



FROM CHRO

When the COVID-19 pandemic drove millions of professionals to work from home, many had the same thought at the same time: “Why don’t I just work for myself?” For HR leaders, that often meant diving into the world of HR consulting.

“Many women left the workplace during the pandemic to care for others, whether their parents or children, and they got into consulting because it made sense to them and they’ve stuck with it,” says Phyllis Hartman, SHRM-SCP, founder of PGHR Consulting in Pittsburgh and a former HR leader at a manufacturing firm.

**Hanging out your own shingle
after an executive HR career
is about more than just “being
your own boss.” Here are
some lessons from people who
have made the jump.**

BY PAUL BERGERON



TO CONSULTANT

The pandemic also fueled the HR consulting fire in other ways: All the workplace disruptions caused by the pandemic increased the demand for HR services, and consultants were often the quickest way to meet these new needs. Today, with the focus on employee well-being, HR consultants are increasingly helping organizations gauge and address workers' mental health.

Now, the explosion of artificial intelligence is triggering a new demand for consultants who can help HR departments integrate AI into their workflows.

Find Your Why—and Your Where

Whether working independently or with a firm, consulting can be an ideal arrangement for people who want flexible schedules or who are easing into retirement but don't want to say goodbye to HR leadership for good.

"But you really have to ask yourself, 'Is it for me?'" Consulting sounds great, but you must understand what you are getting into," says Hartman. The decision and timing for making this move vary greatly, based on an individual's flexibility, appetite for risk, business acumen and ability to network, she said.

"If you are competitive with an entrepreneurial drive, consulting is very rewarding and gratifying," says Stacey Berk, a former HR leader at Sodexo and founder of Expand HR Consulting in Rockville, Md. "Being your own boss and having a flexible schedule are certainly pluses. The pride and satisfaction in watching your business change and grow over time is unmatched, and profitability can be reached."

But if "being your own boss" is the only reason you want to become an HR consultant, it's probably not a good career move, many consultants say. To be successful, you must commit to learning the other responsibilities of a consulting career beyond the hands-on HR work.

That leads to another decision: Should you fly solo or join an established HR consulting firm?

"If it's just you, you need to be able to do the administrative work. For example, you might not love accounting, but it is necessary in running a business. So you either need to learn it or hire someone to do it," says Hartman. She also notes that independent consultants need to spend a good amount of time on business development tasks to gain clients.

"Maybe that's not something you'd enjoy. You can't focus on doing the work you do enjoy if you are out looking for work," Hartman warns.

Bring the Right Experience

To be a successful consultant, Berk says, it helps to have several years of CHRO-level experience in different settings, such as corporate, government and nonprofit work.

"I strongly suggest experience at the director level or above, including strategic planning, managing a budget, developing a team and marketing/branding the HR function," she says. "This allows you to develop an understanding of different company cultures, how to work with many types of people in various settings, and how to lead and manage a team."

Before going into consulting, consider if you have the necessary skills, including vision, strategic planning, marketing, technology and social media.



"Understanding the difference between starting a business and growing a business is important."

- Stacy Berk

"Managing your own firm calls for innovation; being a thought leader; having a defined area of technical expertise in addition to generalist experience; financial acumen; and accounting skills," Berk says. "It is also necessary to possess strong project management skills with the ability to envision problems and stick to timelines."

Competitively Differentiate Yourself

HR consultant Valerie Keels, SHRM-SCP, says the biggest question she faced when venturing out on her own was how to differentiate herself from other HR consultants. She agrees that, before jumping into consulting, CHROs need to take a hard look at whether they have the appropriate education and experience to be credible and marketable.

Keels started a consulting firm that focused on executive coaching and emotional intelligence testing. She began that training under her previous employer and took it a step further, getting certified through courses offered at a local university. It was enough for her to make the jump.

"I'd call that my 'moving into a retirement plan,'" says Keels, 62, who plans to retire in 2028. She says that having the freedom to determine her own projects, enjoying more autonomy with her schedule and undertaking work that speaks directly to her strongest skill sets make each day worth it.

"As a consultant, I started as an HR generalist and had a few contracts," Keels says. "But I began to wonder if I could drum up enough business, so I maintained my full-time job and focused less on consulting when things got busy there."

She says that specializing in EQI 2.0 assessment and coaching has helped her build up enough contacts that she doesn't have to "shake the bushes" when looking for clients. In contrast, marketing yourself as an HR generalist consultant can be challenging.

"It's better to lean in to what you like best about HR. Identify it and then determine who needs it and go after it," Keels says. "If you're going to burn the midnight oil doing extra work, you might as well be doing something you love, something that gets you in a zone. By building up that reputation, people will trust in what you say."

Take Control of Your Day—and Your Career

As a consultant, you control your own schedule. Or do you? It's important to realize that sometimes your clients will control your schedule, especially if you are hired on a retainer. Then you'll need to be available on-call, and sometimes at odd hours.

In recent years, much more consulting work is done over Zoom, which has been a huge benefit to consultants, says Keels.

"You don't have to factor in being onsite [at an office] and can much more easily serve multiple clients simultaneously," she says. "That said, there are times when consultants must be onsite with a client and be mindful of their schedules and workloads to not fall into that trap of overpromising and underdelivering."

One key point that consultants agree on: Don't stick around in toxic relationships. Some clients are overdemanding, unpredictable, abusive or don't pay their bills. It's important to know when to walk away and "fire" these clients.

Be Patient When Starting Out

As with any small business, the risk of failure is high with a consulting business.

"Understanding the difference between starting a business and growing a business is important," Berk says. "Possessing the unique ability to run a business, build and maintain a client base, and deliver on projects is crucial."



"You really have to ask yourself, 'Is it for me?' Consulting sounds great, but you must understand what you are getting into."

- Phyllis Hartman, SHRM-SCP



HOW TO ESTABLISH FEES AND LEGAL PROTECTION

When setting client fees, you're looking to land in the sweet spot—not too high, not too low. Phyllis Hartman, SHRM-SCP, founder of PGHR Consulting in Pittsburgh, suggests setting base rates for fees depending on the type of work offered. (SHRM's Compensation Data Center can help determine average rates.)

For recruiting, for example, determine what the per-hour rate would be based on the salary of an employee in a similar role, then add between 35 percent and 40 percent.

"Remember, by hiring a consultant, the company won't have to pay benefits or employment taxes, but you might," Hartman says. "If the potential client is unable to pay what you ask, you can always negotiate. You can even ask them how much they budgeted for the work."

In addition, she says it's crucial to emphasize to clients that the advice being given is not legal advice, unless you are an attorney.

"To protect your personal assets, you should set your company up as a business entity, either as an LLC or S corp," Hartman says. "LLC is the simpler, less expensive option."

Having "LLC" beside your company name can also add extra credibility and show you are in it for the long run. Also, invest in business insurance.

Adam Calli, SHRM-SCP, of Arc Human Capital recommends that when starting an HR consulting firm, consider copyrighting your company name so your intellectual property is protected.

"If you are running your own consulting company and have hired supporting staff, you also need to think forwardly about if and when you might sell the company," he adds. "Know the proper arrangements to be bought out by your fellow workers [so you] earn some money from the company you created."



“It’s better to lean in to what you like best about HR. Identify it and then determine who needs it and go after it.”

- Valerie Keels SHRM-SCP

Being able to lean on strong, lasting relationships that you built throughout your career goes a long way when it’s time to hang out your shingle. Tap into those contacts early to help you identify potential clients.

“At the same time, you have to be patient. It takes awhile to establish and maintain a thriving business,” says Berk. “Along with that, you must maintain a very high level of self-motivation and commit to working six or seven days per week, responding quickly and succinctly to client inquiries.”

At times, your income will be uncertain, and that can increase your personal stress levels. It’s wise to plan for the income drop that usually comes when starting out.

“Build a war chest of funds while you are still full-time employed in HR to help you be more secure financially” when you go out on your own, suggests Adam Calli, SHRM-SCP, a former CHRO and founder of Arc Human Capital in the Washington, D.C. area.

Calli suggests that whatever level of 401(k) contribution you were making at your full-time job should instead be placed in a savings account that can be used as a fallback.

Another startup factor to consider is buying office products or software. Calli says it’s best to purchase those before starting your consulting gig to avoid draining your finances early on.

Always Be Hunting for the Next Client

Even when they’re deep into a project, consultants need to be thinking about obtaining their next gigs. Referrals play a vital role—you refer clients to others and they’ll often do the

same for you. In all of this, networking is crucial.

“You need to continually develop your network to either gain new clients or gain advocates who can recommend you to other clients,” Calli says. “You not only need to build your network, but you must also continually maintain it, staying in touch with your key contacts.”

Calli has found his local chamber of commerce to be a good source for networking. “Attend their events. Every company in the room has HR needs, and there’s a chance they could hire you,” he says.

Also, nonprofits frequently need HR consulting help. They are often so focused on their mission that they don’t always have the right people in place to handle HR issues. Some consultants offer free ser-



vices to nonprofits to build up testimonials and referrals. Small businesses that can't afford a dedicated HR position are also potential clients.

In addition, you can build your consulting brand by attending local SHRM chapter programs and writing blog posts and LinkedIn articles on HR issues.

Structure Your Workflow

After serving as a tech company HR executive, Sarah Henze became an HR consultant with the TPO consulting firm in Arlington, Va. She says consulting is a continuous job of brain work and solving problems.

"It can be a wide range of clients and types of HR functions all at once," Henze says. "No two days are ever the same. On any given day, I can be in three or four working 'environments,' based on different clients and tracking different topics."

She says her firm's consultants can have four clients at once, each with differing time commitments, such as twice a week, to once a month, to simply being on call.

"It's become engrained in my day," Henze says. "I enjoy the chance to solve so many different puzzles for each client group."

Because many HR consultants work from home, it's wise to establish consistent work times and a professional work setting.

"You need to develop a disciplined routine if you're working from home," Calli says. "You should have a true office setup from which you do your work—not the kitchen table."

Finally, don't expect that consulting work will automatically mean lower expectations and fewer headaches. As Calli notes, "You have billed yourself as a subject matter expert, so there can be more pressure on you to perform. If you slip up or are late on a project, clients—especially new ones—won't be as forgiving as supervisors would be in a corporate HR setting." ■■

Paul Bergeron is a freelance writer and reporter who lives in Herndon, Va.



"You need to continually develop your network to either gain new clients or gain advocates who can recommend you to other clients."

- Adam Calli, SHRM-SCP

6 Truths About the Current State of HR Consulting

Competition

The HR consulting market is highly competitive, with many large consulting firms and smaller boutique firms vying for a share of the market.

Lack of standardization

The HR consulting industry is not regulated, which means there is no standardization in terms of the quality and scope of services offered.

Data privacy and security

The handling of sensitive employee data, such as compensation and benefits information, is a concern for organizations. HR consulting firms need to have strong data privacy and security practices in place to protect this information.

Digital transformation

The increasing adoption of digital technologies is creating new opportunities for HR consulting firms to help organizations transform their HR processes and practices.

Globalization

As organizations expand globally, there is growing demand for HR consulting services that can help organizations navigate the complexities of managing a multinational workforce.

The gig economy

The rise of the gig economy is leading to new opportunities for HR consulting firms to help organizations manage their contingent workforce.

Source: "The Evolving World of HR Consulting," SHRM.org, 2023, by HR consultants Matthew W. Burr, SHRM-SCP, and Sarah Hamilton-Gill.