

MLC GROUP ON CONSULTING

Best Practices for a World Class Consulting Arrangement

What is a world-class consulting arrangement and why is it important? In order to answer that question, let's review consulting arrangements. Many organizations, large and small, hire outside consultants to leverage expertise that they do not have internally. This outsourcing falls into two categories:

- + Consultants to fill in the gaps in operations as an internal service for your business
- + Consultants that are retained as a partner to enhance the service to your clients

Deciding to hire a consultant allows you to bring in expertise that is not a core function or competency of your current organization and allows you to work with them on a contract basis. The work may be project specific or an ongoing service that is part time or retainer based. These arrangements allow you to save both time and money. You can have access to specialized advice, such as legal, marketing, technology, or strategic planning - but you don't have to hire a full time staff with benefits. Most importantly, it provides a way for leadership to concentrate on core business functions that contribute ultimately to the health and sustainability of business. Consultants usually provide a valuable service for their clients and develop long-term mutually beneficial partnerships.

But have you ever had a consulting project go awry - not accomplishing the desired goal or having costs go way over budget and the project take too long? You end up taking over the project and managing most of it yourself. The desired goal was to delegate the duty to a specialist and you end up having to become one yourself.

Below are some important issues to understand and identify when using consultants to insure that your project will go well and bring the intended results and value to the hiring organization.

IDENTIFYING POTENTIAL SOURCES

Once you decide to hire a consultant for a service - how do you find the right one? There are several ways to source potential vendors as follows:

- + Your local chamber of commerce
- + A local, state, or national professional association
- + Other businesses you know who have used this expertise
- + Other consultants you work with that you know and trust such as accountant or attorney

Once you have identified a list of 5 to 10 - determine the skill sets necessary for your particular project. Develop a comprehensive list of questions regarding their experience, your business, and how they work. Prepare a scorecard to complete for each initial introduction. Study their website, examples of work, biographies and think of questions such as:

- + How experienced are they in the work they are to perform?
- + How long have they been in business?
- + Do they outsource any of their services and what is their partner's experience?
- + What type of arrangements do they have and how are they managed?
- + What type of references can they offer?
- + Do they have a process for engaging you as a client and managing your project?
- + Who specifically would be working on the project?

Once you have your scorecard, set up meetings with the groups you would like to pursue.

INITIAL INTRODUCTION

Understanding the core competencies and partnering agreements of a potential consultant can help in determining whether to engage in their services. The first meeting should accomplish two things:

- + For them to understand your needs and discuss with them the scope of work and desired outcome.
- + For you to get to know the consultant, their style and firm culture, values, skill sets, how they contract their work, etc.

You will want to feel comfortable talking with them, see that they engage in understanding you, your company, your project, your concerns etc. You can tell

a lot about an organization by the type of questions they ask and the degree of interest they show in you and your organization.

It is recommended that before you meet with a consultant you bring a written description of what you would like to accomplish. This can be a general description and a starting point from which the consultant can translate your desired outcome into a scope which will eventually become the basis for the contract of services. This will help limit the soup to nuts approach of some consultants who may attempt to sell you more services than you feel are needed. Clarity in communication is essential.

It is recommended that a second meeting be scheduled where the prospective consultant will present to you the scope of services along with a duration schedule and fee proposal.

At this point it is recommended that you contact several other consultants to compare competitively. It will be helpful to compare both pricing and methodology to understand how they will serve your needs. It is not uncommon to like the first group you meet with, but it is amazing what you can learn about an industry or market segment by meeting with several different companies that perform similar services. You can then go back and clarify questions and points of interest between the firms in follow up meetings.

SECOND MEETING

Essential to a successful consultant engagement is an understanding of how you will work together. What are the key milestones, decision points, who is leading the effort from the consultant's team, what information and when will it be provided (for both client and consultant) and what will be the terms of the contract. A world class consultant will manage the project, themselves and their team well. Most importantly they will also manage you.

You are hiring them to complete a project within a prescribed time-frame for a fee. Time is money and you want results. Expect your consultant to be proactive and one step ahead of you in this process. You should never have to ask where they are in the process or what is coming up. Excellence in communication is key to world class consulting.

Things to look for and questions to ask when interviewing a prospective consultant:

How will the project be managed?

- + Who is the Principle in Charge for our project?
- + What are the roles of the team members/what are their skill sets?

- + How will the consultant interfere with the staff?
- + If they are outside consultants, get the name of the firm and website to review

How does the consultant do its work?

- + What is their process for completing the project?
- + What is the detailed schedule of tasks and durations?
- + What are the touch-points?
 - + Data gathering/methodology
 - + Presentations
 - + Deliverables

How does the consultant communicate?

- + Progress updates
- + Face-to-face meetings and work sessions
- + Phone/e-mail
- + Hard copy reports
- + Review time and approvals

An important final area of understanding:

What if you are unhappy with the service? Understand who at the consultant's firm will be your advocate and is responsible for making sure work is redone or reassigned so it can be completed at the standard of service contracted.

THIRD MEETING

Review and Understand the Contract.

Many consultants send a contract for you to sign. A World Class consultant will present your contract in a face-to-face meeting (or by conference call) and review the contract so each clause is clear. Ask questions on any issue that is vague and take notes. Have them follow up with you on any issues that seem vague or speak to your lawyer or other in your company until you are satisfied. Make sure that issues such as confidentiality, payment schedule, etc. are made clear in advance. In addition, make sure there is an out clause for dissatisfaction that you can address if you feel work is not going well. Make sure your lawyer reviews a draft and addresses the legal issues that are not related to operations, etc.

Make Payments and Schedule Fees.

More and more consultants are requesting payment up front. Decide in advance your payment policies in working with consultants and make this a part of the negotiation phase instead of bringing up later. In addition, *if there are monthly or ongoing services being performed, make sure if there are a minimum number of*

months you are signing up for and what your options are for canceling if you feel they are no longer appropriate for your business.

Understand Who is in Charge and the Communication Plan.

One person needs to be the leader of the project. Make sure that is designated up front and establish regular discussions with that person so you can offer feedback on how things are going and how you feel the team is working. It is far better to address issues along the way than wait until it is too late to take corrective action.

Understand the Schedule.

Make sure the consultant has a detailed schedule with clear deadlines and deliverables spelled out. Ensure that the schedule has clear start and finish dates by task, not just month durations. Have them update this regularly and discuss with you anything that is not moving according to plan. They should be communicating to you when they foresee a deadline slipping BEFORE the deadline occurs.

Remember, consultants are a service provider dependent on your business to be viable. How well they manage and organize their work and communicate to you is key to a successful world-class engagement. They bring valuable expertise to an organization - but its only beneficial if they provide that expertise in a productive framework that gives you more time to work on your business and saves you money.

Following this comprehensive framework will give you a wealth of information to make wise decisions on engaging and working with world class consulting partners. It takes time - but is well worth the investment up front to give you both time and data to establish relationships that will not only bring you expertise, but will provide it in a efficient, helpful and cost effective manner.

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