Critical Steps in Starting and Sustaining an Independent IH Consultancy

Prepared for
ROUNDTABLE 236
Managing the Business of an IH and Safety Consulting Practice:
60 Critical Elements
1:00 PM - 4:00 PM
Wednesday June 6, 2007

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DISCLAIMER

• There is no “one” right way or model to operate an Industrial Hygiene/Safety Consultancy

• Information is presented as a brief introduction to consultancy start-up issues and is not direction, case specific or legal advice

• Further research, professional consultation and appropriate registrations are necessary for the foundation of your own successful consultancy
#10: Know Our Mission

Industrial hygiene is considered a "science," but it is also an “art” that involves judgment, creativity and human interaction. The goal of the industrial hygienist is to keep workers, their families, and the community healthy and safe.

AIHA
#9a: Know Our History

**Hippocrates** noted Pb toxicity in the mining industry in the 4th century BC.

**Pliny the Elder** (Gaius Plinius Secundus, 23–79)
- Roman Historian “160 Volume Naturalis Historia”
- Noted Asbestos, zinc, sulfur and lead related illness
- Devised Animal Bladder as Respirator
- Lost Studying Eruption of Mt. Vesuvius at Pompeii

**Bernardino Ramazzini**
- an 18th-century Italian physician, described "asthma" in bakers, miners, farmers, gilders, tinsmiths, glass-workers, tanners, millers, grain-sifters, stonemasons, ragmen, runners, riders, porters, farmers, and professors.
- outlined health hazards of the dusts, fumes, or gases that such workers inhaled.
#9b: Know Our History

Florence Nightingale
- Coined the importance of IAQ and Ventilation
  “The First Cannon of Nursing”

Dr. Alice Hamilton
- 1st Director of Illinois Occupational Disease Commission
  1st such commission in the world

Florence Kelly
- Child labor laws, minimum wages, Illinois 1st
  Chief Factory Inspector

Francis Perkins
- Secretary of Labor for FDR, 1st woman to
  hold presidential cabinet post

Jane Adams Hull House
- Settlement house leadership in social reform, two paths
  1) social work 2) IH
#8a: Know Our Ethical Basis

Industrial Hygienists Shall

1. Practice their profession following recognized scientific principles with the realization that the lives, health and well-being of people may depend upon their professional judgment and that they are obligated to protect the health and well-being of people.

2. Counsel affected parties factually regarding potential health risks and precautions necessary to avoid adverse health effects.

3. Keep confidential personal and business information obtained during the exercise of industrial hygiene activities, except when required by law or overriding health and safety considerations.

4. Avoid circumstances where a compromise of professional judgment or conflict of interest may arise.

5. Perform services only in the areas of their competence.

6. Act responsibly to uphold the integrity of the profession.
#8b: Know Our Ethical Basis

An internal compass pointing in an ethical direction is paramount when monetary pressures and artificial success have the potential to pivot in direct opposition to our obligation to the profession and the people our profession serves.

- AIHA, ACGIH, ABIH, Code of Ethics
- Must have capacity to say “no” or walk away
- Provide “expected” level of service
- Entrepreneurship and professionalism not mutually exclusive, whereas profiteering and professionalism do not go hand in hand
- Taking the high road pays
#7a: Know Your Prospects

- Who are the specific people and organizations expected to retain your services?
- Is prospect need long-term, short-term or one shot?
- Will your prospects sign contracts, proposals or expect verbal agreements to suffice?
- What are the financial expectations of your prospects (Net 30, Upon Completion of Prime Contract, Paid when paid, lump sum, hourly, per sample)
- Define quality, how is it measured?
#7b: Know Your Prospects

Expectations

- Is the scope of work in clear plain English?
- Does client have expectations beyond written scope?
- Has client solicited pre-determined outcomes (ethics)?
- Is there an exclusivity expectation in terms of representation of your client’s interests?
- What is the sophistication level of client relevant to IH/safety scope? (Are you hired as the expert or more simply to execute?)
#6: Know Marketing Strategies

- Word of mouth as best marketing tool
- Develop statement of qualifications (SOQ)
  - References, licenses, certifications, memberships, key personnel, insurance, required forms
- Active networking
  - Business, professional & community associations; journals, publications, newsletters,
- Professional and community based presentations
- Training as marketing tool
- Know your competition
- Quality, Quality, Quality
#5: Know Business Structure Options

Consultancy with a few assistants to multi-disciplinary multi-level organization?

**Models**
- Small volume ops with lower overhead and higher profit margin?
- Large volume ops with higher overhead, smaller profit margin?

**Structures**
- Sole Proprietorship
- Partnership
- Limited Partnership
- LLC
- Corporation
- Subchapter S Corporation
- Not-For-Profit
#4: Know Business Finance

- **Start-up and Operating Funds**
  - Small Business Administration, line of credit, suppliers, personal guarantee, business collateral, factoring against receivables

- **Taxes**
  - State and federal income taxes, employment taxes, local taxes, personal property taxes
  - Write offs are a percentage of business expenditure equal to tax bracket not dollar for dollar!

- **Equipment Issues**
  - New/Used/Rent/Own
  - Maintenance (Sensors)
  - Certifications/calibration gases
  - Tax Implications (personal property tax for equipment)
  - Storage Requirements (chemicals/radiation)

- **Bookkeeping**
  - In-house or outsourced?
#3: Know Employment Law

- **Employee or sub-contractor**
  - The use of sub-contractors to perform certain tasks may reduce tax liabilities and make accepting additional work loads possible, though may increase potential for client dissatisfaction and contractual liability – Insurance coverage?

- **State and federal employment definitions differ**

- **Control of work product** — Intellectual property rights?

- **Scope of work assignments** — Prime, first, second, third tier subs and rights of each

- **Tax issues** — Who owes what?

- **Payroll implications**
#2: Know Your Professional Liabilities

- Business and Professional Licensure
- Contract Liability — Scope of Work; Terms and Conditions; (Supervision or Oversight Approach)
- Regulatory Liability— Regulatory obligations
- Tort Liability— Negligence Issues
- Insurance — Claims made or Occurrence Coverage, Pollution/Mold Riders, Errors and Omissions, Sunset clause
#1: Know Family, Self & Spirit

Keep your commitments to both **FAMILY** and clients; excuses will not be interpreted as success

There will **ALWAYS** be work to be done for the successful Industrial Hygiene practice

Be proud to participate in a profession that strives to make concrete improvements in people’s living, learning and workplace environments!

Give thanks for being given the gift of helping people in your professional capacity
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