EuroPLoP 2015 Focus Group report

Patterns, Idioms and Language for the independent consultant

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Initial Synopsis

When is a consultant a consultant and when are they a contractor?

How does a consultant get work? And how is that different to a contractor?

Should a solo consultant put their marketing efforts into social media or old-fashioned networking? Does speaking at conferences actually lead to work?

And the $64,000 question: how much should you charge?

These questions face the independent consultant almost everyday. For those of us who work alone or in small consultancies getting the answers right to these questions can directly effect both our own bank account and the benefits our clients feel. Those of us who have worked this way for a few years can see patterns and idioms but what is more difficult to see is how our patterns and idioms apply to others.

The aim of this focus group is to start identifying a body of patterns and idioms to help those of us who are independent and those who think they would like to be independent.

This Focus Group was convened to look at these questions. The aim of the focus group was to see if there was material for a future pattern language. A secondary objective was to learn from ones peers.

Approach and this report

Nine people attended the focus group. The majority of attendees self-identified as freelance workers of one sort or another. Of the other participants several people present were accustomed to hiring freelances for their employer. Attendees represented a diverse set of markets: USA, Germany, the UK and the Netherlands.

Allan Kelly acted as facilitator and contributor. The discussion started off free format with initial themes and ideas being captured. After a while several topics came to the fore. Initially schedule for 75 minutes the group was still talking at after 90 minute when discussion had to be ended.

This report will discuss the three main areas of discussion. An appendix captures the raw data collected in the discussion.

Terminology

One of the aims of the focus group was to identify and clarify the terminology, or idioms, used in the freelance space. Specifically the synopsis asked:

> When is a consultant a consultant and when are they a contractor?

The expectation was that these terms might differ by country. Surprisingly the terms were largely consistent between the different countries however it became clear that the terms are vague in all regions.

The terms *Independent* and *Freelance* were fairly common. These usually indicate an individual working as self-employed or one-person company. Even here there are caveats.

The exact legal framework covering such individuals differs from jurisdiction to jurisdiction. On some occasions several individuals may group together for legal, marketing or financial reasons while continuing to consider themselves freelances.

Two other terms are in common usage: *Contractor* and *Consultant* however pinning these down to specific definitions is hard.

In general the term Contractor may be used to refer to individuals who are hired as staff-augmentation. Contractors typically work full time for one client at a time. While individuals may be experts in their field the hiring company largely regards contractors as commodities and employment is often

mediated by an agency. Contract work is often highly directed, either by other technical staff or management. Contractors are normally engaged in direct delivery of a product or service.

Consultants are more likely to work directly with the client rather than through an agency, they tend to have more autonomy in their work and frequently divide their time between multiple clients and hence rarely with a single client during a month. Consultants may be recognised a experts in their own field and are often engaged in "change the company" type work rather than actual delivery for the client.

The rates paid to contractors are largely determined by the market, individual contractors may be able to negotiate for more, or may be negotiated down but on the whole "the market" sets the rate. Conversely consultants have much more discretion in negotiating fees, indeed knowing what to charge can be difficult for a consultant.

The term Consultant is typically considered more prestigious than Contractor and so some individuals prefer to describe themselves as Consultants, which makes it harder to come up with strict definitions of these terms.

Exceptions to these definitions proliferate. One participant told of a long term Contractor who divides his time between two long term clients where he is an expert in different systems at each client.

The use of one-person companies (typically constructed as a private limited company) is common. Both Germany and the UK have tax legislation which sometimes imposes constraints on freelances, e.g. forcing them to change clients (employers) regularly. This further complicates to determining definitive definitions of these two terms.

Another complication is that outside of IT freelance workers the parameters defining consultant and contractor may be different again. For example, in construction *contractors* may be service companies who do take on responsibility and are self directed.

There are also small IT service companies who sell "consultants" to fill contractor roles. These companies may employee staff directly or engage Contractors themselves which they then sell to their clients as Consultants. Some of these firms may describe themselves consultancies.

In conclusion, while the group could not define terms specifically there did seem to be a general consensus that the terms Consultant and Contractor described different aspects of the freelance mode but that the number of parameters and exceptions were so great that a tight definition was not possible.

Highly directed ←—— Autonomy ——→ Highly self-directed

1 ←—— Simultaneous clients ——→ Multiple

Limited (market rate dominates) ←—— Pricing power ——→ High (No market rate)

Typical Contractor

Work is directed by employees.

Works all week for one client.

Normally a price taker in a competitive market.

Typical Consultant

Determines what work is needed.

May work with several different clients during a month.

Sets own price, market price is largely unknown (may struggle to know what to charge.)
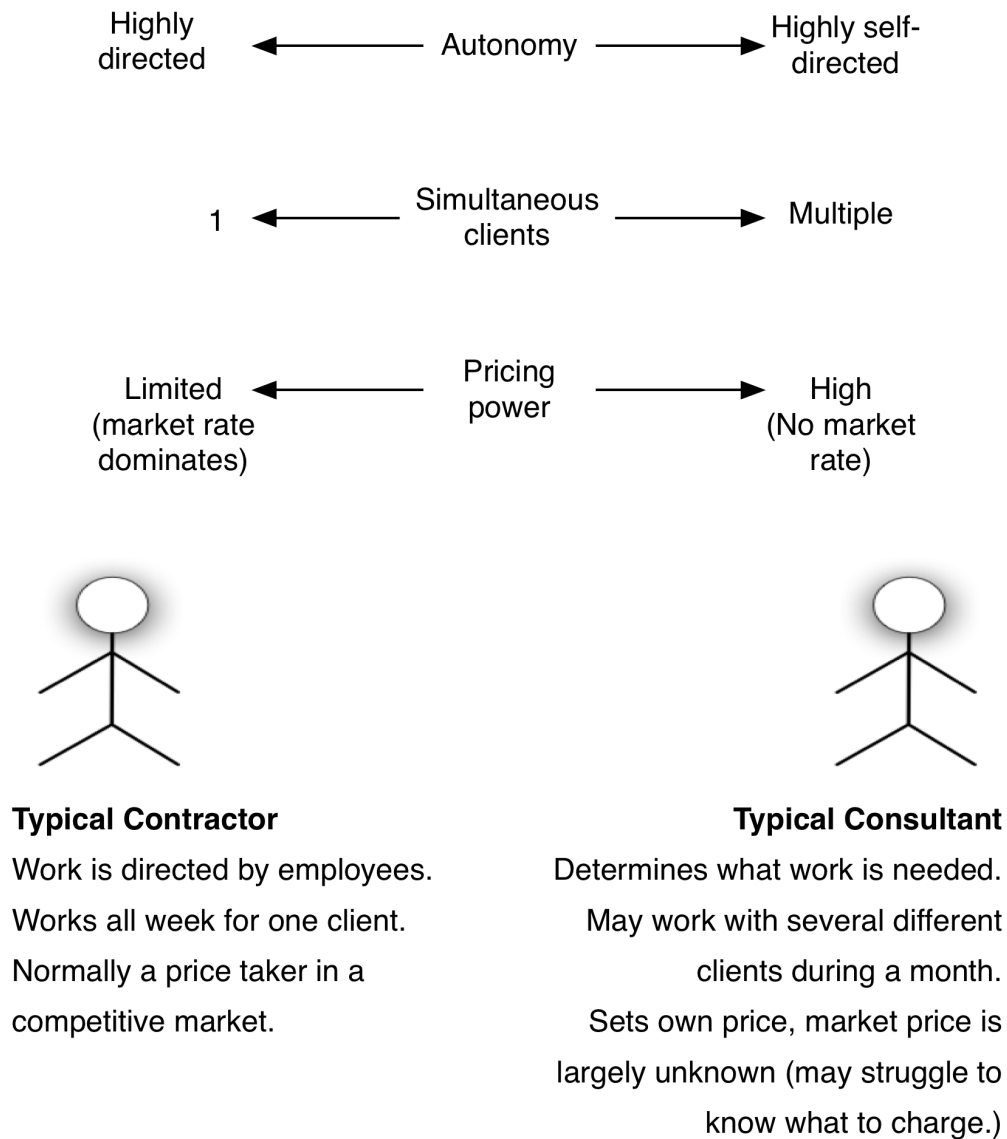
Figure 1: Autonomy, number of clients and pricing power are the main differentiators between contractors and consultants

Therefore, perhaps the most surprising outcome was that the terms, and the confusion, seems common across the European and Anglo-Saxon countries.

Sources of work

Sources of work was the second most discussed topic. Those working in the contract market (i.e. single client, full time, directed work) generally found their work through agencies. However personal contacts, "networking" and previous/repeat work also played a part.

For those working more as consultants (i.e. multi-client, part time, autonomous) networking was overwhelmingly sighted as the main source of work. Activities to create network opportunities, e.g. speaking at conferences, were also mentioned. It also became clear that networking works at least two levels:

- First degree networking: the consultant meets someone - perhaps as a result of speaking at a conference - and that person later hires the consultant.

- Second degree networking: the consultant meets someone who later recommends the consultant to a second person who then goes on to hire the consultant.

That networking is a key source of work is not surprising given the amount of discussion of networking in the media. However the distinction between first and second degree networking was an insight.

(It was also mentioned that speaking at conferences could be the source of authority and enhance a consultants reputation. Conversations prior to the focus group also support this suggestion. However this is the opinion of consultants themselves, it may be worth validating this with clients.)

Long term and repeat clients was another common source of work.

A couple of people reported success with finding work through the internet, or rather, work finding them. One attendee reported that for a particular Java technology he was listed on the first page of Google and that this had resulted in him being contacted for work.

While only a couple of attendees spoke directly of success via the internet most had some sort of internet presence and engaged in some online marketing. Generally it was felt that clients may look at a consultants web site after the

initial contact - direct or indirect - as a means of validating or contacting the client.

Work packages

Another area of discussion concerned the packages of work which are sold to clients. For those engaged in contract work the work to be done is largely determined by the client. The contractor may be engaged for a specific function, e.g. a project, or for ongoing "routine" work - sometimes called *Business as Usual*. Clients may change the work a contractors undertakes in the same way they change the work their own employees undertake.

As facilitator I offered one specific client practice was mentioned, the "Extended Interview." This is a practice from the City of London where contractors are hired for a three month contract. The contract is to some degree seen by the client as an extended interview. If the contractor is satisfactory then they will be offered a second, longer, contract.

Another participant's employer had used a similar "contract to permanent" approach. Potential employees may be initially hired as contractors if their work is satisfactory they will be offered permanent employment.

While contractors are often engaged in service or product delivery for the client the more autonomous nature of consultants work makes defining the nature of the work more complicated. The onus is on the consultant to suggest what work needs doing.

Some consultants only engage as advisors. They will talk, give verbal advice, write reports, memos and suggestions but confine themselves to this mode of deliver.

Other consultants operate in a training only mode where they deliver specific training courses and do not offer paid for consulting. (Such consultants might be better termed "Trainers.")

Of those present who delivered training all said they delivered a mix of training programmes and consulting. Training was sometimes seen as the "foot in the door" or initial activity which was then followed up by consulting.

One particular model was identified: *Training as loss leader*. In this model the consulting company sells training in the belief that this will lead to follow on consulting. In the extreme the company is prepared to sell the training at cost or even a loss in the hope of gaining lucrative consulting.

While several of those present had heard of this approach nobody was following this model. (My personal experience is that while some companies may claim to follow this model it is very difficult to make work because the majority of companies do not engage follow on consulting.)

Another model, the "Complete Package" was also identified. Here the client activity engages a company that can undertake training and consulting. This seems to be confined to clients who are knowledgable enough, and self aware enough, to recognise that they need more than just a few days training.

Possible Patterns

Patterns may be written from a clients or freelancer perspective. Patterns for clients hiring contractors might include:

- Staff Augmentation
- Three Month Interview Contract
- Contract to Permanent

There should also be patterns for clients hiring consultants but no patterns are immediately obvious from this work.

Patterns for a freelancer might start with a definition of two idioms:

- Contractor: a short term worker hired so as not to be regarded legally as an employee. Contractors are engaged full time (5 days a week) with one client for a fixed period of time, e.g. 3 months. Clients normally hire contractors as a form of staff augmentation for a particular project or to cover staffing shortages. Contractors are normally guided by the client to deliver discrete pieces of work. Agencies are often used as middlemen in the arrangement.

- Consultants: often engage with multiple clients, working occasionally for multiple clients during the same period. Engagements may be time dependent, open ended or based on delivery of discrete packages of work, e.g. a training workshop. Consultants are normally engaged directly or through companies specialising in such packages of work, e.g. training providers.

A third idiom may be that of freelancer *Trainer* who provides training courses. Some Trainers will combined this work with Consulting and other may confine themselves to course delivery.

Patterns for Contractors might include:

- Finding Contracts
- Choosing good agents and agencies
- Engagement with clients

Patterns for Consultants might examine:

- Networking to find work
- Choosing speaking events
- Effective use of the internet for marketing
- Packaging work
- Pricing strategies

Appendix: Topic cards

Terminology

- Independent
- Freelance
- Consultant
- Independent Consultant
- Consultancy Consultant
- Expert
- Contractor

Work parameters

- Autonomous v. Highly directed
- Multi client v. Single Client
- Skill level
- Expert v. Staff augmentation
- Full time v. Part time
- Internal v. External
- Past history and credibility

"Finding work" Work sources

- Networking: 1st level and 2nd level
- Web and blogging
- Long term client
- Agencies
- Other freelances
- Public speaking
- Repeat work

Types of engagement

- "Complete package" training plus follow up consulting
- Consulting only
- Extended interview
- Delivery
- Training and consulting
- Training
- Training as a lose leader
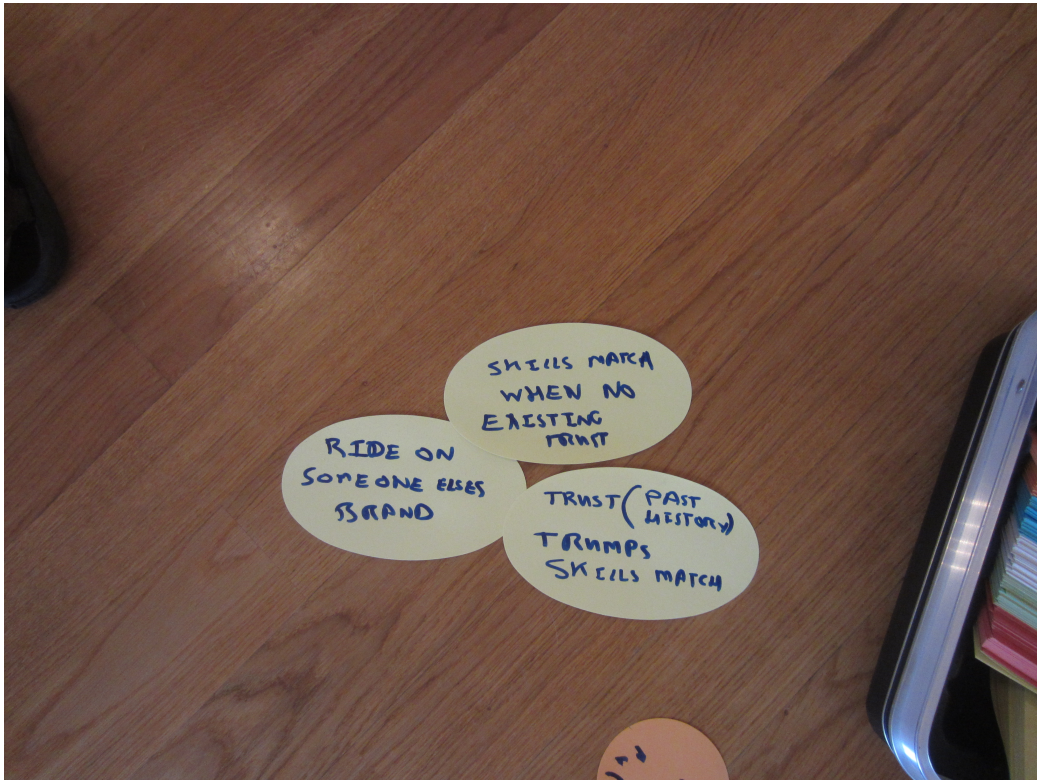
Other notes

There was less said about following topics so a shorter discussion is included.

Clients look for a closer skills match when they have no existing trust/experience of a freelancer; trust (earned through past history) trumps skills match.

When clients have no experience of an individual they are prone to look for very close skills matches as proof that the freelancer can undertake the work assignment. When the client has past experience with a freelancer they are willing to trust the freelancer to learn the necessary skills on the job.

Easier to stay on the cutting edge when you are on the cutting edge.

While clients typically look for existing experience when they are hiring for cutting edge technologies they are likely to find few candidates with the required skills. In such cases they are more willing to hire those who have a little - rather than extensive - of knowledge about the technology. They are also more willing to consider the freelances track record of learning new technologies. Therefore freelances who regularly take cutting edge work and take the trouble to learn a little of new technologies will find it easier to find work with these technologies.

"Ride on someone elses brand"

Freelance consultants are their own brand. When an individual works with a consultancy, or agency, they "borrow" the brand. The client trusts the consultancy/agency and this trust is extended to their chosen consultants.

Topics not discussed:

- Pricing

- Marketing yourself

- Legal issues

- Starting out as a freelancer

- Using an agency v. not using an agency

The author welcomes comments and suggestions on this write-up. Please direct any questions or comments to the author, Allan Kelly (allan@allankelly.net).