



Reprinted with permission from *Communication World, International Association of Business Communicators*. www.iabc.com/cw

Written by Stacy Wilson, ABC

Hanging Out A Shingle That Will Last

In recent years we've all watched our retirement funds decline: some communicators have faced even more dire situations such as leaving their beloved community for gainful employment, 18 months of job hunting for a corporate job, or becoming their own boss.

Many decided to hang out a shingle. For some, this fills the gap until a "real" job becomes available. For others being their own boss is, once and for all, the best way they can deliver value.

In preparing this article I've spoken with many independent communication consultants. They focus on a variety of communication disciplines, came to entrepreneurship from many different experiences, and nearly all started their business in the past three years. Most have not only weathered the economic meltdown, but even flourished. Their thoughts serve as inspiration as we look at the drivers, the business considerations and the benefits of hanging out a shingle that will last.

Why, and Why Not Sooner?

Many drivers, such as layoffs, reductions in responsibility, the lure of flexibility and the desire for more control, move communicators to turn to entrepreneurship.

For John Clemons, ABC, APR, owner of Clemons Communication in Virginia, a reorganization left him disillusioned with new leadership.

"I always wanted to start my own business," Clemons said. "I just wasn't sure about being without resources, (regular) compensation, perks, the challenge of good work and the opportunity to develop people."

Liz Guthridge, a partner in the virtual firm The Adobe Group, relocated to San Francisco for a new consulting job that had her traveling all the time and working with too narrow a focus.

"Now, the work I do is more customized to the client situation because I have the time to really get to know the situation," Liz said.

When Sheri Rosen, ABC, owner of Rosen Communication Group, was laid off from her position with USAA, she didn't want to leave San Antonio.

"I always knew my 'plan B' was starting a business because I'd done it before," Sheri said. She freelanced in the 1980s before returning to corporate. She hadn't made the move earlier because she felt devoted to the team she built at USAA.

The list of reasons for not making the leap sooner is long and emotional: loss of benefits; fear of business development or networking; loss of the social interaction found in an office environment; lack of contacts and consulting skills; a sour economic market.

Taking a Business Approach

Let's look at four issues and some best practices for establishing an independent communication consultancy.



Hanging Out a Shingle That Will Last

The Name Game

Naming a business is daunting. Do you use your surname, or something altogether different? Some considerations:

- If your family name has substantial recognition and awareness within your current network, go with that – “My name has great visibility within IABC and I’m banking on that recognition,” said Clemons.
- Try to create a descriptive name – “The word ‘afino’ means refinement, elaboration, melioration in Spanish which I found suitable,” said Sonja Muller, owner of afino Consulting in Berlin, Germany. “It’s always a good conversation starter.” Be certain the name doesn’t mean something different in another language.
- If you intend to trademark your name, do the research to find out if the name is already being used.
- If you intend the business to be a virtual firm (with several independents), you’ll probably want something that doesn’t use surnames in case someone leaves the group.

If you decide to trademark your name, brace yourself for two long years of waiting. It’s possible to do everything yourself; but I recommend getting a trademark lawyer to smooth the process, saving your valuable time for business development. A trademark search will uncover similar names that could make it difficult for you to secure a trademark.

Networking Is Key To Developing The Business

Almost without exception, independent communication consultants agree that networking is key to finding and keeping clients. Many recognize that networking is not always comfortable, but it seems to be the marketing strategy of choice.

“I try to stay connected with people,” said Mary Hettinger, APR, owner of Beyond Words in Massachusetts. “If you’re even thinking about going into business for yourself while still in corporate, carve out the time to network.”

“Authoring is my ‘formal’ marketing,” said Jim Shaffer, owner of the Jim Shaffer Group in Maryland. “There are a lot of publications you can write for that provide you with documented evidence of your expertise and allow you to take a position or express a viewpoint.” I also suggest public speaking at conferences and professional association meetings, and Clemons recommends volunteering for a not-for-profit or your local chamber of commerce.

A few engage in more formal marketing techniques such as sending out brochures and holiday cards. Some distribute electronic newsletters and e-mail communication. Most have a web site. Few have print collateral. All belong to a professional association, but the jury is out on how much associations help in building the business. For some, IABC has brought lots of work, while for others it’s more of a support network.

Finally, while most would take a client outside of their immediate region, most prefer to build a client base close to home. For many, keeping travel and time away from home to a minimum is part of the lure of independent consulting. However, technology is clearly making client location less and less relevant.



Hanging Out a Shingle That Will Last

Structure and Staffing

How entrepreneurial communicators structure their businesses and staff projects varies widely. Most seek the counsel of lawyers and/or accountants on structure. I recommend getting counsel from both as the legal issues can conflict with the financial ones. Keep in mind differences from state to state. Here are some issues to consider:

- An S or C Corporation requires a bit more paper work, but allows the easy addition of salaried and hourly staff and has some tax benefits with regard to deductions. While it is fairly easy to move from an S-Corp to a C-Corp, doing the reverse is more difficult.
- A Limited Liability Corporation (LCC) offers greater liability protection and more flexibility to add partners or sub LLCs later.
- A sole proprietorship offers much less paperwork, but little separation from personal finances and no liability protection.

A side benefit of incorporating is that anyone who hires you doesn't have to do a Form 1099 for you. This makes it easier to do business with you.

Some practitioners belong to virtual firms. These are typically LLCs with several partners, each from a different discipline. They market and network together, support each other on project work, and serve as sounding boards and motivators and each feeds a capped percentage of profit into the business. The pool of funds pays for a web site, print collateral, tax preparation, etc.

"It's really important to have the right people and the right business model," said Guthridge, a partner in The Adobe Group.

As for staffing, most independent communicators aren't looking to add staff right away. Those who plan to add staff, typically expect to do so within the first two to three years. Most prefer to subcontract for project support such as writing and for other senior consulting expertise. This allows them to obtain just the right people for the project.

"Clients get the expertise when they need it and they can turn it on and off," said Shelley Greiwahn, ABC, owner of Cooper Wright, LLC, in Washington, D.C.

Financial Management

Financial concerns keep many from making the move to independence. They either worry about earning enough consistently, or they worry about all the paperwork. A good accountant can help you set everything up. Get referrals from other independents and friends.

There are software tools that make the process easier. Pick the one that fits your business model and your needs.

Most who incorporate set up payroll. There are real benefits to this. Psychologically it feels better to get a regular paycheck. You can do withholding which keeps your tax process cleaner. Payroll also means you have something to show the bank when you refinance your house or take out a new loan, eliminating the problem many self-employed individuals have in proving income.

Most importantly, always have a safety net. Being self-employed is a feast or famine proposition. Be prepared. My husband and I took out a line of equity on our home so we can lend the business money to make payroll if times get lean.



Hanging Out a Shingle That Will Last

Finally, several of our interviewees commented on how important contracts are to financial stability. Always have a signed contract in hand before beginning work. Have your lawyer review your contract. You can often get samples from colleagues.

Benefits For All

For most of those interviewed, their businesses exceeded their expectations in the first three years. This doesn't mean it was easy or lacking fright.

"When it's good it's very good," said Clemons. "When it's bad I think I need to get a job. Bridging from one project to the next is my greatest challenge."

For many, independence has required more effort than anticipated.

"It takes a lot of work to keep the business going," said Guthridge.

"I work many more hours (than I'd like to) and my rate is not as high as I would like it to be," said Karin Knapp, who serves the energy industry from her base in Houston. "It's been harder to get clients than I thought it would be. But once I get one, I keep them."

"I found it hard to separate work from my private life physically and mentally," said Muller. "I developed a strict discipline which I know I have to stick to."

For some, like myself, it has enabled me to work with organizations that couldn't afford me when I worked for a big consulting firm.

"My clients say: 'I've been waiting for you to start your own business,'" said Shaffer. He believes that the small practitioner gains the advantage as people realize that quality service doesn't have to come from a large firm with a large price tag.

[Sidebar]

Notable Findings

A significant percentage of those interviewed have partners or spouses who are also entrepreneurs. While this deters some potential entrepreneurs, I was impressed by the calm determination to research and resolve the challenges resulting from not having employer-sponsored benefits: contracting for health insurance, establishing a SEP IRA, addressing worker's compensation and securing life insurance.

There is a new professional stance taken by independent practitioners and reflected in their self-confidence.

"If you're a professional, you're getting paid for your opinion, it's (your) duty to assert (yourself) and project opinions," said Scott Cytron, ABC, owner of Cytron and Company in Dallas. "You may not have to continue proving your worth, but you will always have to prove your value."

There also is a refreshing focus on broader, systemic solutions, rather than just meeting small, individual content needs.

"We need to move from serving as disseminators of information to providers of solutions and services," said Jim Shaffer, owner of the Jim Shaffer Group in Maryland.



Hanging Out a Shingle That Will Last

Here are some other helpful suggestions:

- Invest in yourself, marketing and technology.
- Get accredited. Note how many in this article have either an APR or an ABC.
- Don't try to be all things to all people – find a niche that the market responds to.
- Find a virtual administrative assistant to help with proofing, fact checking, etc.
- Establish a set of templates for letters, contracts, invoices, etc.
- Make sure the office space you work in meets your needs.

[resource box]

Resources

I'm not necessarily recommending any of these, but they may smooth the way toward becoming your own boss.

Small Business Administration – www.sba.gov

IRS – www.irs.gov

Trademark – www.uspto.gov

Insurance

IABC Member Discounts and Programs – www.iabc.com/members/memDiscounts.htm

Health Insurance: Healthcare Insurance Association of America –

www.hiaa.org/consumer/guides.cfm

State-specific guides – www.healthinsuranceinfo.net

Business Tools

Web-based meetings: WebEx – www.webex.com
Raindance – www.raindance.com
Web Confernece – www.webconference.com

Collections: Dun & Bradstreet – sbs.dnb.com/collServ.asp

Online Fax: eFax – home.efax.com/s/r/eFaxHomepage

Faxaway – www.faxaway.com

Project management: Microsoft Project – www.microsoft.com/office/project/default.asp

AEC FastTrack Schedule – www.aecsoft.com

Ace Project – www.aceproject.com

Financial management: Intuit Quickbooks – www.quickbooks.com

MYOB AccountEdge – www.myob.com/us/products/accountedge

Appgen MyBooks – www.appgen.com/products/mybooks.html

Peachtree Accounting – www.peachtree.com

ACCPAC International Simply Accounting – www.simplyaccounting.com