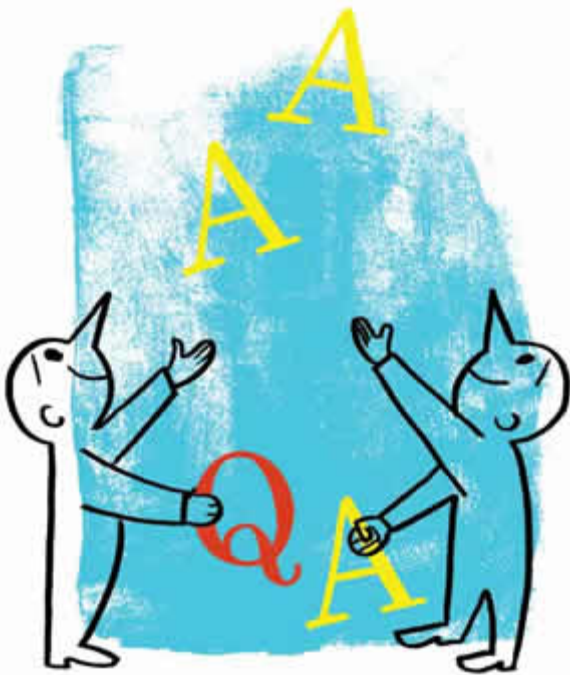


Considering Consulting?

Find out what you need to do to start (and succeed at) your own consultancy.



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After working for DuPont (which became DuPont Merck) for 17 years, Bill Schmidt decided to take his act on the road. The company elected to stop developing drug candidates for pain that Schmidt had been working on, based on the belief that no new drug could compete with cheap generic drugs such as morphine and aspirin. (This was four years before Pfizer's Celebrex and Merck's Vioxx became multibillion-dollar analgesic products.) But Schmidt was certain he could take his pain drug candidates successfully through clinical trials via a start-up company and simply told his superiors, "I'd like to buy the products that I've been working on." To his surprise, the company agreed and asked him to consult for them on the other projects he left behind.

That first consulting job gave him a taste for the rewards of this type of work. "When companies pay top price for a consultant, they listen" to what he has to say, Schmidt said. Leaving the company was a gutsy move, but his instincts proved right. As investors began to show interest in Schmidt's salvaged compounds, other companies started to take note of his shrewd business sense, asking him to consult on their drug pipelines.

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It would be 8 years before Schmidt turned to consulting full time. In the interim, Schmidt took leadership positions in several biotech companies, building on his track record of visible success. Eventually he realized he was more attracted to the flexibility and variety of projects he could get as a full-time consultant. Working with young “entrepreneurs fresh out of school who need someone with experience to guide them through” the regulatory hurdles and searching for investors was far more exciting than working with a single company.

With the industry job market shrinking and changing, consulting can also be a great way to fill the gap between positions, but it does take some effort to get started. Here are the ins and outs of launching your own consultancy.

Is consulting right for you?

✓ Success in industry

Consulting is, in general, only for those with industry experience. The exception is academic researchers who are at the top of their field with a proven record of innovation. There are a variety of levels and skills covered by consultants. High-level consultants, for example, have 10-30 years of industry experience and will have served in executive positions. But there are many opportunities for mid-level consultants with a track record of success in their field. Some of the areas that seek consultants are drug discovery; preclinical research, including safety pharmacology and drug formulation; project management; clinical trial management; regulatory affairs; product development, for diagnostic and medical devices; brokerage of licensing deals; and marketing. Within each of these there may be further specialization based on scientific expertise, such as Schmidt’s specialty in analgesic drug development.

✓ Financially secure

Make sure that you are secure in your finances, since you’re not likely to be paid until the completion of a project. You should have enough savings for 6 to 9 months as you get through the startup phase of your new business and into your first paycheck.

✓ Fat Rolodex

Most consultants get their gigs by word of mouth. Send out emails to your contacts and colleagues to let them know you’ve started a consulting company. Join groups on LinkedIn and search through alumni listservs. Schmidt suggests not only getting recommendations from clients, but also cultivating a network of other industry consultants. It may seem counterintuitive to befriend the competition, but knowing other consultants with expertise in areas that complement your own can be a boon to your credibility. If, for instance, Schmidt has to turn down a job because of scheduling limitations or a conflict of interest, his clients appreciate his input in selecting a replacement. And the consultants he refers will, more often than not, return the favor. Don’t know any consultants? They’re fairly easy to spot at networking events or professional society meetings such as the

Association of Clinical Research Professionals—they'll be the ones scoping out potential clients.

How to succeed in consulting

✓ **Stay visible.**

Schmidt spends about 20% of his time “maintaining visibility,” he says, by giving talks at conferences and being active in professional societies (Schmidt served as president of the Eastern Pain Association, the largest regional affiliate of the American Pain Society). Attending four to six conferences per year is really the minimum, says Schmidt. Any fewer and he would be less effective at keeping abreast of changes in the field and news among his contacts, he says. The up-front investment of attending conferences is worth it even if you have to pay out of pocket. Consultants can also write articles to keep their names in the limelight.

✓ **Cultivate customers.**

It can take a while to develop a reputation. If your projects move forward successfully, companies will return for more business or ask you to join them in a more expanded role. Go back to clients who had a positive experience working with you and ask for referrals and references.

✓ **Manage your time carefully.**

It is important to gauge your time and manage it well, especially when working for more than one client. For example, to make sure she manages the needs of multiple clients in a timely fashion, Kathryn Bowsher, founder and CEO of ActOneMarketing, a consulting group that specializes in commercial planning for life science companies, will make an integrated priority list. The list includes the tasks she must complete for each client in order of priority, so that she ensures she isn't spending too much time on any one project. Schmidt sets aside one day per week for developing new business and contacts, but finds that at least some of that time is inevitably taken up by the spillover from current projects.

✓ **Develop strategic partnerships.**

Consider developing strategic partnerships with other consultants. Enlisting the assistance of subcontractors can help complete a project in a timely fashion especially when you've got too much on your plate to do it yourself. Bringing in other consultants can increase your footprint by providing complementary expertise to full-service solutions, says Bowsher.

✓ **Maintain confidentiality.**

“Your reputation is the single most important asset as a consultant,” says Bowsher. For that reason, it is extremely important to maintain confidentiality of your projects; your credibility depends on it. Because Schmidt works with multiple clients on projects in the pain medication arena, there is a lot of opportunity for overlap. He often makes arrangements that all of his clients are comfortable with. For example, “I've agreed to advise [one client] on developing peripherally-acting analgesic compounds (i.e., agonists), but not peripheral opioid antagonists since that would conflict” with another client's contract, says Schmidt. “Similar thinking has allowed me to build [firewalls] around other projects that I work on, to everyone's agreement.”

✓ **Manage your clients.**

Consider how you can leverage your expertise in a way that is project-based, provides a short-term solution, and where you can offer a neutral third-party perspective. Make sure that you clearly define the scope of your work so that you can properly manage your clients' expectations. It's also important to gain buy-in and consensus inside the company for your ideas.

How to get started

✓ Try a consulting company.

If you're not quite ready to go solo, you may want to join an established consulting firm where you can serve as a freelance consultant, permanent employee, or partner. For example, Pacific BioDevelopment, LLC, is a consortium of specialized independent consultants and contractors that provides drug development services. The beauty of this setup is that you can be assigned to work on specific projects, share resources, and benefit from expertise of others in the group. Be aware that some consulting companies have a noncompete clause that prevents you from working independently with the company's clients for one year after you leave. Some also make it more difficult for clients to hire you as a full-time employee by means of "no-poach" clauses.

✓ Write a Biosketch.

You will need to write a half-page or less listing your credentials and capabilities. This can be used as advertising material and posted on your website. It is critical to identify what separates you from everyone else and how you can add value for your clients.

✓ Figure out your rate.

Use competitive benchmarks—ask other consultants what they charge, find a range and determine where you fit, based on your years of experience and expertise. For emerging companies (and nonprofits), you may want to show some compassion or flexibility and accept stock options in exchange for part of the consulting fee, for example. Determine beforehand what you need to earn in a year to cover expenses including taxes and insurance, then calculate a practical billing rate.

✓ Develop contracts and confidentiality agreements.

Consult a lawyer to develop your own contracts, even though large companies will already have them. Keep your contracts simple, short, and balanced between your interests and that of the client. Ask your lawyer to explain your professional liability in contracts. To develop invoice documents, you can either work with a tax accountant or use Quicken Home and Business. If you are a sole proprietor, TurboTax may be all that you need for your accounting needs, but watch out: TurboTax does not send the 1099 Misc worksheets electronically, so leave enough time to send your taxes by mail.

For more tips on insurance, healthcare, and other topics for consultants, [click here](#).

Resources

1. Get free resources at the US Small Business Association website, www.score.org, including advice for setting up your company and email mentoring.
2. Go to the US Small Business Administration website at www.sba.gov, where you can get a small business loan,

find resources, and obtain free business advice.

3. Information on the government's requirements for starting a business can be found at <http://www.business.gov/start/start-a-business.html>

Toby Freedman started her first business, Synapsis Search, in 2007 as a recruiter for life sciences companies, and is the author of *Career Opportunities in Biotechnology and Drug Development*.