



Stop! Read This Before Inviting a Consultant In

At TSI, some of us have been in consulting for over two decades and others have been in industry, including being a CIO or GM for years. While taking different career paths and sitting on both sides of the executive or consulting desk, we have been exposed to quite a few practices over the years.

In this article, we strive to highlight good and poor practices with respect to using consultants while also hoping to debunk a few myths. Listed below are keys to follow when considering using consultants.

1. Ask yourself, "why do you feel you need a consultant"? Typically there are 4 reasons that an organization should consider using a consultant:

- a. Resources - The organization does not have the internal resources (i.e., bodies and bandwidth) to do the work;
- b. Skills - Need a skill set that does not currently exist or is available (in the needed quantities) to do the work;
- c. Objective or "Best Practices" Perspective: Want to leverage the knowledge of someone who has done similar work preferably for a well thought of company; Validation of approach or findings may also be required. Want an unbiased source of expertise.
- d. Political/Facilitator reasons: project does not fall cleanly into a single organization, project has failed before and those involved may be damaged goods if this project does not succeed.

After thinking through the reasons why you might need a consultant, you should also gain an understanding of the qualifications and level of subject matter expertise you truly need.

2. Develop a rough sense of what value bringing this consultant should have - simply put, how will your organization benefit in tangible terms? What are the consequences if this consultant (or team or consultants) does not come in. You should be able to develop a dollar range of value for this.

3. Get tentative, if not complete, approval to bring on the chosen consultant - finding a good, qualified consultant is no different than finding a good doctor or loyal and talented employee; it is time-consuming, hard work. So rather than spend a lot of time and energy on a task that might ultimately get vetoed, first get approval and define the consultant selection process.

4. Define deliverables, dates and expected levels of involvement - as arduous as it may be, it truly pays to walk through the project with your consultant and visualize the amount of involvement that will be required by all parties (depending on the project's scope). It also pays to consider holidays and other demands on time so you have a realistic schedule with a bit of slack build in. While work can expand to the time allotted for it, setting a schedule with no slack or contingencies built in is a recipe for missed deadlines.

5. Define/discuss billing and payment terms - is the project fixed fee or within a range with a "not to exceed clause"? If it is T&M - time and materials - what budget is set forth? What "materials" are included/excluded? Some professional services firms charge for travel time - is that in/excluded? Are you planning to have milestone-based pay outs? If so, what is the schedule?

All of these topics need to be clarified, reviewed and agreed to. There are as many exceptions as there are standards and finding what is right for your budget and the consulting firm will foster a "win/win" scenario for the engagement.

6. Get a second (or third) opinion only when appropriate - after you develop a trusting relationship with a consultant, and they have proven their value to you, be judicious about when you put projects out for a competitive bid. This is not to say that you should not ALWAYS ask for estimates that are bound by assumptions, but for small projects, realize that it takes time to develop a detailed estimate and approach. If developing a detailed proposal is the case for ALL projects even if the dollar value is low, be warned that you may be absorbing that cost in higher than normal rates on future projects to cover this increase in overhead.

7. Lock down your IP - make sure that what you pay your consultant to develop for you becomes your intellectual property, if not in its entirety, as related to your industry in your geographic region.

Hopefully these points help provide at least a partial, if not complete checklist for you and your organization.