

## PROFESSIONAL STATISTICIANS' FORUM

### Making a success of Statistical Consultancy

Meeting held on 2<sup>nd</sup> June 2014 from 2:00pm to 5:00pm

at the Royal Statistical Society, 12 Errol Street, London EC1Y 8LX

This meeting was run as a workshop to discuss how to succeed and how to avoid pitfalls in setting up and running a statistical consultancy business.

The workshop was intended primarily as a discussion forum for statisticians who have either set up a statistical consultancy, or are contemplating doing so, to share experiences and gather ideas.

Three speakers gave brief presentations to help promote discussion amongst the 18 attendees at the workshop.

Trevor Lewis, TLwise Consulting Ltd

Experience of setting up a statistical consultancy business

Martin Gibson, AQUIST Consulting

Hints and tips on setting up a consultancy business

Nigel Marriott, Marriott Statistical Consulting Ltd

How to find your clients and help them find you

The presentations were followed by 2 breakout sessions run in parallel; one considered 'finding clients and helping them find you' and the other considered 'any other topics'.

The breakouts were followed by a plenary session which included:

- Feedback of key discussion points from breakout groups
- Further discussion of these and other topics

Following the plenary session the meeting closed.

Feedback using an online system was requested from all participants that will help shape future PSF sessions on the subject of 'statistical consultancy' as well as identifying other topics that might be covered by the PSF.

### **The presentations and subsequent discussions**

**Trevor Lewis, TLwise Consulting Ltd**

**Experience of setting up a statistical consultancy business**

Trevor typified the kind of consultancy that is set up by someone who has had a successful career over 30 years and then sets up a consultancy to provide a work life balance between a full time career and retirement. Trevor explained that he had no intention of taking on employees but was open to collaborations and controlled consultancy agreements to maintain his part-time working objective. He described how he had found a niche providing statistical advice on clinical trial design and analysis to biotechnology companies and venture capital investors using his extensive experience of the Pharmaceutical industry; and in providing an interface between biotechs and CRO providers of operational statistical work. He emphasised the need to be organised in dealing with administrative/accountancy tasks, and the value of Accountancy support, so that the time commitment for these tasks was minimised, freeing up more time for the enjoyable and rewarding consultancy work with clients.

### **Martin Gibson, AQUIST Consulting**

#### **Hints and tips on setting up a consultancy business**

Martin started his presentation by asking everyone to consider some basic questions:

- What are your reasons for starting self-employment?
- What is your speciality?
- How much do you need to earn?
- How many days do you want to work?
- Work from home or away from home?
- What is your day rate?
- Is this a long-term commitment?
- Will you sell the business on and start again?

Remember to visit Chambers of Commerce, Business Link and Libraries to check what free advice or training you may be eligible to receive. Answer all these questions honestly and then decide on your company name.

Many individuals call themselves John Smith Associates, is that your brand?. If you have created a name, check with Companies House that it is available. If it is then create your own stationery, letterheads and invoices using templates, which are available from Microsoft. If you need Business Cards consider Vistaprint (when all the basics of banks and accountants are completed) as they offer a free service. Remember you need to minimise costs wherever possible.

You will need a separate business account; the tax authorities get suspicious if you run your business from your personal current account. In short walk the high street and find the cheapest deal you can. Use internet banking, get a debit card but ignore a credit card – they charge you for using it! Get information packs from all the banks and remember when you open an account the bank may want to see a business plan and examples of your customer stationery. You will need a small amount to open the account (£50 will suffice) and ask yourself if you really need a loan.

You will also need an accountant; someone who you think you can work with. Visit at least five, check the fees and choose the cheapest. Keep track of all income and expenditure using a simple spread sheet, don't buy expensive software. List everything but beware of company cars. Use your own car or rent one remembering to log all your business and personal mileage. Buy a pocket diary keep it in the car and write it all down. HMRC allows 45 pence / mile up to 10,000 miles for business thereafter it's 25 pence / mile. The rates are

very old so set your own and then just pay tax on the difference. If you ride a bicycle you can claim 20 pence / mile! Most importantly get your accountant to submit your tax returns; they will advise you of when to submit because you will pay tax for this year plus 50% upfront for next year! My algorithm is whatever you are paid, take 1/3<sup>rd</sup> as pay, put aside 1/3<sup>rd</sup> as tax and put the remaining 1/3<sup>rd</sup> into savings. Don't spend it all!

Your accountant will advise you to the differences between acting as a Sole Trader or a Limited Company. Do you need to register for VAT? The 2014-2015 VAT threshold is £81,000 and as a consultant you will be able to apply for a flat rate. This is a simple scheme but you must be registered for it and you make a little financial gain every quarter – but of course you pay tax on it!

How will you advertise, how will clients find you; LinkedIn, other? Don't forget about, National Insurance – you will need to register as self-employed with your local office. Your accountant will help with this and you will also need Professional Indemnity Insurance. Have a look at the RSS web pages for Towergate Professional Risks as the Society has a relationship with them. Check out other providers too.

Good luck with whatever you decide is best for you,

**Nigel Marriott, Marriott Statistical Consulting Ltd**  
**How to find your clients and help them find you**

Nigel started his presentation by posing 3 questions that should be asked of any potential target.

1. Do they have a need for a statistician?
2. Are they aware that they need a statistician?
3. Do they have an existing statistical capability?

Nigel showed that there were 4 permutations of answers to these questions leading to 4 types of customers and that the marketing strategy for each type of customer varies. He then talked more about which marketing strategies worked best for his business and went into some detail about the different kinds of networking and online profiles.

**Discussion on finding clients and helping them find you.**

In the discussion that followed, there was a lot of interest in the proposed revamp of the RSS directory of consultants. Nigel showed an example of the planned profiles that each consultant can complete which will be in a free text format. The idea is that a searcher can then enter any text in a search bar to find the consultant they want. Therefore, they need to write their profiles in a language that searchers will use and there will need to be guidance to both the searchers & consultants on how to make this happen. Nigel is currently leading a working group which is developing the new directory and many excellent suggestions were made which will be taken on board by the working group.

Interestingly most participants in the discussion were receiving their existing enquiries through personal recommendations within the industries they are known in. There was discussion about how to broaden one's horizons and the main idea was to look for clients who undertake similar functions but in different industries. A lot of discussion focused on the general use of websites and other on line profiles but one point that did emerge is that LinkedIn is a difficult nut to crack and no-one present had made a success of it.

Overall the discussion showed a keen interest in marketing and no doubt this topic will emerge again at future meetings.

## **Discussion on other topics (breakout and plenary)**

The themes discussed were:

### **1. Consultancy Rates and expectations**

- a. These depend on the sector you wish to work in and the different types of clients within that sector. Also you need to ask yourself 'How much do you want/need to earn?' and use the answer to this question to also drive your rates. Have a range of charges for different clients: Typically the charges will rise from SME to Corporations to Training. Your training rates will be higher because of your time investment to create the training.
- b. In agreeing rates with customers you need to ensure you clarify what is included and what is not. For example, whether you include travelling time in your quotations.
- c. If a project appears open ended, to avoid misunderstandings agree a charge for a well-defined scoping/initial phase; and then negotiate the remainder of the contract once the full scope has been clarified.
- d. Ensure the product/deliverable from your work is clear. If it is to be a report, ensure that you agree the scope. Also ensure that you cost in to your quote the time taken to prepare the report, as well as the time to carry out the tasks that are to be reported.

### **2. Sole Trader versus Limited Company**

- a. Experiences were discussed. There are pros and cons of each approach. Read around the choice and seek advice from your accountant based on your specific circumstances.

### **3. The value of websites**

- a. Participants discussed their approach to websites for their business. There was a general view that a website was a necessary marketing tool with a range of experiences from using the website to essentially hold a CV to a more extensive website that includes a description of services, logos of past customers, recommendations and case studies.

### **4. The use of computer system and statistical software; client's vs use of your own.**

- a. Experiences were discussed. The choice of use of client's or own system/software often depended on the nature of the contract and work being undertaken. The cost of purchasing software was discussed as was the need to validate software and/or build a reliable QA process when using your own software/macros.