

# Choosing and using consultants

## How to employ external advisors without it ending in tears

**Many businesses share a common tale of woe known as ‘When it all went wrong with the external advisor’, a saga of how what should have been a straightforward project went wrong, wasting time and money and causing enormous frustration and disappointment. And it was all the consultant’s fault!**

Whilst not wanting to absolve consultants as a group from responsibility for the errors and omissions they sometimes make, closer investigation usually reveals that the project was almost certainly doomed to failure from the outset due to a number of factors. Prime amongst these are lack of clarity between the parties about the desired outcome(s), and failure to pay sufficient attention to the ongoing relationship.

The most rewarding relationships occur where business owners follow a few simple rules of best practice. Time invested in these will ensure that the relationship is productive, both parties achieve the benefits they are seeking, and best of all – you feel motivated and confident about employing other advisors in future.

### Why use consultants?

No company, large or small, can be expert in everything. Often, smaller businesses have simply developed from one person who had a good idea and saw a gap in the market. Later when they’ve developed a viable business, they realise they need specialist support if they are to continue to prosper and grow.

Sometimes consultants are used because businesses can’t afford to employ people with specialist skills on a full-time, ongoing basis, particularly when they’re not sure about what they want or need them to do. Or they may have a need for ad-hoc advice relating to growth, special projects, new product/service development or numerous other areas requiring expert guidance, a fresh eye and an impartial view.

Consultants may identify areas for change which those within the company may fail to see. Their ability to take a broad-brush approach, analysing the business against wider industry standards,

customer expectations, and other agents of change, can be invaluable.

### The rules of the game

So, what’s the best way to go about working with consultants? Experience shows there are a number of guidelines you should follow regardless of your size or nature of business:

1. Identify the problem you want solving.
2. Research the market to find the most appropriate advisor.
3. Accept that you don’t necessarily know what the solution is.
4. Be open with the consultant and seek to establish trust
5. Agree timescales and budgets.
6. Don’t be over-ambitious.
7. Be prepared to listen and don’t be overly defensive.
8. Work in partnership not in competition.
9. Actually *do* what you say you will.
10. Regularly monitor and review progress.

We’ll consider each of these in turn.

### Identify what the problem is

Before seeking an external advisor you must try and clearly identify *the problem that you want them to solve*. This means isolating the reason you believe you need assistance, thinking through what you are prepared to pay to find a solution – in terms of time, money, manpower and emotional investment, and clearly articulating what a solution would look and feel like. For example, you may identify that the problem you face is poor sales to overseas markets. The solution you are seeking is: *‘to increase exports by 100% enabling us to increase our profitability by at least 50% so we can expand within the next two years’*.

This stage is perhaps the most important because if you’re not sure exactly what the problem is, it will be impossible to solve, and you’ll never feel satisfied with the relationship with your advisor.

However, two caveats apply:

1. The problem you think you have may not be as clear-cut as you believe, and a consultant may identify other areas requiring attention in order to achieve the outcome you require.
2. Solving your identified 'problem' won't mean you'll live happily ever after. Working with consultant should move your business to a different place; but change invariably brings new problems and challenges.

Use the knowledge of what you're seeking to achieve as a basis for a written brief in respect of the work. This should include your objectives (as outlined above), information about your business, the background to the project and what you *think* it entails. If it's helpful, you can also give an indication of what you *don't* want. Ideally prospective advisors should receive this brief in advance of your first meeting with them so it can be used to underpin your initial discussions.

## Research the market

The above exercise will aid your search for external assistance by enabling you to state clearly what you are looking for i.e. *"We are looking for someone who can help us increase our exports by 100% and our profitability by at least 50% within the next two years so we can expand and ensure a more rewarding lifestyle for everyone in the company"*.

You will soon find that under the umbrella of 'consultancy', there are numerous specialists and also generalists. There are also, unfortunately, those with little real expertise or experience who promote themselves as expert advisors. Whichever category they fall into, the onus is on you to ensure you commission the right one to meet your needs.

In order to do so you need to think in advance about what questions to ask in order to narrow down your search for the right sort of advisor for your needs and your budget. The following may help get the ball rolling:

- What do you actually do for businesses?
- Are you experienced in working with businesses like ours?
- How do you work with businesses?
- How do you measure your results?

Personal recommendation is a good place to start, though you shouldn't believe that simply because someone else is delighted with the advisor, the relationship will work as well for you. This aside, explore the obvious avenues – Yellow Pages, Trade Directories, networking contacts – and be prepared to do some research on the web.

If you want to take matters further, any advisor should be prepared to come and see you for an initial meeting, free of charge and this is

undoubtedly the most important stage in the selection process. But show respect. Don't ask to meet people until you're clear about what you're looking for; and don't tell them, at the end of the meeting, 'We're seeing about 20 other people'.

Many business problems need more than quick-fix solutions. So, in many cases you'll need to be looking for a consultant to take a long-term interest in the future of your business, even if their ongoing input becomes periodic after the initial stages. What this means is that you're going to have to work with them - and more importantly, *trust* them for a long time to come – so the personal chemistry between you must be right.

## Accept that you don't necessarily know what the solution is

Whatever your business, you will invariably know more about it than any outsider. However, *you don't know what you don't know*, which is to say that you may suffer from an inability to 'see the wood for the trees' and take an unbiased and realistic view of the way things are. You may also be unaware of alternative solutions to your problem, or obstacles that may stand in your way. However, as long as you are clear about what you want to achieve, you will have a good foundation for moving forward.

Even if you think you know 'what's broke' *and* how to fix it, don't concentrate at the outset on specifying to the consultant how you want it done. You could be right, but most problems have more than one solution and as a specialist your advisor may be able to suggest alternative, or more efficient and effective, methodologies.

## Be open with the consultant

Expecting anyone to work productively when you've only told them half the story or failed to point out pitfalls which you know they'll encounter, is totally counter-productive. If you don't trust the advisor enough to be open and honest with them, then you shouldn't employ them.

Before commissioning work you should obtain and carefully read the consultant's Terms and Conditions of business and if you're unclear or unhappy about any points, you should discuss this with them. Your own Terms and Conditions of Business should also be provided and if any deviation from them is agreed, this should be noted in writing. It should go without saying that having agreed to their Terms and Conditions, you must work within them.

## Agree timescales and budgets

It is essential to indicate at the outset any budgetary constraints regarding the work on offer. In their response to you following your initial

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meeting they should provide you with a clear statement of what the costs will be for each stage, and exactly what these costs do – and do not – cover. If it is not possible for them to provide exact figures at the outset, you must agree how they should notify you of on-going charges and when you will be invoiced. All initial and on-going estimates should be in writing. If in doubt, don't assume – ASK!

If the work is time sensitive, timescales should be agreed at the outset. As part of their written response to you, the advisor should provide you with specific or estimated timings for each part of the job and you must jointly agree the consequences if either side should fail to meet these deadlines. Once work has started, if it becomes clear that *you* are not going to be able to meet a deadline, you must notify the advisor of this as soon as possible and discuss the implications.

Once you have seen the potential advisors, and – where necessary – received their further input and taken up references, you should be in a position to decide which advisor to choose. You should now have agreed a final working brief which will underpin your working relationship (although it can be amended, if necessary, by mutual agreement at any stage).

### **Don't be over-ambitious**

It can be difficult for an external advisor to accurately assess at the outset the speed at which you can move, or identify problems in your business that might form stumbling blocks to progress. But you have that experience, so be realistic when jointly setting objectives. Adopt the consultants' mantra and aim to "under-promise and over-deliver", particularly at the outset. Not only will it get things off to a flying, and morale-boosting start, but it should also provide a solid foundation on which to cement your relationship with the advisor. They advised; you achieved; everyone benefited.

### **Be prepared to listen**

When presenting recommendations, a good advisor will choose their words carefully and present a balanced view of your situation, focusing on the many positive points which your company and people undoubtedly possess. But there will be criticisms; he or she will draw attention to your failings, often at a personal level, and it's here that things can go wrong.

First, you need to bear in mind that what they say is objective – it's how you come across to them, as an outsider. So, it's probably how you come across to others too – even your customers or clients. Second, you're obviously not perfect – none of us is. Third, you know in your heart that if they didn't actually point out where you were going wrong,

you wouldn't think they were doing their job properly! So, bite the bullet, concentrate on listening carefully and questioning what they have to say so you really get to the bottom of their perceptions. And *trust* them – they're there to help you, not stab you in the back.

### **Work in partnership not in competition**

Always remember, you're not in competition with your consultant, you're on the same side; so for the duration of their contract they should be considered 'one of you'. This means being inclusive, communicative, trusting and honest towards them. The old adage 'two heads are better than one' really is true if you work together and maximise the synergy that you generate from the partnership. If you simply work as two separate forces operating in parallel, the benefit will be severely reduced.

### **Actually do what you say you will**

One of the commonest problems in the relationship can be *your* failure to deliver what *you* promised to do. Even where your consultant is tasked to deliver the majority of the project independently, there will always be situations where they need you to review options, make decisions, or implement outcomes. Failure to do so will restrict their progress or worse, sabotage what has gone before. It can be the consultant's greatest frustration. '*I advised them what to do and they agreed. But they just won't do it!*' if you do this you're simply wasting time and money and should question your motivation and commitment.

### **Regularly monitor and review progress**

Company/consultant relationships often go off the rails because projects aren't jointly reviewed until things have gone so wrong that it's impossible to put them right. So wherever possible, ensure each stage is measured, reviewed and amended in order to keep matters on course. Building-in formal reporting, reviewing and monitoring processes which involve both the company and the advisor and ensuring they are adhered to, is an ideal way of regularly focusing on achievements, challenges, and new opportunities. With this type of control, problems are usually fairly insignificant and can be rectified.

Similarly, by periodically reviewing the ongoing working relationship between you it's possible to rectify misunderstandings, improve communication, air differences and set new targets so that matters never deteriorate to relationship breakdown.

Handled in the right way, employing a consultant can be a hugely positive and beneficial experience which can help you move your business forward and achieve success.