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A monthly column about business and more—by contributing writers, pictured left to right, Laura V. Page, Lori Silverman, Eve B. Scheffenacker, Julie Hedlund and BJ Pfeiffer.



Consulting: Hobby or serious business endeavor?

By Lori Silverman

After my first web site went “live” in 2001, I needed someone to maintain it. To lower expenses, a colleague suggested I hire someone she knew in Topeka, Kansas. Little did I know when I hired Jay that I was his first client—that he had a day job within the local school system. Only after sending him several clients did I learn his consulting work was really a side business.

This past year, Jay has secured some significant contracts that, while bringing in more income, have taxed his time and health. Ultimately, he wants to break off on his own, but health care insurance and his sense of obligation to his employer keep him tied to his day job.

The dilemma Jay faces is one repeated often by people who are torn between entrepreneurship and the comfort of a regular paycheck and benefits. Jay started consulting because he loves what he does and realized he could earn extra monies doing it for others. In many ways he began his consulting as a profitable hobby. However, as his success grew, he learned he could not give his all to both pursuits. If he does not make a decision soon, he faces shortchanging his day job or his business—or both.

Consulting as a serious business endeavor

For this article, I consider consulting to be any activity around the delivery of professional services. Examples include career coaching, web design, legal advising, training, direct marketing or real estate sales.

How can you determine whether you are doing your part- or full-time consulting as a hobby or a serious business endeavor? Ask yourself: Am I willing to do whatever is needed to make this business successful? If the answer is “no,” chances are your pursuits are more akin to a hobby.

Doing whatever it takes means there is more to consulting than delivering the service. For example, you need to market the business, make sales calls, write proposals, close the deal, handle financials and perform administrative work. All this takes substantial investment of time and/or money. It does not matter if you consult in your spare time or if you dislike doing these activities; they still need to get done.

Like Jay, the other challenge you face is the timing around transitioning your consulting from a hobby into a business. While most people wait for a steady income stream, this may not be optimal; you may end up working two full-time jobs. Monitor your emotions in addition to the financials, the marketplace, and your clients’ forecasted needs. Entrepreneurs often talk about a sense of “knowing” the right time to take the leap.

Turning a hobby into a business

It is OK to consult as a hobby. However, you cannot expect as much in terms of numbers of clients, paid work opportunities and income.

If you want to transform your consulting hobby into a more serious undertaking, then you need to overcome roadblocks that prevent you from doing so.

1. Your mindset: Not surprisingly, many people fear success. “What will I do if this business really takes off?” Books such as *Secrets of the Millionaire Mind* and others on prosperity can help here.
2. How to do it: The Small Business Development Center at UW-Madison and the Wisconsin Woman’s Business Initiative Corporation (WWBIC) offer workshops and private counseling on starting and growing a business. There are also numerous books and online materials available on these topics.
3. Benefits: Find an insurance broker who

- can identify what insurances you need and how to obtain them at an affordable cost.
4. Where you work: At home? In rented space? At coffeehouses? The options are numerous. To make this decision, figure out where you get your best inspiration and are most disciplined to perform.
5. Doing activities you dislike: If sales is not your forte, consider hiring someone to do business development. If you lack time for administrative tasks, virtual assistants are available. Or, join a consulting firm that does similar work to gain synergies or economies of scale. Over time you may find your dislike is proportional to your skill level—the more you learn about marketing, for example, the more you may like the work.

In closing

If you have a side business—whether it be consulting or some other endeavor—in addition to regular employment, chances are you face the issues outlined here, including the emotional turmoil that Jay is experiencing. What will you do in the future? Continue on as you have been doing or make the leap?

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