

**Berg Kaprow Lewis**

Using a consultant

Bringing in the outside expertise of a consultant can solve problems and help you improve processes, products and profitability.

Choosing the right consultant for the job is half the battle. The other half, which this briefing covers, is to get the best possible results from the consultant. Obviously your approach will depend on whether the consultant has worked with you before, and how long, complex and costly the project will be.

This briefing covers:

- Preparing the briefing for the consultant.
- The consultancy agreement, including fees and expenses.
- Managing the contract.
- Resolving any problems.

1 Your objectives

Until you are clear about what you want to achieve, it is hard to use a consultant effectively.

1.1 In broad terms, work out what **end result** you are aiming for.

- Is the output you are expecting tangible, or is it going to be a set of new ideas?
- Who will deliver the end result — the consultant or your own team?

1.2 Work out a set of **SMART objectives** (specific, measurable, agreed, realistic, time-limited).

For example, you may use a PR consultant to get press coverage for your products.

Some of the factors to consider would be:

- Which publications are you aiming to get coverage in?
- What end result do you expect from the coverage, and how will you measure this?
- Does your whole team agree with the objectives? Will your employees willingly help the consultant to achieve them?
- What sort of coverage might you achieve?
- What is a reasonable timescale? When is the first item of coverage expected?

1.3 Be clear about why you **need a consultant** to achieve these objectives.

- Consider which tasks are best done in-house, and which are best done by a consultant.
- Consider the alternatives.

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For example, you could pay a consultant £1,000 to advise you on doing your own payroll. But a payroll bureau might be able to do the actual payroll for £700 a year.

2 Briefing the consultant

The brief turns your objectives into a project plan, giving the consultant clear direction.

Start by writing an outline brief, to be discussed and agreed by all parties. This outline can be re-written and expanded, so that it forms part of the detailed written agreement (see 3).

2.1 Summarise the situation to be improved or the problem to be solved.

2.2 List the objectives (see 1).

- One early goal for the consultant might be to suggest a more effective way of reaching the ultimate objective. Often, consultants are willing to give advice that puts them out of a job.

2.3 Indicate your budget.

If the budget is strictly limited, make this clear from the start.

What goes wrong?

- A** Client and consultant both make **assumptions** that the other one is responsible for a certain task.
- B** When being briefed, the consultant meets only **the supporters** of the project.
- Those on the outside feel excluded and thus feel justified in undermining it.
- C** Even the best working relationships can be ruined by '**consultancy creep**'.
- The client asks for extra little bits of work, without agreeing the price. When the consultant charges for the extra time, the client is shocked.
- D** The consultant and client have different ideas of what **expenses** are reasonable.
- A consultant who spent £30 on a meal was amazed at his client's reaction. He had believed that if he spent the client's money as if it were his own, there would be no misunderstandings.

2.4 Identify deadlines and timescales.

➔ See **Effective PR.**

- You may have to comply with fixed deadlines. For example, in relation to new health and safety regulations (see **Health and safety**).
- Even if the timescales are more flexible, always set deadline dates — and always build in a few days' margin, just in case.

2.5 Identify resources and restrictions that will affect the consultant's work.

- The consultant may need facilities in your office, such as a desk, a PC and a phone.
- Access to key people eg directors, specialists and customers may be essential.
- If the consultant must keep certain information confidential, or may only contact certain customers, make this clear.

Make sure the brief does not prevent the consultant from making suggestions that only an outsider would consider.

3 The agreement

Get the consultant to submit a proposal based on the outline brief. If it shows a good grasp of the issues, you can then work out a detailed written agreement. This will avoid ambiguities and misunderstandings.

3.1 Define project completion.

- This may involve a formal event, such as a successful Investors in People assessment or ISO 9000 certification.
- More often, it will be marked by the successful completion of an activity. For example, meeting production targets or the sale of a subsidiary company.

3.2 Specify exactly who is responsible for achieving what.

- Within a firm of consultants, agree which individuals will do the work. Avoid trainees and veto anyone you do not want to work with. Try to work with people you like.

3.3 Set out a detailed project schedule, with agreed milestones.

This may leave gaps to be filled in at a later date eg an IT consultant may suggest three networking solutions. The next stage of the plan can only be agreed once you have decided which solution to go for.

- Milestones are vital to get the project moving forwards and to keep it on track.

“Be clear about the objectives you hope to achieve and brief the consultant properly, but remain flexible and in touch. You may need to change the brief and the budget once you get into the project.”
Ian Barratt,
Institute of Management Consultancy

“A briefing given by a go-between never works. The brief should always be prepared and delivered by the person with the biggest stake in the project.”
Peter Neall,
Neall Scott Partnership training consultants

- Set up one early milestone, at the end of a clearly defined initial phase. This gives you a chance to test the viability of the project and adjust your plans if necessary.
- Use a formal reporting schedule to monitor progress between milestones. This should state what must be reported, in how much detail, when and to whom.

3.4 State the **fees** to be paid (see 4).

3.5 Specify the **payment terms**.

Choose between stage payments or payment on completion.

- The price should be lower if you are making stage payments.

3.6 Some agreements specify a **disputes procedure**, which may include penalties for lateness or non-delivery.

- Include an option to terminate the contract, if appropriate.
- Agreed milestones provide the opportunity to compare performance with promises.

3.7 Include any **contingency plans**.

- What will happen if the project's aims are not achieved within budget, or on time?

3.8 Give guidance on **confidentiality** issues.

- These may include access to data, retention of commercial information and the ownership of information gathered in the course of the project (eg market research).
- If there is a problem about allowing the consultant to publicise the fact he or she has worked with you, make this clear.

“Respect your consultant's needs. For example, don't push for excessively tight deadlines. You may get reluctant agreement, but you won't get your work on time.”

Liz Morrison,
Tactics
Management
Consultants

4 Fees and costs

Consultancy work is usually charged on the basis of a daily fee, sometimes on a fixed fee, and occasionally on a success fee. Some agreed expenses and extra charges may be added.

4.1 A **daily fee** typically ranges between £200 and £1,000 per day. The fee will be quoted, accompanied by an estimate of how many days' work is required.

- Bear in mind that once a project has begun on a daily rate, the meter is running. Any problems that slow down completion will cost you money.
- Do not pay for work that has no benefit. For example, a grants consultant may suggest reviewing what grants are available, but he or she should know this.

4.2 A **fixed fee** means that it is the consultant who bears the extra cost if the work takes longer than expected.

To counteract this, the consultant will tend to quote high — so that you pay for it, whether or not there are problems.

- Difficulties arise if the project goes over budget. The consultant may claim you have caused this by changing the brief.
- Fixed fees can tempt consultants to take short cuts eg re-hashing old work.

4.3 A **success fee** allows the consultant to earn more if the objective is achieved.

The basic fee may be small, or even zero.

- One danger is that in achieving the stated objective, you sacrifice another objective which is more important.

“Unless you use sensible reporting and assessment procedures, projects tend to grow well beyond the original remit. The result is more cost, and more delay.”

Roger Storey,
Somerset
Business Link

“On top of fulfilling the brief, good consultants can often suggest ways to make you money or save you money — which more than pay for their fees.”

John Pincott,
Altura
International

Poor performance

By monitoring and being involved with the consultant's progress, you should have early warning of a project going badly.

A The **warning signs** are often easy to spot.

- Is the consultant late for meetings, avoiding you or failing to return calls?
- Is there a lack of optimism about the project?
- Poor quality of early work, or no evidence of progress at all, should ring warning bells.

B Call a **meeting** immediately, to solve whatever is causing the poor performance.

- If the problem is the brief, agree a better one.
- If the problem is the consultant, review whether the project should proceed any further. Often you can then re-negotiate the contract, or terminate it.

C Make use of any **disputes procedure** in the consultancy agreement.

- Some consultants belong to professional bodies, which may offer dispute resolution or mediation services.
- Your ultimate sanction is to refuse payment and risk being sued. If you have paid already, suing for breach of contract is unlikely to be cost-effective.

- Some consultants will take a success fee in the form of an equity stake. For example, if helping to buy or rescue a company.

4.4 Consultants may charge separately for their **expenses**. Agree what can be charged for.

- Try to limit it to just travel (but usually not first class), and any other specific out-of-pocket costs, all backed by receipts.

4.5 If the consultant is making **purchases** on your behalf, you should sign them off first.

- For example, a marketing consultant may buy advertising space for you, or a security consultant may purchase equipment.
- Specify that you must receive the benefit of any discounts received.

4.6 The more fees are **broken down** into fixed segments, the easier it is to get good value.

- Isolate each stage, such as preparation, analysis, proposals and implementation.

5 Preparing the ground

5.1 Prepare an **induction pack**, including contact details for everyone involved, both inside and outside your business.

The more you can help the consultant to use time efficiently, the more value you will get.

5.2 Ensure preliminary **research** is completed.

- For an IT project, save time by giving the consultant details of existing equipment and software, and who uses what.

5.3 **Communicate** fully with your employees, to explain what the consultant's brief is.

- Otherwise employees may resent the intrusion and the additional work it causes. (See **Managing change**).

5.4 Allow for the impact of the project on **existing workloads**.

- For example, a successful marketing project will create extra enquiries.

6 Managing the work

Accept, from the outset, that misunderstandings and unforeseen problems might arise.

6.1 Maintain **regular contact** with the consultant and foster the idea that you are working on the same side.

- Make the calls and meetings quick and constructive. Identify any hold-ups or problems and help to solve them.
- Be flexible. Keep the focus on objectives, rather than how they are achieved.

6.2 Take any opportunity to see **evidence** of the work being done.

For example, faxes of rough designs or copy, project budgets or reports.

- Some consultants keep hourly log sheets.

6.3 Consider getting a key employee to **shadow** the consultant.

- You may learn more than you would just by reading the consultant's report.

6.4 Schedule a review of the project as each **milestone** is completed.

- You may need to amend the brief and adjust the fees at any of these points.
- At the worst, these are the opportunities to abandon the project.

6.5 Do not **sign off** any work until you are completely satisfied with it.

- If mistakes emerge later, the consultant's first defence will be that you approved it.

6.6 **Monitor costs**, so there are no hidden surprises at the end.

- Query any differences. For example, the sudden involvement of another person.

6.7 Ask the consultant to provide regular **feedback** on the project to the rest of your team, as part of the ongoing liaison.

7 Project completion

7.1 The consultant's **final report** should provide evidence that all the objectives have been achieved.

7.2 **Review** the report and check that there are no outstanding tasks, before signing off the report and the final invoice.

7.3 **Publicise** the success of the project in-house, as it may impact on people's work.

Expert contributors

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Further help

There are other Directors' Briefing titles that can help you. These briefings are referred to in the text by name.

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