Network Event: Consulting 101

EVENT SUMMARY

Online via Zoom
When: Wednesday, April 29, 2020 | 5:00 PM - 6:30 PM

Moderator
Amy Chase | Manager, Palladium

Speakers
Katherine Gentic | Founder and CEO, Akiri Consulting LLC
Shota Migineishvili | Controller, DevWorks

Event Description

This was the first session of our Consulting event series. Consulting 101 was designed for new consultants, those who are exploring the consulting field, and more seasoned consultants who were interested in a refresher. Our speakers discussed contractual, accounting, and admin topics that every consultant encounters in their careers as independent consultants.
Key Takeaways

1 Understanding the Difference: Consultants vs. Subcontractors

Katherine Gentic (Akiri Consulting, LLC) has worked as the lead consultant on many USAID contracts and projects and carries years of experience with her as both a consultant and as a subcontractor. For this event, geared towards new consultants eager to learn the basics of the practice and looking for opportunities to get their foot in the door, Gentic broke down the differences between a consultant and a subcontractor, and explained the ways in which they function in the consulting world. Gentic highlighted that a consultant mostly works overhead and offers support for companies, and that consultants are often sole proprietors. Additionally, consultants work directly under their Social Security Number (SSN), as they are not attached to a business, and are subject to AIDMax on billable assignments. A subcontractor, on the other hand, works under an Employer Identification Number (EIN) as opposed to an SSN, and is not subject to AIDMax for time, materials, or labor hour arrangements.

2 Expectations for Deliverables

When creating deliverables for clients, Gentic stressed the importance of keeping language clear-cut and concise. She advised consultants to steer clear from words such as, “may”, “if necessary”, and “as needed”, explaining that these phrases offer too much room for interpretation and negotiation. Instead, Gentic feels that consultants need to be as specific as possible, and should clarify exact numbers in deliverables. These numbers can include the number of meetings, trips, times to meet, people to meet with, and even countries to travel to. To Gentic, a deliverable can never be too specific. In terms of allowances and differentials, Gentic stated that these are determined by each company’s internal policies, and that they are not a requirement per regulations.

3 Determining Rate of Pay

Shota Migineishvili (DevWorks) brought years of financial planning, accounting, and consulting to the table for this event, and highlighted in detail the ways consultants should expect to be paid. A question asked during this event asked how beginner consultants should determine their rate of pay, and both Migineishvili and Gentic explained that those just starting out in the field should examine market prices for consultants, make comparisons to other beginning consultants, as well as consider the scale of the project and the abilities of the client. Additionally, Migineishvili discussed what consultants should expect when they travel for a client, and mentioned that reimbursements should come from airline, lodging, transportation, communication, and exchange rate expenses. Migineishvili also mentioned that consultants have their own tax obligations, and that consultant service fees are subject to income tax and self-employment tax.
Determining Rate of Pay (cont.)

Due to this, Migineishvili stated that a W-8 or W-9 form must be filled out each time you work with a client to ensure you are able to accurately report that income each year. Consultants can determine whether a payment is based on deliverables and should confirm this with the client they are serving. For contractors, Gentic suggests payment by labor hour, but for subcontractors, she suggests payment based on both time and materials. Additionally, Gentic urged consultants to try and stay away from payments determined by a Firm Fixed Price (FFP), as market prices fluctuate and can put a consultant at risk of losing money.

Consulting: Where to Begin?

At the end of the event, Amy Chase (Palladium) asked both Migineishvili and Gentic for their advice to new consultants. Gentic told the audience that fear will prohibit you from making a successful career for yourself. Those wishing to create a path in consulting shouldn't be afraid to take the first leap by marketing yourself and stepping into a new arena. Gentic mentioned that the first year she consulted for businesses, she was skeptical as to whether or not she would enjoy the practice, and if she would benefit from it. However, Gentic said that she persevered and took the leap, and that the payoff has been more than she could have imagined. She concluded by saying that the confidence, communication skills, and self-reliance she gained throughout the process has allowed her to make career choices that she never would have imagined making. Migineishvili began financial consulting for businesses after discovering his passion for financial decision making, and he said he loves getting to work with a range of clients on a variety of issues and projects.