
How to Start Your Own Consulting Firm

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Why Do You Want to Start Your Own Business

More Freedom / Time Off

Better / Work Life Balance

More Money

Legacy, Want My Name in Neon Lights

Tired of Working for the Man or Woman!

I Can Do This Better Myself

It's the American Dream

I am Retiring and Looking for Something to do

Make Sure Your Partners Measure Success the Same

To Partner or Not to Partner?

A Partner Will Help Spread the Load

A Partner Will Help Fund the Business

A Partner Will Spread the Risk

A Partner Will Spread the Profits

A Partner Can be a Pain in the Ass

Choose Wisely!

Make Sure You Complement Each Other

What Are You Up Against

Over 12,000 A/E Firms in the United States *

Close to 1,500 firms in California *

66% of the firms are small (50 people or less) **

ENR list of Top Engineering firms in 2012, small firms growth outpaced all others

Have you heard of..... James?, Warren?, Carl?

Why not you?

*Source PSMJ

** Source Salontai Consulting Group (9/13)

Go All In!

Percentages of Marriages that end in divorce?

50%

Percentage of Businesses that fail in the first year?

80% *

Don't half ass it! Go all in

Get an office, insurance, license for your software, hire professionals for your branding, etc.

If you are going to do it, do it right, it is not a big investment compare to other industries

*Source Forbes Online (9/13)

Business Plan

Is a bunch of BS

The only thing you need to make sure of is.....

Income > Expenses

You need to make more money than you spend

We are not going to spend time on the income side

Expenses – Rent, Insurance, Salary, Accounting, etc.

Step One

Find out what your employment contract, employee hand book, etc, says about competing with your current firm

Hire a lawyer, it won't cost you that much

The higher your post the more restrictions there will be on starting your own firm

Do not work on setting up your firm on company time

Do not go live with anything until you have left your current employer (websites, etc)

Do not talk about what you want to do... to co-workers and especially clients

Document your time!

Bare Essentials

Decide on your entity: C-Corp, S-Corp, LLP, Sole Proprietor

Find and rent office space

Buy computer

Buy software

Open a bank account

“Brand” your company, logo, company colors, etc

Get insurance (Prof Liability, General, Auto, Workers Comp)

Business cards and website

All this **before** day one. Once you are open for business, you should be marketing your firm and providing service

Your Entity

C-Corp, S-Corp, LLP, Sole Proprietor

Consult your tax advisor

Consider the protection of corporate shield

What do your potential clients prefer?

What is the perception of one entity vs. another?

Office Space

Work from home, could work (maybe)

Location, close to you, clients, is the address really that important?

Drive around and call the leasing agents, or hire a broker

Consider your needs now and for the future

In this market, minimum 6 month lease, usually 12 months, longer lease, lower cost

Class A, B and C

Tri-Valley area \$2.25 / sq ft / month for Class B

Need the address for your business card, website, letterhead

Office Equipment

Computer(s) – Including a server

Printer – Copier – Fax – Scanner

Consider an all in one machine \$500 / month for
5 year lease – all maintenance is included

Plotter – Consider refurbished

Software (AutoCAD, etc) – Annual Subscription

Cell Phone / Land Line

Branding

Don't do it yourself, hire a professional!

Will save you time and will look better

I'm tech savvy, creative, I'll save money.....

but not time! Your time is better spent elsewhere

Consider your clients

Clean and consistent

Cost ~ \$3,000 - \$5,000 for logo, letterhead, envelopes, domain registration, website, email, etc

Insurance

Yes you need insurance

Professional Liability Insurance – Will pay for your design mistakes. Highest cost insurance

Based on your annual billings, risk pool. Structural engineers pay more, municipal engineers pay less, first year is based on an estimate

General, Auto and Workers Comp Insurance

Health, Dental and Vision

Call a broker, ASCE (best place to start)

Some brokers have attorneys that review contracts for free

PL - \$7,500 (based on \$500k billings) all others \$2,500

Health, Dental and Vision \$2,000 per month

Start Up Cost

Computer(s)	\$7,500
Server	\$10,000
Plotter	\$5,000
Branding	\$5,000
Insurance	\$10,000 (Non Medical)
Furniture	\$2,500
Misc	\$5,000
Office supplies, lawyer(s), accountant, etc	
Total:	\$45,000

Monthly Expense

Rent	\$2,000
Medical Insurance	\$2,000
Equipment Lease	\$500
Software	\$300
Phone (Cell + Land)	\$200
Misc	\$500
Salary	??
Monthly Total:	\$5,500

Income Side

Where will your clients come from?

Existing clients? Why would they hire you?

How many clients will you have?

What will you bill them?

How will you market, cold calls, associations,
existing contacts

Scary, since you will not have all the answers until
the day you start

More Thoughts

Number 1 reason businesses fail in the United States?

Cash Flow

You are awarded a contract (day 0)

It takes a month to get the contract signed and start work (day 30)

Work for a month, send a bill (day 60)

Average time a bill gets paid 60 days (120 days)

4 months that you are accruing costs and have not received any cash

What Can I Do Now to Get Ready?

SYM (save your money)



- Buy your first house before you buy your first new car.
- Pay your savings account out of each paycheck
- Outline your monthly expenses & stick to it



What Can I Do Now to Get Ready?

Gain Experience

- Become a Great Engineer
- Become a Great Presenter
- Understand the Accounting Side
 - ✓ Overhead Rates
 - ✓ Audits
 - ✓ Cash Flow (#1)

What Can I Do Now to Get Ready?

Develop Your Network

- Build a Client Base
- Get Involved (ASCE, APWA, etc)
- Be a Social Butterfly (in your own way)
- Don't Burn any Bridges
- Be well respected

What Can I Do Now to Get Ready?

Other Thoughts

- Put yourself in a position to be “LUCKY”
- Don't be afraid to take a chance
- Outline your Plan
- Be Prepared
- Be good to people (KARMA)

Closing

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Frequently Asked Questions

Why are you doing this? You are creating more competition!

When will I know I am ready?

Where will my clients come from?

Did you have an exit strategy?

What is the toughest challenge you are facing right now?