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Q&A

Independent Consultancy Webinar

1. Do you recommend LinkedIn more than any other networking tool?

Tiffany: When we network, we pick up the phone or drop emails to people we have personal connections to. I believe, hands down, one on one communication is the most personal and most effective networking tool. LinkedIn is rapidly becoming an excellent resource for candidates to put their information out order to get connected with recruiters and hiring managers. So, I think it's an excellent third choice behind personal phone calls and personal emails to individuals you already know.

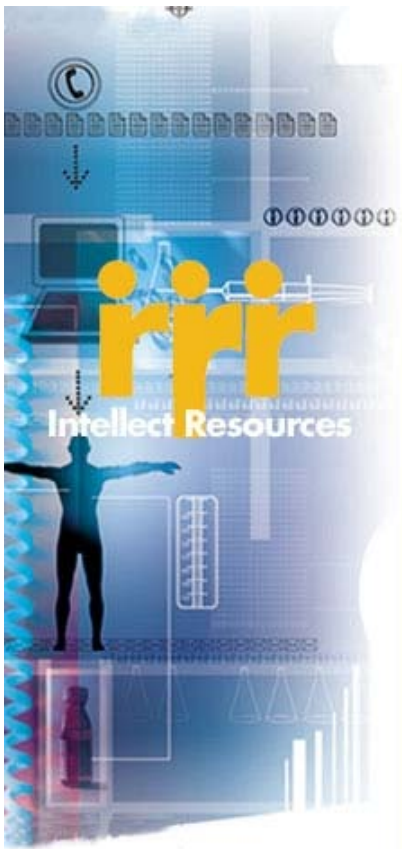
Michael: I agree completely with Tiffany's response.

Fran: Not necessarily. LinkedIn is a great networking tool, but I believe face to face marketing is just as or more effective.

2. What is your skill set worth? How do you figure that out?

Tiffany: This is a good question, although I cannot give you a concrete answer without understanding more of your background. Here are some of the things clients will want to know when deciding if your rate is "worth it."

1. How many years have you worked exclusively in healthcare?
2. What is the depth of your understanding of processes in healthcare, i.e. registration, billing, order entry, etc.?
3. Do you have a clinical background, i.e. RN, Pharmacist, Med Tech, etc.?
4. How many years of hands on technology experience do you have?
5. Do you have formal project management experience? (To know if you have marketable project management experience, answer the following: How many projects have you managed at one time? How many people have you



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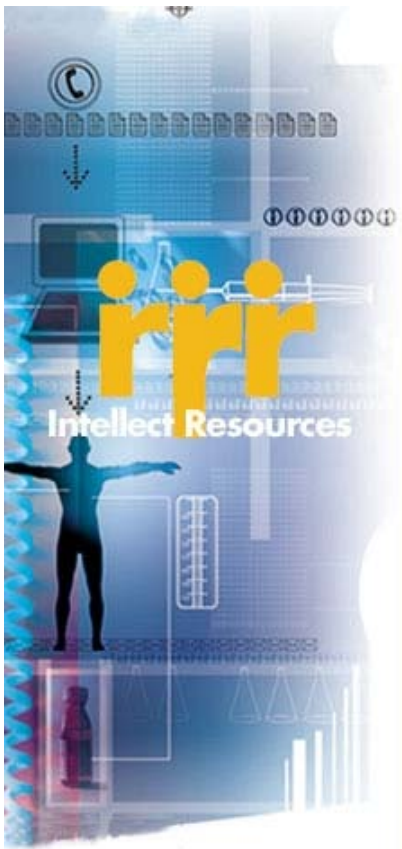
- managed on a project? Do you have expert knowledge of project management tools such as MS Project and Visio?)
6. What degrees or certifications do you have?
 7. Do you have experience working with any of the mainstream vendors such as CERNER, McKesson, Meditech, EPIC, GE/IDX, Siemens, etc.?
 8. What leadership, management or executive positions have you held?
 9. Is this your first contracting engagement or are you a seasoned pro?
 10. How strong are your references?
 11. How many different sites and hospitals have you worked with?

If you have strong answers to most of these, you can probably charge at the higher end of the scale. We at Intellect Resources are limited by our clients to hourly rates of \$40-100/hour on the majority of contracts we work on. Every now and then we can go a bit higher. As an example, consider an RN who holds an MBA, certification in Project Management and EPIC, and has 25 years in healthcare, including 18 years of hands-on work with clinical applications and various management positions. This candidate could easily ask \$100/hour, and in some cases could command higher than that. On the flip side, a trainer without a degree or hands-on technical experience who may have worked on one project in healthcare for 6 months will need to be at the low end of the scale. We always advise to go out on your first engagement at a low rate to make sure you obtain the contract, resulting in more experience.

Michael: I agree with Tiffany's response and have the following to add. It is sort of like establishing the 'worth' of anything else. What 'worth' is established may not always directly relate to what the buyer will pay, or is able to pay. Clients may 'shop around' for partners that offer quality resources that also offer a best price. In a situation where an RFP is distributed, price is often a determining factor in choosing a vendor of choice. Sometimes budgets play a big part in choosing a vendor along with the experience of the resources presented. I believe everyone would like to always buy the 'best', but it is not always possible due to price. I am often asked for a skill set such as 'a strong project manager with hands-on experience' with a product. Candidates will attempt to justify their rate by telling me they are a nurse, master's prepared, etc. Bottom line, if this is not a requirement of the client, and it adds cost, they may have to choose what they need and can afford rather than what

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they would like to have if money was not a consideration. Obviously the more flexible a consultant can be in evaluating all the circumstances without selling themselves short, the better the chance to get the job. Also, independent consultants get to consider associate factors such as duration, travel requirements, etc. that may be worth a few dollars less per hour to secure a position.

Fran: Do a market analysis of your skill set by speaking to consultants with similar skills.

3. Suggest a reduced rate if the client would train you.

Tiffany: Great idea, I think you need to ask yourself how valuable that extra skill is, then how much of a cut you can afford to take. The lower you can go, the better chance you will have of getting that opportunity. If you can afford 50%, start there!

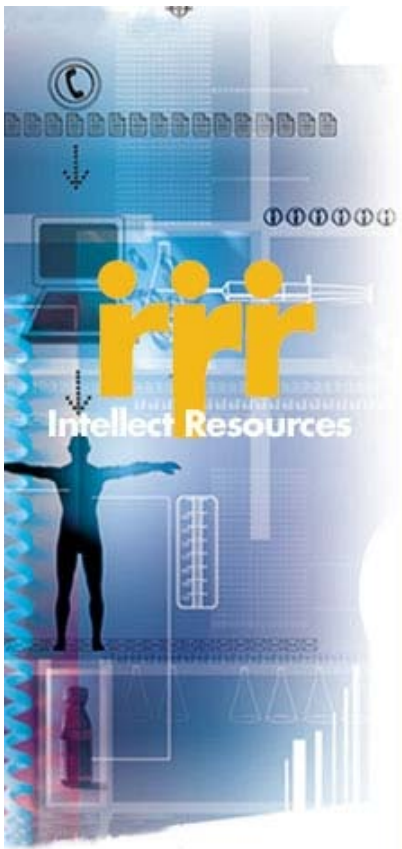
Michael: I agree. This is a good strategy to gain experience.

4. Fran -- When you mentioned working 40 hours in 4 days, were you referring to software implementation or design?

Fran: I was referring to software implementation.

5. What impact is the current economic climate having on projects for independent consulting within healthcare?

Tiffany: I'm not a financial analyst, so I can hardly give expert advice on this topic. However, I give my thanks everyday that we work in this industry! You can't say its recession proof, but I would certainly consider it resistant as it is difficult for a hospital to simply close up shop. People will always get sick no matter how the economy is faring. Many hospitals invest money on software systems to ultimately save money by eliminating people, duplicate processes, costly errors, etc. So, they certainly think twice before pulling the plug on an implementation or holding back on a new purchase. And, when a system is old enough that it atrophies, hospitals have no choice other than to replace it. Furthermore, resources will



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always be needed to support the systems currently live in a hospital. When the economy got tight in the post Y2K years, it seemed that vendors felt the squeeze first when they lost revenue on new sales and upgrades which trickled down to impact the hoards of professionals completing the installs. The second group hit was the large consulting firm market when hospitals, still needing talent, opted to cut costs by choosing more affordable consulting options such as boutique firms and independents. It was after Y2K that we saw the independent market emerge. I can probably count the number of independents I knew before Y2K on two hands and every year since the numbers have continued to swell. Keep in mind that according to BCC Research, the healthcare IT market is in for annual double-digit increases over the next few years.

Michael: I agree that this industry does not seem to follow the trends that affect others in our economy. Independent consultants can offer a better value than larger firms in many cases. Many firms (especially those that are publicly traded) require a minimum mark-up or margin to satisfy the owners and/or shareholders. Independent consultants can be more flexible in pricing and negotiating. This often makes them a great option to consider.

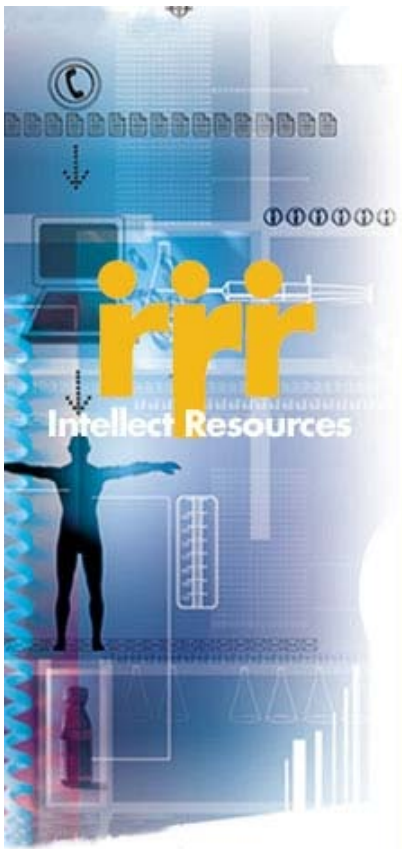
Kevin: I agree with all of the above. The independent consultant is often in a position to be resilient and can modify expectations with market fluctuations.

Fran: I believe this really depends on your skill set and the market demand.

6. Is the subcontracting angle a better start for someone just getting into this since there would not be a solid resume of projects outside of the long term employment as an FTE for a health system?

Tiffany: I would encourage you to start working directly as a W2 employee for an established consulting firm or a vendor which would allow you to learn the industry, meet lots of great contacts, build your expertise and make sure the lifestyle of a consultant works for you before embarking out on your own.

Michael: This depends on if you are already a healthcare consultant considering independent work, or just getting started



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in consulting. Since you mention FTE for a health system, I think you can move into consulting as a subcontractor if you have the necessary IT experience.

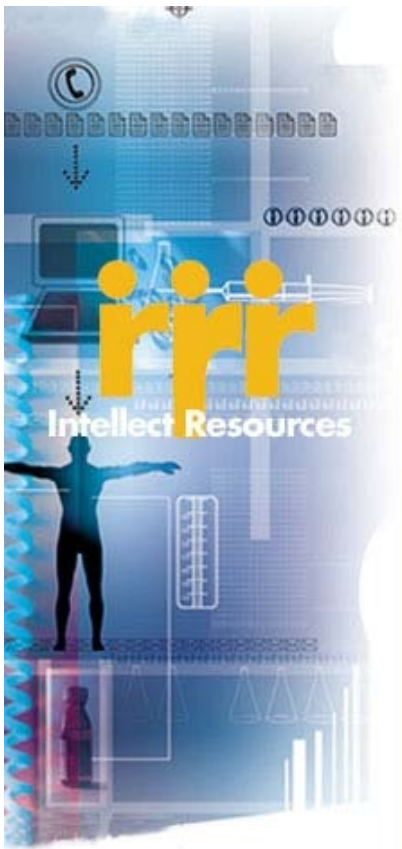
Kevin: Although an employee of a health system (not consulting) can enter the market as an independent consultant, the rates are not all that favorable. It would be difficult for a sole provider to pay for all their benefits and still have an income comparable to working for an employer. It would be best to gain some experience as an employee consultant.

Fran: I would recommend working for a consulting firm before going into subcontracting.

7. This seems very focused on implementation consultants. Do you have any particular advice for those of us who work more in the areas of strategic planning, marketing programs, M&A, organizational assessment/assimilation, interim management positions, etc.?

Tiffany: These positions are definitely out there, just not in the quantity of the implementation roles. I personally find this market saturated with current CIOs and other executive level types who are looking for a change (once you get to the top, where do you go?) or with retired executives who are bored with retirement. I would encourage you to network with individuals you know, attend HIMSS and similar industry meetings, and forward your resume to some of the larger consulting firms such as Deloitte, Accenture, IBM, FCG (now CSC), etc. We've never seen these firms advertise for independents, but we sure know a number of candidates who have completed engagements with them! Getting to know recruiters in the field will certainly help you expand that network. I'm not a huge fan of large non-industry specific job boards such as Monster.com for either recruiters or for candidates. However, if you want a quick way to find out what options there are in your specific market, post your resume on a few and see what calls come to you. If there is a pattern of the types of roles that come your way, then you'll know which skill to go out and market.

Michael: In my experience, there are needs for all sorts of skills, but the volume of these positions is often dictated by the course of the implementation. For instance, you may have one or two project managers for a project that has many, many



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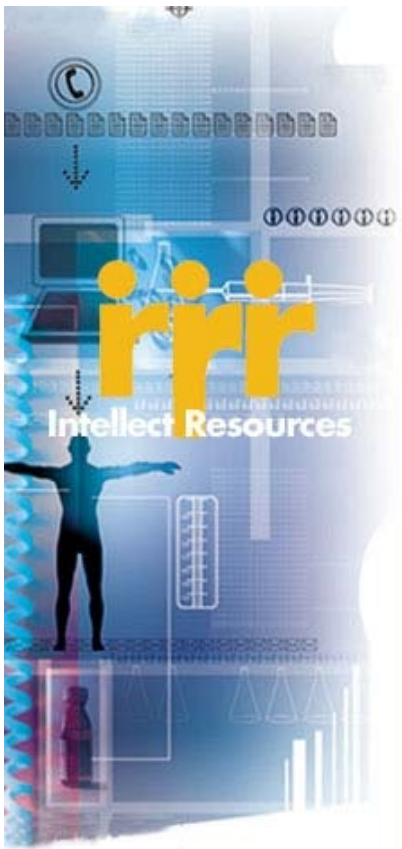
implementation consultants. It's just a matter of the need for more workers than managers in many cases. Another consideration is the timing of the need. Strategy, etc. is a need very early in the process, so timing is crucial to get the opportunity to participate at this level. The same can be true for project management. In addition to needing fewer of these positions, they may be chosen early in the project to help establish plans, timelines and needs for outside assistance from other consultants.

8. Do clients have a preference over hiring W-2 consultants vs. 1099? Is there any kind of stigma associated with 1099 consultants?

Tiffany: Every client is different. We have one that absolutely will not consider 1099's and we have others that embrace them. So, you have to know your target audience. Once you are on site, no one really knows or cares if you are W-2 or 1099 as long as you get your job done and are enjoyable to work with. There are only two occasions when we see it as a stigma.

1. On resumes: If all of your engagements are listed on your resume without a common header showing that these are independent contracts, it makes you look like a job hopper. Beware – sometimes candidates will throw in a 2 - 3 month engagement on their resume between full time positions. I hate to say it, but often times we explore the engagement only to find it is just filler to hide any gaps of employment. So, give your resume a hard look and see how any independent work has been presented, to prevent any possible reasons for a stigma.
2. Reentering the work force: this goes both ways. If you've been an independent, you will give up freedom and finances to go back to an office day in and day out, so think about how you are going to adjust. Also, know that the majority of employers are leery that you aren't going to make the transition well or that you will leave them when the next high-paying engagement comes along. -- Tiffany

Michael: It may be a drawback to approach a hospital client directly as a 1099 since the 'vendor approval' process is the same whether you are a company of one or a company that represents many. This may cause additional PO's etc. to be issued rather than working with a firm that can present as well



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as provide many resources, W-2 or 1099. The perceived stability of an individual rather than a company may also be a barrier. Insurance may also come into question. All things equal, I have not observed a 'stigma' just because someone works as a 1099. It is true that consulting firms may not use 1099's if they cannot make the margin or profit they want since the cost to them is higher that that of W-2 employees.

Kevin: I experienced one occasion where a client terminated the conversation because my business was "too small." Other than that, either the client is interested in contract labor or they are not.

9. Once a contract is established, would or could a client "sack" a consultant due to lack of expertise and/or bad work habits?

Tiffany: Absolutely! Those are the two main reasons contracts are terminated. To be successful in this business you not only need to have solid technical skill, but you also have to have stellar references and reputation. One bad episode or one bad comment on behalf of your work ethic can make it very difficult to find work as a 1099 or W-2. This is industry is very, very small. People talk. Should you get onto an engagement where you are over your head, it's best if you confront the situation early on, admit it and create an exit plan with the client. This gives you an opportunity to be proactive, preserve your reputation and intercept a termination.

Michael: I agree. Also, every contract I have been exposed to has contained an 'out clause' that allows either party to end the contract before completion. It is always important to explore and understand what the duties are and not to oversell yourself. Having a bad work ethic is certainly grounds for rejecting a consultant.

Fran: Yes!!