Consultant
- Starting as a self-employed consultant

Denmark must survive on being a knowledge society, according to the economic advisors. Knowledge is being traded with like never before, and the area is growing rapidly. It attracts many entrepreneurs.

As a foreigner living in Denmark you will also be able to sell your knowledge to Danish and international companies. It is administratively very easy to set up a business as self-employed consultant – maybe the easiest place in the world.

You can sell knowledge in all sorts of industries ranging from legal advice, accountancy services, engineering services to newer areas such as psychological support, IT assistance, communications services and artistic concepts. All industries constantly open opportunities for development and sales of consulting services, and only your imagination sets the boundaries.

Before you become a self-employed consultant, it is a good idea to think it through and plan it carefully. It may be a necessary precondition for success in a market which can be difficult to penetrate, and which is characterized by great competition.
Are you a good consultant?

Begin with testing yourself:

<table>
<thead>
<tr>
<th></th>
<th>Definitely</th>
<th>Usually</th>
<th>In doubt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I am good at listening to people and understanding their needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>I have a good academic foundation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>I have solid experience from previous jobs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Complex problems appeal to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>I can organize and arrange a job</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>I can set realistic work plans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>I can live with earnings that fluctuate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>I have a large network within my professional field</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>I am updated within my area of expertise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>I am able to turn my knowledge into a product / service that can be sold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>I know where to look for new knowledge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>I am creative and full of ideas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>I have a good mood and see the bright side of life</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>It does not matter that the work day is long</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>I am good at turning problems into opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>I think it is exciting to be faced with unexpected tasks</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If you have at least 12 crosses in “definitely” you will have a good basis for proceeding.

What do you sell?

Your professionalism is the starting point for your service, but personality and experience are also very important resources. Within some industries, much seems to be obvious: If you are a journalist, you could sell research and communication to your customers. If you are an architect, you deliver ideas in the form of drawings and monitoring of construction processes. A medical doctor offers diagnoses and treatments. A translation agency provides an accurate text, etc.

But many future consultants may benefit from turning the obvious upside down. A self-employed consultant must view his or her service or product through the customer’s broader needs in mind. Ask yourself:

- Are you helping your customer to comply with regulations or bureaucratic peculiarities, so he or she does not get tangled up?
• Do you get knowledge from abroad or from other organizations and translate it into a form that can be used by your customer? Or are you moving knowledge from Denmark to other countries?

• Do you make your client appear in a favourable light at board meetings, in the management team, among the employees or by others?

• Are you providing external and independent "eyes and ears" and touch upon critical issues for your customer so that he / she can develop himself or the company?

• Do you draw up ideas and concepts that you present to your customers who can develop them further- either by themselves or together with you?

• Do you solve a capacity problem for the customer and thereby help achieving important deadlines? Or do you help the company to avoid using money on expensive employees?

• Do you contribute to new knowledge for your customer or the fact that he or she uses knowledge in new ways?

• Do you strengthen your customer’s quality of life or prestige that go beyond the specific task?

• Do you quality assure your customer’s own work?

There are many large and well-known consultancies. Some businesses prefer the large ones because they think traditionally, or because they are afraid of the fact that you are new and a small player in the market. You should do something different than the major players. It is very important that you explain your unique competitive advantage. Think about it carefully and put it into words.

**Ways to start**

There are several ways to start a consultancy. There are advantages and disadvantages of all:

**Start sole proprietorship**
It is very simple to start a privately owned company. With such a firm you are entirely your own master and can create your own business concept. You can be flexible, even in relation to your daily chores. The downside may be that it takes time to get started, and it is hard work. Many have an expectation that they will get time for family and leisure with such a firm. It often proves to be an illusion.

**Buying into / become a partner of another firm**
You can start your business together with several other consultants or buy your way into an existing firm. Here you can enjoy a professional community and division of labour. Volume gives options for larger and more lucrative assignments. The downside is that some of the independence disappears and you must also face greater fixed expenses.
Networking
There are companies which are informal associations of consultants. They typically work within the same main area and can market themselves jointly under unifying headlines. However, they solve tasks individually, and they each have their own separate economies.

Join a franchise
Within coaching, management consulting and IT fixed concepts exist. You can buy the right to market your service within a restricted area. This may be a good way to get access to a recognized and well-proven product, and perhaps also to a clientele. Furthermore, you often get support to administrative tasks as well. The disadvantage is that you will be more of an employee than a self-employed consultant. There are also frivolous concepts and business ideas that are not adapted to Danish conditions.

Freelance / solo business
If you have started your own personal business and you do not have any plans of employing people, you are a freelancer. The difference between an entrepreneur and a freelancer is that the entrepreneur wants to start a business that grows and becomes a company with employees. A freelancer does not have any intentions of growth.

Freelancer as an employee
Within some industries, for example among journalists, freelancing is common. This kind of freelancing means that you are not self-employed but an employee who solves temporary assignments. The advantage is that you have a safety net if you have an unemployment insurance, because you can get unemployment benefits in quiet periods. The disadvantage is that you can easily become a "casual labourer" who has difficulty in getting financial surplus enough to develop a proper business. In many industries it will be difficult to get the customer to "recruit" you.

In contact with customers
To get in touch with customers you can advertise, make a Google Ad or create a brochure. However, consultants in most industries must recognize that it is not the cost worthwhile.

Word-of-mouth advertising based on satisfied customers is the best kind of advertising for a consultant. The customers will come back, and they give tips and advice to other customers. It is a process that takes time. Therefore, marketing in the consultancy business is often uphill the first year.
A website is a must for any consultant. You need it in order to be visible and inform customers about your services. Furthermore, people use search engines such as Google to find information, products and services, which means that the internet and the search engines are good marketing channels as well.

Use and create your own network
Marketing in the consultancy business is largely based on networking. Therefore, make sure to constantly develop and maintain your network. Since you are not a native Dane, you must work harder to access a Danish network in order to find business partners, suppliers, etc. However, it is a good idea to combine your Danish network with the network you might have from your homeland and thereby get the possibility of creating an international business.
Speaking Danish is paramount if you want to enter into Danish networks - even if most Danes speak English. It does not have to be perfect but do spend time on language courses.

You need to be proactive in order to create a network. The easiest way to get started is to look for assignments among your personal acquaintances – or your husband/wife’s acquaintances. Contact for example a previous employer or a former client or business partner. Colleagues and classmates can also give access to work. However, do not expect people to buy your services just because they sympathize with you. There have to be something in it for them.

Before you contact people in your network, think through carefully what they get from cooperating with you. Be completely honest and tell them that you are in search of interesting assignments. Ask them what their ideas and suggestions are.

Work actively on the social media such as Facebook and LinkedIn. They are suddenly very important for you when you start as a self-employed consultant. Another opportunity is to become a member of international clubs and associations such as www.expatindemark.dk, www.internationalcommunity.dk. However, always remember to combine international and Danish networks in order to create the best basis for your business.

Read more about sales and marketing at www.100svar.dk/customer-demand-uk

**Leave home**

A way of creating a Danish network is to leave your house or apartment and “go to work” in e.g. an office hotel. All major cities have an office hotel, incubator or other place where small companies can rent office space. It also has a positive psychological effect on work ethic to leave home.

**Tender**

Some assignments are published in newspapers or on the website of the company asking for the job done. You can keep track of tasks that fit your professionalism. Many assignments, especially those from abroad, are managed by consortia of firms. It is therefore a good idea to have an international network of partners. Be aware of the fact that it is time consuming to bid on jobs. And you will have to demonstrate solid experience and seriousness to get a chance.

**Economy**

A consultant does not need to invest big money. The risk is lower than within many other industries. However, this means that there is larger competition for the good assignments. Therefore, it is a good idea to plan the economy very carefully. Create a budget to get an overview, and base the budget on the choices you have made and the kind of company you want to start. It is necessary to examine prices and costs in the market so the budget becomes as realistic as possible.

Typical prices (2011) are in the range of 550 to 1,400 Danish kr. per hour - plus 25 % VAT (moms). Prices depend on both the clients and the assignments. Difficult tasks and urgent tasks can be more expensive. In areas of great competition prices are lower. Long term jobs and jobs that have been ordered in advance have a lower hourly rate.

The more famous / popular you are, the higher is the price you can charge.
Very often you will be asked to give a fixed price. Here you must ensure that you get a reasonable hourly rate. Eventually, you will get experience with the duration of the different assignments.

**Inviolable time**
Expect that you must spend time on administration and upgrading your skills. You will also need to spend time on contacting customers and making deals that never pay off in the form of assignments.

Therefore, it is a good idea to consider how much "billable time" you can expect. As an employee in a company you work 37 hours a week and get paid for 37 hours. As a self-employed you work probably 50 hours, but can only charge 10 to 20 hours per week. You must therefore ensure a proper hourly rate or submit a tender that has a sufficiently large overhead.

**Operating Budget**
The example on the next page shows an annual budget for a small sole proprietorship consultancy firm. This consultant sells knowledge / consultancy services within human resource management. Sales come from these sources:

- Knowledge / consultancy services 380 hours a year for a specific customer
- Income from a job as a teacher at an educational institution
- Income from assignments from six different companies per year
- Royalties from a book written by the consultant a few years ago

If you gather these activities and put them in an annual budget it will look like this:
### Annual budget for a consultancy

<table>
<thead>
<tr>
<th></th>
<th>Per year, ex VAT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Turnover:</strong></td>
<td></td>
</tr>
<tr>
<td>Agreement with company A, 380 hours per year of 550</td>
<td>209,000</td>
</tr>
<tr>
<td>Educational institution B</td>
<td>45,000</td>
</tr>
<tr>
<td>5 jobs of x type of DKK 25,000</td>
<td>125,000</td>
</tr>
<tr>
<td>1 job of y type of DKK 70,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Royalties of book</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>469,000</strong></td>
</tr>
<tr>
<td><strong>Cost of operation:</strong></td>
<td></td>
</tr>
<tr>
<td>Rental of office</td>
<td>45,000</td>
</tr>
<tr>
<td>Cost of car / mileage</td>
<td>40,000</td>
</tr>
<tr>
<td>Mobile phone, internet, etc.</td>
<td>16,000</td>
</tr>
<tr>
<td>Accountant, administration, etc.</td>
<td>15,000</td>
</tr>
<tr>
<td>Office equipment and material</td>
<td>18,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>8,000</td>
</tr>
<tr>
<td>Upgrading of skills</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>142,000</strong></td>
</tr>
<tr>
<td><strong>Profit</strong> (turnover - cost of operation)</td>
<td><strong>327,000</strong></td>
</tr>
</tbody>
</table>

Make your own budget. Is the amount at the bottom line big enough? If not, you must go through the budget again. How can you increase sales? Or how can you cut back expenses? Make the budget for each month a year - this will help you understand your business. Be aware of the fact that it takes time to get clients/customers – much more than you expect. During that time, income will be low.

Preliminary budget
If you start from scratch, it is a good idea to create a preliminary budget. It could look like this:

Preliminary budget for a one-man consultancy

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of mobile phone and IT</td>
<td>1,500</td>
</tr>
<tr>
<td>Logo, business cards and letterhead</td>
<td>2,500</td>
</tr>
<tr>
<td>Website</td>
<td>5,300</td>
</tr>
<tr>
<td>Cost of accountant/lawyer</td>
<td>6,000</td>
</tr>
<tr>
<td>Office rent 3 month</td>
<td>11,250</td>
</tr>
<tr>
<td>Decoration of office</td>
<td>25,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,500</td>
</tr>
<tr>
<td><strong>Total: DKK</strong></td>
<td><strong>55,050</strong></td>
</tr>
</tbody>
</table>

Where does the money come from?

If you want to start a business, it is a great advantage to save money. If you have not been able to do that in advance, you can take a loan – maybe use your house or apartment as a guarantee - to cover the establishment costs and the first months of operation.

Some entrepreneurs can borrow money from the family, while others hold a business account in the bank where they have saved money for several years.

Some banks are willing to help you with financing your business. A possibility is to ask for an overdraft account. However, remember that all banks will ask for detailed budgets and plans from you. On [www.100svar.dk/budgets-uk/](http://www.100svar.dk/budgets-uk/) you can read more about how to get a good relationship with your bank.

Some consultants start their business while they have another job. It provides a foundation until the customer portfolio is built up.

Additional unemployment benefits
There are no public subsidies for investment in and management of a consultancy. If you are insured from unemployment you might be eligible to receive additional unemployment benefits in the beginning. See [www.ase.dk](http://www.ase.dk) who has prepared a booklet on self-employment and unemployment benefits – in Danish only. Search for: “Bibeskæftigelse som selvstændig” - or ask at your unemployment fund (A-kasse) for further information.
As insured unemployed DO NOT start a business before you have a “go” from your A-kasse.

Staff

Some consultants have staff, if not initially, then at a later date. You can get in touch with potential employees by contacting the jobcentres, use LinkedIn and other networks.
or advertise. However, in practice, many consultants hire someone they already know and rely on. You can also contact schools – e.g. universities - and hire flexible student labour. It may be a fruitful solution for both the consultant and the student.

Every time you hire an employee, you have to make a letter of appointment. This also applies to employees on part time. The document should contain all working terms, e.g. place of work, salary, working hours, holiday, retirement and termination. Some (mostly large) companies have agreements with one or more unions. But there are no rules that consultants must employ organized labour. Read about Conditions of Appointment Document in Danish at: www.startvaekst.dk/ansaettelses-cirklen

Management

You should expect to spend time on introducing the employees to your company, training them and being their manager. Think carefully about what it takes for you to be a good manager in your own company. Many employees in consultancies need - and can manage – independent working conditions. They would usually also like to have an impact on company strategy.

Some consultants do not want to have employees, but they have networks of skilled colleagues who they trust and can rely on. It could be specially trained people, covering areas supplementing your own expertise, and together you can bid on and get more complex assignments. You can also refer to each other.

Find relevant colleagues at www.raadgiverboersen.dk. You can register yourself and get in contact with other self-employed consultants – in Danish only.

Registration of company

Once you know what to sell and have a reasonably idea about who your customers are it is time to register your new business. It is very easy to start a sole proprietorship (personally owned company) in Denmark. Follow these three steps:

1) Registration
You must have a residence or work permit to Denmark. If you do not have one, please find answers about immigration to Denmark at www.newtodenmark.dk.

You register directly via the Internet at www.webreg.dk – in Danish only. You download a special registration form (Startblanketten as PDF – in Danish) where you enter all your
personal information and industry of your business. Within 14 days you will receive your CVR number – the license to do business in Denmark. It is free of charge to start a business.
2) **Permits**
Even if you have been registered / received your CVR number, you might also need to get permission to run your business. However, few consultants need special permissions, contrary to e.g. a restaurant owner who needs a hygiene certificate and a mechanic who needs an environmental certificate.

3) **Bookkeeping and accounting**
Accounting is an important management tool in your business, but it is also used to meet state rules on accountancy and VAT (moms) settlement.
The rules both apply to companies operating on a full-time and part-time basis. It is not a requirement to register the company unless there is a turnover of 50,000 + per year – but you are always allowed to register even with a turnover under 50,000.

**Business Formats**

When you start a business you have to choose which business format you want to establish. The most common are:

**Sole Proprietorship – personally owned business**
This is the least complicated business format. There is no minimum capital requirement. However, the owner is personally liable to the full extent of his/her assets. This is the most frequently used business format for small recently established businesses. You need a residence and work permit to start a sole proprietorship company.

**Interessentskab (I/S) – Partnership**
This works as a personally owned business only with multiple owners. There is no capital requirement and the owners both have personal and joint and several liability. It is advisable to prepare a partnership contract.

**Anpartsselskab (ApS) – a small limited company**
Anpartsselskab (ApS) - ApS may be founded by one or more persons and it must be reported to the Danish Commerce and Companies Agency. There is a capital requirement of minimum 80,000 kr.

**Aktieselskab (A/S) Limited company (Ltd.)**
There is a capital requirement of min. 500,000 kr.
Economic system in your business

Most trouble in the company arises because the owner does not follow the five steps listed below. Are you following these, 98% of your administrative problems will disappear.

1) **Transaction**
   (one invoice for each transaction)

2) **Daily Organising of Transactions**
   (filling invoices in ring binder)

3) **Bookkeeping of all Transactions**
   (registering of invoices in a pc bookkeeping programme)

4) **Generate Reports**
   (from the bookkeeping programme)

5) **Financial Management**
   (use reports for discussion of business)

Buy the book "Få styr på bovlet – om regnskab i mindre virksomheder" at [www.startogvaekstshop.dk](http://www.startogvaekstshop.dk) – in Danish only.

**Tax**

You must pay tax based on the company’s profit. Once you have withdrawn all its expenses from its revenue, you find your taxable income.

You will rarely know in advance how large a profit your company will get. Therefore, you need to make an estimation of your profit. Use your budget to make this estimate and report it to SKAT.

SKAT will send you payment slips, so the estimated tax will be divided between the months. When the year is over, you get an extended income tax form. On this you must declare the realised profit of your business. If you have earned more than you anticipated in your budget, you have to pay extra tax, and if you have earned less, you will get money back.

An accountant can help you with all the details, so your taxes will be as advantageous as possible for you.

If you estimate that your profits will be only e.g. 5,000 kr. you can also wait paying the tax of the 5,000 kr. until March the following year.
Rules and regulations

Insurance against accidents at work and occupational diseases
You are obliged to insure your employees against accidents, injuries and illness.

As self-employed, you can also insure yourself against illness and injury. But you have no obligation to do so. In some jobs, for example as a consulting engineer where the consequences of your advice can cost the costumer a lot of money, it is advisable to take out a professional third-party insurance.
See www.forsikringsoplysningen.dk (in Danish only) and AES (Arbejdsmarkedets Erhvervssygdomsforsikring (the Labour Market Occupational Diseases Fund) www.atp.dk (in English).

Education

The municipally supported business councils are placed in many cities in the country, and several of them offer training sessions for entrepreneurs – also in English. See an updated list at www.startvaekst.dk (in Danish only).

For Aarhus and Copenhagen, visit:
STARTUP Aarhus: www.startvaekst-aarhus.dk
Copenhagen Business Centre: www.kk.dk/sitecore/content/Subsites/CityOfCopenhagen/SubsiteFrontpage/Business.aspx

Some professional organizations, business centres and educational institutions have special courses on training for consultants and management of consultancies. Visit for example www.ug.dk (most of the information is in Danish only). Trade unions also offer seminars for their members.

Consultants’ organizations

There is no single trade association for consultants. But within most industries there are organizations, which you might already belong to. They are often important meeting places for practitioners - and thus also a place where you can network and create a market. Do not scale down memberships and activities in your network when you become self-employed.

Whether you are a member of an organization or not, you can still use their websites to find business related information. Many of them publish a lot of technical knowledge and rules and regulations that may be useful for you.

The Danish Chamber of Commerce is the network for Trade, IT, Industry and Service in Denmark. Visit www.danskerhverv.com (most of the information is in Danish only).
Further information

www.100svar.dk gives advice to entrepreneurs. It guides you through all the relevant questions and answers. Available in Danish, Arabic and English.

www.Startvaekst.dk is the official Danish entrepreneur and business website. It provides robust summaries in starting, operating and growing your own business – most of the tools and guides are in Danish only.

Free advice Across the country you can get free advice on starting your own business. Find your local counselling office at: www.Startvaekst.dk

www.amino.dk An online entrepreneur forum where entrepreneurs discuss and help each other with practical problems.

www.entrepreneurshipindenmark.dk The website is in English and includes tools that you need when you are starting and running a business in Denmark, contact information for experienced entrepreneurs and consultants, information about events and courses - and much more.

Your consultancy - how?

There are many choices to make before you start. It is important to all matters carefully:

What do you want to sell?
- Which line of profession do you want to work in?
- What are your customers’ needs?
- Will you sell services based on concepts or hours?
- Anything else?

What do you want your customers to remember about your company?
- You are academically on the top?
- You meet deadlines?
- You are good at understanding your customers’ needs?
- You give a reasonable price?
- You are versatile?
- You are flexible?
- You are meticulous?
- You keep your promises?
- Anything else?

Who are your customers?
- Private companies - small or large?
- Which industries?
- Public authorities?
- Organizations?
• Individuals?
• Other consultancies?
• Others?

**Who are your competitors?**
• Companies similar to your consultancy?
• Larger consultancies?
• Customers’ own employees?
• Technology?
• Others?

**Staff?**
• One-man company?
• Partnership?
• Employees - how many?
• Casual workers or permanent employees?
• Network with other consultants?

**Where should the company have its address?**
• At commercial premises?
• In an office community?
• At home?

**How do you sell your service?**
• Canvassing?
• Networking?
• Tender?
• The Internet?
• Anything else?

**How do you plan your days in your consultancy?**
• Time to assignments themselves?
• Time to make an offer?
• Time for professional updating?
• Time for marketing and administration?
• What do you if you experience seasonal fluctuations?
• Try making a plan for a week and a year

**How strong is your network?**
• Who can you contact if you need help with economic issues?
• Who can you contact if you need to find suppliers?
• Who can you contact when you will market your services?
• Who can help you with practical tasks?

**Soon ready?**
• Have you registered your company?
• Do you have the permits and authorizations if necessary?
• Have you taken out the necessary insurances?
• Have you planned how you will record your expenses and deal with administrative tasks?
• Do you have financing in place?

25 other startup guides available at www.startvejledninger.dk – in Danish

Written by Anne-Mette Hjalager, Advance1
Edited and English version by Mogens Thomsen, Vaeksthus Central Denmark
Proof-reading Lisbet Friis Møller, Entrepreneurship in Denmark
Thursday, 14 July 2011

Start guides are developed with support from
The European Social Fund

THE EUROPEAN UNION
The European Social Fund
Investing in your future