

Hiring a consultant:

Do your diligence

Are you infallible? Can you cope with the demands of growth? Square Peg International's **Doug Ross** considers the value of consultants and how to hire a good one

Have you heard the story of the shepherd and the yuppie consultant? A shepherd is herding his flock when suddenly a brand new Jeep Cherokee advances out of a dust cloud. The driver, says, 'If I tell you exactly how many sheep you have in your flock, will you give me one?'

'Sure,' answers the shepherd. So the yuppie whips out his laptop, connects wirelessly to the NASA website, calls up a GPS satellite navigation system, scans the area, then opens up a database and 60 spreadsheets. Finally he prints out a 150 page report on his miniature printer, turns to the shepherd and says: 'You have exactly 1,586 sheep.'

'That's correct,' says the shepherd. He watches the young man select one of the animals and put it in his Cherokee. Then the shepherd says, 'If I can tell you exactly what your business is, will you give me my sheep back?'

'Okay, why not?' answers the young man. 'You are a consultant' says the shepherd. 'You turn up here although nobody called you. You want to be paid for the answer to a question I already knew. And you don't know shit about my business because you took my dog.'

The moral: There are lots of disillusioned managers who have been stung by a disappointing experience with a consultant and now question their worth. In most instances, the due diligence hasn't been up to scratch.

WHAT DO YOU NEED A CONSULTANT FOR?

Correctly identifying your company's need is the first step in the process. Are you after an extra pair of hands? Do you need a specific subject matter expert? Or is it the need for a trusted advisor or mentor, an experienced and objective third person? Is



the need one of problem-solving or objective achievement?

Consultants in business can specialise almost to the same degree as consultants in medicine, and the list can include finance, HR, litigation, marketing, organisational change, strategy, quality management and technology.

While some tasks require technical specialists, others benefit from consultants with a breadth of industry experience and the acumen to understand your company's success formula and apply lessons learnt from other businesses.

CARRYING OUT A REFERENCE CHECK

It's essential to hire the right person for the task. You wouldn't call in a plumber to fix your laptop. Pick someone from an accredited organisation who can provide references. It's not unusual for people like you – probably because of time constraints – to decide it's unnecessary to follow up referrals. Don't make that mistake.

Any potential consultant is likely to provide friendly clients as referees, but dig a little deeper. For example, they should have a selection of case studies and list of related clients that they can supply you with. Do you have any contacts at any of these companies that might be able to provide an unofficial inside track on this firm or person? Ask around to see if anyone in your circle has worked with them before.

Secondly, pick up the phone and call to check the reference. It's always best to talk directly rather than corresponding by email since people may feel more inhibited committing references to

print rather than confiding 'off the record'.

Ask how successful they were in terms of the mechanics of the assignment (e.g. deadlines, quality, depth of expertise, etc). Did they operate well with the dynamics of the responding company in terms of values, behaviours and attitudes? Did they listen to and understand the business, providing solutions rather than selling products? Were there any surprises - unexpected bills or expenses or changes in scope that were not made explicit? Did they transfer knowledge to you and your teams? Would you hire them again?

Don't be impressed by consultant-speak just because it sounds informed. One of the greatest gifts a consultant can give an organisation is an opening of communication channels within it. They should make you and your business look good, not make themselves look good. Horror stories abound of the consultant who waltzes into the firm and turns the employees against the hiring manager ('Look, everybody: the Emperor has no clothes!'), creates more problems than there were initially or implements a plan that goes horribly wrong, then walks away off to the next client.

STRUCTURING THE DEAL

There is significant confusion in the market place around the profession of consulting, much of which is down to the broad definitions with which individuals and organisations use the term. For example, you have an equine consultant to groom your horse, a medical consultant to fix your body and a domestic consulting engineer to clean your house. The business consulting industry is not much better, and what defines a consultant now ranges from providing services in areas such as outsourcing, interim, project implementation, search/selection/assessment and strategic change to 1:1 personal advisors.

At one end of the spectrum there are interim consultants that will make decisions on a day-to-day basis. They often become part of the business fabric and are hired for their ongoing operational prowess. Their contracts are typically structured on a retainer basis for a fixed period, costing around one and a half times in excess of what a regular employee would in that particular position.


At the other end you have more classical consultants that provide objective, strategic business advisory services ranging from strategy development through to change management, organisational design and support for corporate events, such as a merger, acquisition or the need for a new culture change. They typically have formal educations, such as an MBA or equivalent, and real operational experience. By necessity they are external third parties, typically paid on a fee for service arrangement by the hour or the day. Rates vary considerably, but an old rule of thumb is that you can expect to pay three times the typical salary you would expect to pay for a person hired in this role, which could be as much as £1,500-£2,000 per day. Partner level and senior players can command much more than this.

Please note that these 'rules of thumb' for fees are just that. The consulting market is one of supply and demand and has varying levels of quality. The length of the assignment, the total amount

of work to be bundled to one firm and the commitment for an ongoing relationship all contribute to the negotiation of fees.

Beware how consultants calculate fees. Ask your consultants questions such as: How long is a day - 7hrs, 14hrs? At what rate do you bill for travel (especially in a global assignment)? How are expense services billed and how much - e.g. secretary, analyst, researcher, etc.? Do you up-charge expenses or add an administrative or technical fee to administration related to the assignment? Do you charge for managing the account on an ongoing basis or is this assumed to be part of your cost of sales? How do you treat currency conversions and what currency will the assignment be invoiced and paid in?

The key point here is that you need to match the consultant, the scope of the assignment, the terms of payment, the cost and the deliverables with your specific need and value to your company. Simply ask yourself whether the consulting firm or individual will contribute to an increase in revenue, a decrease in cost and help to manage risk.

And finally, do you like and trust the person? If there isn't mutual client-consultant chemistry, look elsewhere. 

Doug Ross is managing director of Square Peg International and specialises in areas related to the people side of change. In 2003, Ross was recognised by The Independent as one of the top 10 management consultants in the UK and is a visiting fellow at Kingston University.

Square Peg International is a boutique consultancy firm focused on the people side of change, helping leaders and their organisations through transitions.

TEN THINGS A CONSULTANT SHOULD DO

- 1 Invests in research
- 2 Hires and engages excellent people, neither overstaffing by using a partner when an analyst would do, nor selling an assignment when you expect a partner-level person and staffing it with juniors
- 3 Lives his values. It's all too easy to lecture clients on best practice
- 4 Has a track record of success that can be checked and is trusted in the business community
- 5 Has real world experience - not just a degree
- 6 Excites the client
- 7 Provides an integrating force within the organisation, aligning strategy, leadership and people disciplines
- 8 Provides holistic solutions, rather than focusing on single symptomatic sets of issues
- 9 Identifies and provides the client's specific need, tailoring and avoiding the cookie-cutter approach
- 10 Takes risks - not just telling clients what they want to hear