

Your next job: An HR consultant?

Although it may seem counterintuitive, there are many good reasons to launch a one-person HR consultancy as the economy sputters.

Despite the layoffs and budget cuts, downsized organizations are still hiring HR consultants and contractors to perform a range of basic services. The use of consultants is likely to grow as the economy picks up speed and businesses tiptoe back into growth mode.

For now, however, organizations want to keep costs down. That bodes well for talented solo consultants who can offer services at competitive prices, in part because they have lower overhead.

“Organizations are trying to keep head count down and they have a greater need for work on a project-by-project basis,” says Jennifer Schramm, manager of workplace trends and forecasting for the Society for Human Resource Management (SHRM).

Still, expect challenges in hanging out your HR shingle. Organizations may already have relationships with experienced consultants and could be unwilling to switch to an untested person. Employers have cut consulting budgets.

Needs vary by industry, organization

“Some (organizations) have technical issues in compensation or benefits that require analytical depth. Some have challenges in sourcing and retaining talent. Others are concerned about leadership succession,” says Dave Ulrich, co-founder of the Utah-based HR consulting firm RBL Group, and professor at the University of Michigan.

Basic consulting and outsourcing needs at midsize and large organizations include background checks, training, team-building activities, recruitment and professional development. Start-up consultants who get a foot in the door now on basic projects may be able to attract bigger projects as the economy recovers and budgets increase.

“Sometimes a recession is a license to clean house and evaluate what works and does not,” says Ulrich. “As many industries recover through the down cycle, HR issues will continue to be important.” And so will consultants.

Ulrich offers this advice to aspiring consultants: Don’t make the move because there may be a resurgent market for HR consulting. Do it only if you are passionate about the work.

He advises aspiring HR consultants to ask themselves these questions:

- Do I have something to offer a client that is unique and will help provide value from the (relationship)?
- What do I know that a smart client would not know?
- Why should a client hire me instead of someone (formerly) inside the company or someone else who has done consulting for years?

These answers should help you decide if flying solo is right for you.

How to snag your first HR consultancy gig

It's difficult to become a successful HR consultant without a track record. Here are tips for securing your first consulting project to establish credibility, according to Dr. John Sullivan, a well-known HR thought leader and head of the Human Resource Management College of Business at San Francisco State University:

Develop a novel approach for a client's need and pitch it while offering one of the following options: Implement the idea for free. Repay fees if the idea doesn't work. Allow the client to decide payment based on the project's outcome.

Sullivan, who also operates a consulting firm, says, "Such approaches show confidence. I still use them. A successful project, even if you do it for free, can be worth a lot of money down the road." *Reason:* You have a referral from a satisfied client. Organizations depend on such referrals when hiring consultants.

Partner with an existing large or small HR consulting firm. "There are plenty of firms that will take top people on a contract basis and say, 'If you can bring work, you can use our name.'"

Sell yourself as an in-house HR consultant on your previous job. That approach may work with consulting firms, "especially if it's an industry they always wanted to get into and grow, and you know the industry and have contacts," says Sullivan.