

From Independent Consultant to Smaller Consulting Firm: Dan Cassidy and Argus Consulting Ltd.

Dan Cassidy has always been a consulting actuary; first with large national firms, then as an independent, and latterly, as founder and president of Argus Consulting Ltd. He is head of a small but growing strategic consulting firm focused on retirement and health & welfare plans, providing consulting services to for-profit and not-for-profit organizations in the US, Canada and the UK. There are many smaller pension consulting firms; what distinguishes Dan is the conscious thought-process that he employed when deciding to grow his firm to the next level, and some of the steps that he has taken to get there.

Dan's actuarial career began with two of the larger consulting firms: Towers Perrin and Mercer. He credits his time with the major consulting firms for his basic skills: technical actuarial skills, client-management and interpersonal skills. Additionally, while at Mercer, he had the opportunity to attend a Sales Course; this course introduced him to the sales process and spurred him to develop his sales skills.

Dan soon had the opportunity to practice his new-found sales skills when he joined Chicago Consulting Actuaries (CCA). His move to CCA helped him to cut the cord to the larger consulting firm – something that many actuaries speculate about but not many try. From CCA it was then a smaller step to trying the consulting business on his own.

Dan set up shop with one client from his Mercer days. The client gave Dan a six-month assignment at \$8,000 per month. This allowed Dan to set up Argus consulting with initial capital of \$2,000. He did not get his second client until the near the end of his first assignment. Accepting business from a client of a former employer poses many ethical issues, as attendees of Fellowship

Admissions Courses know. Dan handled the issue by referring the client to Mercer, who gave permission for him to take on the client.

Dan refers to his early days as the “Hippie Dan” phase. He worked out of the basement of his house, did all his own work, but reached out to other actuaries for peer review and occasionally referrals. He enjoyed working close to his children, made money, was able to take vacations and did not wake up at 3.00 am wondering how to meet the next payroll.

Why, then, did he change his model?

Dan acknowledges that he wants to build value beyond himself. Most independent consultants are content with the rewards that come from their own expertise, and do not want the head-aches that building a business and leveraging their own skills brings. For Dan this has meant hiring new people, seeing them slowly build their own businesses: Dan admits that he underestimated the length of time that new consultants can take to build a business. It also meant a cash injection into the business, for the first time since the initial \$2,000 capital that Dan contributed in 1997, when he founded the firm. It has meant trying different things, some of which have worked very well (Dan’s Advisory Board) and some which have not worked as well and have had to be changed (some hiring decisions).

One of the factors causing Dan to build value beyond himself was the idea that different types of consulting revenue attract different multiples in a valuation situation. As a result of discussions with potential acquirers who approached Argus looking to buy the firm, he learned that health and welfare consulting revenue attracts a higher multiple than pension consulting revenue. This has encouraged him to grow a health and welfare consulting practice, which has been his major area of expansion for future growth.

Dan's most successful innovation is the Argus Board of Advisors. This group acts like a Board of Directors, but without the shareholder responsibilities. Dan began to recruit a board at the time that he started to think about growing the firm. Generally the board consists of experienced business people from many different sectors. The board meets three times a year for dinner and discussion and has been an invaluable source of advice, counsel and even referrals for Dan. The board has continued to support Dan's decision to grow the firm and make the investment that this is taking.

Dan's other investment to grow the firm has been a focus on speaking engagements and publications. This has made him one of the better-known pension consulting actuaries, with articles published in Employee Benefit News, Mass High Tech, Pension & Investments, Handbook of Business Strategy, interviewed by Wall Street Journal radio and quoted in Institutional Investor. Like other consultants who speak and write frequently, Dan cannot point to a single piece of business that has resulted from one of his pieces. But the credibility that comes from being able to present a potential client a piece of your own written products makes it worthwhile, he feels.

What would Dan do differently if he could? Unlike many entrepreneurs, who say that they would have set up in business sooner, Dan feels that he could have profited by staying longer at Mercer, his last large-firm home. The quality of the training, opportunity to build business development skills and contacts that is offered by the larger firm is something that Dan has had to work much harder to replicate. Dan is similar to other entrepreneurs in having a hard time recruiting. As Dan says, it is very difficult to persuade a successful individual (particularly an actuary) to come to work with a small, little-known firm like Argus.

Still, as Argus continues to grow and become better-known, that should not be such a problem for Dan in the future.

Dan's steps for building value in a small firm

- Step 1: Have a successful individual practice with the "technical basics" covered.
- Step 2: Network! People hire people they know. Get out and meet anyone who can give or more importantly refer you business.
- Step 3: Mentally get over the "hump" of growing the firm: Dan did this by hiring his first employee, a part-time actuary.
- Step 4: Move out of the Basement and commit to office space!
- Step 5: Recruit a Board of Advisors to bounce ideas off.
- Step 6: Become more widely-known by speaking engagements and publications.