Why Consultants Go Independent

Idea In Short

Going independent offers control and compensation but demands rare skills, hunting ability and financial runway first. Build career capital before leaving, audit whether you can find business and accept that solo consulting means full-time hunting and farming simultaneously.

The Appeal of Independence

A Harvard Business Review article posed a catchy question: why do consultants quit their jobs and go independent? The top three reasons are predictable. Consultants want more work-life balance, better compensation and less internal politics. The potential downsides are equally obvious: fewer or no benefits and more swings in income.

Anyone who knows a few hundred consultants and ex-consultants can weigh in on this topic. The article raises important points, but the reality of going solo deserves more scrutiny than the headline reasons suggest. The decision is a huge mindset shift from salaried employee to contractor status.

The research behind the article cited an online survey of 307 independent consultants. A sample of 307 self-selected respondents is small and belies the diversity of consulting practices, geographies, industries and career stages. Anyone considering independence should get their own data and interview people who do what they do. 1

Consulting Is a Loose Label

The term consultant is loosey-goosey. More than 700,000 people in the United States self-declare as consultants on their tax forms. This includes financial consultants, wedding consultants, speech consultants and political consultants. If the work does not require scoping, cross-functional alignment, leadership, change or project delivery risk, it is arguably not consulting.

You might be a trainer, executive coach, public speaker, researcher or salesperson. No shade on any of these roles, but be clear that being solo does not mean you are doing the same work you did as a management consultant. Solo work is not necessarily the same, so be okay with that distinction.

The Control Question

The number one complaint in management consulting is the lack of control. Travel, time-consuming clients and poor work-life balance drive people to consider leaving. Opinions differ, but the grass is rarely greener on the other side. If you want consulting-level salary and interesting, challenging work, any right-minded firm will require 50-plus hours a week and travel.

Professional services is a market. You get big pay when you solve big problems. As Naval Ravikant might say, silly games, silly prizes. The control you gain as an independent comes with the responsibility of generating every dollar yourself. 2

Get Rare and Valuable Skills First

Cal Newport, Georgetown professor and author of Be So Good They Can't Ignore You, emphasizes the importance of getting rare and valuable skills. Once you build sufficient career capital, you gain more control over your work and environment. You can slowly start dictating more terms.

Newport identifies two control traps. The first trap is wanting control too early in your career. Novices who are not yet experts may have demands but do not deliver commensurate value. This leads to career confusion, bouncing from one interest or passion to another. It may look like freedom, but without expertise and an economic engine behind the work, it is an illusion. You need to know how to swim before leaving the safety of the cove.

The second trap is getting stuck. If you have gained career capital, consistently raised your bill rate and attracted business because of your unique value, it may be time to flex your career muscles. Perhaps this is your chance to gain more control over your career, work environment, projects and teams. Large firms use a leverage model that sometimes creates a factory mentality failing to adapt to the needs of great performers.

Smart, thoughtful firms will find ways to offer flexibility, control and ownership to great consultants. They will draw a fence around high-potentials and keep them in the fold. Sadly, smart firms are rare. 3

Are You a Finder?

At the top of any professional services pyramid are the finders: managing directors and partners who find the business. They hunt the bear and bring it back to the cave to feed the family. Can you hunt?

In contrast, managers are often farmers who manage teams, keep clients happy and farm the client's problems. They may garner add-on work here and there, but solo consulting is different. As a solo, you are full-time hunting and full-time farming. Run a quick audit and ask yourself several questions.

How long can you afford to survive without getting paid for your first project? How many previous clients could you call on for repeat or new business? What proof points do you have of your work, and is your portfolio readily available? Which firms or other consultants can you split fees with to get started? How many future clients or prospects are currently asking you for help? What is your competitive advantage, and is it sustainable?

Better Compensation, Maybe

In theory, better compensation makes sense. If you can maintain your bill rate and keep similar utilization, you will make more money. Professional services has very little fixed cost, perhaps your car, computer and research subscriptions.

Taking on two to three times the work means you deserve two to three times the money or time. You are taking more ownership, equity and risk. You will do most of the work yourself, from the first proposal all the way to accounts receivable. The freedom is real, but so is the overhead that firms quietly handle on your behalf.

The compensation math also depends on utilization. A firm consultant who bills 70 percent of available hours has a predictable income. A solo consultant must sell, deliver and collect, which means utilization rarely stays steady. Feast months fund famine months, and the discipline of managing cash flow becomes a new skill that many technical consultants underestimate when they first go independent.

The Mindset Shift

The move from salaried employee to contractor is a huge mindset shift. The brand, network and know-how of large firms help sell work. As a solo, you lose that scaffolding and must build your own. Independence is not simply consulting without a boss. It is running a business where you are the sole revenue engine.

For those who have built career capital, can hunt and are willing to farm, independence offers genuine rewards. For those seeking escape from a boss, the trade-offs may not justify the leap. Know which one you are before you make the jump.

- 1Harvard Business Review: Why Consultants Quit Their Jobs to Go Independent
- 2Michigan Ross: New Research Reveals Why Top Consultants Choose to Go It Alone
- 3Consultancy UK: Consultants Go Independent for Pay Parity and Work-Life Balance

Summary

Independence appeals for control, compensation and meaningful work, but it requires career capital, hunting ability and financial runway. Get rare and valuable skills first, learn to swim before leaving the cove, and confirm you can find business before going solo.