

## **Guidance on Engaging and Managing Consultants – Summary**

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## Summary

The purpose of this guidance is to provide you with a unique, unbiased insight into management consultancy, and thereby better enable you to engage and manage consultants. The following points are high-level extracts of the report which essentially addresses the ‘project lifecycle’ commencing with handling initial sales calls through to closing the project.

- When approached by a consultancy, be forthright with them. If there is a possibility (no matter how remote) that your organisation might need consultancy support, ask the consultancy to forward their details and keep them on file. If your organisation is unlikely to ever use a consultancy, do not waste both your time and their time simply because you do not want to say ‘we will not be requiring your services’.
- Prior to engaging consultants, consider using internal resource and / or interim resource. Where internal resource can not undertake the entire project, they should form part of the project team. Associated benefits can include: lower cost; more rapid and robust results; greater skills transfer and highly motivated personnel.
- Depending on your requirement, also consider interim resource. Generally, however, interim resource is more suited to maintaining ‘business as usual’. In contrast, a consultant is ‘a highly accomplished expert in their field, who can liaise at all levels, accurately assess the problem, apply original thinking and external best practice, and create the optimum solution for the client’.
- It is important to be clear whether you need interim resource or a consultant. In making the decision the key point to remember is that in most instances a consultant will be able to undertake an interim role, but an interim is unlikely to be able to undertake a consultancy role.
- Having established that you will need consultancy support, do not approach the market unless you have, or are reasonably confident of securing, the necessary funding.
- In reviewing the market consider the amount of resource and the geographical coverage required. Also consider how much you are prepared to pay. An approximate rule of thumb is 1-2-3. If a ‘one man band’ consultant is £1000 per day, for a similar calibre consultant you can expect to pay twice that with a medium size consultancy, and possibly more than three times that with one of the ‘big four’.
- Do not assume ‘bigger is better’, and depending on your requirement and budget, it is recommended that a mixture of large, medium and small consultancies is shortlisted.
- Assuming the project and deliverables are reasonably definable, a fixed fee contract is usually preferable for both parties. In considering a ‘no win no fee’ gain share model, you need to clearly define what constitutes savings, and be aware of the possible downsides, e.g. damaged supplier relationships, disputes, and even litigation.
- Having shortlisted your potential suppliers, communicate the available budget and request the consultancies to advise how they can maximise the value you receive.
- Ensure the output-based specification is detailed, but unambiguous.

- The key factors in selecting a consultancy are: their experience and track record in the area you wish to engage them; their ‘cultural fit’, approach, tools and techniques; and the proposed consultants’ relevant experience and expertise.
- When assessing proposals, probe, question and clarify, i.e. exactly who is going to do what, when, how and why? Additionally, carefully review the CVs of the proposed consultants, and be aware that some consultants refine their CVs for each assignment.
- As part of the selection process, insist on meeting the actual consultants who would be undertaking the work. You need to be confident they are technically proficient, that they can liaise with senior management, and that their ‘style of consulting’ is appropriate. Most of all, however, you need to feel you can trust them and work with them. If you don’t feel you can, choose another consultancy / consultant!
- Do not be afraid to negotiate. Most consultancies, when pushed, do give discounts. Be careful, however, not to push too hard and compromise the quality of the deliverables.
- Where appropriate, clarify what is meant by ‘per day’. Some consultancies have been known to quote based on a 7 hour day and then charge you for the ‘extra’ hours worked. It is generally accepted practice, however, that a consultant will do a professional day consisting of at least 8.5 hours work.
- It is usual to reimburse reasonable expenses, but consultants do not have to stay in 5 star hotels and travel first class. Consultants should mirror your organisation’s expense policy, and, where practical, avail of any preferential agreements your organisation has in place to minimise the cost. Additionally, travel and subsistence should not be charged for consultants who live or work close to the area where the work is being undertaken.
- Given the additional time and effort associated with expenses, sometimes it can be in everyone’s best interest to have an agreed amount for expenses, or all-inclusive fees.
- In choosing your consultancy the key point to remember is not the cost but the value that you are getting.
- It is recommended that a contract specifically developed for engaging consultants is used. The contract should include appropriate confidentiality undertakings, and ‘no poaching’ and termination clauses. It should also ensure that your organisation owns, or has a perpetual licence on, the Intellectual Property created.
- Consultants should be assessed on the quality of their work, not on how many hours they spend where you can see them. It is imperative, however, that you are provided with regular written updates and have scheduled project review meetings.
- To get the most from consultants, treat them well, and remember consultants also need a work-life balance.
- When the project is nearing completion, copies (preferably electronic) of all deliverables and key working papers should be provided to you. A ‘project close’ meeting is also usually appropriate, whereby constructive feedback is provided in terms of what went well and what could have been better. This is also an opportune time to discuss testimonials, possible future work, and how best to maintain contact going forward.