



DRIVINGFORCES

Adding peak performance to business practice

NEWSLETTER

Spring 2009

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Free advice is worth the price - tips on getting the best from your business consultant

From being a CEO for twenty or so years to being a business consultant for the last eight has been an interesting experience. During this time I have probably experienced the best and the worst of the consulting business. This newsletter sets out a few tips on how to get the *best* from them.

1. It is a partnership

Businesses employ consultants for a reason – mainly to improve performance, solve a problem or create a platform for change.

It is a business partnership where both parties rely on each other and where openness and mutual respect are part of the relationship.

2. Know thy purpose

It is extremely difficult for consultants to second guess their client's needs so terms of reference that are clear with specific timeframes and outcomes is essential. Good clients do this.

3. Keep it simple

Keep the terms of reference simple. Often it is productive to discuss the details of the project with the consultant. Those who have experience in the client's business can add value in helping them to determine the real issue at hand and the scope of the project.

3. Free advice is worth the price.

There is no free lunch and good clients understand that consultants are running a business the same as they are. As with other professions like accountants and lawyers, clients should expect to pay for the advice they receive.

The reason for this is because paying for advice not only puts a value on it but it makes the consultant accountable for the advice given.

4. The meek shall not inherit: declare your budget
Be business like. If there is a budget say so. Most organisations have some idea what they can afford for any particular project.

Experienced consultants respect forthrightness from their clients. Inexperienced clients sometimes feel by divulging a figure they may get screwed. They may. If so they will not contract this consultant again and as likely or not, nor will anyone else.

Consultants want repeat business. Good ones get it based on the value of their previous work, the knowledge they have built up about the client's business, quality of service and consistency in pricing. It is in their interest to create a win:win situation.

5. You get what you pay for

Clients employ consultants who understands their business and who produce high quality work. The good ones understand cheap prices, freebies, tagging on additional work without paying for it is not the way to get the best from their consultant.

6. Once bitten, twice shy: ensure the RFP process has integrity

Good consultants put in an enormous amount of time and effort in preparing requests for proposal (RFP).

Experienced clients know this and when they ask for an RFP it is a genuine request, not merely going through the motions to meet the "requirements" of the organisation.

If a client is not sure about whom they want to use then ask for an RFI (request for information). Its purpose is to seek information about the consultant's credentials and to acts as a filter to narrow the choice of consultants for the RFP. Information is also available on the web site and through referees.

Integrity of the process is important. Some organisations fail to understand this. In the end they are the looser as experienced consultants simply refuse to deal with them.

7. Walking the talk: transparency and consistency

Good clients are open and consistent in their relationship with consultants. For instance some organisations have a policy that for projects below a certain level, say \$50k, they seek quotes from three consultants; above this they open it up to tender by way of an RFP.

Consultants are familiar with this process and make the call whether or not they wish to quote/tender.

Some organisations do not act in good faith and circumvent their own rules by awarding contracts to “favoured” consultants through a third party. This is a backdoor way of doing business that reflects poorly on the organisation and the people responsible for overseeing the process.

Equally dubious is the practice of seeking proposals/tenders with no intention of using them other than to trawl through the information for the organisation’s own use.

The market is not silly and any lack of integrity and openness is quickly found out. As every business knows, shoddy practices precede shoddy reputations.

8. Communications: an integral part of the change process

Agree to a communications plan. If a consultant is engaged to do a project that may result in change that will cause loss of jobs for example, the communications plan can be used to flag this.

A good idea is for the consultant to do regular work in progress reports. It can be devastating to get an unannounced “no holds barred” report. A “no surprises” communications policy can help to prevent this.

9. Consequence /scenario planning

Aside from communications, if significant change is recommended then consideration ought to be given to doing an analysis of the consequences – the “what ifs” - of going down the recommended road (especially true if the advice given is not what was expected).

10. Time is money: availability of information, documents, reports, data

Experienced clients know that considerable time can be saved by having core information, documents, reports and data available for the consultant before/when they start the project.

Better still get the consultant to draw up a list of what they need before they start their work.

11. Receiving the Report

Normal practice is for the CEO and board to get a draft report for comment. This includes the usual things such as technical facts and figures, but it may also include comments on political matters or aspects that, if unchanged, may inhibit or even prevent the report’s implementation.

At this point it is a matter for the consultant to decide whether or not to change it.

Drivingforces’ general rule is that projects are initiated by the CEO/board for the better running of the organisation. There is little merit in being bloody minded unless there is a real point of issue at stake and given the comment about effective communications, this should not happen and/or it should have been flagged earlier.

12. Intellectual Property (IP)

Unless it is explicitly stated, as a general rule of thumb the IP belongs to the consultant – at least until the project has been paid in full – at which stage the IP ownership may revert to the client.

13. Feedback and acknowledgement

Feedback ought to be part of the project’s terms of reference. Done constructively it can be of great value to both parties for future project work. And don’t forget to acknowledge the contribution of those consulted, many of whom have given their time, often at no cost, to the project.

“Keep on going, you’ll be dead soon.” From Changing Gears – how to take your kiwi business from the kitchen table to the boardroom – by David Irving et al -co founder of ICEHOUSE business programmes for SMEs

“It’s only when the tide goes out that you learn who’s been swimming naked.” Warren Buffett – successful USA investment guru.



“A desire for Peak Performance is the force that must drive every successful organisation.”

For further information about Drivingforces contact Chris Ineson at www.drivingforces.co.nz