

# How to Get the Most From Your Consultant

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## The Experts in Consulting

As the leading value-added broker of independent consultants, M<sup>2</sup> Inc. is a recognized expert in independent consulting and interim management. At any given point, we are working on hundreds of projects for our clients, helping to define and specify deliverables, match and present consultants, and evaluate the results of completed engagements. Being actively involved in each step of the process has given us some unique insights into the management of independent consulting arrangements. These insights form a framework for success that can help you manage your next consulting project.

Getting the most from your consultant presumes you have the right consultant in the first place. But having a successful consulting arrangement begins even before the selection of a consultant begins. It starts with these six guiding principles:

1. Clarify the Content
2. Calibrate the Consultant
3. Contract for Results
4. Creative Pricing
5. Communicate the Project
6. Control is Not Appropriate

## Clarify the Content

Defining the ultimate result of the project is key. You should be able to answer the question, “what will be different when this consultant leaves?” Here are some more questions to help begin defining the consulting project:

- Do I want information, recommendations, or actions?
- Who else in the organization needs to participate?
- What is the long-term implication—what will we be able to do better, faster, or cheaper?
- Why am I looking to a consultant and not an employee?
- How do I get the final results—a written report, a presentation, a measurable threshold (i.e. errors per unit down), or achievements of an event (i.e. systems installed)?

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And finally, the most critical question you should ask yourself is:

- What is the actual deliverable?

### Calibrate the Consultant

Consulting is a finely tuned skill, not a hobby. In order to evaluate the effectiveness and expertise of independent consultants, M² developed a specialized methodology which we term, “The Four V’s.” The dimensions we assess in a consultant are:

Veracity—Actually has content expertise

Vigor—Constantly improving expertise in area or craft

Virtual—Ability to operate in different environments

Vision—Long-term approach; views their practice as “body of work”

Good consultants are good communicators and experienced listeners. They show leadership, and they must be comfortable sharing their expertise or telling a client that a decision or path is ill advised.

There are different kinds of consultants. **Mentors** help you and your team operate more effectively. **Doers** actually develop, implement, or fix something. **Information experts** provide data you need to make strategic decisions. Choosing the right kind of consultant for your project and interim needs is key to your success.

### Contract for Results

Consultants can parachute in and hit the ground sprinting, buying you critical time in a fast, competitive business atmosphere. But many companies don’t optimize the value of using consultants because they are not prepared to get the consultant on board immediately. To effectively use outside expertise, companies need a streamlined contracting process that includes:

- internal “make/buy” guidelines for projects
- budget authority by management level
- agreements tailored for independent consultants addressing intellectual property rights, non-disclosure, payment terms, etc.

### Creative Pricing

Pricing is an area that companies could use to a far greater degree to leverage consulting engagements. Most often, the pricing negotiation is based solely on hourly fees, but there

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are many other ways to structure an engagement. The advantages and disadvantages of various methods are spelled out below:

HOURLY	Good when the duration is not known.
FIXED FEE	Agreement on cost is done up front. There is upside and downside risk for the consultant. Greater contract clarification is needed.
RETAINER	Guarantees the client the consultant's time. Hourly fees are often below the market rate. Time can be used inefficiently.
BONUS	Hourly project fee is under market rate. This is a true payment for performance. Objective performance measures are required. Bonus must be of substance.

These are a few options for structuring pricing with your consultants. If you have additional questions about structuring pricing, feel free to contact M².

### Communicate the Project

Consulting engagements can fail because other members of the organization aren't told about them. It's best to communicate goals, intent, and expected results to as many people as possible.

Logistics must be clear. We have seen projects fail because receptionists weren't told that the consultant wasn't on site. There are things you can do when bringing a consultant on board that help lead to success:

- Announce the project to all employees who are affected or will be working with the consultant.
- Coordinate phone arrangements with receptionists, email, voicemail, etc.
- Arrange for security authorization, badges, etc. as needed.
- Tell the payables department to facilitate payment of consultant fees.
- Personally introduce the consultant to key staff.



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### **Control is Not Appropriate**

Consultants are not employees, but experts brought in to achieve a result. How you work with them should always bear this in mind. The IRS and state authorities pay strict attention to independent consulting arrangements, putting great stock in the principles of “direction and control.” You and your managers should be aware of the guidelines used by the regulators to determine employment status, and should consult legal counsel in questionable cases.

We recommend that you recognize these issues when working with consultants:

- Consultants set their own hours; specifying a “9 to 5” schedule is not appropriate
- Consultants can work for more than one client at once.
- Consultants should use their own “tools” and operate from their own offices.
- Consultants should not receive extensive training and/or step-by-step directions on how to complete or approach the task.