

SMALL *but* MIGHTY

Changing the World Through Consulting



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Section III: Get Help

You have made tremendous progress—you’ve gone from your initial idea to creating your own consultancy to getting your first clients to expanding that base into a pipeline of customers. But at some point, you’re going to hit capacity.

That may be all right for you. You don’t have to grow. There is a predominant belief in business in general that you need to constantly “grow or die” (e.g., as much as I enjoy Ram Charan’s writings, he fervently holds this belief). If you are comfortable at full capacity, then continue on your course. That’s exactly what I did in the first two years after I founded Civitas Strategies. I had spent a lot of time managing and supervising over the years, and I wanted to explore a model that was just me and a robot office. If you continue using the methods outlined in sections one and two, you can maintain your consultancy at a level that is comfortable for you.

But after those two years, I wanted to take on more work—at levels beyond what I could personally do. And for most of you, at some point you will want to continue growing to serve more organizations and have even greater social impact. (And make even greater profits—as I’ve said before, there is nothing wrong with that!) At the very least, you may want help to take some of the work off your shoulders.

In this next section, I will help you with this next phase in your firm’s development—getting help so you can keep growing. I’ll start by presenting how to decide what kind of help you need and if you are ready to bring on more people. This is never an easy decision to make, especially since as a consultant we kill what we eat, so taking on other mouths to feed is an opportunity and a risk. Accordingly, my philosophy around adding resources is to do it in the leanest way possible. That means you don’t

add a ton of staff. Don't have a ton of senior people, but instead figure out ways to use the lowest "cost resource"—human or otherwise—to get things done.

Once you make the decision to move forward, you'll need help in finding and using your new resources, so I will also cover how to recruit, train using an observational approach, and delegate to your team. I'll conclude by looking at ways for you to cost-effectively develop your staff.

The “When” and “What” of Adding Resources

Let me start this chapter with the potentially disappointing, but nonetheless true, statement: there's no easy way to decide when you're ready to add people. It is much more of an art and roll of the dice than it is a science. In consulting, you kill what you eat, and it's hard to know how much food you're going to have that far into the future. And as we all know, even if you're doing well one day, things can change. That's why at some point you need to take a leap of faith—and in this chapter I'll show you how to make it an educated leap of faith.

To ensure that they are ready to add staff, I counsel clients to think about how they can automate first, contract second, and hire staff with the lowest skill level possible third. This approach will limit the expansion of your costs in the near and long term as much as possible.

The question to add resources typically starts because you or one of your team become swamped over time or you see an impending tsunami (e.g., the big contract that is in the final stages of approval and will require the time of three extra staff members). The usual reaction to both situations is to panic and start hiring. However, this is exactly what you do not want to do. Whatever resource you add—whether it's subscription to a new technology, a contractor, or certainly a new staff member—is a cost that will definitely affect your bottom line and may be one that you will have for a while.

Before we get started, I want to talk about the forms your human resources can take: contractors or employees. Many consultants don't really understand the difference and basically treat anyone part time as a contractor and anyone full time as an employee. In truth, that's not the difference, and the IRS and state taxation agencies are cracking down on firms that use contractors who should be employees. Knowing

the difference is important, but at the same time, there are few hard-and-fast rules—check with your lawyer or tax professional.

But I will provide a quick overview for reference.

Basically, there is no simple litmus test for determining if someone is a contractor or an employee. Instead, the IRS looks at three categories:

1. **Behavioral**—How much control does the company (vs. person/contractor/employee) have over the position? For example, does your company set the requirements around the hours of work, what equipment or tools need to be used, or the training needed? (If yes, then this person is an employee.)
2. **Financial**—How is the person paid by the firm? For example, is the person paid every week for a set number of hours (employee), or does the work vary (contractor)? Do they have regular expenses that are reimbursed (employee)?
3. **Type of Relationship**—Does the person work on a contractual basis or on short-duration projects (contractor)? Does the person have other clients (contractor), or is your firm the one and only (employee)?

Again, these questions are not easy to answer, but usually the advice professionals give is, if it walks like a duck and talks like a duck, it's a duck. In other words, if they act as employees would in their position, and in their relationship with the firm, then they are probably employees. But again, I strongly urge you to seek competent counsel or contact the IRS for determination.

DO I NEED HELP?

As mentioned previously, your decision about whether you need help or not will probably be when you're most stressed because you're already overwhelmed or feel like you are about to be. Though your fight-or-flight reflex will be engaged, I always suggest that clients take a deep breath and take a two-phase approach to assess if and what resources they need:

- **Phase One: Task Analysis**—Before you do anything, you need to know how current resources are being used and the resources you will need to meet the demands of a new project. I suggest you do this by inventorying tasks and then grouping them by similar skill level and duration.

- **Phase Two: Identify Resources**—I suggest using some simple questions to determine the level of resources you really need based on the tasks identified in phase one.

Let's explore each of the phases in kind.

PHASE ONE: TASK ANALYSIS

If you suspect it is time to add resources, there are two easy ways to inventory your tasks ahead of analysis. If you find yourself suddenly swamped or if you are just feeling like you are at risk of being swamped, start with a time study. Though they are rarely used by consultants for nonprofits or even nonprofit leaders themselves, I'm a very big fan of time studies. The main argument I hear against them is that people think they will be intrusive and difficult. But you don't need to do them for an incredibly long time, and every time I have had clients do them, even when they have been resistant and said they weren't necessary, they've come back to me with appreciation because they had an even keener understanding of what their needs really were.

For example, I recently had a client who was overwhelmed with work on her contracts. She knew it was too much for her and was considering bringing on a midlevel consultant but didn't have the funds to do so. At the same time, the work continued—she had become a Hamster. I convinced her to do a time study first. Just two business days' worth of data that we could review. The analysis revealed a pretty common issue—a startling amount of her time was dedicated to scheduling meetings and calls and rescheduling them and to minor e-mails—about 25–38 percent of the day in total. These are all things that could be automated or performed by someone at an administrative level. I've seen this one change free up one to three hours a day for senior-level consultants. Instead of hiring for a more expensive position, she committed to some new technology and a part-time administrative assistant.

For many of you, the drive to add resources may be due to a rapid expansion—like the new project you just secured that will double your work. This may seem like a far-fetched scenario, but about half the consultancies serving nonprofits that I have worked with have experienced a similar period of growth. In cases such as this, I recommend dissecting the scope to identify all the tasks you'll need to complete the project.

Regardless of whether you do a time study or a review of the project scope, you are going to want to group the identified tasks by skill level and duration (i.e., how long you will need the support).

EXERCISE FIFTEEN: TASK ANALYSIS

The time it will take depends on your needs. If you're conducting a time study, it will be implemented over two to three days. If you're dissecting scope, that will probably be an hour to two and should include any members of your team who will be working on the project (even outside consultants). The analysis of either can happen very quickly after completion and should take less than an hour.

- **Step One: Collect Data**—As mentioned previously, you'll want to collect data differently, depending on the need.
 - **If you or a team member are now overloaded because of a number of different projects, do a time study**—Before starting the study, you should create a table or spreadsheet with the day marked in fifteen-minute increments. Don't worry about making it pretty; just make sure you have enough room to quickly jot down what you are doing in each increment.

Simply log what you do in the fifteen-minute increments. This is for your use, so be honest with yourself—were you really writing, or were you checking out the latest posts on Facebook? If you are working on the same thing, again feel free to use a line or ditto marks to indicate a block of time. In the large block of time, try to note why it was so long, if it may not be obvious. For example, "writing but kept getting calls." For activities lasting fewer than fifteen minutes, try to be specific about each activity. An entry might read, "got coffee, checked e-mail, and returned to editing doc."

Identify the tasks that are ones that need to stay with you no matter what (e.g., reviewing and approving payroll) versus those that could theoretically go to others (e.g., scheduling phone calls and interviews). Put those taking the most time and needing the least skills at the top. An example of what could end up on the top of the list is making travel arrangements. Consultants often travel, and though booking travel doesn't necessarily need a very high skill level, it can take up a significant amount of time.
 - **If you are going to have significant, rapid growth due to a new or pending project, dissect the scope**—Start by taking your scope for the

new project and identifying all the tasks involved. This is more art than science. Start with the highest levels, and then move to greater detail. For example, if you have a three-part project to collect data, analyze it, and write up and present the results, those three buckets would be your starting point. Then, as you go into more detail on each bucket, keep making it more granular. The report for the project may have tasks for writing, editing, and final review.

- **Step Two: Analyze the Results**—It is ideal to have someone else look at the results and provide an interpretation. It is easy to miss the forest for the trees, but worst case, you can do it yourself. Start by putting the tasks on sticky notes, since you can easily move them around to group or reconfigure the tasks. Set aside any tasks that you cannot let go of—I usually use the litmus test of ones that will make or break client relationships. Be judicious with the ones you set aside. Sometimes it can be tempting to think that everything needs to start and end with your own efforts.

Next, you want to categorize each task along two dimensions. First, the skill level of the task. This will depend on how deep your organization is, but for most of you, the division could be senior, midlevel, entry level/administrative, and automation. The second dimension is the duration over which the task will be executed. Is this a one-time task needed for a set period or something we need to do on an ongoing basis throughout the life of the project? The second variable helps you know how much of a commitment you need to make to the use of a new resource.

The result will be, visually, where you need to be able to add resources by the level of skill and duration.

Here's an example of how the exercise can play out. Let's assume your analysis came up with the following tasks:

- creating and tracking client invoices
- conducting client-coaching calls
- scheduling and confirming coaching calls
- speaking at major events to sell your services
- preparing your company tax return

You opt to put aside “speaking at major events to sell your services,” since the conferences that you attend really only want you (as opposed to others who may be on your team).

You plot them and come up with the following:

One Time:

- Preparing your company tax return (midlevel)

Ongoing:

- Conducting client-coaching calls (senior level)
- Scheduling and confirming calls (entry level/admin)
- Creating and tracking client invoices (automation)

Only one, “preparing your company tax return,” is not ongoing—it is once a year—due to some complexities of your business, you’ll need a somewhat experienced accountant. That leaves three ongoing tasks. Coaching is your main service, and you’ll need experienced staff if they are to take on some of your clients. In contrast, an administrative employee could do the scheduling of calls. Developing and tracking your invoices can be automated using FreshBooks or a similar system.

PHASE TWO: IDENTIFY RESOURCES

Now that you know which tasks you need to delegate, we can look at how you decide on the type of resource to engage. This is often a tough process for most consultant entrepreneurs, especially those who serve nonprofits. There is a tendency to want to make this decision a binary one—you either hire somebody full time and go “all in” on a resource or don’t fill any position and take on the strain of continuing the work without additional help. In truth, there are a lot of options for the resources that you can engage. You may use automation, a contractor, or even a part-time employee. The driver throughout this process needs to be your profitability. You won’t serve anyone well if you take on too much and put an undue strain on your profit or take on too few resources and put undue strain on yourself and your team. Whenever possible, I suggest clients automate first, contract second, and hire third, to ensure they use their revenues as wisely as possible.

MAKING A LIST

I want you to ask yourself if you can use procedures or similar tools (such as checklists) to reduce resource needs or enable lower-skilled people to perform the work. I have always been a big fan of procedures, checklists, templates, and other tools that can help you and your team move more quickly and more efficiently. They can not only help you reduce costs, but they can also be a great way to leverage your resources by reducing the time needed to complete tasks and reducing the skill level needed to perform tasks, thereby reducing the cost of talent.

When you think about developing some of these tools, I find clients immediately go to the image of a large compendium of an organization’s policies and procedures, which would be overwhelming for any small enterprise. I want you to consider them in a much more strategic and simple way. As you look over the tasks that are repetitive or those that are going to require a new hire, consider how even the simplest things, like checklists, could reduce the time or the skill level needed.

Let me provide two examples that can help you see this playing out in consultancies.

First, here’s an example of how these tools can actually reduce resource need. A few years ago, we were advising a small consultancy that was having trouble around communications. It had a very small staff (fewer than five people) and wanted to do a better job of getting the word out to the media, and also to social media, about

clients and projects. I was having such a difficult time that the owner, our customer, was considering engaging an outside firm—though the cost would put a strain on the organization. I was a bit stunned, since the staff was very skilled in communication. In talking with the owner and with the other staff members, I soon realized that they were their own biggest challenge. They were able to do each of the communications tasks effectively—one was adept at writing press releases, another at writing social media posts, and then another was actually getting them out. The real problem was that nobody was clearly responsible for any piece at any time.

Without feeling any pressure or responsibility, the tasks were done ad hoc, many times too late, or they would be written and then wouldn't get posted because the person who did that function had other things on his or her plate. The staff also said that prioritizing wouldn't be a problem as long as they knew that it was a priority. In response, we crafted a simple flowchart that told each person what his or her responsibility was and to whom he or she handed his or her work product. We also had the trigger (i.e., a new project or major event) clearly articulated and designated the person on the chain who received it first. Each person in the flowchart had twenty-four hours to do his or her piece. The result was that things started to work smoothly, and they found that they had just enough people to do what they needed to do.

The second example is just about how things can be a little bit more efficient. For many years at Civitas Strategies, every time we had a new client, it was my personal responsibility to set up every project. This included creating the entry in the time-keeping system, updating QuickBooks and setting the invoice schedule, creating a file in Dropbox, developing a kickoff meeting with everyone who was going to be on the project, and on and on. Unfortunately, with the ebb and flow of work, I would never get it done all at once, but rather would do it “just in time,” which is a nice way of saying only when I absolutely had to! It made things a bit choppy because sometimes we were ready to send the invoice and I had to drop everything to set the client up in the system. Or we were going to save a draft but realized a Dropbox client folder had not been set up yet. Our team ended up developing a quick procedure for setting up a new client that included everything. I still do many parts of it, but by clearly laying out what other people had to do, I was able to use less expensive resources and share the burden so it was not just resting on me. The result was a lot less pain, anxiety, and effort all around.

EXERCISE SIXTEEN: DETERMINING THE NEEDED RESOURCES

Bring your project team or management team together, or just you as the case may be, and allow for an hour or two, depending on the size of your need. Throughout, your priority should be to find resources for the tasks that are easiest to fill.

- **Step One: Low-Hanging Fruit**—Start by identifying any tasks that someone else on your team, or who you are already engaged with as a consultant, can easily take on. Many times, when you see all the tasks up on sticky notes on a wall, you get some perspective and realize this or that could be added since it is for a short time or very easy. Also consider how procedures, checklists, or other similar tools could dramatically decrease the burden of tasks.
- **Step Two: Automation**—Next, look for the things you can easily automate. I define “easily” as being able to use an online or existing system with little investment for customization. You already automated a number of functions in creating your MVC, but there are new systems arising all the time (we'll highlight them on smallbutmightybook.com) and also new needs that we didn't cover. If you aren't clear which tasks might be automated, look for those that require repetition. Chances are that they could be at least eased through technology. For example, one process I see all the time is proposals. It never ceases to amaze me how often clients will start a proposal from whole cloth, taking time to set up the cover, sections, “about us” spiel, and other parts that are used over and over again. Instead, they can easily set up a template in their word-processing software that has most of the sections that are going to be eternal and focus on just updating what they need. The result is something that is not only less time consuming but also higher quality, since you know what is going to be consistent.
- **Step Three: Specialized or Time-Limited Activities**—Look for tasks that are highly specialized or occur on a periodic basis. The former can cover a gamut of project work (e.g., a specialized financial expert you need for a cost-benefit analysis) or operations (e.g., an accountant or other professional to prepare your taxes). If the specialist is needed for the day-to-day function of your consultancy, then proceed to step four. But my guess is that most of the time when you need specialists, you won't need their full-time attention,

which segues into our second category, those tasks that only come up for a fixed amount of time. Yes, they may occur multiple times in a year, but they are irregular or temporary (e.g., a burst of work that will calm down in ninety days). In both cases, you will probably want to contract with an individual or firm.

- **Step Four: Everything Else**—By now, you have knocked out all the quick and easy items and are left with tasks that will need to be completed by an employee. Before you proceed, though, look at the time and skill level needed. Make sure the time demands a full-time person. There are many people who want to work part time (e.g., a parent who has a child in school and can work earlier in the day but wants to be free starting in the midafternoon). Unless you actually have a full-time need, the part-time option will be more cost effective. Think of the skill level in a similar way. Do you need one full-time midlevel professional or one part-time administrative-level person and one part-time midlevel professional?

This last point is a crucial one—I find consultants in the nonprofit world tend to want to hire a senior-level person over a more cost-effective junior person, even though this makes sustaining the position more difficult. I believe it's because the nonprofit consulting business has tight margins with few staff, and therefore leading can be a lonely endeavor with few peers with which to collaborate. But again, you kill what you eat, so a more senior person means a bigger mouth to feed!

When you are answering any of these questions, think about how the tasks could be proceduralized. Is there any way to teach them to someone with lower skills? Can you have a checklist that a person can run through? Even if it doesn't relieve all the burden of the task, anything you can source at a lower rate will make your organization more efficient.

NOTHING IN THE WORLD IS FREE

One type of resource that you may have noticed I don't talk about is the free resource—interns or projects that local undergraduate or graduate college classes take on free of charge. It's not that I don't believe in the importance of these programs. In fact, I am proud to say that I have started three internship programs, and throughout my career I have personally mentored over fifty interns (on top of other mentoring I have done). The reason why I don't include them is that, especially for consultancies to nonprofit organizations with tight profit margins, free resources are never easy solutions.

That's because internships and college or graduate-school class assignments need to include a significant amount of learning; otherwise, you're just exploiting the student or intern. In other words, these programs are not free—instead, you pay with your time to help students or interns truly learn about the field and the work. If you're willing to take that payment on, then consider them like any other paid resource that we discussed, and set up their position as one that's going to not only create value for you but also ensure that there is going to be enough time that they truly learn and develop as professionals.