

Selecting a Consultant

This information sheet explores key issues in selecting and engaging a consultant. What not to expect from a consultant? What to do after the contract is signed? Evaluation, possible pitfalls and risk management when contracting a consultant.

What is a Consultant?

A consultant is a person who gives professional or expert advice – somebody who can add value or expertise to the organisation. The term consultant may refer to an individual practitioner or a consultancy firm.

Why do you want a Consultant?

Before starting the process of selecting a suitable consultant it is important to question why a consultant is needed at all and whether this is the best strategy to fulfil your organisational requirements. Consultants are engaged for a wide range of reasons including:

- Specialised skills are needed
- Skills required are only needed for a short period and employment of an additional person is unwarranted
- There is a temporary increase in the workload to be completed
- Independent advice is needed either internally or to enhance public credibility
- Fresh thinking is needed in situations such as providing diagnostic management advice
- To act as a facilitator in conflict resolution or change management
- To provide advice on how to best meet a new policy or funding requirement
- To advise the Board about growth and development opportunities for the organisation
- To assist with a review of an agency as part of a quality improvement process.

Clarifying your Expectations

Once you understand the area in which you require assistance it is important to clarify your expectations.

What are you requesting?

- Assistance in identifying a problem, developing solutions or both
- General advice and direction such as options for growth
- Specific expertise eg information about funding sources or fundraising strategies
- A consultant to be responsible for an entire project ie run the project
- Technical advice eg recommendations on client management systems
- Service design –models of service that best fit a given client population.

What consultants should not be expected to do!

It is just as important to remember what consultants cannot and should not be engaged to do.

Consultants are no substitute for effective management and governance and should not be brought on board to deal with matters that are the responsibility of managers (eg performance management) or Board members. In situations where there is a problem with management or governance Boards may wish to employ a consultant to undertake a review in order to identify key problem areas and develop new strategies. Sometimes it may be wiser to develop the expertise of existing staff members through training and mentoring rather than outsourcing the project. This is particularly relevant if the skills needed are likely to be of recurring value within the organisation.

Key Issues in Selecting and Engaging a Consultant

According to The National Learning Institute there are three key questions to address when contracting a consultant:

- **Can the consultant do the work?**

This may seem obvious but there are a number of matters that need to be addressed:

- Be very clear about your specifications in terms of quality, quantity, time and cost. Use these criteria to identify the consultants who are capable of doing the work.
- Check references – it is essential to know who has used the consultant previously. What is the depth and breadth of their experience?
- Is their suggested solution or process specifically designed for your organisation or do they have a one-size-fits-all approach. The latter approach is generally a flashing red light!
- Are they clear about what they cannot do? Consultants who claim to be able to do everything are of concern and this is a test of their integrity.
- What have you learned from their initial response to your enquiry – are they prompt and reliable? Have they given you sufficient, quality information without swamping you with unnecessary detail?
- Who will actually undertake the work? Some organisations have impressive individuals who tender for the project but then delegate responsibility for carrying out the work to more junior and relatively unskilled people.
- What makes this consultant special? Can they identify any feature of their work that provides a compelling reason to select them?
- How does the consultant communicate? No matter how wonderful their work may be, a poorly communicated solution is no solution at all. You need somebody with clear and succinct written and oral communication skills.

- **Will the consultant fit into the organisation?**

It is essential that the consultant is able to fit into the culture of your organisation and develop positive and constructive relationships with key personnel. From your initial interviewing process it will be possible to determine:

- Is the consultant likely to gain the respect of key stakeholders?
- Do you trust this person/organisation?
- Do you believe the consultant understands and is skilled at working with the process, bringing people with them?
- What is the consultant's understanding of a positive working relationship and forging partnerships?

- **Will you be able to learn from this consultant?**

In many instances, a consultant is engaged because the necessary skills and knowledge are not available within the organisation. One of the determining criteria in selecting a consultant is whether there will be an opportunity to increase the capacity of staff members through this process.

Key issues to consider include:

- What gaps are not able to be filled internally and how might this consultant transfer knowledge and skills to key personnel?
- What can you learn from this consultant?
- Is the consultant likely to strengthen and support or undermine your role in the organisation?
- If you want key staff members to learn from this process, how will you ensure they have sufficient time to spend with the consultant to acquire the relevant skills and knowledge?

The Selection Process

It is helpful to be systematic about the way in which you go about selecting a consultant:

- **Define the Project**

Prepare a written description of the scope of the work to be undertaken and the nature of the project including objectives, tasks to be carried out, the expected outputs and where appropriate, the allocated budget. Some organisations provide a limit to the value of the consultancy, others provide a brief and it is up to the consultant to cost the work that includes both fees and anticipated expenses.

- Inform relevant staff members that you are commencing the process of engaging a consultant and the reasons for this decision – it is important not to create unnecessary anxiety about job security
- Identify the person responsible for commissioning the work and managing the project
- Develop a strategy to evaluate both the project and the consultant.

- **Identify possible candidates**

Assemble a list of possible candidates. Remember that if you have used a consultant successfully in the past this is often your most reliable indicator of future performance.

- Consult colleagues, other organisations and relevant peak bodies that may be helpful – remember the [NCOSS Consultant Directory](#)
- Distribute the brief as widely as possible
- It is important to ensure that the selection process is conducted ethically, fairly and without discrimination.

- **Develop a short-list**

- Reduce your short-list to the top three
- Identify who is best qualified and who is recommended
- Be clear about the criteria you use – relevant experience, capacity, reputation, financial stability, availability and reliability. Make sure you have corroborating evidence about the consultants work and qualifications; don't just accept their word

- Remember the size of the organisation often has no bearing on the quality of the outcome
- Beware of appearances – glossy brochures do not necessarily translate into quality consultancies.
- **Check if consultants are interested/available**
 - Enquire whether those on your short-list are interested and available
 - Rank your preferences
 - Check their qualifications, experience and track record including reference checks with past clients, preferably speaking with the client directly. It is recommended you interview the short-listed candidates as you would a prospective staff member
 - Costs: While it may be tempting to go with the consultant who gives the lowest quotation (and this may be fine, eg sole practitioners may not have the same overheads as large consultancies) this may not be cost effective. Make sure whoever you engage can do the job. It is poor economy if the end result is below standard.
- **Enter into contract negotiations**
 - You will have identified the budget and financial limitations. It is essential that the prospective consultant knows the resources available and can deliver within these resources.
 - Beware of contracts based on time ... you have no control over the length of time the consultant takes and it is important to base payment on outcomes or to set fixed time limits. These need to be fair and expectations have to be tailored to the available budget
 - Develop a payment schedule – usually part of the contract is paid up front with the remainder payable on completion
 - Ensure that the contract makes it clear who has ownership of the intellectual property and resources developed during the project
 - Ensure that evaluation measures are built into the contract.
- **Finalise contract**
 - When you have selected the consultant remember that you are entering into a written contract.
 - Ensure the contract is signed by both parties and you are ready to start.

The client/consultant contract ideally includes:

- The terms of reference of work to be done
- The person(s) who will be delivering the work
- The person or position who is the lead contact in the organisation
- A timeline that includes specific tasks eg when project reviews will be held, the expected date of completion, etc
- The fees to be paid
- What expenses will be charged for and at what rate
- Whether the trainer/consultant is registered for GST. If so whether GST is included in the fees and expenses or will be added
- When invoices will be presented and when they will be paid

- Any required insurances including professional liability, public liability and worker's compensation
- The work to be done by the organisation e.g. arranging meetings, photocopying
- Copyright, title, ownership of material and intellectual property rights of written and other creative materials
- How and when the work will be reviewed and what will happen if either party is dissatisfied
- Arrangements for postponement, amendment or termination by the organisation (proportion of fees and timescales)
- Arrangements for postponement or termination by the consultant (through illness or emergencies).
- **After the contract is signed**

It is recommended you:

- Inform the relevant people of your organisation that a consultant has been contracted.
- Provide the consultant with access to the people, information, resources and materials needed for the project
- Appoint a project manager or committee to oversee the project and provide direction.

Evaluation

Remember that evaluation processes need to be defined from the outset and it is important to ensure that a review is carried out so that the effectiveness of the project and the consultant can be assessed. This is vital for any future consultancies.

Pitfalls

There are a number of potential pitfalls that need attention to ensure that the engagement of a consultant is a fruitful one for the organisation:

- **Privacy**
All organisations are subject to privacy and confidentiality policies and it is essential to ensure that the consultant abides by these provisions.
- **Time wasting**
Consultants are often the butt of jokes, based on the view that consultants pump staff members for information and then simply feed that back. Many consultants do provide high value to organisations and undertake work that is not possible using internal resources only. However care must be taken with respect to the time the consultant takes to gain basic organisational knowledge they require to complete the project. If this is the case, it is necessary to check the purpose and value of the consultancy to your organisation or the appropriateness of the selection of the consultant.
- **Changing the goal posts**
Established time frames are also not met because the clients change their minds. It is the contractor's responsibility to stay focused and disciplined in what is expected and not adding new expectations as the process developments.

- **Clarity of purpose**
It is essential that the purpose of the consultancy is clearly specified before the contract begins. A good consultant is unlikely to take on a poorly defined contract as this may lead to conflict and dissatisfaction.
- **Clarity of terms**
Similarly, it is essential to determine the terms of the contract, inputs, output, including who is responsible for expenses (travel, stationery, printing, etc).
- **Selection process**
While it is important to undertake a proper process in securing a consultant, it is equally vital that this process does not impede the desired outcome ie selecting and working with the best consultant for the task. Competitive tendering can be time consuming and not cost effective for some, particularly small, consultants and therefore can prematurely eliminate possible options.
- **Values**
Both parties need to be committed to common values including excellence, integrity, respect for clients and open communication throughout the process.
- **Conflict resolution**
Conflicts may arise during the consultancy. Both parties need to be committed to non-adversarial and respectful conflict resolution processes.
- **Pilot projects**
In situations where you are unclear about the scope or intention of the project, it may be helpful to start with a small, pilot scheme. This reduces the risk of incurring major expenditure before the organisation is ready to proceed.

Risk Management

As with many aspects of project management there are risks inherent in contracting a consultant and managing these is an essential component of the process. Part of the project process ideally includes developing a risk identification and management strategy.

Risks may include:

- Having insufficient funds to complete the project
- Setting unrealistic time frames
- There is no feasible solution to the issue at hand
- The outcome of the consultancy may not be useful to the organisation
- The consultant does not work well with team members and generates conflict.

The consultant also has to manage risks:

- They are dependent on the client to provide relevant information in a timely manner
- If the purpose is not clear they risk having to deal with changing goalposts
- Key staff may leave at critical stages of the project
- The client may be unrealistic about timelines
- The client may not pay on time
- The context in which the project is carried out may alter

While it is not the organisation's responsibility to manage these risks on behalf of the consultant it is their responsibility to act in fair, transparent and accountable ways.

Make it count

While there are certainly pitfalls to be encountered when engaging a consultant, with proper planning and careful attention to detail it is possible that a well selected consultant can be of great benefit to your organisation, providing expertise that is not available internally. An effective consultancy can ensure that a project is completed or that new energy and direction is infused into your organisation.

References

- Corke Co. Pty. Ltd <http://corkeco.com/index.html>
- Institute of Management Consultants: http://www.imc.org.au/html/s01_home/home.asp
- Max's Isaacs: March 2006, Project Management Consulting, [Selecting a Consultant](#)
- Management Development Network, United Kingdom, [Choosing and Briefing a Management Consultant or Trainer](#) (Specialist network in the not-for-profit sector)
- Non Profit Risk Management Center (<http://www.nonprofitrisk.org>)
- The National Learning Institute: [How to select a consultant – the three imperatives](#)