



Today's Boomers... Tomorrow's Consultants?

BY JOE LIEBHAUSER, SR/WA

In today's workplace, many of us have heard our retiring contemporaries say, "I think I'll do a little consulting." But when entering the consulting world, it is important to remember that not all consulting jobs are created equal.

As baby boomers reach the end of their normal working careers, they start evaluating their options and making retirement decisions. The reality is, although people are retiring earlier, they are staying in good health longer, and many want to keep working, at least at some level.

THE IMPENDING CAPACITY SQUEEZE

In a weak economy, with employers reluctant to take on permanent staff, the ability to reach out to a body of qualified and experienced professionals to fill the gaps when projects arise is essential. After all, with the bursting of the housing bubble and its associated economic downturn,

funding for major infrastructure projects has been sparse. As a result, many right of way staffs have been downsized through early retirements or transitions to other lines of work. Recruitment and training of new right of way staff is at the lowest levels seen in years, with no prediction of near-term improvement.

As retirement becomes more of a reality than a fantasy, the peak retirement wave is projected to appear somewhere around the year 2025. That means droves of experienced right of way professionals will no longer be in the business. But over time, there will still be a need for rights of way and its associated work. New projects, rehabilitation or modernization of older infrastructure, and ongoing management will not end. And as the economy improves and demands for new infrastructure development grow, which they inevitably will, the right of way and related professions may be in a capacity squeeze by the time 2025 rolls around.

FANTASY VS. REALITY

I spent over 33 years with only two primary employers - the U.S. Department of the Interior, a Federal agency, and Sierra Pacific Power Company, a mid-size corporate public utility. Between those two jobs, the differences in my daily work and office practices were remarkably minor. After all those years in large organizations, one develops a certain comfort and familiarity with the predictable pace and culture. As my own retirement eligibility neared, I pondered my options. Should I keep working full-time or take retirement and try that “little consulting” deal? With some prodding by a few respected former colleagues who had made the transition, and with some personal circumstances that could be improved with a more flexible schedule, I started hearing myself saying, “I think I’ll do a little consulting...”

The image of embarking on a whole new career chapter can be both exciting and daunting. Our typical human nature is to develop a vision or fantasy to support our wishful thinking of a positive outcome. A number of folks still employed by large agencies or corporations have told me they visualize consulting work as a type of permanent, highly-paid vacation comprised of luxury travel and short work days while lording over corporate or agency staff with advice of mixed relevance. In this fantasy, they come and go as they please, pontificate on any subject requested, while ensuring their consulting schedule never conflicts with rounds of golf, ocean cruises, or visits to the bank to deposit their fat checks.

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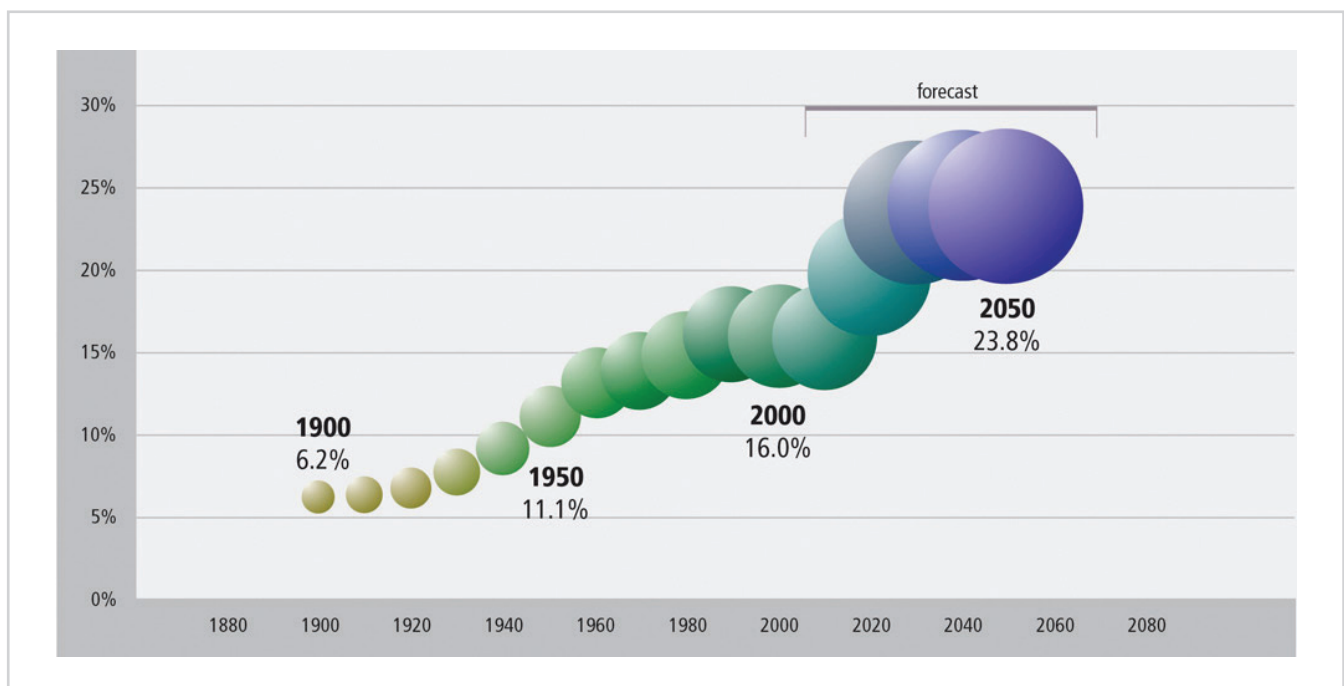
Take for example, the story of Fred, who spent 40 years operating a complex fabricating machine at a large factory. Fred finally decided to retire. But before long, the fabricating machine broke down and refused to run properly.

Engineers, mechanics, and managers tried in vain to figure out what was wrong and how to fix it. In final desperation, the factory manager called Fred and asked him if he could fix the machine. Fred agreed and arrived at the factory the very next morning. He turned on the machine, listened, turned it off, went behind the machine, tightened a screw and turned it back on. The machine ran perfectly. Fred handed the manager a bill for \$10,000.

The manager fumed, “This is crazy! \$10,000? All you did was tighten one screw!”

Fred took the bill, re-wrote it and handed it back. It said, “Tighten loose screw, \$1. Knowing what screw to tighten, \$9,999.”

According to U.S. Census Bureau statistics, baby boomers are retiring at a rate of 10,000 per day.



WHAT THE FUTURE MAY HOLD

Having had some first-hand experience operating a number of small “moonlight” businesses over the years, my perception about consulting was more reality based. While working on the agency side, I had also administered contracts for consultants, so I knew they didn’t have it all that plush, and that the good consultants worked their tails off.

Regardless of what we might imagine consulting work to be, the reality is indeed different. It cycles between days and weeks of relative calm with an associated income reduction, countered by days and weeks and, to my good fortune, certain months of juggling multiple clients, meeting deadlines and still trying to find time to line up new business to replace projects nearing completion. The pace can be as restful or as busy as I want, but checks only come in from the busy months. In the real world of private consulting, revenue is in direct proportion to the amount of work, so no one is going to send me checks unless I am providing a useful service. The competition is real, and bids need to be balanced between being competitive and not taking a loss.

For some, a solid opportunity might be right back with the agency or firm you left. They may be relieved to not be paying your full salary, yet receptive to a contract arrangement for work on an as-needed basis. In large organizations, the overhead costs of maintaining a full-time employee with typical benefits can exceed 100% of the gross base salary. Overhead costs like healthcare, payroll taxes, insurance, office space, transportation, training and retirement benefits can be pricey. That’s why they can pay consultants, as needed, hourly rates that are as much or even higher than full-time employee salaries and still save money.

While we tend to use the terms consultant and contractor interchangeably, most of us do both kinds of work. We may have some clients who are paying us for consultation to help them strategize and navigate activities or processes they don’t really understand. Then we have clients who simply hire us, typically on an hourly basis, to do specific work. Federal and state agencies seldom issue contracts for consultants. They contract for specific technical or professional services. They are not asking for consultation, but for work that regular employees can’t accomplish, such as writing an environmental document or negotiating the acquisition of a set of easements. By doing this, they can save on overhead costs by not having permanent employees do the work.

OBSERVATIONS FROM THE FIELD

For anyone considering a little consulting work, I’d like to share some of my personal observations:

Do some homework. Jumping in without a game plan just to see what develops is not the path for getting paying clients. I learned some valuable lessons by observing how successful consultants worked. Before jumping in, talk to your contacts and colleagues and see what the unmet market needs are that you can best fill.

Reputation is everything. I have a website and occasionally, I make cold calls. But all of my paying clients to date have been the result of referrals and word-of-mouth.

Attitude is almost everything. There is too much competition in the current economic climate to indulge in bad manners or pent-up grumpiness on clients, agencies or landowners. One way or another, word will spread. I have seen aspiring consultants with valid work experience burn a few too many bridges. Bouncing back can be slow and painful.

Picking your niche is imperative. The economy is slow and the marketplace is jam-packed with firms ready and willing to handle just about any type of project that arises. Leveraging your specific areas of expertise will give you the best chance for success. It will also alleviate the temptation to cast too broad a net and competing with those who have better credentials.

Develop a business plan. For a small start-up, you might think this is a waste of time. I sure did. What a mistake. Make a plan, but stay flexible. If the plan isn’t working after a reasonable time, formulate a new one. Even just a one-page outline of your key goals and next steps will keep you pointed in the right direction.

Your plan should address who, what, where, why, when and how. For example, ask yourself: Who will be my clients? What area of work will I focus on? How much should I charge? Will I need facilities, equipment or operating capital? When should I line up a list of skill providers?

Be smart. If you’re considering embarking on a new life as an independent business owner, you may be surprised by what you need from a legal and liability standpoint in order to be fully protected. Even if you are a one-person operation, a few hundred dollars for some advice from an attorney, your insurance agent, and a tax accountant is a worthwhile investment before you start.

Promote your specialty. From a marketing and referral standpoint, specializing will help you differentiate yourself or your small firm. Identify your key strengths. For example, if a project requires federal permits and that's one of your specialties, you improve your chances by making sure that your federal permitting experience is well known.

Under-promise and over-deliver. Initially, my tendency was to jump on any request, under bid and not push back on unrealistic client expectations. This was followed by stress and disappointed clients. The hardest self-discipline was to pass on any potential work. A colleague advised me to let the marginal ones go and focus on the solid feasible jobs that had a likelihood of success. Success begets success.

Establish the scope of work. The clarity and detail of the scope of work will drive the success or failure of your relationship with the client. It must be reasonable, fair to both and very specific. If this is new for you, be sure to assume nothing. When glitches and misunderstandings surface, hoping something will simply take care of itself doesn't work. Meet with the client. Work through the issues and document everything.

Know the required processes. If you plan to do work for government agencies, be sure to study up on their contracting process. They are uniformly complex. If you plan to expend the effort to bid, you need a clear understanding of what is required or you may sabotage your chances. And be wary of the firms that offer to bid on your behalf. Some are legitimate and charge a fair commission, but some are scalpers charging high fees with little or no success record.

BEFORE YOU DECIDE...

A common thread among the happiest and most successful people in all walks of life is that they enjoy and have a passion for what they do. So, you may as well be one of those folks, too!

Before you jump into consulting in the right of way profession ask yourself some key questions. Do you really like what you've been doing for the last 30 years? Are you prepared to step up and hustle doing it for another five or ten, or even 20 more years? If the answers are yes, then you are set. If the answer is, "No, I'd really rather train sled dogs or build sailboats or go to cooking school," then think twice about jumping in to a second career as a right of way consultant.



I've been retired from the Feds for almost two years now. My camping gear has been used twice. My star-gazing telescope is in the garage under a dusty plastic cover. And my list of woodworking projects has not only remained uncompleted, but I can't even find the list anymore. Am I complaining? Not at all. But do I have more free time and flexibility now? Absolutely.



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