC) commissioned a marketing study of companies with annual revenues between \$2-\$50M. The study consisted of owners and management of these businesses and focused on technology related issues. According to this study, a gap exists between management and technical personnel. Technical personnel may be internal or external. Technology expenditures are increasing in businesses of all sizes. In many small businesses, technology has become the number two expenditure following personnel and related fringe benefits.

Few people have the capability to show others the big picture. Too many people get caught in the details. People want and need a map, directory, model, chart diagram or template to guide and assist them. It is the ability to take a complex situation and make it understandable that creates value. Architects do this in the construction industry. Accountants do this in the area of taxation. To further demonstrate the fact that accountants often get caught in the details, the recent market research varied from an internal survey of AICPA members. Many members believed technology consulting opportunities were in technical issues such as networking of small businesses while the market research showed that top executives were looking for consultants who could understand the "big picture" and communicate it to other decision makers. *Communication and business skills were perceived by the executives as more important than technical skills.*

For example, a client may want to know if they can communicate between multiple locations (implement a Wide Area Network) and how much will it cost. They don't care about all of the technology components. They only want to be able to

tell time, they don't care about how the watch is built. You can add value if you can produce a diagram of the system. Visio is an affordable and great tool for diagramming complex technology. A picture provides understanding and confidence.

Integrative structures show people how things fit together. How will the new system fit with our old systems? Simplification is very important. Technical personnel have difficulty understanding that more information is not always better. The old saying that most clients don't care how much you know until they know how much you care is relevant.

A quick example of structures we use in our process is a written plan with action items and diagrams. Budgets and comparisons of peer statistics are often important in assisting clients see the big picture.

Create Changing Systems

Most people are beginning to recognize that change is continual and a fact of life, especially in the area of technology. That does not mean most people like change. This does mean that your problem solving systems must continually evolve. Products and services must adapt to changing conditions on an ongoing basis. Up-to-date components can be added at any time to the underlying system. The unique process that you use must have an evolutionary quality to it. If you can provide this type of system, your clients will value it highly because they can count on it in a world of constant change. Accountants have been doing this in the area of taxation for many years. However, the pace of change within the consulting area is much faster today than in the area of taxation. Therefore, a system with quicker reaction is necessary.

Two examples we have developed in our consulting practice are The Boomer Technology Management System and the Boomer-net. We will use TBTMS as an example. The Boomer-net is our delivery system of training, resources, coaching and

products for highly successful firms in the consulting business.

Create Specific Tools for Your System

A tool can be either a service or a product. An example of such a tool is The Boomer Budget Calculator, which we use to calculate technology budgets. Built into the tool is our logic and fifteen years of experience. We definitely did not start with such a tool due to the fact we did not have experience in this area nor did we know anyone with experience. The advantage of developing our own tool was that we were first to market giving us an advantage over the competition. It has taken years to develop and significantly reduces the time (effort) it takes to produce a three-year technology budget. Use of the tool ensures consistency and allows less experienced personnel to gather information, input the information into the model, and produce the results. New tools are typically created from new opportunities or from problems facing your clients. Tools build efficiency and allow you to predict the results.

PUTTING IT ALL TOGETHER: THE BOOMER TECHNOLOGY MANAGEMENT SYSTEM

Perhaps it is easiest to explain through the use of an example that we at Boomer Consulting are very close to. We have been developing procedures, processes, concepts, and procedures to assist clients with technology management. Many of our CPA firm clients have stated, "We would like to do for our clients what you have done for us." When asked what we did for clients, it was often difficult to explain in terms of single steps, procedures, or concepts. However, when we named our distinctive process, it became much easier for clients, employees and family to understand what we do. Our system focuses on results and not upon effort.

Capturing and documenting your best experience allows you and others to repeat them on a consistent

basis. This is a must in the service industry in order to ensure results as well as expend opportunities. One person is limited by time. With a distinct process, many people can be taught the process in order to capture the opportunities. This is leverage. Without leverage, it is difficult to profit in technology consulting.

The Boomer Technology Management System

What is it?

It is a proven system for the management of technology within any size of company or organization. *It allows your company to profit rather than react to technology.* It increases the return on your technology investment while reducing the frustration of managing the rapid change associated with technology. This system is for successful organizations that view technology as a strategic asset. It consists of twelve basic components and requires external influences and forces in order to work effectively. The components are:

1. An evaluation of the technology inventory
2. Education of top management and/or owners concerning how technology can benefit their company
3. Identification of priority areas where technology will benefit the company
4. Creation and development of a technology team
5. Development of a training curriculum
6. Development of a written technology strategy
7. Development of a written three-year budget
8. Evaluation, recruitment, training and retention of qualified technology leaders and personnel
9. Benchmarking for progress and creation of the environment for success
10. Assistance with implementation and project management
11. On-going coaching, consulting and facilitation services
12. Assessment of disaster avoidance preparedness

We will briefly describe each of the twelve components in the Boomer Technology Management System. Let's take a brief look at each of the twelve components.

1. *Evaluation of the technology inventory*

Objective: Obtain an accurate count of hardware and software in order to determine obsolescence and replacement policies.

The starting point in any assessment is with an inventory. We find many companies do not have control over their software and hardware inventories. This indicates the potential for security and software licensing issues. The inventory also indicates the age of the equipment and whether the company has adopted a replacement policy of one-third per year on the hardware and continual updates on the software.

There are automated systems for tracking both hardware and software, however, most small companies continue to track inventory through the use of a spreadsheet or card file.

2. *Education of top management and owners*

Objective: Educate top management on how technology can benefit their company and inform them of industry trends. This is an important step in building consensus in companies with multiple ownership such as CPA and law firms. Organizations with a Board of Directors also benefit greatly from executive education.

Top management and owners are often too busy to keep up on the latest technology. In fact, many in this group are often turned off by their lack of knowledge pertaining to technology. We have a saying that those with the strongest opinions generally have the least amount of knowledge. Knowing how to make good technology decisions is less time consuming than gaining the technical skills required to evaluate alternatives. Owners must have input into the requirements and the opportunity to establish priorities. If they don't, they will end up as resisters slowing the process considerably. It is worth the time to involve owners and staff on the front end of the process in order to build consensus. People are far more resistive if they have been left out of the process.

3. Identification of priorities

Objective: Determine the five or six top priorities for technology advancement during the next twelve months.

Companies are only capable of accepting and implementing change at a certain pace. Five to six priorities seem to be the tolerance level in most companies. The following areas are currently the top priorities in many companies.

- Training and support of end-users
- Hardware and software maintenance
- Communications (email, internets, and intranets)
- Remote access
- E-commerce
- Standards

4. Creation and development of a technology team

Objective: Identify personnel to form a technology team.

Personnel are the key to successful technology planning, implementation, and support. If the required skills are not internally available, a plan must be put in place to recruit and/or train personnel with the proper skill set for today's technology. This often requires certification from multiple vendors. It is a time-consuming and expensive process that is ongoing. The other alternative is outsourcing. Companies need leadership, technical and training skills to succeed. One person generally does not have the required skills; therefore, a team approach is required. There are many tools available in order to ensure success in developing the team. Knowing which people and skills are required before developing the team is a crucial factor.

5. Development a training curriculum

Objective: Determine existing skills of the end-users and required skills in order to develop a formal training program integrated with performance reviews.

Until recently, end-user training was a low priority in most companies. Management was willing to invest in hardware and software; however, they were not willing to invest in training. As the user of technology has moved higher in most companies, training has become an issue and even a priority. Someone in the organization must be responsible for developing a training curriculum, hiring instructors, scheduling classes, and ensuring attendance. In small companies, this person's title is often *Training Coordinator*. A relatively new area of knowledge management has developed over the past year. Larger companies are now employing Knowledge Officers responsible for managing knowledge within the organization. Knowledge and personnel are the primary assets of service organizations. Efficient and effective management of knowledge is becoming increasingly important to all organizations. Intellectual capital is a valuable asset and should be managed.

6. *Development of a written technology strategy*

Objective: Develop a written strategy based upon the requirements and priorities.

A written plan of action with assignments, tasks, and due dates is essential to any implementation plan. Someone must be responsible and accountable in order to ensure the success of the project. Since a team approach is required, project management skills are required. Without a written plan, it is difficult to sustain excitement and success. The strategy (plan) must be reviewed and updated at least annually.

7. *Development of a written three-year budget*

Objective: Develop a budget with all technology expenditures including benchmark comparisons of peer companies.

Technology is rapidly becoming the number two expenditure behind personnel costs in most service companies. Yet management doesn't know what technology is costing as a result of

weaknesses in their accounting systems and budgeting process. We have coined the term *peanut butter accounting*; spread it thin, and no one will know the cost. It is imperative to bring all costs of hardware, software, maintenance, outsourcing, and support back into a budget. This will allow any company to develop benchmarks such as revenue per person, technology cost per hour, per person, or as a percentage of total revenue.

Boomer Consulting has developed the Boomer Budget Calculator to assist in this process. It is a quick way to estimate the total costs of technology for a three-year period. The user must answer about twenty questions, and the calculator has the built-in logic to produce a reasonable estimate of future technology expenditures based upon the company's requirements.

8. *Evaluation, recruitment, training and retention of qualified technology leaders and personnel*

Objective: Develop a professional technology team.

Companies that hire technology professionals and maintain their skills know they have a valuable asset. Technology skills today are far different than those of ten years ago or even two years ago. It is a constant commitment to keep personnel trained and happy. There are more job openings in the technology area than there are qualified candidates. This is not expected to change in the near future. In fact, the problem will probably get more critical before it improves. Getting the right mix of technology leaders, technicians, and trainers on your team is a challenge. Management must often be educated as to the importance and value of these people. Knowing what motivates them is key to retention.

9. *Benchmarking for progress and the creation of the environment for success*

Objective: Determine important benchmarks in order to cost-justify the increasing investment in technology.

The return on the technology investment and total cost of ownership are terms management finds elusive. By establishing benchmarks such as revenue per person, a company can track the return on investment in technology. In the past, this has been guesswork at best. Today, companies are developing systems to track increased sales and production as they relate to the annual investment in technology.

10. *Assistance with implementation and project management*

Objective: Ensure successful implementation.

The technology consultant can choose to play the role of implementor or architect. The nature of your practice and resources, and the size of your clientele will dictate your role. Your role may change as your capabilities grow. There is profit in both roles if the engagement is structured properly. *Caution:* Most consultants find it is difficult to perform both roles and maintain a profitable engagement.

11. *Ongoing coaching, consulting, and facilitation services*

Objective: Ensure success and sustain the commitment.

It is human nature to start a project with enthusiasm. It is also natural for that enthusiasm to wane if things don't go as planned or other commitments move to higher priorities. Therefore, the role of the outside facilitator or consultant or coach is important in all organizations. Technology is not something that gets fixed once and then it is two years before additional attention is needed. In today's rapidly changing world, technology requirements change from day to day as new technology is introduced. An outside consultant can generally accomplish

more in a short period of time than an employee who must confront company politics and changing priorities. The outside consultant ensures a degree of focus.

12. Disaster avoidance and preparedness

Objective: Ensure the company is protected and management is aware of potential risks associated with technology.

This is a significant area in any company. The issues of the year 2000 have drawn attention to potential disasters. However, a system must be in place to avoid disasters where possible and ensure for protection where necessary. This is an area generally overlooked by companies of all sizes. This is a consulting opportunity. It requires a system and tools.

CONCLUSION

Developing and documenting your system is not an easy task. However, it can be done with the approach covered in this chapter. It will require time and experience. Don't ignore those who have preceded you. In review, value comes from three components: leadership, relationship, and creativity.

HOW TO STRUCTURE THE TECHNOLOGY CONSULTING ENGAGEMENT FOR MAXIMUM BENEFIT

In this chapter, we will concentrate on managing the process. Good engagement management will bring the highest rewards in the long run. You will find, as this chapter discusses, the benefits of breaking the engagement into phases and defining and communicating those phases to the client. In addition, we will discuss the challenges and benefits of well-written and well-utilized engagement letters and change orders. Finally, we will discuss refining your overall approach.

HOW TO BREAK THE ENGAGEMENT INTO PHASES

The Large Firm's Secret!

The key to structuring a successful technology engagement is to break it down into three basic phases: (1) planning, which includes defining requirements; (2) implementation, in which the actual *work* is done; and (3) ongoing support. Large consulting firms have operated this way for years but many small accounting firms that have entered the consulting business in the past decade have had to learn the hard way, through cost overruns or nonbillable time. They tried to tackle a technology engagement as if it were on all encompassing solution. But this can create serious problems for the firm as well as make the engagement harder to sell. Obviously, you know when the engagement starts, but how do you know when the engagement is complete? Does your client have the same

expectations you do? Consultants have faced these issues for years.

What Is Wrong With the All-Encompassing Solution Approach?

Typically, firms just starting out in consulting try to perform engagements that are too broadly based. It is not uncommon for a firm to fail to meet all the client's expectations because of a lack of thorough understanding of the scope of the project. It is nearly impossible to identify and quantify all of the factors affecting the project implementation and support activities until the planning phase has been completed.

During the selling process, we often anticipate the solution to a problem without thoroughly analyzing the client's situation. The client may not have even recognized that they have the problem. They may see the symptom without readily understanding what the solution might be. For example, installing a complete accounting system might take months or maybe even years, if it is a large enough company. The client probably has just realized that they need to bring in someone and get some help. Often, they have no concept of the complexity. It requires a process to address their expectations and get their requirements (perceptions) in writing. Too often, the consultants first proposal or engagement letter tends to try to cover the whole waterfront rather than to break it down into smaller pieces. Remember, we are trying to build relationships in order to provide the client with confidence. We want to concentrate on creating results rather than simply billing an hourly rate for the tasks performed. It is very difficult to predict the entire scope of an engagement at inception. Therefore, risk is involved for either the consultant or the client. If the client perceives too much risk, they will simply choose another alternative. Risk typically is associated with loss or the unknown.

HOW TO DEFINE THE PHASES

How to Help Your Client Identify the Issues

We said earlier that buying technology consulting is much like buying aspirin. You don't buy the aspirin until you have a pain. Clients don't buy consulting services until they feel a pain. Part of your job, as a consultant is to identify the areas that may create pain for your client. In some instances, they currently may not be aware of pain. Consultants are in the business of curing ills and providing solutions for their clients. Often, clients must get into the engagement before they can fully realize the issues and complications. You need to be up front and tell the client what to expect, but don't try to sell all of your solutions at once. Remember, this is an ongoing process. Also, continually remind the client that improvement not perfection is the key to success.

What Are the Recommended Phases of an Engagement?

We recommend breaking an engagement as shown in table 6.1, "Phases of an Engagement." Notice that each part has a name and an acronym. This is part of bundling and marketing services.

TABLE 6.1 Phases of an Engagement

Phase	Name	Acronym
Planning	Structured System Design	SSD
Implementation	Structured Implementation Assistance	SIA
Support	Structured Ongoing Support	SOS

What Are the Key Elements and Phases?

Examples that can occur in each phase are listed in the table 6.2 "Key Elements."

TABLE 6.2 **Key Elements**

Phase	Element
Planning	Inventory of current technology
	Accounting for existing technology expenditures
	Inventory of technology skills
	Definition of requirements
	End-user input (building consensus)
	Process review (redundancy)
	Identification of priorities
	Written plan (documentation and benchmarking)
	Budget (documentation and benchmarking)
	Request for proposal/engagement letter
	Board approval (staffing and funding)
Implementation	Review of vendor proposal or engagement letters
	Vendor selection
	Work plan (setting responsibilities) and timeline
	Recruiting and staffing
	Data conversion
	Development of a training curriculum
	Training
	Custom report writing
Support	Ongoing training and assistance
	New employee orientation
	Hardware and software upgrades
	End-user support
	Staff evaluation
	Custom report writing

Each one of the above tasks can range from a few hours to several months of work depending upon its requirements, the size of the client, and the client's internal capabilities.

How to Use Phases to Create a Consulting System

By structuring engagements into the above three phases, it becomes possible to identify tasks and time periods in addition to accurately predicting results. In other words, it is a *consulting system* that can be used to increase consulting efficiency. It works!

HOW TO DRAFT ENGAGEMENT LETTERS

How to Manage and Document Client Expectations

Communications between the client and the consultant are very important. Engagement letters should be utilized in order to manage client expectations and ensure agreement regarding the project prior to commencement. A good practice is to use a proposal and engagement letter that becomes an engagement letter when signed.

What Are the Key Elements?

Your engagement letters will vary widely between different kinds of engagements, but the key elements that should be included in each proposal and engagement letter are as follows:

1. *Scope definition*—A definition of the problem and expected benefits of the engagement with a proper description of the respective roles of the client and the firm
2. *Strategy*—The proposed engagement plan and approach
3. *Economics*—An estimate of the fees and billing arrangements
4. *Contingency*—A reference to the possibility of a future change order

Your proposal and engagement letter should clearly describe the specific objectives of the engagement. Objectives that are vague or unclear will often lead to misunderstandings between staff and clients. The proposal/engagement letter should identify the clients' needs and the specific services the firm will

provide to meet those needs. In addition, the proposal and engagement letter should describe the expected benefits, such as improved operating efficiency or automation of selected procedures, etc. The client's role in achieving the expected benefits should be clearly stated in the proposal and engagement letter.

What Is the Challenge?

Technical personnel tend to get involved in the details while sales personnel tend to sell the big picture without worrying about the details. Both approaches have the potential for obvious problems. The conceptual sale is much easier to close, while the technical sale often leads to additional questions and delays closing. From our experience, a midpoint is necessary in order to get the engagement moving forward. The use of change orders protects both parties, and we will discuss that in more detail later in this chapter.

Historically, accountants and consultants have used hourly rates to protect themselves from unforeseen circumstances and risk. In doing so, we believe they have limited the potential reward (fee) in an attempt to shift the risk to the client. Most clients do not want to assume the entire risk by accepting hourly fees. Therefore, they demand fixed fees in order to eliminate their risk. This is even occurring in traditional service areas such as tax and auditing. Don't expect consulting to be different. However, a different approach is necessary in sales and pricing in order to be successful in consulting. The proposal and engagement letter is an important document in the process. Let's review the proposal and engagement letter in more detail.

What Are the Basic Contents of the Engagement Letter or Proposal?

In addition to the above-named key elements, each of the following should be addressed in the proposal and engagement letter:

1. Scope and role
2. Approach
3. Personnel
4. Fee arrangements
5. Deliverables if any
6. Exclusions and disclaimers

What follows is a description of each of these additional elements.

WHAT SHOULD BE THE SCOPE AND ROLE OF THE ENGAGEMENT?

The scope of the engagement should be clearly stated. Even if the objectives are clear, you should clearly define what work is to be done by the firm and what work is to be performed by the client. This is particularly important if your ability to meet agreed upon milestones depends on information and data gathered and delivered by the client. In addition, the scope may include the selection of locations to be visited if the client has several locations. For example, it may not be necessary to visit all of the client's locations to define the objectives of an integrated payroll system. However, when setting up a wide area network, this travel would be necessary.

What Is the Approach?

It is important for the client to understand how the engagement will be carried out and within what time frame. For example, you don't want the client to be surprised by the disruption caused by the installation of cable during a network implementation. A detailed timeline should be used for client awareness and progress reports should be established for optimal communication. This should all be stated in the proposal/engagement letter.

Who Are the Personnel?

The proposal and engagement letter should specify how both consulting and client personnel are to be

assigned and organized as well as define the working relationship. It is usually advisable for the consulting firm to specify the functions and responsibilities of the individual consultants by experience level or particular expertise. The proposal and engagement letter may state that the engagement will be performed under the direction of a partner (or experienced consultant) who will be assisted by technology, networking, and Web development specialists. The proposal and engagement letter should also indicate the need for periodic meetings with top client executives. The number and specific skills of the personnel the client has agreed to make available to the project team should also be laid out in the proposal and engagement letter. If your work is to be accomplished by a combined task force of client and firm personnel, a representative of the firm is often designated the project leader, this should be covered in the proposal and engagement letter as well.

What Are the Fee Arrangements?

An estimate of the fee (or better yet, a fixed fee) and the frequency of billing should be included in the proposal and engagement letter. Don't be afraid to ask for money up front. This indicates commitment on the client's part and eliminates some of the potential collection problems later in the engagement. You must set the rules with regard to fee arrangements or the client will generally take advantage of the situation and put you in a poor negotiating position. The explanation of the use of change orders and how to execute one is generally included in this section.

What Are the Deliverables?

The proposal and engagement letter should identify specifically those items that will be delivered to the client as a result of the engagement. Deliverables could include a final written report and the oral presentation of the report to a committee or Board of Directors. Not all consulting engagements result in a

written report. In some cases, the deliverables may include documentation prepared for the client's use, such as an accounting manual or a network training manual. These deliverables provide excellent billing and collection points. You can eliminate risk by requiring payment at these benchmark points prior to proceeding to the next benchmark.

What About Exclusions and Disclaimers?

All proposal and engagement letters should be worded to specifically identify what constitutes the completion of the engagement. The point of completion must be clearly understood. Also, matters not included need to be clearly excluded, such as year 2000 compliance or a review of internal controls. If the objective is to design an effective information system for management approval but does not include the installation of the recommended system, the proposal and engagement letter should clearly state the exclusion of the installation phase. In this instance, the design of the information system will constitute the completion of the engagement.

How to Draft Engagement Letters

See exhibit 6.1, "An Engagement Letter," for an example of a letter for a network integration engagement. Then, look at exhibit 6.2 "A Fixed-Price Agreement." Obviously, each engagement will be different based on the client needs and desires and this serves only as an example and would need to be revised accordingly. You should also consult legal counsel pertaining to laws in your state.

EXHIBIT 6.1**An Engagement Letter**

Date

Mr. Client, President
Small Business, Inc.

Address

City, State Zip

Dear Mr. Client,

Consulting Firm, LLP, is committed to providing complete technology solutions for our clients, from the initial planning and implementation stages, through the final stage of continued strategic and technological coaching. Small Business, Inc., has now completed the planning and budgeting stage and is ready to move to the implementation stage. Consulting Firm, LLP, is eager to provide the needed experience and support to ensure Small Business, Inc., with a successful solution.

Consulting Firm, LLP, submits the following proposal in accordance with the objectives stated in the Small Business, Inc., technology plan. The current priorities of the plan that will be addressed in this proposal are as follows.

- Integrate the two separate networks into one local area network (LAN) through the installation of a new network server.
- Convert existing Novell network to Windows NT 4.0 operating system.
- Provide remote access to the network, utilizing dial-up networking and Internet access to the remote access service (RAS).
- Upgrade to Microsoft Office 97.
- Standardize internal and external e-mail and calendars through the Microsoft Exchange GroupWare solution.
- Provide Internet access to the desktop for all end-users.

Plus:

- One day training for current network administrator in our training center.

Consulting Firm, LLP, will accomplish the following during the implementation engagement:

- Install new file server.
- Install and configure Microsoft Windows NT 4.0 Server to serve as the new network operating system for Small Business, Inc. This will include migration of data and user accounts from the existing file servers. This will also include installation of all necessary applications (as outlined in your technology plan) on the new file server.
- Install and configure Microsoft Exchange Server. This will include creating individual mail accounts for all existing users for internal and external e-mail.
- Install and configure Microsoft Remote Access Server. Consulting Firm, LLP, will configure the RAS server to accept remote node network access for clients using dial-up networking.

EXHIBIT 6.1 *(continued)*

- Install Ascend Pipeline. (Some ISPs require they configure the router themselves.)
- Install and configure Microsoft Proxy Server 2.0 to act as basic level firewall protection for the network.
- Install and configure Outlook 98 on all desktop and notebook computers. All Outlook clients will communicate with the Exchange server.
- Configure all desktop clients to have full-time access to the Internet.
- Install and configure all notebook computers with dial-up networking ability to communicate with the RAS server.
- Provide on-the-job installation training for the current network administrator.
- Install 100 megabit network hub and configure, if necessary.

Before the implementation can begin, all equipment must be ordered and delivered to Small Business, Inc. It will also be necessary to have the ISDN line installed and configured. Small Business, Inc. will need to select an ISP and sign the necessary contracts for ISDN Internet access, as well as have the router configured, if necessary.

The cost of the implementation engagement will be \$[_____] plus any related travel expenses. Fifty percent or \$[_____] is due upon signing and the balance including expenses is due upon completion of the above implementation assistance. We estimate we can complete this project within two weeks after the equipment arrives and the ISDN line is installed. John Jones, MCSE, and a MCP from our firm will provide the on-site services. During this time, the Small Business, Inc., network administrator will provide implementation assistance to our team, also gaining valuable training experience on the new network. In the event other services are required, we will issue a change order for your approval prior to commencing the work. Upon your signed approval, we will commence the additional work. The same terms and conditions as this letter will apply to the change order.

The target date for installation services is *[Date]*.

If the foregoing is in accordance with your understanding, please sign and return the enclosed copy along with your check for \$[_____].

(continued)

EXHIBIT 6.1 *(continued)*

We are pleased to have this opportunity to serve you and look forward to working with your company.

Sincerely,

Mr. Consultant
Consulting Firm, LLP

Approved:

Mr. Client
Small Business, Inc.

Date: _____

EXHIBIT 6.2**A Fixed-Price Agreement**

Date

Customer Name
Address
City, State Zip

Dear Customer:

We are entering into this **Fixed-Price Agreement** with XYZ, Inc. in order to document the understanding between us as to the scope of the work that Consulting Firm will perform for your firm/company. This agreement defines the services we will perform for you as well as your responsibilities under this agreement.

Professional Services

Consulting Firm will perform the following services for your company.

- Provide inventory sheets in order for you to document your inventory of hardware and software.
- Provide an owner perception survey for your owners to complete and return to Consulting Firm for scoring.
- Meet with the owner group or executive committee in order to provide executive education and determine technology priorities for the coming year.
- Meet with professional staff and administrative personnel in order to gather input and build consensus.

EXHIBIT 6.2 *(continued)*

- Review technology personnel and recommendations as to training and skills requirements.
- Develop a written technology plan including a plan of action with due dates and personnel assignments.
- Develop a written three-year budget with comparative peer statistics.
- Present plan and budget to owners or executive committee for approval.

Timeline and Process

Two of our experienced consultants will be on site during the week of [Date]. The initial meeting with the executive committee will be on Monday morning from 9:00 A.M. to noon. We will begin group sessions on Monday afternoon from 1:00 to 4:00 P.M. Please schedule a maximum of ten people in each group. We request the groups be representative of each department in order to develop an enterprise strategy rather than a departmental strategy. Group sessions will continue on Tuesday and Wednesday with meetings in the morning (9:00 A.M. to noon) and afternoon (1:00 to 4:00 P.M.) of each day. We will work on the budget and plan on Thursday and Friday morning with delivery to the executive committee between 1:00 to 2:30 P.M. Friday afternoon.

Please schedule an appropriate meeting room for the group sessions. The room should be equipped with a digital projection system (minimum resolution of 800 X 600) and a flip chart for listing requirements and determining priorities.

Services Not Covered Under This Agreement

Any services not included in this agreement may be contracted for through the use of a change order. Both parties must agree upon the change order before the service(s) are provided.

Service Guarantee

Our work is guaranteed to the complete satisfaction of the customer. If XYZ is not completely satisfied with the services performed by Consulting Firm, we will, at the option of XYZ, either refund the price, or accept a portion of said price that reflects XYZ's level of satisfaction.

Price

XYZ and Consulting Firm agree to the following price and payment plan. The price will be \$[_____] plus any related travel expenses. Fifty percent or \$[_____] is due upon signing this agreement and the balance along with related expenses is due upon delivery of the plan and budget.

Your Responsibilities

Complete and return the inventory sheets by [Date].

Complete and return the owner perception survey by [Date].

Assist with the booking of hotel reservations in order to insure close proximity to your offices.

(continued)

EXHIBIT 6.2 *(continued)*

Schedule group meetings with the owners and staff. (We will assist with the scheduling process.)

Schedule meeting room with required equipment.

Advise us if there are additional services you desire (Change Order).

Pay our invoices as scheduled above.

If you agree that the above adequately describes XYZ's understanding of our mutual responsibilities, please authorize this Agreement and return it along with your payment in the enclosed envelope. A copy is provided for your records.

We would like to thank you for the opportunity to serve you.

Sincerely,

Consulting Firm

Agreed to and authorized:

By _____ Date _____

Often, we find ourselves knee-deep into the work defined by our engagement letter and a new issue surfaces. This is an opportunity to help the client and increase your value and revenue by the use of a written change order. Don't give your work away and don't risk miscommunication by not getting it in writing. We will discuss the use of change orders in the following paragraphs.

Why Successful Consultants Use Change Orders

For decades, contractors have been using change orders to refine the scope of a construction project. Anyone who has ever worked with a contractor knows a change order can be the difference between realizing a profit rather than a loss. Projects normally expand in scope once they begin because it is difficult and sometimes impossible to identify all of the complexities of a project during the planning phase.

Timing is very important in the sales process. You generally don't buy gasoline until your tank is approaching empty. Professional salespeople have

the ability to create awareness about an issue without frightening the customer. Most accountants do not have those skills. However, these valuable skills can be learned with practice.

Timing is also important in the perception of value. Simply said, the change order should be signed prior to commencing any additional work.

Why Accountants Don't Use Change Orders

Some might say they are too lazy and don't want to confront or bother the client. Others would say they haven't thought about a form and simply don't have one to use. Frankly, most CPAs and consultants don't think from a sales perspective. The consulting personnel providing the services to clients are trained to complete tasks as efficiently as possible and return to the office for a further assignment. This is the firefighter syndrome. The consultant responds to a fire with their primary concern of putting out the fire. Rationalization is often done by saying "Billing and collection are not my job. I am a professional, and someone else is responsible for billing and collecting." From a sales and marketing perspective, this makes no sense. The consulting staff should be trained to be on the lookout for ways the firm can add value and provide additional benefit to the client while performing the existing job. Don't think of yourself as a fire fighter, but as an arsonist! How does that grab you? You should be looking for opportunities as you work on any engagement. This is the key to providing your consulting firm with additional revenue while building and strengthening the relationship with your client.

For example, suppose you are conducting fieldwork for an audit and you see the client's payroll tax returns have been incorrectly filed. Most accountants will do the work and then tell their supervisor what they have done and say that it ought to be an add-on to the engagement. Rather than just do the work, they should first get a signed change order. The change order should refer to the

initial engagement letter. That way you receive some assurance from the client that you are going to get paid before you do the work. Additionally, you avoid the awkward position of asking the client to pay for work that is outside the scope of the original engagement letter. Clients do not appreciate surprises; especially when it comes to billings. Not securing a change order may damage the relationship even if the client agrees to pay.

Why You Should Use Change Orders

The primary reasons to use change orders are the following:

- Maintain control over the project's scope.
- Generate additional revenue.
- Improve profitability.
- Increase communication with client.
- Improve communications between staff and the partner and owner in charge.
- Increase commitment from the client.
- Reduce initial quote in a bidding environment.

Key to Success: Staff Training and Partner Commitment

Although most firms feel change orders are a good idea, very few implement the idea. The primary reasons they don't use them are the following:

- Lack of training of staff members
- Lack of commitment of partners and owners

As mentioned earlier, many staff members do not believe that it is their job to sell additional services. Until they are told to sell additional services and given an incentive to do so, most will not. In addition to training, they also need the appropriate forms and documents. Many firms currently do not consistently use engagement letters on nontraditional engagements. Additionally, the engagement letter should mention scope limitations, client responsibilities, and firm responsibilities. Agreeing

upfront reduces the potential of disagreement and the possibility of litigation.

When to Issue a Change Order

When should a change order be issued? The simple answer is, "Before you do the work." The more complex answer is to issue a change order as soon as someone on the team recognizes the need for expanding the scope.

Who Receives Change Orders

The client should be immediately informed and presented a change order for his or her signature. Speak directly with top management or the owner of the company. Don't waste time selling it to the client's employees. They can be informed, but do not try to sell them. They generally lack the authority to make the decision. An old saying in sales is, "Talk to the president, talk to the president, and then talk to the president again." Generally, firms experience the highest success when a partner or owner of the firm communicates with the president or owner of the client business. Internal and Internet email are great tools for keeping the owner or partner in charge informed.

What to Include in Change Orders

The change order should contain the date, client name and address, a description of the work required, estimated completion date, price of the service or product, required down payment, terms for payment of the balance upon completion, and signatures. Terms should be consistent with and refer to the original engagement letter. Exhibit 6.3, "Change Order," is an example.

EXHIBIT 6.3

Change Order



Change Order

Date _____ Email Address _____

Client Name _____ # _____

Address _____

City _____ State _____ Zip _____

Description of additional work required:

Estimated Completion Date _____
Amount \$ _____ Downpayment \$ _____

Date Balance Due _____ Amount \$ _____

I (we) hereby approve of the above mentioned services and agree to include this change order as part of the original engagement subject to the same conditions as set forth in the engagement letter.

Client Signature _____ Date _____

The Bottom Line: Increased Revenues

Don't be surprised if change orders increase your revenues 10 to 25 percent or more. You and your employees must be aware of opportunities in order to take advantage of them. Most of the revenue generated from change orders goes directly to the bottom line.

It is sometimes difficult to demonstrate value of your services to your client. Therefore they are less willing to purchase all the services they need. The change order will allow you to get your foot in the door with a particular service and increase the scope of work with the client feeling like he is the driver.

HOW TO REFINE YOUR APPROACH

What Is Next?

Once you are comfortable with the structure of engagements, you can build tools, forms, benchmarks, policies, and procedures that add value for the client in many areas. For example, job descriptions, disaster recovery plans, and Internet policies are important items for any company. Nevertheless, few small businesses have them. As the consultant, you can develop these and sell them with minor modification to multiple clients.

By structuring your engagements in phases and using change orders to manage the scope of the project, you maximize the benefits to the client and ensure profitability.

Immediately prepare a change order form for your firm and get at least one signed during the next week.

HOW TO PRICE YOUR TECHNOLOGY CONSULTING SERVICES

Pricing is critical to your success! Setting your fee structure is second only to marketing in its effect on your eventual success or failure as a consulting firm. In this chapter, we will discuss the pricing model, strategy, and possible approaches in pricing consulting engagements.

WHY ACCOUNTANTS NEED A NEW PRICING MODEL

Why the Old Model Will Not Work

In the accounting industry, chargeable hours and complex billing formulas have been *king*. Accountants have made the pricing of services a complex issue and as a result have been struggling with it for decades. In addition, accountants and consultants generally assume that pricing based on dollars-times-hours is logical and therefore smart pricing. Often, this is not the case. Even most practice management (time and billing) programs have been designed with pricing models that are based upon hours rather than a standard costing system. Labor has been the primary cost plus expenses billed at actual. But technology expenditures are increasing as the labor market shrinks, and this is driving up the cost of labor. The old billing multiples no longer apply because they will not produce comparable margins. To put it bluntly, the way we have priced our services in the past is not going to work. This is especially true of

the new service offerings such as technology consulting.

As we stated before, accounting is a mature industry in which growth lies outside of the traditional services. Many accountants and firms are fighting within the confines of this mature industry. They spend too much effort and money trying to do the same old services that clients now view as commodities. Clients are becoming very price sensitive. In fact, many clients are going completely outside the industry for traditional services such as tax return preparation and financial planning. Intuit is a good example. Look at what they have done with tax preparation software and Internet tax preparation and planning. They are now truly the leading provider of tax software to the consumer and professional marketplaces.

The Five Most Common Mistakes

The following are five common mistakes made by most accounting firms who enter into consulting:

- Underpricing their services
- Emphasizing activity instead of results
- Failing to properly define the engagement
- Trying to define an all-encompassing engagement instead of breaking it into phases
- Not utilizing change orders

There is no perfect pricing system, but for several reasons, consultants should price their services on their value to the client rather than the number of hours they spend, that is, value billing as opposed to hourly billing. Many firms would like to believe that they can survive doing the same things they have always done and billing the same way they have always billed. Even if your firm never pursues a single consulting engagement, it should take a long hard look at pricing and how it affects the client-firm relationship. Hourly rates are limiting and have an adverse effect on your relationship with your clients. In many firms, this is probably true. The fault is with bad management, *not* bad technology.

What Limits the Use of Hourly Rates

Hourly rates are limiting because they are based on time, and there is only so much time that a firm can squeeze out of an individual. Working your people to death may have been an option in the days when you could dangle the “partner” carrot in front of them, but those days are numbered, if not already gone. There are just too many lucrative opportunities for intelligent people these days; opportunities like consulting. Hourly rates are also limiting because in order to generate more revenue, you must generate more billable hours. Technology is working against you by making your people and systems much more efficient. So, your clients use your own pricing structure against you. They expect the gains in your efficiency to translate into lower costs for them. To date, most firms have passed the savings from technology along to clients in the form of lower bills. Therefore, many accountants believe they have not gotten an adequate return on their technology investment.

Hourly rates can have a negative impact on your relationship with your clients by building an unconscious barrier between the client and the firm. The main thing you have to offer over the commodity alternatives to your services is your roll as “trusted adviser.” Reinforce this in every way you can. You should create an atmosphere of collaboration. Your clients should feel that you are as near to a partner as is practical. The only problem is that hourly billing erodes your position. Our dollars-times-hours pricing structure puts all of the emphasis on activity and none on results. In consulting, results mean everything. No one is going to care about how much time you spent on implementing a client’s network if it doesn’t improve their situation.

Another way hourly rates create a barrier is by causing the client and the client’s personnel and business partners to hesitate to contact you. Instead of immediately calling you when a technical issue arises, they will try to estimate how many hours you would charge, then debate whether or not the call to your firm would be cost-effective. They are tempted

to resolve the issue with internal resources. You never want a client to hesitate to call you. Client contact is crucial to building the kind of trusting relationships you must have to be successful.

Why the Solution Is Market Value

The pricing issue is not really as complex as accountants believe. Most accountants' beliefs are based on paradigms created early in their careers. They typically approach pricing from a defensive position. What if I can't get any new clients? What if I lose clients? What will the clients say? How much is my competitor charging? These all seem like logical questions to accountants but, frankly, the client doesn't see the situation the same way. In other words, what value do clients perceive from your service? What is the market value? Most industries price services based upon market value. Do you know what market value is for your services? How do you know?

HOW TO DEVELOP A PRICING STRATEGY

Why Pricing Strategies Can Be One of Three Choices

In developing a pricing strategy, consultants have three ways to position themselves, and they must be consistent.

- High end
- Middle market
- Low end

These three positions are discussed in the following paragraphs. Also, see table 7.1, "Do's and Don'ts of Pricing."

High End. On the high end, the sky is the limit. As you and your firm grow, your definition of the ideal client changes. Fees per client are likely to increase substantially. Some of your previous clients may no longer fit your definition of the ideal client. Referring these clients to another firm will only

build credibility and increase your focus on the top clients who want and are willing to pay for your services. It will also strengthen your reputation in the marketplace. It is fun working for a client who values your service. These clients do not ask your hourly or daily rate in order to negotiate fees. These clients appreciate your value and know others who are capable of valuing your services.

Middle Market. Of the three alternatives, you do not want to be in the middle, where most firms position themselves through lack of confidence, planning, and strategy. It is very difficult to differentiate yourself from others in the middle market. This also includes companies who are not CPA firms, but offer competitive services. Mediocrity and confusion best describe the middle market.

Low End. The low end of the market may be a good place for your firm depending upon your location and the number of potential customers. The low end can also be very limited and requires a high number of personnel per owner in order to achieve desired financial results. In other words, it requires more leverage, and leverage is more difficult to achieve with today's labor shortages in consulting and technology. It is easier to enter the market at the low end. You can also expect more competition.

TABLE 7.1**Do's and Don'ts of Pricing**

Don'ts of pricing

- Don't quote prices without determining scope.
- Don't fail to ask questions pertaining to client expectations.
- Don't quote prices by the hour or day.
- Don't fail to ask. (You may never know what value the client places on you solving their problem.)
- Don't underbid the competition in order to get the job.
- Don't assume your pricing model is correct.
- Don't believe everything you hear about the competition. (It doesn't matter.)

TABLE 7.1 *(continued)***Do's of pricing**

- Do establish a relationship with the client.
 - Do sell to the individual.
 - Do make the client feel good.
 - Do fix the price.
 - Do mention the possibility of change orders in the event the scope of the project changes.
 - Do differentiate yourself from the competition.
 - Do continue to evaluate your pricing.
 - Do contact the client often.
-

How Much Fee Resistance Is Too Much?

What percentage of your clients are complaining about your fees? What percent should be complaining in order for you to be concerned? Ten percent of your clients will complain for numerous reasons. These complaints are often directed toward someone. Reasons why clients complain include the following:

- They desire to negotiate everything.
- They are not happy with anything.
- They don't trust you.

When to Raise Prices

If you have as much business as you can handle and 10 percent or fewer of your clients are complaining, you should consider a price increase and a client replacement program. As your expertise and experience grows, so must your client base. The optimum number of clients complaining about fees is at around 20 percent. At that level, half of the complaints are from habitual complainers, and the other half are from clients voicing their feelings.

When Not to Fear Complaints

We tend to remember circumstances in which the client complained. More often, the client is satisfied. How often do you tell people in the service industry

that you are happy with their services? Complaints force you to grow, provide expanded services, and create more value.

WHAT ARE THE POSSIBLE PRICING APPROACHES?

There are basically two approaches to pricing. Many analysts have attempted to make pricing more complicated than it really is. The two approaches are the following:

- Formula pricing.
- Value pricing.

In addition, a transition (matrix) method may be applied. These approaches are described on the following pages.

How to Use Formula Pricing

Let's examine formula pricing first because that is the method most accountants and consultants use today. Exhibit 7.1 "Formula Pricing," (also see disk) is an example of how to arrive at a formula for pricing.

EXHIBIT 7.1**Formula Pricing****Questions to Answer**

How Much Do I Want to Make This Year?	\$100,000
Fringe Benefit Percentage	20% \$20,000
Overhead Percentage	20% \$20,000
Total Revenue Required	\$140,000
Days Worked Per Year	210
Percent Chargeable	80%
Hours Worked Per Year	1,344
Amount Required per Day	\$833
Amount Required per Hour	\$104

Formula Pricing

How Much Do I Want to Make This Year?	\$50,000	\$100,000	\$150,000	\$200,000	
Fringe Benefit Percentage	20%	\$10,000	\$20,000	\$30,000	\$40,000
Overhead Percentage	20%	\$10,000	\$20,000	\$30,000	\$40,000
Total Revenue Required		\$70,000	\$140,000	\$210,000	\$280,000
Total Work Days	210	210	210	210	
Percent Chargeable	80%	80%	80%	80%	
Billable Days	168	168	168	168	
Billable Hours	1344	1344	1344	1344	
Rate Per Day	\$417	\$833	\$1,250	\$1,667	
ROUND TO:	\$400	\$800	\$1,300	\$1,700	
Rate Per Hour	\$52	\$104	\$156	\$208	
ROUND TO:	\$50	\$100	\$160	\$210	

How Pricing Based on Time, Limits Income. As you can see from the previous illustration, time is a limiting factor. Without the significant leverage of a large number of employees, it is impossible to exceed the limits of time.

Why do companies buy technology? A typical answer is to increase productivity and reduce time. It is very apparent that billing by the hour is no

longer appropriate in either the accounting or consulting business. If we continue to bill by the hour, our margins will only continue to shrink.

How to Use Value Pricing

What is value pricing? How do you set prices? These are difficult questions, and there is not a perfect answer that applies in all cases. Value billing focuses on the value, outcome, or result of the engagement, and some firms may find value billing to be advantageous for traditional as well as consulting services. Many clients already understand the concept of value billing because they use it to price their own products. Even so, it may take some getting used to because it is such a dramatic departure from the dollars-times-hours billing method commonly used by CPA firms.

More than likely, the client perceives the value of an accountant's services differently than the accountant does. The accountant often undervalues the years of experience it takes to gain his or her level of knowledge, expertise, and judgment. It is important to remember that *clients do not buy accounting or consulting services, they buy solutions to problems*. In the case of a consulting engagement, the value to the client can be significant.

Some firms have found that once they are accustomed to the idea, clients not only accept value billing, but also begin to gain a better appreciation of the firm's services. Additionally, firm personnel engaged in traditional services have the opportunity to be elevated from "bean counter" to business adviser in the client's eyes. Perception is 99.9 percent when it comes to marketing.

Value billing can potentially result in both higher billings and a higher regard for the firm and its services.

Value based pricing requires you to objectively answer several questions. It also requires selling skills and making the client feel good with quality service. The questions are the following:

- What is the outcome of the engagement worth to the client?
- What is your current relationship with the client?
- What are your costs to complete the assignment?
- What is your direct contribution to the achieved outcome?

These are very difficult questions to answer, but let's give it a try. A client in pain has a high degree of motivation to purchase pain relievers. Clients who are unaware of the pain are difficult if not impossible sales. These clients require education concerning potential problems and the potential return on their investment.

You are more valuable to an existing client than to most new clients. Your knowledge and wisdom about the client's business grow as your work with the client progresses. Therefore, for new clients, many profitable consulting practices start with a small project with the scope clearly and narrowly defined. As the client realizes the scope must increase, a change order is utilized. This is precisely what occurs in the construction industry. Most contractors will tell you they make a much higher profit margin on change orders than on contracts that are competitively bid. You must know how to play the game in order to compete, profit, and survive.

What are your true costs? Current time and billing packages utilize hours (times a rate) to calculate the price. We contend it is more important to know the true cost rather than just the price. Newer time and billing software programs now provide the calculation of cost as well as price. Write-ups and write-downs are generally exercises that create a significant amount of disagreement among the owners of the firm. They are often subjective. Many call this accounting for the accountant's sake. It is nothing more than an exercise and many large profitable firms have elected to ignore these issues and teach their partners to concentrate on selling and value.

Don't underestimate your value. It is true that some clients may have the expertise to do what your firm provides, but they may not for a number of reasons, including availability, lack of personnel, politics, and the utilization of their internal resources for other priorities. The outsider is at a distinct advantage. Additionally, clients often trust you more than their internal personnel. Execution is the key. *Knowing how to solve the problem does not necessarily solve the problem.*

The ultimate test of a value-based fee system is the client's acceptance of the investment in terms of perceived value. A conceptual "sale" must occur. Value-added services require leadership, creativity, and relationships. Leadership provides direction; creativity provides capabilities and tools; the relationship provides confidence. To sell these services, sales skills are required. Since technical personnel generally do not possess sales skills, they must be learned. By the way, you also have to ask for the business and the fee!

How to Use the Pricing Matrix Method to Move From Formula to Value Billing

As a transition from formula to value billing you may want to consider a pricing matrix. A few accounting firms utilize matrix pricing on tax preparation services. Fees are based upon the content and complexity of the tax return rather than an hourly rate.

What Are the Advantages? There are four major advantages to utilizing this approach. A matrix system—

- Ensures consistency in pricing within a firm.
- Works well with the use of change orders.
- Is a quick method to determine pricing for standard engagements.
- Is acceptable to clients.

How to Identify Other Factors. You need to identify the key factors that determine requirements in time and resources. Each kind of consulting service is different; therefore, there is no one pricing matrix that fits all services. However, several factors should be considered in developing a pricing matrix. Time is typically only one of the factors. Other factors that may be used in a pricing matrix are the following:

- Number of employees
- Number of locations
- Sales volume
- Number of applications (implementation of accounting software modules)
- Asset size in a bank
- Number of attorneys in a law firm
- Number of beds in a hospital
- Perceived client value

A Pricing Example. At Boomer Consulting, we provide technology consulting services to the CPA industry. (We believe we can provide services to any industry if we can serve the accounting industry.) The determining factors for us are the number of employees and the number of locations. We use these numbers to determine what our base fees are going to be for certain services. We, then, drop these numbers in a spreadsheet to arrive at a standard pricing matrix.

As an example, our price to prepare a technology plan and budget for a single office firm with less than ten employees might have a standard price of \$5,000. This is a base price. If there are unique circumstances, we may have to increase that price. For instance, if we have to travel for a day and a half to do the one-day engagement, we would add to the base for travel. On the other hand, if the client is just a few miles down the road and we can drive to their location, then we may actually be able to do it for less than the base price but probably won't because of the perceived value in our equation.

Your goal with this pricing model is to recoup more per hour than you ever could based upon dollars-times-hours pricing. You want to establish a leveraged position.

The following is an example of the format of a pricing matrix. The initial illustration shows all of the calculations such as revenue per day and per hour. The second illustration simply hides the cells with the calculations and is what the consultant would show a client. Exhibit 7.2, "Spreadsheet for Calculating Pricing," (see diskette) is an example of illustration purposes and is built with a spreadsheet in order to allow the consultant to determine the following variables:

- Minimum client profile in revenue
- Incremental percentage as you move right in the columns
- Incremental percentage as you move down in the rows
- Desired revenue per day
- Estimated utilization

EXHIBIT 7.2 (continued)

	Locations # Employees	1	2	3	4	5
Less than	100	\$16,250	\$20,000	\$23,750	\$27,500	\$31,250
# of days		16.00	19.00	22.00	25.00	28.00
Per employee		\$100	\$119	\$138	\$156	\$175
Less than	200	\$20,000	\$23,750	\$27,500	\$31,250	\$35,000
Cost per employee						
Salary		\$65,000				
Training		\$7,500				
Finges %	22.50%	\$14,625				
Other OH %	15.00%	\$9,750				
Direct costs		\$5,000				
		\$101,875				
Cost per day	210	\$485				
Cost per hour	1680	\$61				
Revenue per employee		\$131,250				
Profit		\$29,375				

Available	260 days
Holidays	-10 days
Vacation	-15 days
Training	-20 days
Other	<u>-5 days</u>
	210

(continued)

EXHIBIT 7.2 *(continued)***Steps to Matrix Pricing**

1. Determine service offering.
2. Determine minimum client profile (revenue).
3. Determine 2 distinguishing characteristics (number of employees, revenue size, number of locations, etc.).
4. Consider your capabilities and opportunities (must be in balance).
5. Determine your incremental % increase to the right on the matrix.
6. Determine your incremental % increase downward on the matrix.
7. Determine your labor cost by employee or average (service mix).
8. Estimate your annual training expense.
9. Estimate your fringes and overhead as a % of direct salary cost.
10. Estimate direct costs per employee (computer, phone, equipment & etc.—suggest \$5,000 to \$10,000)
11. Estimate your number of days available for sale.
12. Estimate your utilization rate (range 25-60%).
13. Determine your daily revenue goal.
14. Review matrix for reasonableness.
15. Make appropriate changes.
16. Hide *number of employees* and *days rows*.
17. Compare actual results to matrix and refine as necessary.

Predicted Results

1. As you develop and refine your consulting system, the time involved in each job will decrease.
2. You will continue to define the scope of each engagement and utilize change orders to enhance revenue.
3. Closing sales will be easier than using hourly rates due to the fact the client is not bearing all of the risk.
4. Your minimum client profile will increase as your confidence and capacity increase.

How to Keep It Simple. You will utilize this matrix with the client present to determine the fee of your service. That way, the client sees the standardization and believes in the valuation method for your service more readily. Therefore, make sure your pricing matrix is easy to understand. Do not use complex formulas that are difficult for the client to comprehend.

How to Compare Matrix and Hourly Pricing

If your fee is based on dollars-times-hours, you are constantly coming up against resistance to the number of hours in the engagement. With matrix pricing, the number of hours never becomes an issue. You base the price on the value of the service, then develop and use a system to reduce the number of hours on the engagements while the revenue remains constant. As you refine your methodology over time, you will become more efficient and more profitable. At first, when doing one of these \$10,000 engagements, you might take as much as four times the number of hours as you will take after you have refined your methodology. You set your price so that you can make a decent profit at the original number of hours; then as you hone your system, your profitability increases. Since the value of the service is the same, your fee remains the same even though the time you spend on each job gradually decreases. If you base your fee on dollars-times-hours, your total fee for the same kind of engagement will decrease.

CONCLUSION

Pricing is not an easy task. Consultants must tackle the challenges of pricing up front. Otherwise, the client will set the rules and the consultant will lose. Agreement upon the scope of the engagement before to the engagement will eliminate most of the potential for pricing and collection problems. Change orders are a key to success. Pricing will be an ongoing challenge.

HOW TO MARKET YOUR TECHNOLOGY CONSULTING SERVICES

This could very well be the most important chapter in this book. Toss out all of the rest of the text, skip over the checklists and work plans, but ignore this very important chapter and you are ignoring the real opportunities in this business and very possibly dooming your venture to failure. This is a strong statement, but it makes a point that is lost on most practitioners of public accounting. Powerful and virtually unmeasurable components of most business decisions are what to buy and from whom to buy. Nevertheless, because these components can't be managed by a system of checklists or stock procedures, many of us simply ignore their existence. Some will go so far as to ridicule people who are swayed by the subtle influences of marketing and advertising as simply uninformed or maybe just not as sharp as the rest of us. But the simple truth is that even the staunchest critics of advertising are influenced by it every day.

HOW ADVERTISING PLANTS THE SEED

The most we can expect advertising to do for us is plant a thought—or the seed of a thought—in the mind of the receiver. Then it's up to a salesperson to pursue and close the deal. For the purpose of this guide, we will define advertising, not as the placement of marketing media, as in print or TV ads, but simply as the creation and projection of an image. You already employ this kind of advertising, as all firms have since their inception. You probably

wear a coat and tie. Or, if you are a woman, you dress in attire that says the same thing: "I am a professional. I am a business person who takes my business seriously." Why do you want your appearance to say this? Because if it doesn't, you may not get the opportunity to prove it later. There is an expectation that a minimal effort to project a professional image is expected. You are communicating all sorts of information to your potential clients by things such as the location and décor of your offices, your attire, the car you drive, and, just as important, your promotional materials. Not every business projects image in this way, but for consultants these things matter.

Why Image Is Necessary to Compete

Business cards, glossy fliers, and press kits alone will not guarantee that you'll land a client any more than wearing a suit will. But you will most definitely wear that suit. Your promotional materials can greatly reinforce the professional image that you simply must have in order to compete in the marketplace. Your image is an important key to getting the opportunity to present your ideas and proposals.

IDENTIFY THE MARKETING TEAM LEADER

Why Marketing Is Essential

The success of the firm is riding on two main processes: how you price your services and how you market them. At least one person in your firm should be identified and made the marketing team leader. His or her responsibility will be to oversee the implementation of the marketing plan on a daily basis. No venture of this kind will be able to maximize success unless there is a concerted marketing effort each and every day. This is so incredibly important that it should be stated again. *There must be a concerted marketing effort each and*

every day. The importance of this position cannot be overstressed.

Why Finding the Right Person Is Essential

Unfortunately, not everyone is suited for this kind of work. It may be difficult to fill this position from within. Most CPAs can't sell their own skills. The typical CPA is not equipped to handle the rejection that goes with the territory. If they meet with rejection on a call in the morning, it may take them all day to recuperate, whereas a professional salesperson gets another cup of coffee and keeps on going. The marketing leader should be entrepreneurial, self motivated, and relentless. Not relentless in the "used car salesman" sense of the word, but relentless in an unyielding pursuit of new business. Chapter 3, "How to Build Your Technology Consulting Team," goes into more detail about personality types and how to identify them.

HOW TO DEVELOP A MARKETING STRATEGY

What Is a Marketing Strategy?

A marketing strategy is a broad plan that forms the basis for specific marketing methods.

A successful marketing strategy will include the following:

1. A marketing strategy statement
2. A tactical marketing plan
3. A professional image

The first two elements are discussed the next section, while the last is discussed in the following section.

What About the Marketing Strategy Statement?

A marketing strategy statement is important because, in order to maximize your efforts, it is necessary to define your objectives and the methods you will use to achieve them. The strategy statement

outlines your marketing plan in broad terms and should not be set in stone. The plan should be reviewed from time to time and modified when necessary. A marketing strategy statement should be tailored to a specific service definition (what it is your firm does) and specific marketing definition (how you market your services).

Example of a Marketing Strategy

The firm's basic strategy for marketing its technology consulting services is to introduce consulting services to clients who are already being provided accounting, auditing, and tax services. The firm will differentiate itself from other consultants by promoting itself as a full-service business adviser. The goal of the strategy is twofold: to generate \$500,000 dollars in new billings the next fiscal year by leveraging existing client relationships and to strengthen those relationships through closer professional contact.

Note that the goals in the strategy statement are expressed in measurable terms, that is, the number of new clients or an amount of new billings within a specified period. This gives the firm a yardstick to evaluate results. The statement also contains approaches to market differentiation. This enables the firm to distinguish itself from its competitors. In this case, the statement "full-service business adviser" implies that the firm will integrate other consulting services with its technology services. As a general rule, however, the more specialized the service, the easier it is to differentiate. Differentiation plays an important role in attracting new clients who in turn may become prospects for the firm's accounting, auditing, and tax services.

How to Develop a Tactical Marketing Plan

The tactical plan is a very specific action-oriented blueprint of who will do what and when.

Example of a Tactical Marketing Plan

1. Consulting staff, on a rotating basis, will accompany traditional services staff on audit and tax engagements to perform a simple technology review as a loss leader and provide an introduction to our technology services.
2. Ben will produce a quarterly technology newsletter, which will be mailed to our client list, selected prospects, and published on our Web site. Articles from this newsletter will be reformatted as press releases with a goal of at least four press releases per quarter.
3. Silvia and Steven will concentrate their efforts on speaking engagements. Silvia will prepare a twenty-minute talk on Y2K compliance and Steven will prepare a talk on e-commerce implementation. Their initial goal will be to make two presentations per week.
4. Andrew, the marketing team leader, will coordinate all marketing efforts, and concentrate on securing, in the next quarter, a high profile engagement through our contacts at the school district and public works administration. This engagement will then be leveraged for its public relations benefits.

The tactical plan should contain specific actions and goals that can be measured and reviewed each week. This plan should be even more flexible than the overall strategic plan. If objectives aren't being met, then you should reevaluate the specifics of the plan and consider modifications in actions or assignments. The ultimate goal of your tactical plan is to produce your maximum marketing effort on a daily basis. It's far too easy to let these efforts slide down the scale in priority, especially if there is other work to be done. Marketing must come first every day. If you are short on resources and people have to wear many hats, it's easy to argue that the marketing efforts will just have to wait until the current, more pressing tasks are completed. This can be a fatal mistake. Without a consistent marketing effort, you can find yourself in a never-ending cycle of business feast and famine.

HOW TO CREATE A PROFESSIONAL IMAGE

As we stated before, you must create a professional image to be successful in the consulting field. The following are the five key elements to creating the proper image for a consulting firm:

1. Logo
2. Brochure
3. Newsletter
4. Web site
5. Internal technology plan

These elements are discussed in the following paragraphs.

How to Pick Your Logo

Often, the first element of your business image that a perspective client comes in contact with is your logo. It should appear in a consistent form on all printed material and on your Web site. Don't try to save a few bucks by letting your sister-in-law's kid brother design it for you because "he likes to draw."

A professional graphic designer will have samples of past work for you to look at so you can get a feel for his or her style. Most designers have a very specific style. If you don't like any of their past work, chances are that you won't like what they do in the future.

As the point guard for your professional images, the logo should be clean and elegant, nothing too fancy or avant-garde. Unless, that is, you are going for the *Wired* magazine crowd, in which case, the wilder the better. Chances are, however, that your clients will be a bit more conservative and will appreciate a simple understated design.

Be sure to consider how the logo will look in black and white as well as color. The logo treatment may need to be modified slightly for use on your faxes.

How to Develop a Brochure

This is where the real players are separated from the dabblers. A good brochure can be an effective way to get the opportunity to pitch your know-how to the decision-makers when personal contact or other networking options are not practical.

The brochure should have the same impact as a Super Bowl commercial in print. It should be a slick, well-designed, four-color (if possible) piece of art. Obviously, it will contain all of your relevant information such as company goals, testimonials from former clients. Your brochure needs to say volumes even if no one ever reads it. It needs to say, "We are committed to the details of everything we do right down to our image."

Now, here's the frightening part. A well-designed glossy brochure including the initial print run could cost anywhere from \$5,000 to \$15,000. But you can trim costs without compromising quality. A really good designer can do wonders with one or two colors of ink and a colored, textured paper. If your budget is very tight, you might consider having a class from a local graphics art institute design the brochure as a project. Many gifted designers do some of their best work in college.

Whatever you do, try not to be tempted to skimp on the quality of this item. Nothing says, "just testing the waters" more than a cheap trifold brochure mailed in a number ten envelope. If you're going to set your firm apart from others, you need to start here. Think of it. You're going to be asking clients to pay you tens of thousands of dollars just to tell them what you think! Your client needs as much help with their comfort level as possible. Buying a preprinted trifold brochure from a paper products catalog and running it through your laser printer is not going to project an image of quality and commitment.

How to Produce a Newsletter

One of your stated marketing goals should be for your firm (or a principal in your firm) to become established as “the local expert” or “the famous person” associated with the kind of consulting that your firm has chosen as its focus. Achieving the status of famous person requires several approaches, one of which is the firm’s newsletter.

The power of print is as mysterious as it is undeniable. If you tell your spouse over breakfast that the Y2K problem could be a financial disaster for the local economy and that your firm was hired by the largest employer in the county to help fix the problem, the unconcerned response, elicited while your spouse is crunching on a piece of buttered toast is apt to be, “oh that’s good.” But, if the same spouse reads that very same information in the paper, suddenly the information takes on much more importance. The positive effect is even greater if a potential client that reads the information. Print adds credibility, whether in a newspaper, a trade journal, or your firm’s newsletter. We will explain the ins and outs of using press releases to get articles in newspapers and magazines later in this chapter. For now, let’s concentrate on the newsletter.

Newsletters help build and maintain a relationship with your customers. They are the perfect vehicle for providing your clients and potential clients with helpful information, while at the same time keeping your firm fresh in their minds. For instance, you could provide a few technology tips with the announcement of a new service you plan to offer. Making this announcement in a newsletter combined with useful information will be much less intrusive than sending an advertising flier devoted to the announcement. The reader may be less likely to toss a newsletter directly into the trash, especially if the newsletter has been a source of useful information in the past. Keep in mind that the newsletter alone may not have a significant impact on your business. Any one of these marketing devices in isolation will more than likely

not produce exciting results. However, achieving the stature of a renowned expert requires an ongoing multipronged attack.

Of the marketing techniques discussed so far, a quarterly newsletter will probably be the most time-consuming. But the impact on customer awareness can make the effort very worthwhile.

The key to producing a successful newsletter is to provide your readers with three or four useful ideas or tips along with one or two stories about your business. A paragraph from a current client describing how one of your firm's implementations has helped their business is an excellent way to get in your sales pitch. Be sure to avoid overt advertising or solicitation in the newsletter.

Creating the content of your newsletter is by far the most difficult part. The best way to generate content is to have someone else do it for you. You could solicit questions from readers and devote a column to answering the best questions from each quarter. The Internet is an invaluable tool for finding useful tips and information to include in your newsletter.

A very nice newsletter can be produced with most off-the-shelf word processing software. There are also many easy to use software packages designed specifically for newsletter production.

Not only does a desktop publishing software package enable you to publish your newsletter but it also gives you the tools necessary to print simple fliers and announcements. If you choose to purchase a full-featured desktop publishing package to produce your newsletter, don't be tempted by the power and features of the software. Many of these packages are used by professionals to produce high-quality printed materials including brochures. But the level of expertise required to produce quality output is significant. Resist the temptation to produce your brochure in-house.

How to Pick the Web Site

Your firm must have a first-rate Web site. No ifs, ands, or buts about it. Your Web site is your technology frontline. You'll use it to project your presence onto the World Wide Web and as a means to set you apart from those firms who either don't have a Web site or have one that is poorly executed. It will act as a 24x7 extension of your marketing effort and point of contact. It will be nearly impossible to measure, in practical terms, the benefits your Web site will provide the firm. However, everyone expects technology companies to be able to exploit the Web, and your clients will doubt your capabilities if your Web site doesn't stand out.

Just like the brochure, the Web site must project an image of competence and commitment. In addition to a clean and effective design, the Web site must load quickly and be easy to navigate.

The upside here is that some of the same graphic elements and text developed for your stellar brochure can be used in the construction of the site. The downside is that to optimize performance, these graphic elements will have to be used sparingly and almost certainly will have to be modified or optimized for the Web.

Because each element must be downloaded to the browser before a Web page can be viewed, and graphic elements can be large in terms of file size, great care must be taken to balance design against performance.

Performance is an issue. The average person surfing the Web will only wait eight seconds before losing patience and moving on. So if the Web page hasn't materialized to the point where it is recognizable as something of interest in the first five to ten seconds, you may lose your audience.

HOW TO BUILD THE WEB SITE

Who Should Build Your Web Site?

There are tens of thousands of Web developers out there and very few of them are really good at what they do. Perhaps because it's a relatively new industry or perhaps because it's difficult to marry art with technology. For whatever reason, it will probably be much more difficult to find the right Web developer than to find a suitable designer for your brochure.

Eventually, you'll need to develop a good relationship with a Web developer because your clients will expect you to be able to recommend one. And sooner or later you're going to need to develop a relationship with a developer versatile in the many facets of e-commerce. It isn't necessary that one developer do all things well. More than likely, you'll work with one developer whose area of expertise is dynamic data publishing and another who is strong on design skills. At any rate, for now the latter is more important.

With the brochure, when it comes to technology, all you need to be able to do is talk the talk. When it comes to your firm's Web site, you must be able to walk the walk as well. The Web site must be effective, not gimmicky. Too much flash can become annoying over time and you'll want your clients to return to your site frequently for news and updates.

How to Understand the Process

Since finding the right Web designer can be a lot harder than finding a designer for your brochure and because many people may be tempted to build the site themselves, we will go into a little detail to help you understand the process better.

What the Design Should Provide. The layout and graphic design of the site should mirror your printed pieces to maintain a consistent look for the firm. As previously noted, some of the graphic

elements from the brochure will have to be reduced or eliminated for the sake of performance. The layout should be such that someone with their screen resolution set to 640 x 480 pixels will be able to view the entire width of the page without horizontal scrolling.

What the Structure Should Be. The structure of the site is crucial and to a certain extent will be determined by your content. Although the design will be based on the brochure, the structure of a Web site is completely different from the structure of a printed piece. Remember that the brochure simply presents data or information in a more or less linear fashion. The Web site provides a means for non-linear interaction and two-way communication.

What the Home Page Should Do. The home page should be more than a front door; it is the core of the Web site. It should tell people where they are and what is available beyond. The home page is the top most level of hierarchy in the site structure. Other levels are as follows.

- *Level 1*—This is the first subordinate level of hierarchy and should be linked directly from the home page. This should be the top level of each subsection of the site. Think of it as a home page for each category with links to the content pages below.
- *Content level*—This is where the bulk of the information resides. Navigation out of this level should be intuitive. At this level, many sites, federal government sites in particular, can become a quagmire because it is hard to figure out where you are and which is the way out.

HOW TO CREATE A MARKET PRESENCE

The Secret: How to Work the Marketing Plan Every Day

It must be obvious to just about anyone that unless the marketplace is aware of your existence, your qualifications and expertise matter little. With an unlimited budget any business can buy market presence and, what's more, you don't have to be a marketing genius to make it happen. Unfortunately, an unlimited budget is the stuff of pipe dreams. We live in the real world where marketing dollars, if we can get them at all, are a precious commodity. Professional marketing and advertising guidance are very expensive. So we read as many marketing books as we can, attend a seminar or two, then set out to reinvent the marketing wheel on our own. Or better still, we try to convince ourselves that we can make a go of it simply off referrals from the auditing and accounting and tax side of the business. You might be able to survive, but you'll find it difficult to thrive.

The good news is that the real secret to marketing consulting services is quite simple and doesn't have to cost an arm and a leg. You simply define your marketing plan and work on it every day. Not every other day, or Mondays and Tuesdays, but every single day. That is how you create a market presence. All other things being equal, a relentless marketing effort will create a presence and can help ensure your success. A mediocre plan pursued on a daily basis is better than the best plan that only gets attention a few times a week. Now, if your plan is good as opposed to mediocre, so much the better. Suppose your stated plan to create market awareness was to play golf with as many Fortune 1000 CEOs as possible. If you work on this plan every day, very soon you will be able to tell whether the plan is going to work or not. And if it does work . . . well, you could write your own book. The point here is that by being consistent in your efforts and monitoring your progress frequently, you

can gather data more quickly and modify your plan to meet your needs.

What Are the Tools for Market Awareness?

The tools you will use to implement your plan and create the market awareness that you want are the following:

- Networking
- Publicity
- Advertising

The first tool is discussed in the following paragraphs, while the latter two are discussed on the following pages.

Networking. Networking is very simply building relationships. This is where the majority of your nonreferral business will come from. The execution of your image and the extent to which you can employ publicity have an impact on the effectiveness of networking. But pressing the flesh and talking to people face-to-face is where the results of your marketing efforts are direct and measurable. This is also where personality type has the greatest influence. There are very few successful networkers who are not “people people.” This is not to say that a shy, reserved person could not learn the techniques, but it would most certainly be an uphill battle. The good news for quiet types is that some of the most productive networking can be done by a team. In a variation of “good cop/bad cop,” opposite personality types can actually work together with greater success than either one individually. Of course, common philosophy, goals, and objectives are requisite. The team approach can be an especially effective technique when your rainmaker is not as strong on technology as you would like and you have a technical person who is knowledgeable but can’t sustain an effort on his own. Networking can be divided into active and passive.

Active Networking. Regardless of whether it is a team or solo effort, the trick to networking is exposure, getting out and meeting prospects wherever you can find them. As stated before, one of your networking goals is to create the image of the “famous person,” to create in the minds of your prospective clients an impression that you and your firm are the experts in your field. The simplest way to do this is to talk about technology to every business group and association that will have you. People are always on the lookout for solution resources; that’s one of the reasons that they attend association meetings. An informative 15- or 20-minute talk on a specific aspect of technology is a highly effective way to meet lots of new prospects and at the same time develop a reputation as an authority. Of course, this could easily backfire if the talk is poorly delivered.

Your group should develop a series of popular topics around which you can build presentations. Good speakers are always in demand and if you have more than a few topics to talk about you should be able to keep very busy. A good notebook computer and Microsoft PowerPoint are essential tools for business presentations. Remember that people expect bells and whistles from a technology company.

Passive Networking. The term *passive* can be a little misleading in this situation. Networking is never passive. When we say passive it means you are an attendee rather than a presenter. Membership in trade and community associations is a tried and true way to see and be seen. Good networkers not only hawk their own wares but are also on the lookout for possible alliances and are gathering knowledge about the competition. Just make sure that you make your time productive when attending association meetings by getting involved. Simply showing up and handing your card to the person sitting next to you is not networking.

Conferences and trade shows are other passive networking opportunities. Attending conferences

and trade shows can provide you with fantastic information or be a complete waste of time and money. Technology evolves at such a rapid pace that you may not want to wait for some information to filter down through trade magazines and journals. This hectic rate of change has forced the trade publications and magazines to cut down on their lead-time considerably, and Internet news services like *wired.com*, *cnet.com*, and *news.com* do a great job of staying on top of the breaking news. But sometimes it pays to be there in person. Nearly every sizable technology conference has one or two gems buried among the flash and hype. This kind of inside, firsthand, quiet information can put a spin on your perspective and may give you something to take home that the masses overlooked. It could be something you can translate into a lead or help you think of a way to close a deal that you wouldn't have thought of otherwise.

The real trick at trade shows is to maximize your attendance dollars. Since whether or not any of the information you mine at the conference is of any real value can be a total gamble, the following are some tips for improving your odds:

1. Attend only well-organized large conferences. The more concurrent sessions the conference offers, the greater your chance of hitting pay dirt.
2. Do your homework. Research the keynote and major speakers beforehand. See whether you can find any reviews of their previous engagements.
3. Network. Don't just hit the breakfast buffet, attend the seminars, and head for the blackjack tables. Often, the best sources of information are the other attendees.
4. Don't act as though your agenda is set in stone. If the session moderator or speakers are lame, bail out and join another session. Even if you can't slip into another session, your time might be better spent networking or exploring the trade show booths.

Anyway you look at it, you are taking a chance when you attend a trade show or conference. Don't risk more than you can afford to lose.

HOW TO GET PUBLICITY

Why Publicity Is Easier Than You Think

In the section on newsletters, we mentioned the power of print and how it can have a dramatic impact on your image and credibility. Publicity is the ultimate expression of this. It can bring you new clients, help you close prospects that may have been trying to decide between you and a competitor, and it can create opportunities you hadn't even considered. Publicity is also one of the easiest ways to achieve the "famous person" status. The most fantastic thing about publicity is how easy it is to get and how very few businesses know how to take advantage of it.

Use press releases when you want to announce your start-up, new products or services, the acquisition of new personnel, or other important events in your business.

How Business Editors Use Press Releases

Most people think that every article printed in a newspaper or magazine was written because the editor or author originated the idea. In the world of business news, this is rarely the case. The fact is that every day, or every issue, the business editors have a certain amount of space to fill. In the case of a daily publication this can be a formidable task. It has been likened to coal into a furnace—the stuff that goes in is used up and you constantly need to shovel in more. In the case of hard news, there is plenty of interesting material to fill up that space, but in business, finding suitable material is a bit harder. What this means is that the editors are looking for ways to make their jobs easier. Many times a press release sent to a publication is printed exactly as it is written. Now this doesn't mean that

they will print just anything that is submitted. However, newsworthy, well-written material will almost certainly be published. The key phrases in that last sentence, if you didn't catch them, were newsworthy and well written. These are not major obstacles; you don't have to write like Truman Capote to get your press releases printed. There is a standard format that is fairly easy to follow, and as far as making your articles newsworthy, that is not as hard as it may sound.

How to Write a Press Release That Will Appear As News

The real trick to writing a press release is to take an event or story that is tantamount to advertising for the firm and then spin it so that it appears to be news. This is fairly easy to do in cases where there is an obvious link to the public interest.

If your firm is hired to manage the implementation of an extranet for the local school system, the story might read like this:

Example 1: Internet Connections to Local Schools

Birdville USD is the first school district in the state to use the Internet to streamline administration and in-service training. "This new system gives administrators and teachers access to important information from home, school, or anywhere they have Internet access" said Sandra Blevins, school board superintendent. "The district expects to save thousands of administrative hours over the next few years."

The project, which was managed by Collinsworth and Street Consulting, is part two of a four part plan to upgrade school. . .

If the client is a construction company, the story could go like this:

Example 2: Home Builder Uses Technology to Combat Costs

In an effort to manage the skyrocketing cost of building materials, one local builder turns to the Internet for help. Brian Patrick, purchasing director for J & B Starworth Homes, explains how it works. "We buy in such volume that a small difference in the price of #2 studs can run into some serious money, real quick. With our Extranet Web site we allow qualified vendors to see what our current inventories are. Then they can give me a quote with a form right there on the Internet. I don't have to call any salesmen or take calls from them. I just pick the best price and order right from the screen."

Collinsworth and Street Consulting, designers of the Web site, say that many of their clients. . .

These read like news articles but they are press releases written by the firm. You do the reporting, get the quotes, and write the article. In many cases a newspaper will run the article without any changes. Even if they rewrite it, your objective is met. You get the firm's name in front of prospective clients. In some cases, the people don't even have to read the article for you to benefit from it. At every opportunity you say, "Did you read that article about us in the Examiner last week?" If your firm is worthy of print, then you must really know what you're doing, right?

In the two examples above, we purposely don't mention the firm until the second paragraph. This goes a long way toward making the release seem more like a news item and less like a plug. But let's face it, it is a plug and, if you get it printed, it's free advertising. You get to tell what you did and for whom and the newspaper pays to have it printed and distributed. Even though there may be no such thing as a free lunch, this comes pretty close.

How to Write a Nonnews Press Release

On some occasions you will want to make an announcement that just can't be spun into a news story. In these cases you send the press release and just hope they print it. Consider the following.

A newspaper probably won't print this, but if you have a good relationship with the editor and he needs to fill a couple of inches in the morning edition, you might get lucky. It doesn't hurt to try.

Collinsworth and Street Consulting, a St. Louis technology consulting firm, announces the addition of Harvey Stukesbury, CPA, to its local office. Mr. Stukesbury, a native of Whitefish, Montana, brings twelve years networking experience. . .

An announcement that has a higher probability of getting printed might be this one.

Collinsworth and Street Consulting, a St. Louis technology consulting firm, announces that they have been awarded a contract by the Birdville USD to manage the construction of this state's first public school Extranet...

How to Submit the Press Release to the Media

The next step is to submit your press release to the media. You will want to develop relationships with as many media representatives as you can. Send press releases to editors of newspapers, editors of magazines and trade journals, television stations, radio stations, talk shows, and so on. For the most part, we are talking about print media, but occasionally you may have something worthy of local TV news. If you can imagine what the story would look like on TV, told in two and one-half minutes, then be sure to send it to the local stations. On a story like the school extranet, they might send out a crew.

Like everyone else, reporters go to the people they know first, so it pays to cultivate lasting relationships. If you can periodically provide them with content they can use, it makes their lives easier

and they will look to you as a valuable resource. However, this is a symbiotic relationship much like that between a remora and a shark. Even though you may help them from time to time, you need them more than they need you and they know it. So it is up to you to keep the relationship working.

Newspapers, magazines, and trade journals are your primary targets. If you can get two or three good articles per year printed, consider yourself successful. The positive fallout from a few good press releases can be phenomenal.

Most publications post submission guidelines in their masthead and on their Web site. Be sure to follow the guidelines precisely. If it's not prohibited, contact the editor by phone or email. Explain that you want to submit a press release and ask them whether they have any special requirements. Can you submit via email or would they prefer a fax? Remember that these people know you need them and some can be quite eccentric. Play it however they want and it will pay off in the long run.

How to Use Public Relations Firms

Let us not forget that there is an entire service industry called Public Relations, professionals who make their living writing and submitting press releases and managing publicity. Unfortunately, like advertising agencies, PR firms can be quite expensive and usually want a monthly retainer even though your press needs may be sporadic. Press releases are not that difficult or time-consuming to produce, so unless you simply do not have the resources, PR is usually something most firms can handle in-house.

HOW TO PLACE ADVERTISING IN THE MEDIA

What Advertising Is Effective?

John Wanamaker, a famed Philadelphia merchant, is noted for saying, "I know that 50 percent of my

advertising is wasted. I just don't know which 50 percent it is." For a consulting firm that figure could easily be 90 percent.

Advertising Agencies. Ad agencies are highly specialized creative machines. They can design and produce brochures, logos, direct mail campaigns, Internet ads, space ads, Web sites, announcements, you name it. If you like their previous work, you will probably be ecstatic when they bring their creative "big guns" to be on your project. But the one thing these big agencies are absolute masters of is building a huge pipeline between your bank account and theirs. Guess which way the money flows.

Account executives from large ad agencies refer to their accounts in millions—that's millions—of dollars. Ad agencies have a considerable markup on things that you could do yourself for a fraction of the cost. You need to take a strong look at the agency you choose and then watch the bottom line carefully. Remember that they are working for you and if you don't like the way the job is headed —Speak up!

If you choose carefully, an ad agency can be your "remote site" advertising department. Although you can create some advertising pieces internally, you must evaluate the talent you have internally and the ability to develop professional-looking materials. If your materials look unprofessional, that is the first impression your prospects and clients will see!

Direct Mail. Our experience has been that few consulting firms are very successful direct mail marketers. The theory behind direct mail, like all other media placement, is that you can prompt customers to call you instead of the other way around. And all of us would rather not have to call them. Unfortunately, direct mail is only as good as the list that you mail to. Mail lists must be very targeted to be useful and list management can be time-consuming and costly. Most lists from brokers are pretty much worthless despite any guarantees. Even if you are able to find your market, what

percentage of companies are going to feel the immediate need to hire a consultant?

One of the best uses of direct mail is mailing product and service announcements to the firm's client and referral list. However, it is occasionally possible to discover a "magic" combination between a service or product and a specific industry with a readily available and accurate mailing list. In these cases, a direct mail piece used in combination with direct contact can be very effective. But since you are going to have to call on your prospects anyway, why not save the postage and just hand them one of those beautiful brochures you had printed?

Should you decide to try the direct mail route, and need to produce a mail piece, the designer who created your brochure would be the place to start.

Space Ads. Space ads in newspapers, magazines, and trade journals have the same inherent problems that direct mail has: how do you zero in on your specific market and then how do you get them to call? Space ads, like direct mail, can be effective as part of an overall campaign. But if your resources are limited, then you should focus your efforts where the real opportunities are, developing relationships through networking and direct contact.

Yellow Pages. Check the Yellow Pages for a listing of the kind of services and products you provide. If there is a listing, buy a small ad and immediately get started on your networking. Don't hold your breath waiting for the Yellow Pages ad.

Broadcast. Broadcast can be very expensive. However, radio commercials in smaller markets can be effective.

HOW TO SELL YOUR CONSULTING SERVICES

Why Selling is Simple!

The marketing plan is set and you are prepared for business to come through the door. Well, it doesn't work like that! You must now assess how, you the consultant, are going to *sell* the work to your prospects and clients. Most of us are a little intimidated by the thought of selling. What is the vision that comes to your mind? A fast-talking car salesman in a plaid jacket? A door-to-door salesman or even a telemarketer? What if I told you that you "sell" everyday! That's right! When you ask an employee to take on a job that they are not thrilled about taking—you "sell" them on the challenge of the project. When you have a good idea to reduce expenses and increase revenue in your company, you "sell" your coworkers on a concept. Selling is simply taking your knowledge and sharing it with others. It is building a relationship with a person and helping that person with the knowledge you have to share. Also, see exhibit 8.1, "Sample Mini Marketing Plan."

Learning to be a sales professional takes effort and time, but there are five steps that will help you progress quickly.

Step 1—Your Self Image Must Be Positive.

When is the last time you really took the time to look at yourself both physically and mentally? Take a few minutes to take stock of yourself and ask yourself if you like what you see. Is your attitude about your job and your coworkers positive and healthy? Do you look in the mirror and feel proud of what you see? If the answer is *yes*, pat yourself on the back and feel proud! If the answer is *no*, then don't even spend one second feeling bad—just do something about it! Make the changes you need to make to feel good about yourself! Some great exercises for getting on track with a positive self image are the following.

1. Read exciting and motivational stories and apply them to your life.
2. Smile and compliment people more—it is contagious.
3. Write a list of your positive qualities and a list of your successes.

If you believe in yourself first, the job of convincing others to trust you will be much easier!

Step 2—Learn to Prospect. Very simply, if you don't have prospects you don't have any business. Every client starts as a prospect, and you must learn which ones are good prospects and which ones are not productive. This is certainly much easier to say than to do but there are some general guidelines that will assist you in your journey to good profitable prospects.

The first thing you must do is get the names of prospects. A great place to start is with your current clients! Current clients are more likely to do business with you than someone you have never met before. They are easy to approach and they are more likely to listen to what you are selling. Another good place to start is by looking at a profile of the client you want and then target business's that fit that profile. Take a few moments to describe your perfect client prospect. Ask yourself the following questions as you are writing this profile. How large is the business you are targeting? What age, sex, and education level does the client have? What kind of business do they have? Where do you find that client (trade associations, neighborhoods, publications, email, phone, or fax)? In other words, what does the perfect client look like and how are you going to find them!

When you are looking for the perfect client, make sure you include the fact that the perfect client is usually the *decision-maker* for the business. A perfect client should be able to make a decision with minimal input from others. You may need to go through one or even two contacts at a business

before you find the true decision-maker, but they are worth finding!

The next thing to remember about prospecting for clients is that you should listen and react to your prospect—and don't talk too much. Great salespeople learn that if you can learn to listen closely to the desires and needs of the prospect, then react to the prospect's needs and desires with an adequate response, they will soon find the prospect will turn in to a client. This part of selling cannot be emphasized enough!

Another great way to find prospects is through referrals. Referrals are simply new leads from your current prospects or clients. A referral program can be as simple as asking for the name of a business when you are on an appointment or as complicated as setting up a formal program with incentives and gifts to those clients who refer the most business. The choice will be yours—but you are missing opportunities if you do nothing!

Step 3—Develop Presentations That Sell. Once you have the prospect and the appointment and you have listened to their concerns and their needs you have to be prepared for the presentation of your product or service. The most important part of an effective presentation is the planning! Don't just try to "wing it." Even the most experienced sales professionals have a standard presentation that they practice and rehearse before seeing the prospect. If you don't plan for your presentation, the appearance that the prospect will likely retain is that you have a poor product! That is the last thing you want. Many sales professionals make the mistake of presenting the features of their products as opposed to the benefits of their products. You might be asking yourself—what is the difference? Here are a few examples to help distinguish why benefits are so much more important to the prospect than features are.

TABLE 8.1 Product Benefits Versus Features

Product	Features	Benefits
Technology Plan	Facilitate Group Interviews	Achieve Staff/Partner Consensus
New Mini Van	Side Impact Air Bags	Safety for Children in Back of Vehicle
Knife	Made from Stainless Steel	Cuts Meat Faster and Easier
Accounting Software	Financial Statements Produced Quickly	Saves Company Time and Money

Once you have the presentation ready to go, and you are making the presentation to the prospect you will undoubtedly be faced with objections. Don't worry; an objection is fine! If your client objects, it means they are listening to what you are saying and if they are listening you have the opportunity to change their mind! You will have the following four opportunities to handle objections:

1. Before they occur or while you are presenting your product/service
2. When they occur
3. Later in the presentation
4. Never

Obviously, you want to try to handle the objection within the first three opportunities! Some ways to handle objections are the following:

- Never cut the client off.
- Change the objection to a question back to the prospect.
- Go for the close of the sale.
- Listen for the *real* objection and remember to state the benefits.

Remember that you will not get 100 percent of your prospects, but arming yourself with a good presentation will aid you in your quest for success.

Step 4—Closing is the Key. You can do everything right—marketing, advertising, presenting, and

overcoming objections, but if you don't ask for the business you won't get it! Until you have the check or the signed engagement letter in your hand, you have not closed the deal. Everyone assumes that if they find a customer in need and they make their presentation then the deal will close itself. It will not. Entire books—entire series of books—have been written on the art of the presentation and the close. It is not necessary that everyone on the team be able to close, but someone must.

Good closings are in reality educating others about what you know and offering them a chance to take advantage of your knowledge. If the thought of asking a prospect for their business scares you, get in front of a video camera and practice! Your close must be sincere and meaningful and you must transfer the belief in your product to your prospect. There are many books written on the hundreds of kinds of closings but here are a few that will get you started:

- **Touch it and Sell it Close**—Once you get a product into a prospect's hands—it is far easier to sell it. Remember the times when someone has tried to get you to buy something and they say "take it home and try it out." The sales percentage is MUCH higher than if they just look and then try to make a decision. Find a way to let the prospect "test drive" your product!
- **Either Or Close**—Give the prospect a choice of when they will buy. "Would you like us to start work this month or would the first of next month be better?" In this type of close you don't ask IF they want to buy just "WHEN"!
- **Win Win Close**—This close goes back to benefits to the prospect. Restate the benefits the prospect is gaining and how it will help them.
- **Cheap Costs More Close**—Just remember this one line when someone objects to the cost of your product or service—"Our company made a decision many years ago that we would rather explain the price of our products and services just once rather than to apologize for quality forever—I'll bet you are glad we made that decision."

Step 5—Following Up With Excellent Client Service. You did it! You took your positive image and attitude, found the perfect client, made a phenomenal presentation, asked for the business, and you now have a new client! *Congratulations!* Now your work is just beginning. You now have to find ways to keep your client for life. How are you going to do that? With a tremendous amount of planning and work after you make the sale.

**THE COST OF REPLACING A
CUSTOMER IS SEVEN TO TEN
TIMES MORE THAN THE COST
TO KEEP THEM!**

Tune in to your customer's desires, ask them what they want, and listen to what they say. If you really understand their needs, you can find ways to build a one to one relationship with them that will last for years to come.

HOW TO DEVELOP YOUR MINI MARKETING PLAN

For every new product or service you offer you should prepare to market the product by developing a mini marketing plan. You might think that this planning process is time consuming and a bit cumbersome, but be assured that without proper planning you will end up with less than desirable results.

The first step in developing your plan is to choose the product or service you will be marketing. Concentrate on one product or service at a time. You will be more effective if your marketing efforts are targeted on one specific area rather than "everything" that your firm does.

The next step is to make note of what the strengths, weaknesses, opportunities, and threats are to your product or service. This is frequently referred to as a SWOT analysis. This is an important step for you to complete since you will develop your

marketing efforts around the strengths and opportunities of each product. These are the items that you will “play up” and “sell” to the client.

Now that you know your product and have a solid view of your SWOT analysis you need to take the next step and clarify what the features and benefits are of your product or service. Features and benefits are often times confused when they are discussed. Here are some definitions that might help you when you are clarifying a feature versus a benefit.

- *Feature*—The aspect of the product or service that identifies it to the client. A feature of a software program might be that it works with a specific type of server, it has X amount of RAM, it is compatible with Windows 95. This is usually the item that is listed on the side of the software box and tells you about *what* it does.
- *Benefit*—A benefit is not *what* the product or service will do but how it will help the client. In the example of the software, the benefits might be that this software will give the client a way to communicate with all of their clients quickly, or will allow them to do their current work in one-half the time.

The client is going to buy the benefit not the feature.

The last step is to identify the marketing programs you will use to promote this product or service. Remember to pay close attention to your strengths, opportunities, and benefits!

A “Sample Mini Marketing Plan” is shown in exhibit 8.1.

EXHIBIT 8.1

Sample Mini Marketing Plan

Product or Service:

Strategic Technology Plan and Budget

<p style="text-align: center;">Strengths</p> <p>Qualified Personnel Firm Name Recognition Quality of Service</p> <p style="text-align: center;">Opportunities</p> <p>Little Competition New Higher End Markets New Technology</p> <p style="text-align: center;">Feature of Product or Service</p> <p>Executive Education Written Three Year Plan and Budget Verify Software and Hardware Inventory</p>	<p style="text-align: center;">Weaknesses</p> <p>Lack of Partner Commitment On-going Support Focus on Market Research</p> <p style="text-align: center;">Threats</p> <p>Training Competition Management Dedication</p> <p style="text-align: center;">Benefit of Product or Service</p> <p>Build consensus among owners Outsource Technology Headaches Improve Productivity</p>
--	--

Which of the following marketing programs do you feel will be effective:

- | | |
|---|---------------|
| 1. Marketing brochure | January 2000 |
| 2. Direct mail letter to current accounting clients | January 2000 |
| 3. Direct mail letter to prospective technology clients | February 2000 |
| 4. Telephone campaign to follow up on letters | February 2000 |
| 5. Direct mail postcard to top 20 percent of accounting clients | May 2000 |

Strengths

Weaknesses

Opportunities

Threats

(continued)

EXHIBIT 8.1 *(continued)*

Feature of Product/Service

Benefit of Product/Service

What Marketing Programs do you feel will be effective?

1.

2.

3.

4.

5.

6.

HOW TO DEVELOP AN ACTION PLAN

By this time, you have probably decided that you either want to expand your consulting practice or get into the rapidly expanding area of consulting if you are not already there. The *Boomer Advantage* supports that decision by offering a structured approach to consulting. Too often, consultants look at each new project as if it were a *work of art* rather than a *product or service* produced through the use of standard processes and procedures. By using standard processes and procedures, you can predict results and ensure quality. The marketplace is too competitive to allow inefficiency.

After progressing this far, you have seen how a systematic approach to consulting can get you over many of the obstacles that firms and individuals have faced in making the transition from compliance services to consulting. You began with an assessment of your current staffing and how that affects your choice of how to structure the practice. You then conducted a detailed analysis of several different service areas in which you might offer consulting services and decided upon a limited number in which you will focus your efforts. Then you compared your staffing needs (driven by your services) with your current team and explored different alternatives for making up any shortfalls. You thought about ways to standardize your services and make delivery routine for you, while still customized for each client. Then you carefully built a structure for each engagement you will perform, placing each one within a certain phase of the

process, with a distinct beginning, ending, and billable event. You decided how to price each service, and how to market it. Now you are ready to put all these pieces together.

HOW TO DEVELOP A COMMITMENT

Are you ready to devote the time, energy, and resources necessary to develop a successful consulting practice? If not, don't waste your time with a half-hearted effort. As Yoda told Luke Skywalker, "Do, or Do Not. There is no Try!" As you have read through this book, you have no doubt been evaluating in your own mind whether this process is right for you. If it is, and you're truly ready to commit what it takes to be successful, do this little exercise right now. Put down the book, get up and walk to the nearest mirror. Look yourself in the eye, and pledge to yourself that you will make the commitment and be successful. That's a binding promise. Then, come back and resume where you left off.

The key to this process, as it is to so much of business success, is goal setting. You must define your goals, record them, monitor your progress towards achieving them, and revise them to reflect your successful accomplishments. We believe strongly in three-year, one-year, and ninety-day horizons for your goal setting. Begin with long-range, strategic goals covering a three-year window. This is long enough to avoid short-term focus, but still allows some reasonable anticipation of what technology will allow. Can any of us predict what the technology landscape will look like five or ten years into the future? Probably not. With these strategic goals established, now set one or more one-year goals which, when you achieve them, will become significant milestones toward achieving your three-year goal. Then, in turn, set one or more ninety-day goals which will serve as milestones toward your one-year goals. This comprehensive package of integrated goals will provide a clear framework to develop your action plans.

Starting today, you have twelve quarters to attain those goals. The Boomer System is about progress, not perfection. We believe you should review your progress and reconfirm your goals every ninety days. Experience shows this is the optimal time period. However, those who excel at the fastest rate monitor their goals and progress on a daily and weekly basis. We recommend keeping your goals handy. Your goals can be laminated and kept with your calendar. If you are technologically inclined, use your daily calendar and to-do list. Successful people keep score and also keep their entire staff informed, including financial information. Financial information might include monthly profit and loss statements, general ledger reports, revenue actual vs. goal reports, and product sales reports. The more information you share, the more buy in you will get from your employees.

Let's look at how this might work in practice. To begin, you must write down your goals. If you are having trouble identifying your goals, here are some examples of attainable three-year goals. Furthermore, it is reasonable to expect that your three-year goals will continually change. If you don't agree, compare your goals at ages 18, 25, 35, 45, and 55.

EXHIBIT 9.1

Examples of Three-Year Goals

- √ Increase net income by ____ percent.
 - √ Generate ____ percent of the firm's revenue from consulting rather than compliance services.
 - √ Become a Microsoft Solutions Provider.
 - √ Become an authorized installer for _____.
 - √ Retain ____ percent of our existing clients.
 - √ Provide solutions to the _____ industry.
-

Take time now to record your own goals.

The next step in the process is to identify goals for the year and finally for the next ninety days. This will allow you to focus on the next ninety days while consistently pursuing your three-year goals.

Exhibit 9.2

Sample Goal Plan

Step 1 Three Year Goal	Step 2 One Year Goal	Step 3 90-Day Goal
I. Achieve consulting income of \$500,000 per year.	1. Bill \$200,000 in consulting fees this fiscal year (\$350,000 in year 2, \$500,000 in year 3)	a) Establish a concise list of services, engagement tools, and pricing structure for all future consulting work. b) Develop and deliver five consulting engagements at \$10,000 each within the next 90 days.
II. Become known as the premier provider of IT consulting services in my market area.	1. Achieve Microsoft Certified Solution Provider Status	a) Begin study towards MCSE Certification. Pass two certification exams in the next 90 days. b) Establish consulting revenue benchmarks which will meet Microsoft minimums for certification.
III. Provide quality work environment for the professionals and support staff on my team.	1. Build a team of highly qualified IT professionals keyed to the needs of the consulting practice.	a) Begin recruitment of a second networking professional. This individual should currently have or be able to obtain MCSE certification by the end of this year.

Exhibit 9.2 *(continued)*

- | | |
|--|--|
| 2. Provide quality environment and software for professional IT consultants. | <ul style="list-style-type: none"> b) Develop an incentive based compensation package suitable for technical professionals. a) Purchase and install new file server in consulting area. b) Purchase notebook computers for all IT consultants per specification sheets. |
|--|--|

You have established your goals and now must design a personalized plan to accomplish them. Be specific. Exhibit 9.3 is a sample action plan to achieve some of our sample goals.

EXHIBIT 9.3**Sample Action Plan*****Ninety-Day Goal:***

Establish a concise list of services, engagement management tools, and pricing structure for all future consulting work.

Action Plan:

What: Conduct detailed analysis of possible service offerings, determine which fit our skills and target clients best, and select not more than three initial services.

Who: [Fill in who will do it] _____

When: [Establish Due Date] _____

What: Design and print standard formats for proposals, engagement letters, and change orders.

Who: [Fill in who will do it] _____

When: [Establish Due Date] _____

What: Design standard pricing matrix for each service, using appropriate variables for each.

Who: [Fill in who will do it] _____

When: [Establish Due Date] _____

PRIORITIZE YOUR CURRENT PROJECTS

You must also assess the projects to which you are currently committed and your resources of time and money. Some of your existing projects will have a direct bearing upon your consulting success. Some projects can be delegated, while others require your personal time and effort. Still others should be divested entirely. Therefore, it is necessary to identify a list of current projects and design a strategy for completion. This generally requires prioritization. If you are over committed, don't try to start a consulting practice.

Through this process, you can expect to learn whether you are using your time as efficiently as possible. You may experience a sense of frustration due to increasing complexity in your life. Change is occurring at an increasing pace. Cycles are shorter. How do you balance your personal and professional lives? Do you feel guilty when you take a day off from work? If you don't, do others in your firm try to make you feel guilty? Are you focused on your company or are you thinking about other responsibilities?

Be realistic. Most people find it takes a good part of year one to clean up existing projects and messes. *There is a great sense of satisfaction as each project is completed.*

Another result of the process will be your reluctance to take on additional projects without thought or a specific plan to delegate. Delegation is the key to leverage. *Are you ready to get started?*

Remember, Success is not how far you go, but how many people you bring with you. Good luck and enjoy the journey.

APPENDIXES

So far, this book has covered the following factors to consider in developing your technology consulting practice:

- Making the decision to develop a technology consulting practice
- Developing your technology practice
- Building a team of qualified consultants
- Identifying the services that your clients desire
- Defining your unique process for creating value for the client
- Structuring a successful engagement
- Pricing your engagements for optimal success
- Marketing your consulting practice
- Developing your personal action plan for success

In the following appendixes, you will find the forms that you can use to guide you through the various stages of your consulting practice. These forms are authentic—they are actually used in practice and may be adapted for your use and for your clients.

TEN CHARACTERISTICS OF OUTSTANDING CONSULTING CLIENTS

When assessing your market and determining your marketing plan, you must visualize who your clients will be. Unfortunately, we can't always choose our clients. However, if we could, the following are the ten characteristics of outstanding consulting clients:

- Strong management team
- Quality staff
- Committed to the planning process
- Committed to technology
- Committed to continuing education
- Coachable (willing to take and implement advice)
- A team approach and attitude
- Reasonable expectations (Progress not perfection)
- Profitable and industry leaders
- Willing to pay for quality service

REQUIREMENTS CHECKLIST

In order to perform certain services for a client, you must first gain an understanding of their current operations that affect the use or lack of use of technology. The following checklist will assist you in gathering information regarding the client's general operations, general ledger system, accounts receivable and accounts payable operations, inventory system, order entry process and payroll procedures as they relate to technology opportunities. Use it in its entirety or in just the area that you will be assisting the client.

A. General Information

1. Company Name _____
2. Phone (____) _____
3. FAX (____) _____
4. Address _____
5. City _____
6. State _____
7. Zip _____
8. Primary Contact _____
9. Title _____
10. Email address _____

	<u>YES</u>	<u>NO</u>
11. Applications:		
a. General Ledger	_____	_____
b. Accounts Receivable	_____	_____
c. Accounts Payable	_____	_____
d. Purchase Order	_____	_____
e. Inventory	_____	_____
f. Order Entry	_____	_____
g. Payroll	_____	_____
h. Job Costing	_____	_____
i. Point of Sale	_____	_____
j. Cash Management	_____	_____
k. Email	_____	_____
l. Word Processing	_____	_____
m. Spreadsheet	_____	_____
n. Database	_____	_____
o. Voice Mail	_____	_____
p. Internet Connectivity	_____	_____
q. Intranet	_____	_____
r. Extranet	_____	_____
s. Other Applications	_____	_____
List _____		

12. Does the client plan to integrate the accounting functions?	_____	_____
13. Does the client want/require networking?	_____	_____
a. If yes, how many network nodes will be required?	_____	_____
b. Are multiple locations involved?	_____	_____

	<u>YES</u>	<u>NO</u>
c. Explain: _____ _____ _____ _____ _____		
14. Does the client want to transfer data from accounting applications to:		
a. Spreadsheet?	_____	_____
b. Database?	_____	_____
c. Wordprocessing?	_____	_____
15. How are applications currently being accomplished?		
a. Manual	_____	_____
b. In-house computer system	_____	_____
c. Service Bureau	_____	_____
Comments: _____ _____ _____		
16. Who is responsible for accounting operations within the company? _____		
17. Who will be the backup? _____		
18. What accounting and bookkeeping experience do the operators have? Explain _____		
19. What are the client's plans for growth over the next 2-5 years? _____		

	<u>YES</u>	<u>NO</u>
20. Will special training and implementation assistance be required?		
a. Windows 97/98 training	_____	_____
b. Network Supervisor Training	_____	_____
c. General Ledger	_____	_____
d. Accounts Receivable	_____	_____
e. Accounts Payable	_____	_____
f. Purchase Order	_____	_____
g. Inventory	_____	_____
h. Order Entry	_____	_____
i. Payroll	_____	_____
j. Job Costing	_____	_____
k. Point of Sale	_____	_____
l. Cash Management	_____	_____
m. Email	_____	_____
n. Word Processing	_____	_____
o. Spreadsheet	_____	_____
p. Database	_____	_____
q. Voice Mail	_____	_____
r. Intranet	_____	_____
s. Extranet	_____	_____
t. Other Applications	_____	_____

 List _____

21. Starting date for training _____

 Location _____

22. Does the client require on-going support?

 a. Hardware _____

 If yes, who is going to provide hardware support?

	<u>YES</u>	<u>NO</u>
b. Software Maintenance	_____	_____
If yes, who is going to provide software maintenance and support?		

c. Accounting Support	_____	_____
Define requirements: _____		

23. Discuss the concept of structured ongoing Support (SOS).	_____	_____
24. In your estimation, does the client understand (value) the importance of ongoing support?	_____	_____
25. Would the client like information about tax planning and executive fringe benefits?	_____	_____
26. Which of the following does the client require:		
a. An Annual Audit	_____	_____
b. A Review	_____	_____
c. A Compilation	_____	_____
27. Who performs the above services? _____		
Phone Number _____		
Fax Number _____		
Email _____		
28. Who is the company's banker? _____		
Phone Number _____		
Fax Number _____		
Email _____		
29. Who is the company's insurance agent? _____		
Phone Number _____		
Fax Number _____		
Email _____		

YES

NO

30. Who is the company's legal counsel? _____

Phone Number _____

Fax Number _____

E-mail _____

Prepared by _____

Date _____

B. General Ledger

1. Does the client currently have a chart of accounts? _____

2. If yes, are they satisfied with the existing chart of accounts? _____

3. If no, do they wish to have our accounting personnel assist them in preparing a chart of accounts? _____

a. If yes, complete and sign a change order. Schedule an appointment with the appropriate firm personnel.

b. If no, contact the partner in charge because we may be required to withdraw from the engagement.

4. Are existing financial statements adequate? _____

a. If not, does the client want us to format the statements in accordance with company requirements? _____

5. Client Requirements:

a. Account Numbers

(1) Locations _____

(2) Departments _____

(3) Sub-accounts _____

(4) Total Number of Accounts in Chart _____

b. Multiple Companies _____

c. Consolidations _____

(1) How many companies? _____

List _____

	<u>YES</u>	<u>NO</u>
d. Budgets	_____	_____
(1) Annual	_____	_____
(2) Monthly	_____	_____
(3) Seasonal	_____	_____
e. Job Costing	_____	_____
(1) Number of annual jobs _____		
(2) Job Phases	_____	_____
f. Journals		
(1) Cash Receipts	_____	_____
(2) Cash Disbursements	_____	_____
(3) General Journal	_____	_____
(4) Other		
List _____		

g. Recurring Entries	_____	_____
h. Calculating Entries	_____	_____
i. Number of Accounting Periods _____		
j. Financial Statements		
(1) Comparative Balance Sheets	_____	_____
(2) Comparative Income Statements	_____	_____
(a) Periods	_____	_____
(b) Year-to-Date	_____	_____
(3) Statement of Cash Flows	_____	_____
(4) Budget Comparisons	_____	_____
(5) How often are statements prepared? _____		

	<u>YES</u>	<u>NO</u>
12. Does client want assistance in developing an account numbering system?	_____	_____
a. If yes, complete and sign a change order.		
13. Customer Inquiry	_____	_____
a. Current Balance	_____	_____
b. Credit Limit	_____	_____
c. Address and Phone Number	_____	_____
d. Sales History	_____	_____
e. Payment History	_____	_____
f. Other		
List _____		

14. Finance Charges	_____	_____
a. Multiple Rates	_____	_____
b. Option by Client	_____	_____
c. Minimum Amount	_____	_____
Amount \$ _____		
d. Billing Charge		
Amount \$ _____	_____	_____
e. Revolving Accounts	_____	_____
15. Aging		
Define aging periods _____		

16. Print Customer List	_____	_____
17. Print Mailing Labels	_____	_____
18. Print Dunning Notices and Letters	_____	_____
19. Sales Journal and Summary	_____	_____
a. Totals by Sales Category	_____	_____
b. Totals by Division	_____	_____
c. Sales Tax Totals	_____	_____

	<u>YES</u>	<u>NO</u>
20. Security	_____	_____
a. By company	_____	_____
b. By application	_____	_____
c. By user	_____	_____
e. By function	_____	_____

Prepared by _____

Date _____

D. Accounts Payable

1. Multiple Companies

List Companies _____

2. Multiple Cash Operating Accounts

List Accounts _____

3. Alphanumeric Vendors Codes

- a. Number of required characters _____
- b. Designated Account Separator _____
- c. List character _____

4. Does client want assistance in establishing a coding system for vendors?

If yes, complete and sign a change order. Schedule an appointment with the appropriate firm personnel.

5. Describe existing accounts payable system.

- a. Manual Checks _____
- b. Complete Vendor Information _____
- c. Vendor Name _____
- d. Vendor Address _____
- e. Phone Number _____
- f. Fax Number _____

	<u>YES</u>	<u>NO</u>
g. Email address	_____	_____
h. History	_____	_____
i. Default Account(s)	_____	_____
j. Integrate To Other Modules	_____	_____
(1) General Ledger	_____	_____
(2) Inventory	_____	_____
(3) Order Entry	_____	_____
k. Vendor Discounts	_____	_____
(1) Automatic Calculation	_____	_____
(2) Override Discount Amount or Percentage	_____	_____
(3) Allow Discounts to Be Taken After the Expiration of the due date	_____	_____
(4) Multiple Discount Methods	_____	_____
List Methods _____		

6. Accounting Method		
a. Accrual Basis	_____	_____
b. Cash Basis	_____	_____
7. Invoices (Entry)	_____	_____
a. Batch Processing	_____	_____
b. Multiple Account Distribution	_____	_____
Number of required accounts: _____		
c. Multiple Data Entry Clerks (Terminals)	_____	_____
d. Multiple Data Entry Locations (Sites)	_____	_____
e. Recurring invoices	_____	_____
8. Invoices (Payment)		
a. Select All	_____	_____
b. By Due Date	_____	_____
c. By Vendor	_____	_____
d. All But Selected Exceptions	_____	_____

	<u>YES</u>	<u>NO</u>
9. Checks		
a. Manual	_____	_____
b. Voucher payment	_____	_____
c. Electronic payments	_____	_____
10. On account	_____	_____
a. Number per month _____		
b. System prepared	_____	_____
c. Print check number on checks	_____	_____
d. Print remittance advice	_____	_____
e. Maximum Number of vendor Invoices Per Check _____		
f. Partial Payments	_____	_____
g. Dot Matrix Printer	_____	_____
h. Laser Printer	_____	_____
(1) On Blank Check Stock	_____	_____
i. Frequency of printing _____		
11. Responsible Party for Ordering Checks:		

12. Are 1099s required?	_____	_____
Will client need assistance in developing procedures and processing 1099s?		
If yes, complete and sign a change order. Schedule an appointment with the appropriate firm personnel.	_____	_____
13. Inquiry On Vendor Status	_____	_____
a. Year-to-Date Purchases	_____	_____
b. Year-to-Date Payments	_____	_____
c. Amount of Last Payment	_____	_____
d. Date of Last Payment	_____	_____
e. Check Number of Last Payment	_____	_____
f. Credit Limit	_____	_____
g. History in Detail	_____	_____

	<u>YES</u>	<u>NO</u>
For how long? _____		
14. Security	_____	_____
a. By Company	_____	_____
b. By Application	_____	_____
c. By User	_____	_____
d. By Function	_____	_____
e. Network	_____	_____
15. Does client currently have a manual accounts payable system?	_____	_____
a. Vendor Name, Address, and phone	_____	_____
b. Vendor History	_____	_____
c. Cutoff Balances with Invoice Detail	_____	_____
16. Who is going to enter the above information?		

17. Is the client interested in storing supporting documentation through the use of imaging?	_____	_____
If so, issue a change order for an analysis of imaging requirements.		
18. Estimated Start Date _____		
19. Estimated Completion Date _____		
Prepared by _____		
Date _____		
E. Inventory		
1. Current System		
a. Manual	_____	_____
b. Service Bureau	_____	_____
c. In-house Computer System	_____	_____
d. Primary reasons for changing _____		

YES

NO

2. Client Requirements:

a. Multiple Companies

List Companies _____

b. Multiple Locations

List Locations _____

3. Method of Inventory Valuation

a. FIFO

b. LIFO

c. Average Cost

d. Other

Describe _____

4. Multiple Pricing Levels

a. Per Customer

b. Per Item

c. Automatic Price Level Recalculations

d. Based Upon Cost

e. Based Upon List Price

5. Promotions

Explain _____

6. Fractional Quantities

Standard unit of measure _____

	<u>YES</u>	<u>NO</u>
7. Automatic Generation of Finished Goods From Parts (Assembly)	_____	_____
Explain requirements _____ _____		
8. Inquiry	_____	_____
a. Price	_____	_____
b. Vendor	_____	_____
c. Quantity on Hand	_____	_____
d. Quantity Committed	_____	_____
e. Quantity on Order	_____	_____
f. Other _____	_____	_____
9. Economic Order Quantity Calculation	_____	_____
10. Substitute Items	_____	_____
11. Alternative Vendor	_____	_____
12. Point of Sale	_____	_____
Explain requirements _____ _____ _____ _____		
Cash Register(s)	_____	_____
a. Type Currently Used _____		
b. Number of Cash Registers Required _____		
c. Number of Daily Transactions:		
(1) Cash Sales _____		
(2) On Account _____		

	<u>YES</u>	<u>NO</u>
13. Security		
a. By Company	_____	_____
b. By Application	_____	_____
c. By User	_____	_____
d. By Function	_____	_____
e. Network	_____	_____

Prepared by _____

Date _____

F. Order Entry

1. Current System

a. Manual invoices	_____	_____
b. Integrates with inventory and accounts payable	_____	_____
c. Primary reason for computerizing _____		

2. Sales

a. Cash Sales	_____	_____
b. Charge Sales	_____	_____
c. COD Sales	_____	_____
d. Credit Card Sales	_____	_____
List Credit Card Companies _____		

3. Print Invoices

a. Plain Paper	_____	_____
(1) Company Name, Address and Phone	_____	_____
(2) Invoice Number	_____	_____
b. Preprinted Forms	_____	_____
(1) Company Name, Address, and Phone	_____	_____
(2) Invoice Number	_____	_____
(3) Batch	_____	_____

	<u>YES</u>	<u>NO</u>
4. Individual Invoices	_____	_____
5. Proposals or Estimates	_____	_____
6. Ship To Address	_____	_____
7. Taxing Jurisdictions		
a. List and give rate		
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
8. Nontaxable Items	_____	_____
a. Nontaxable Customers	_____	_____
b. Does client have complete information on nontaxable customers including sales tax exemption numbers?	_____	_____
9. Discounts	_____	_____
a. On Line Items	_____	_____
b. On Total Invoice	_____	_____
10. Customer Credit Information	_____	_____
a. Amount	_____	_____
b. Operator Override	_____	_____
11. Commissions	_____	_____
a. Automatic Calculation		
Explain requirements _____		
12. Integrated with payroll	_____	_____
13. Reports		
a. Picking List	_____	_____
b. Physical Inventory Worksheet	_____	_____
c. Back-order	_____	_____
d. Sales Summary Report	_____	_____
e. Item Price List	_____	_____
f. Sales Commission Report	_____	_____

	<u>YES</u>	<u>NO</u>
14. Security	_____	_____
a. Company	_____	_____
b. Application	_____	_____
c. End User	_____	_____
d. Function	_____	_____
e. Network	_____	_____

Prepared by _____

Date _____

G. Payroll

1. Current System

a. Manual	_____	_____
b. Service Bureau	_____	_____
c. In-house computer system	_____	_____
d. Primary reasons for changing _____		

2. Current Payroll Files and Reports:

a. Accurate employee earnings records		
(1) By pay period	_____	_____
(2) Month to date	_____	_____
(3) Quarter to date	_____	_____
(4) Year to date	_____	_____
b. Are all payroll tax returns current?	_____	_____
c. Are payroll tax deposits current?	_____	_____

3. Client Requirements:

a. After-the-fact	_____	_____
b. Payroll Processing	_____	_____

	<u>YES</u>	<u>NO</u>
c. Multiple Companies		
List Companies _____		

d. Number of Employees _____		
e. Multiple Payroll Checking Accounts		
4. List checking accounts _____		

5. Separate payroll check register		
6. Pay Periods		
a. Monthly		
b. Bi-weekly		
c. Weekly		
d. Other _____		
7. Pay Type		
a. Salary		
b. Hourly		
c. Overtime at 1.5 times		
d. Double Time		
e. Triple time		
f. Commission		
g. Bonus		
h. Vacation		
i. Holiday		
j. Sick Pay		

	<u>YES</u>	<u>NO</u>
8. Job Costing		
Explain requirements _____		

9. Company Deductions		
a. Health Insurance		
b. Life Insurance		
c. Employee Advances		
d. 401k Plan		
e. Other _____		
f. Other _____		
g. Other _____		
h. Other _____		
10. Withholding Districts		
a. State _____		
b. State _____		
c. State _____		
d. State _____		
e. State _____		
f. County _____		
g. City _____		
11. Special Payrolls		
a. Christmas Bonus		
b. Other _____		
12. Automobile Allowances		

	<u>YES</u>	<u>NO</u>
13. Tips	_____	_____
a. Tip Credits	_____	_____
b. Federal guaranteed minimum wage	_____	_____
c. State guaranteed minimum wage	_____	_____
d. Cash tips	_____	_____
e. Charge tips	_____	_____
14. Multiple rates per employee		
List _____		

_____	_____	_____
15. Multiple Departments	_____	_____
a. Manual Distribution	_____	_____
b. Automatic Distribution	_____	_____
16. Cafeteria Plan	_____	_____
a. One-check system	_____	_____
b. Two-check system	_____	_____
17. Approved benefits:		
a. Medical insurance	_____	_____
b. Life insurance	_____	_____
c. Child care	_____	_____
d. Other _____	_____	_____
e. Other _____	_____	_____
18. Who administers the cafeteria plan? _____		
19. Would the client like more information about cafeteria plans?	_____	_____
a. If yes, prepare and sign a change order. Schedule an appointment with the appropriate firm personnel.		

	<u>YES</u>	<u>NO</u>
20. Reports		
a. Federal 941	_____	_____
b. State Withholding	_____	_____
c. Workers' Compensation	_____	_____
d. State Unemployment	_____	_____
e. Federal Unemployment	_____	_____
f. W-2s	_____	_____
g. Consolidations	_____	_____
h. Department	_____	_____
i. Company	_____	_____
21. Security	_____	_____
a. Company	_____	_____
b. Application	_____	_____
c. End User	_____	_____
d. Function	_____	_____
e. Network	_____	_____

Prepared by _____

Date _____

CONSULTING CLIENT CHECKLIST

The following is a quick checklist to follow during the different phases of a strategic technology consulting engagement. This checklist includes marketing, administrative and customer service tips, and tasks that many times are lost in the process.

<u>Task</u>	<u>Initial</u>	<u>Date</u>
Marketing		
Send proposal, marketing materials, and referral list	_____	_____
Enter information into marketing database	_____	_____
Enter a reminder date for next contact (if necessary)	_____	_____
Newsletter mailing list	_____	_____
Call to insure receipt of proposal	_____	_____
Planning		
Agree upon dates for on-site visit	_____	_____
Enter on calendar and send related e-mail	_____	_____
Sign engagement letter	_____	_____
Set up client number and project in T&B system	_____	_____
Conduct one day on-site meeting with owners and appropriate personnel	_____	_____
Inventory of current hardware and software	_____	_____
Completed firm profile	_____	_____
On-Site		
Interview owner group	_____	_____
Interview employees	_____	_____
Meet with technical personnel	_____	_____
Copy of vendor proposal(s)	_____	_____
Complete three-year budget	_____	_____
Complete plan document	_____	_____
Present plan and budget to owner group	_____	_____
Remind owner group to keep staff informed	_____	_____
Ask how we might be of further assistance	_____	_____

<u>Task</u>	<u>Initial</u>	<u>Date</u>
Prepare and present a copy of the retainer (support) agreement	_____	_____
Thank the firm and ask if they would refer us	_____	_____
If so, get a name and phone number of the referral	_____	_____
SOS (Structured On-Going Support)		
Sign retainer	_____	_____
Schedule telephone conference calls	_____	_____
Schedule quarterly/semi-annual/annual on-site visit	_____	_____
Schedule annual technology retreat	_____	_____
Phone Conference		
Ask what has been the firm's top successes the past thirty days	_____	_____
Ask what continues to frustrate the owner group	_____	_____
Ask what we can do to assist them	_____	_____
Ask them if they are aware of two current events (for example, Year 2000 and Microsoft's upgrade of Office 2000)	_____	_____
Ask if they are satisfied with their training program	_____	_____
Other		
Send <i>thank you</i> letters for referrals	_____	_____
Send <i>Thanksgiving</i> card	_____	_____
Ask for another referral	_____	_____

D

THE BOOMER TECHNOLOGY MANAGEMENT SYSTEM PROGRAM OF WORK

The following program of work was designed to assist you in performing a Strategic Technology Planning and Budgeting process. Much like an auditor would follow the steps and sign off on a work program, your consultants can use this program of work to systematize your consulting engagement. Utilize the supplements as fill in forms to assist in the process.

Description of Procedure	Supplement	Sign-off	Date
<p>1 Create a thorough and clear engagement/proposal letter spelling out exactly what the client can expect at the completion of the engagement.</p> <p>a. Define the parameters of the engagement.</p> <p>b. Determine expectations and deliverables. (This particular engagement includes a written plan and written budget, but does not include purchase, installation, or configuration of any hardware or software items.)</p> <p>c. Make sure the client understands any limitations.</p> <p>d. Be sure the engagement letter is signed before the work is done.</p> <p>e. Be sure to make reference to a change order in the engagement letter for issues that arise during the engagement that are outside the scope of the engagement.</p>			

Description of Procedure	Supplement	Sign-off	Date
<p>2 Perform an evaluation of the current technology inventory. Next you must complete an analysis of the technology equipment currently on hand and determine the future needs to be addressed in the plan.</p> <ul style="list-style-type: none"> a. Complete the Workstation Inventory. b. Complete the Software License and Usage Inventory. c. Complete the Network Infrastructure Inventory. d. Complete the Locations Inventory. e. Consider all usable items when preparing the plan. 	<p>I</p> <p>II</p> <p>III</p> <p>IV</p>		
<p>3 Meet with management and summarize to determine their vision, technology goals, and commitment to the process.</p> <ul style="list-style-type: none"> a. Educate management on the issues and the benefits of technology and the advantages of the planning process. b. Obtain an understanding of the vision and technology goals. c. Gain commitment to the process. <ul style="list-style-type: none"> 1) Ask each of the members of the management group to fill out the Owner's/Manager's Perception Questionnaire. 2) Ask the group to fill out the company Automation Questionnaire. d. Benchmark firm statistics to chart progress. Evaluate by means of revenue and production, against industry specific indicators if available to determine if the company is spending an adequate amount of their revenue on technology. Communicating this to your client will help you gain "buy-in" to what the client will perceive as high cost figures. e. Strive to create the environment for success. 	<p>V</p> <p>VI</p>		

Description of Procedure	Supplement	Sign-off	Date
<p>4 Identify priority areas where technology will benefit the company.</p> <p>a. Conduct personal group meetings. Meet with employees/staff in groups of 7-10 people each. Attempt (within reason) to talk to everyone in the company. The number of groups required will directly affect the cost of the engagement.</p> <p>1) Solicit from group members comments on what technology and processes work well within the firm (establishing strengths to build upon) and which ones work less well.</p> <p>2) Determine what technology individuals want, but do not have.</p> <p>3) Gather <i>all</i> the ideas on butcher paper. Include everyone on this process.</p> <p>b. Attempt to convince the client they are doing many things right. Build their confidence.</p> <p>c. Formulate and prioritize the issues. Once you have captured all the staff's ideas, your next step is to digest these "symptoms" into related packages with suggested issues to be addressed.</p> <p>1) Prioritize the issues: Almost without exception, you will end up with <i>many</i> issues even when grouped into related packages as stated above. You cannot possibly solve all the problems in the first year. Now your challenge is to guide the group through prioritizing the issues formulated. No more than about 5 issues should be addressed in one year. It is important to include many of the remaining unaddressed issues in year two and three of the plan and budget to never lose sight of those ideas and maintain a</p>			

Description of Procedure	Supplement	Sign-off	Date
<p>high level of involvement by all individuals and establish a strong "buy-in" by everyone at all levels. We have included a simple priorities list in the appendix for your use in gathering the prioritized issues from the butcher paper charts.</p> <p>2) Write down clear concise statements of each issue for the groups to agree upon. Fill out an Action Plan Statement for each of the priority issues. Look for potential change order possibilities.</p>	VII		
<p>2) Write down clear concise statements of each issue for the groups to agree upon. Fill out an Action Plan Statement for each of the priority issues. Look for potential change order possibilities.</p>	VIII		
<p>5 Create and develop a technology team.</p> <p>Selection of a technology committee within each company is critical and should consist of one or more of the following levels and areas of the company:</p> <p>Owner/Senior Management: This individual is responsible for seeing that the plan is developed and implemented. They must have a technology vision for the company for the next year, two years and three years. This person does not need to understand all the specifics of how a particular technology works but must be able to visualize the benefits or end results desired from the information technology system. This person must have significant authority within the company as they will have to justify and defend both the technology expenditures and cost recoveries which directly impact the bottom line.</p> <p>End Users: A representative group of end users must be included in the development of the plan. It is critical to have input from these end users as they have actual working knowledge about how processes occur and because many significant issues can be discovered and addressed at a staff level. Their participation ensures buy-in and reduces implementation time.</p>			

Description of Procedure	Supplement	Sign-off	Date
<p>Technician: Each company currently has a person on staff who is known as the technical expert. In smaller companies, this person usually does not have any formal training but has great knowledge of the problems that the staff is experiencing. In larger companies, this person usually has some network training (or certifications) and is responsible for maintaining the systems.</p> <p>Trainer: If the company has a full or part time training coordinator on staff, or contract for this support from an outside vendor, try to include this person on the technology committee to ensure training needs are addressed.</p> <p>Facilitator: Your presence as the facilitator is critical because it provides the company with an independent view of what the company can and should be doing in the area of information technology. You can provide in a very short time, an independent evaluation of existing systems and personnel as well as the many software applications and hardware technologies specific to the client's industry. The use of an outside facilitator speeds up the process and reduces and sometimes eliminates internal politics.</p> <p>The committee's primary function is to ensure implementation and continued development of the technology plan. Maintaining a company technology vision is critical to the future of the company.</p> <ol style="list-style-type: none"> a. Assist your client in making team selections. b. Encourage the team to meet on a periodic (monthly) basis. c. Fill out the Technology Team Profile form in the attached appendix. d. It is important for the Technology Team to document minutes of their meetings. You should request they provide the facilitator with a copy of the minutes via e-mail. 	IX		

Description of Procedure	Supplement	Sign-off	Date
<p>b. Develop action plans and timelines for completion. Take each prioritized issue, and break it down into discrete tasks for action. Assign an individual responsible to complete each of the action items, and set a date for completion. Show each task step with beginning and ending dates. This will determine the timing needed for each step of the issue. It also helps get tasks in proper order, and shows overall duration of the task. Ask the standard questions: Who, What, When and How. Almost without exception, even the best of written or unwritten plans and budgets are not successful because no one individual is held accountable and/or they are not held to a specific and attainable/realistic timeline. Personnel with the assigned responsibilities must have the authority or at least the support of management in order to insure success.</p>	<p>XV</p>		
<p>8 Development of a written three-year budget</p> <p>Again, standardization is key here. The budget format should be similar for each client but be flexible enough to be revised based on the particulars of each client. This budget template or similar format should itemize line item costs, for each of three years, plus a budget total for each item. Be sure to include all costs: hardware, software, installation, support, maintenance, training, consulting, etc. However, do not include direct labor costs in the basic budget. Labor costs may be shown separately. The reason for this approach is to insure benchmarking is consistent. Again, it will be helpful to show demographic benchmarking per the client's specific industry like the technology cost as a percentage of total revenue.</p> <p>Develop a budget specific to this client.</p>	<p>XVI</p>		

Description of Procedure	Supplement	Sign-off	Date
<p>9 Determine through discussion with the client whether there are opportunities for additional add-on engagements. Most of the time, the original project will lead to additional add-on engagements if the consultant is paying close attention to the client needs and wants. The following list is a handful of change-order opportunities but the opportunities are only limited by your own imagination and selling abilities.</p> <ul style="list-style-type: none"> a. Evaluation, recruitment, training and retention of qualified technology leaders/ personnel b. Assistance with implementation and project management c. On-going coaching, consulting, and facilitation services, including an ongoing relationship to ensure that the plan is carried out and improved upon, which is important to the success of the project (The ability to partner with a CPA/ technician is very appealing to most business owners.) d. Review of processes to ensure efficiency e. Elimination of paper forms by the use of an Intranet f. Assessment of disaster avoidance preparedness (Most companies, especially small, unregulated companies, do not have established, written and tested disaster recovery plans. Year 2000 has brought much attention to the necessity of such a working plan.) g. Evaluation of their document management systems (filing, storing, and retrieving of all documents) 			

SUPPLEMENT I

Workstation Inventory

The company must have a complete listing of all hardware and configuration information for each computer. This information will be critical in determining whether the machine can be upgraded or whether it should be replaced. Original purchase and upgrade invoices are the first place to begin listing equipment along with corresponding depreciation schedules. Use this form to document a physical inventory of the workstations.

User Name:									# of Licenses
Department:									
Computer Number									
Computer Brand									
Laptop/Docking Station									
CPU									
RAM									
Hard disk									
HD Free									
O/S									
Monitor									
Personal Printer									
Year 2000 Compliant?									
Industry Specific Software									
General Accounting									
Productivity Tools									

(continued)

SUPPLEMENT I *(continued)*

User Name:									# of Licenses
Other									

SUPPLEMENT II *(continued)*

	Inventory # From WS Inventory	# of Licenses	Multi- user?	Software Cost or Annual Fee	License Shortage	License Exposure	Year 2000 Compliant?
Other							

	Software Costs or Annual Fees		Exposure:		
--	----------------------------------	--	-----------	--	--

SUPPLEMENT III Network Infrastructure Inventory

If the firm currently has a network in place, a complete listing of all components and software must be accumulated for planning and licensing purposes. This Network Services Inventory form will help coordinate the current system with the direction the firm wants to take. If the firm does not have a network in place, review the form to identify those technologies that should be considered for implementation.

File Server Configuration

Brand	
Model	
Processor	
RAM Memory	
Date Purchased	
Operating System	
Licensed Users	
Year 2000 Compliant?	

File Server Upgrades

Uninterruptable Power Supply

Monitored with Software?	
Date Purchased	

Hard drives: Brand	Model	Capacity	Free Space	% Free	Controller Cards

(continued)

SUPPLEMENT III *(continued)*

Cabling

Category	
Topology	
Number of Drops/Connections	

Cabling Reconciliation

Number of Workstations	
Number of Network Printers	
Number of Other Network Services	
Total Drops in Use	
Licensed Users (Above)	
Addl. Capacity/(Shortfall)	

Hubs/Concentrators

Brand	Model #	# Ports	Speed	Managed	Year 2000 Compliant?

Tape Backup

Brand	
Model	
Capacity	
Software	
Version	
Year 2000 Compliant	

Network Printer Services

Brand/Model	Name	Memory	Network Connection	Year 2000 Compliant?

SUPPLEMENT III *(continued)*

Internet/Communications Services

	#1	#2	#3	#4
Number of dial in lines				
Price per line per month				
Modem:				
Software brand				
Hardware brand				
Speed				
Router				
Internet Service Provider				
Price per month				
Type of connection				

Comments:

SUPPLEMENT IV**Locations Inventory**

Many technologies are complicated or compounded because the client has a large number of personnel or multiple locations. These facts will also affect the pricing of the engagement and may open up a few doors for change order opportunities as well. You will need to gather some pertinent information that will be needed when considering connection and wiring capabilities and other issues.

	Location (list your main office first)	Own or Lease the Building?	Distance From The Main Office	Number of Personnel	Age of Telephone System	Name of Telephone Company	Phone Number of Tele. Co.
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							

SUPPLEMENT V *(continued)*

COMPANY NAME _____ Date _____

	YES/NO (Y)/(N)	PRIORITY (1-10)	RATING (1-10)
Company Organization			
Does your company have current buy--sell agreements in place?	_____	_____	_____
Does your company have life insurance contracts on key individuals?	_____	_____	_____
Does your company have a funded retirement program?	_____	_____	_____
Does your company have adequate liability insurance?	_____	_____	_____
Marketing			
Has your company implemented a customer service program?	_____	_____	_____
Does your company have a line item for marketing in its budget?	_____	_____	_____
Does your company have a computerized tracking system for leads, referrals and contact management?	_____	_____	_____
Does your company have a person responsible for managing the Company's marketing efforts?	_____	_____	_____
Does your company have an outside advisory board?	_____	_____	_____
Personnel			
Does your company have current job descriptions?	_____	_____	_____
Does your company have a performance based compensation plan?	_____	_____	_____
Does your company monitor employee goals on a monthly basis?	_____	_____	_____
Does your company have a skill-based training program (train to strengths rather than weaknesses)?	_____	_____	_____
Does your company have a current written personnel manual?	_____	_____	_____
Technology			
Does your company have a three-year written technology plan and budget?	_____	_____	_____
Does your company have technology visionary, technical, and training skills?	_____	_____	_____
Does your company have a technology training curriculum?	_____	_____	_____
Does your company spend at least 5 percent of gross revenue on hardware, software, maintenance, and technology training annually?	_____	_____	_____
Financial Management			
Is your company's profitability currently at an acceptable level?	_____	_____	_____
Does your company adequately manage accounts receivable and work in process?	_____	_____	_____
Does your company have debt management policies?	_____	_____	_____
Does your company have a fair incentive-based owner compensation package?	_____	_____	_____
Does your company prepare a monthly financial statement within fifteen days of month's end?	_____	_____	_____

SUPPLEMENT VI Company Automation Questionnaire

Owners should begin by answering the technology questionnaire below to determine the company's current situation. The purpose of this questionnaire is to give an indication of the company's technology status. If you answer *yes* to *ten or more* of the fifteen questions, your company is probably in an excellent position and should continue on its present course. If your company can only answer *yes* to *nine or fewer* of these questions, you should discuss the necessity of developing a written plan and budget within the company.

	YES	NO
Do you have a three-year written plan and budget?		
Are your managers and staff adequately trained?		
Is your company in compliance with software licensing agreements?		
Is your company using current versions of its software?		
Does your company have a quality PC for every person attached to a LAN?		
Does your company have an outside facilitator?		
Do you have an adequately trained network supervisor and support personnel?		
Has your company implemented Windows 98 and an integrated software suite?		
Do you have a qualified owner and manager providing leadership?		
Do you have a written disaster recovery plan?		
Do you have access to the Internet for email and file transfer capabilities?		
Have you implemented a groupware product such as Groupwise, Lotus Notes, or Microsoft Exchange?		

(continued)

SUPPLEMENT VI *(continued)*

	YES	NO
Have you upgraded at least one-third of your network nodes during the past year?		
Have you upgraded your file server this year?		
Total:		

**Action Plan Statement and
Personnel Requirements Form**

SUPPLEMENT VIII

In the development of the written strategic technology plan, you must list the individual action plans and the people responsible for accomplishing them. Individual action steps should be listed with timelines for accomplishing each step. To assist you in this process, fill out this action plan statement form. *(Please Copy for Each Issue.)*

Name of Task Force: _____ Date Assigned: _____

Task Force Leader: _____ Target Completion Date: _____

Statement of Problem: Write a clear and concise statement that describes the specific problem. Include any assumptions that were made when discussing the issue.

Issue Description: Change the Statement of Problem into an action statement that describes what needs to be done to solve the issue.

Expected Results: Outline what you expect to be the successful resolution of the issue and any specific items that can be measured to indicate completion.

Personnel Requirements: Select the people that you feel are needed on the task force to address the issue. List any external people or resources that will also be needed.

SUPPLEMENT IX**Technology Team Profile**

Selection of a technology committee within each firm is critical. Use this form to identify and document members of the Technology Committee and their representative areas of expertise. Committee membership can always be modified later if needed. Be sure the team includes members from most if not all divisions of the company.

In the spaces below, fill in the names of the people that the owner and senior manager(s) feels will best represent the company in the following areas:

	<u>Name</u>	<u>Expertise</u>
Technology Team Leader (Owner and senior manager):	_____	_____
Integrator:	_____	_____
Technician:	_____	_____
Facilitator:	_____	_____

This list can be modified later but the owner and senior manager must think in terms of building the entire team. Try to include representatives from each department. Designate the department or area of expertise that each member brings to the group. Some names may have two or three designations. Complete the team by adding the names of other personnel needed to represent any remaining areas in the lines below.

Other Necessary Individuals and End Users and their areas of expertise:

_____	_____
_____	_____
_____	_____

In very small companies, it may seem like you have included the whole company in the technology committee. That's OK, as long as the group is small enough to get things done while representing all the key areas of the company.

SUPPLEMENT X**Training Needs Assessment**

The goal of the training program is to give each user the ability to confidently use the company's software applications. As all staff are at different competency levels, use different applications, and learn at different speeds it is necessary to get an individual assessment of their current skill level and training needs.

Each individual is to score their own training needs according to the following scale:

- 5: Critical need
- 4: Priority need
- 3: Need, but no real hurry
- 2: Low priority; already know it pretty well
- 1: No need; already mastered

If programs are not applicable to individual needs, write *N/A* in the comments section. A sample form is displayed below:

Topic	Scoring					Comments
Technology Orientation	1	2	3	4	5	
Windows 98 Training:						
Basic Skills- Mouse/Desktop/Shortcuts	1	2	3	4	5	
Windows Explorer	1	2	3	4	5	
Printers	1	2	3	4	5	
General Accounting						
Depreciation: _____	1	2	3	4	5	
Client: _____	1	2	3	4	5	
Payroll: _____	1	2	3	4	5	

SUPPLEMENT X *(continued)*

Topic	Scoring					Comments
Microsoft Office						
Working Together (linking, embedding)	1	2	3	4	5	
Microsoft Word						
Basic Documents	1	2	3	4	5	
Tables, Columns, Charts	1	2	3	4	5	
Mail Merge	1	2	3	4	5	
Other (List)	1	2	3	4	5	
	1	2	3	4	5	
	1	2	3	4	5	
	1	2	3	4	5	
Microsoft Excel						
Basic Spreadsheets	1	2	3	4	5	
Functions and Formulas	1	2	3	4	5	
Charts	1	2	3	4	5	
Data Analysis (Pivot Table, etc)	1	2	3	4	5	
Other (List)	1	2	3	4	5	
	1	2	3	4	5	
	1	2	3	4	5	
	1	2	3	4	5	
Microsoft PowerPoint						
Basic Presentations	1	2	3	4	5	
MultiMedia Presentations	1	2	3	4	5	
	1	2	3	4	5	

(continued)

SUPPLEMENT X *(continued)*

Topic	Scoring					Comments
Communications						
Internet - Web Browser	1	2	3	4	5	
Internet - E-mail	1	2	3	4	5	
Remote Access	1	2	3	4	5	
Miscellaneous						
On-Screen Time Entry	1	2	3	4	5	
Marketing Database	1	2	3	4	5	
Schedule/Planning	1	2	3	4	5	
Label Program	1	2	3	4	5	

SUPPLEMENT XI

Training Requirements

One of the first steps in developing a training program is to understand the requirements of the company as a whole. This form, upon its completion will summarize the applications in use in the different areas of the company and how long, on average would it take to train an individual or a group in that application. This form and the individual training assessments will assist you in developing your training program.

Minimum Technology Training Requirements (All Staff and New Hires)	Estimated Hours:
Computer Policies and Procedures Overview (system usage, security, viruses)	
Windows Desktop: Use of mouse, loading applications, and printing	
Electronic Mail: Comfortably send and receive e-mail messages with attachments	
Word Processing: Beginning-Ability to open files, write, print and save a document	
Spreadsheet: Beginning-Ability to open files, enter data basic formula and print	
Time and Billing: Beginning time entry and data correction	
Schedule System: Ability to enter, respond and review calendar data	
Minimum Training Needs (Required for all new hires)	

Intermediate Technology Training Requirements (Management)	
Spreadsheet: Intermediate use of larger formulas and formatting	
Word Processing: Intermediate use of formatting tools	
Amortization Preparation of amortization tables	
Presentation Software: Beginning and intermediate for staff presenting information	
Training Needs for All Management	

Administrative Staff Training Requirements	
Spreadsheet: Intermediate use of larger formulas	
Word Processing: Intermediate use of formatting tools	
Word Processing: Advanced for formatting and table preparation	
Marketing Software Training as needed	
Administrative Training Requirements	

Accounting Personnel Requirements	
General accounting/general ledger package	
Other Industry Specific Software	
Additional Training for Accounting Personnel	

(continued)

SUPPLEMENT XI *(continued)*

Additional Training Required of All Personnel	Estimated Hours:
Remote Dial-in: Ability to contact office, access e-mail and enter daily time	
Beginning Marketing Tips	
Intermediate Marketing Tips	
Advanced Marketing Tips	
Office Policies and Procedures	
Human Resources: 401(k), Cafeteria Plan, Personnel Manual, Sexual Harassment	
Basic First Aid	
Additional Training All Personnel	

SUPPLEMENT XII Technology Training Program

After the Technology Committee and the Training Coordinator have determined the training requirements of the company by use of the Training Requirements Worksheet and the individual needs of the employees, the next step is to prepare a training program. The goal of the training program is to give each user the ability to confidently use the company's software applications. Use this form to assist you in developing a technology training program.

Minimum Technology Training Requirements	Estimated Hours:	Training Source		
		In-Firm Trainer	Outside Instruction	Training CD-ROM
Minimum Training Needs (Required for all new hires)				

Intermediate Technology Training Requirements (Management)				
Training Needs for All Management				

Administrative Staff Training Requirements				
Administrative Training Requirements				

(continued)

SUPPLEMENT XII *(continued)*

	Estimated Hours:	Training Source		
		In-Firm Trainer	Outside Instruction	Training CD-ROM
Accounting Personnel Training Requirements				
Additional Training for Accounting Personnel				
Additional Training Required of All Personnel				
Additional Training All Personnel				

SUPPLEMENT XIII**Job Description**

The Training Coordinator's job is *not* to present or teach each training session, but rather to decide how to provide the training and to be sure the proper training occurs. The following job description will assist you in assigning the proper personnel to this role.

Job Description

Title	Training Coordinator
Classification	Full Time
Reports to	Director of Information Systems
Supervises	N/A

Summary of Responsibilities

The Training Coordinator develops and implements a firm wide technology training program with the assistance of the Technology Team.

Essential Functions

1. Serve as a member of the firm's technology team.
2. Conduct individual training assessments to determine training needs.
3. Develop a training curriculum to address identified training needs.
4. Maintain training materials and equipment.
5. Ensure availability of required training resources.
6. Coordinate and schedule outside trainers.
7. Coordinate and schedule attendance at off site training.
8. Schedule and conduct training sessions as necessary.
9. Develop a firm Technology User's Manual with continual updates.
10. In coordination with Network Administrator, document systems procedures and policies.
11. Test application software for firm implementation at the direction of the Director of Information Systems.
12. Provide end-user support.
13. Attend required continuing professional education.

Required Experience

Normally, at least three years experience in providing end user support, on a Novell/Windows NT network utilizing Microsoft Windows and accounting applications.

(continued)

SUPPLEMENT XIII *(continued)***Educational Requirements**

1. The position requires a bachelor's degree (that is, in computer science, information systems or education). Vendor certification (that is, Microsoft or Novell) is desirable.
2. Annual continuing education requirements must be met. Typically, this requirement is in excess of eighty hours per year. Continual reading of trade publications in order to maintain technology skills will also be required.

Working Conditions

Normal office hours are 8:00 a.m. to 5:00 p.m. Monday through Friday. Occasional overtime may be required. There may be occasional travel overnight to out-of-town continuing professional education.

SUPPLEMENT XIV**Job Description**

Selecting a Director of Internal Information Systems is a difficult task at best. Below is a job description to assist you in finding this type of individual.

Job Description

Title	Director of Internal Information Systems
Classification	Full Time
Reports to	Managing Stockholder
Supervises	Network Systems Administrator Training Coordinator

Summary of Responsibilities

The Director of Information Systems is responsible for the planning, implementation and management of the organization's technology and accounting systems. This is normally a partner level position.

Essential Functions

1. Provide overall management and supervision of the firm's technology resources.
2. Manage technology related personnel.
3. Manage implementation of the firm's technology plan.
4. Chair the Technology Team.
5. Schedule and conduct Technology Team meetings and the annual technology retreat.
6. Coordinate and manage planning, implementation and the on-going system's support.
7. Manage technology related employee orientation and training programs.
8. Attend required continuing professional education.
9. Identify and manage testing of new technology.
10. Market and sell technology related services to clients.

Required Experience

Normally, at least five years management experience with accounting practice technology in a Local Area Network environment.

Educational Requirements

1. The position requires a bachelor's degree in computer science, information systems or accounting with management experience in Local Area Networks. (Note: Appropriate education and certification required if CPA Partner)
2. Annual continuing education requirements must be met. Typically, this requirement is in excess of eighty hours per year. Continual reading of trade publications in order to maintain technology skills will also be required.

(continued)

SUPPLEMENT XIV *(continued)***Working Conditions**

Normal office hours are 8:00 a.m. to 5:00 p.m. Monday through Friday. Occasional overtime may be required. There will be considerable travel overnight to out-of-town consulting clients and continuing professional education meetings.

SUPPLEMENT XVI (continued)

Sample Small Firm									
Technology Budget									
December 31, 1999	Estimated	FYE	Dec-99	FYE	Dec-00	FYE	Dec-01	3 Year Total/Ave.	
	Price	#	Amount	#	Amount	#	Amount	#	Amount
Printers									
HP V si	\$4,500								
HP V	\$1,400								
Network connection (HP JetDirect)	\$250								
HP Color Inkjet	\$500								
HP Portable Printer	\$300								
Communications									
Remote access/modems	\$200								
Remote implementation/maintenance	\$250								
Telephone Line Charges	\$1,000								
Internet Service Provider	\$500								
Internet implementation/maintenance	\$0								
Fax services	\$400								
WAN Implementation Services	\$0								
WAN Telephone Line Charges	\$0								
Other Hardware									
Presentation/training room equipment	\$5,500								
Other									
LAN implementation and technical assistance	\$5,000								
Imaging									
Computer – Telephone Integration (CTI)	\$300								
Consulting/facilitation/management	\$6,000								
Subtotal Network Infrastructure									
Software									
General Accounting	\$885								
Windows Update (Win97) Initial Purchase	\$100								
Windows Update (Win98)	\$90								
Software Suite (Microsoft) Initial Purchase	\$450								
Software Suite (Microsoft) Upgrades	\$300								
E-mail and Calendars	\$90								
Network Utilities/hardware	\$1,000								
Other									

(continued)

BOOMER'S SUGGESTED READING LIST

Million Dollar Consulting

The Professional's Guide To Growing A Practice,
written by Alan Weiss (New York City: The McGraw-Hill Companies,
1997).

The Conative Connection

Uncovering The Link Between Who You Are And How You Perform,
written by Kathy Kolbe (Reading: Addison Wesley Publishing
Company, 1989).

The E Myth Revisited

Why Most Small Businesses Don't Work And What To Do About It,
written by Michael E. Gerber (New York City: Harper Business, A
Division of HarperCollins Publishers, 1995).

The Great Crossover

Personal Confidence In The Age Of The Microchip,
written by Dan Sullivan (Toronto: The Strategic Coach Inc., 1997).

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ABOUT THE AUTHOR

L. Gary Boomer is the founder and CEO of Boomer Consulting, Inc. His firm focuses on assisting accounting firms with strategic technology management. His primary expertise is assisting firms in the development of long-term technology plans and budgets, providing executive education to partner groups, and assisting in the development of their own technology consulting firms through his newest creation, Boomer-net. Mr. Boomer has over twenty years of experience in technology planning for CPA firms for clients including small, midsized, and large CPA firms. Information about Mr. Boomer and his company can be found at www.boomer.com.

He was the chairman of the AICPA Information Technology Executive Committee and currently serves on a special accreditation committee. He is a member of the AICPA Council. He has served on the AICPA special task force on technology competency. He has served on the Board of Directors of the Accountants' Computer User Technical Exchange (ACUTE) and on the AICPA Academic and Career Development Executive Committee.

Additionally, he has authored CPE courses for the AICPA. He coauthored the AICPA course entitled *Establishing a Computer Consulting Practice*. He has received the "Outstanding Instructor" award from the AICPA CPE division. For the past five years, he has been on *Accounting Today's* list of the one hundred most influential people in accounting. He has also written articles for many industry publications including *Accounting Today*, *Journal of Accountancy*, and many state society publications.

He has written numerous checklists, questionnaires, and planning guides. He acts as a planning facilitator, provides guidance during

implementation and serves on numerous technology committees. He writes the *Boomer Bulletin*, a technology newsletter with an international circulation of over three thousand.

In addition to his small business consulting, he has consulted with IBM, Microsoft, Intuit ChipSoft, CYMA Software, Open Systems, Network Systems, and Great Plains Software on the design and marketing of accounting-related software for small businesses.

Mr. Boomer holds B.S. and M.S. degrees in accounting from Kansas State University.

