

How to Select a Consultant

by Doug Williams

You have an important project that has to be done. You and your staff are loaded down with other work or a special set of skills is needed. This may be writing a business plan to get new financing, setting up a new production facility or recommendations for trimming your operating budget. The potential list is endless.

Hiring a consultant may be your most cost effective solution. They are there when you need them. They aren't added to your payroll and their cost goes away when the project is complete. Since your consultant will have the skills tailored to your project, they don't have to be trained as an employee would.

The consultant's role is that of an advisor. The ultimate decision-making and approval stays with you. Their job is to identify problems and recommend strategies to improve your business offering a fresh, unbiased view of your organization. A consultant should provide an independent perspective, knowledge and judgment developed from work across many organizations.

The process of selecting a consultant is made up of 3 major steps.

1. Define the project so all parties understand the objectives and the key results desired. Establish the selection criteria for this project.
2. Select the consultant against these criteria.
3. Get a written agreement describing how the project will be carried out and the agreed to terms and conditions.

Define The Project

Begin by writing a detailed description of your objectives and requirements. What results do you expect? How do you want the information presented at the end of the project? What is your timeline and required completion date?

This is an example of a project definition:

- Write a business plan to obtain bank financing for operations with a 25% increase in sales over the next 2 years.
- Analyze current sales patterns and determine top 3 prime markets.
- Analyze and profile the top 5 competitors for each market in our geographical sales region.
- Work with staff to develop sales strategies and tactics to develop sales in these 3 target markets to get this 25% increase.

- Verify that the current operations structure will support this growth and recommend changes.
- Develop a financial plan to accomplish this along with financing requirements.
- Prepare a draft or drafts (two maximum) for review and revision.
- The entire process must be complete in 2 months (60 days).

Other things to consider as you define the project: What resources you are willing to commit to the project? What are your top 5 “hot buttons” or key issues for this project? What level of involvement and interaction do you want from consultant and staff? A clear detail of the scope and objectives of the job will allow the client and the consultant to fully understand the project. The more information supplied to the consultant, the faster the project can be completed and at a lower cost.

Select The Consultant

The process of selection really becomes a process of elimination. Develop a rating sheet on the attributes that you want in your consultant. Based on the complexity and nature of the project, list the top 5-10 criteria that is most important to you. Apply a factor to each criterion that weights the items most important to you with the highest value. In the end, those consultants with the lowest scores are eliminated and the final choice is usually made from between the two top scores.

Locate candidate consultants: The first choice is to look at past consultants that you have used where the experience has been favorable. The next option would be to choose referrals from other business managers or owners. The third choice would be to select from an Internet search or yellow pages.

Pre-qualify: This is the first screening to get the number of consultants being interviewed down to a manageable number, typically 3 or less. Size of firm, background, experience, ability to meet your time frame, and costs are common pre-qualifying criteria.

- **Size of firm:** Big firms tend to focus on a pre-packaged standardized consulting approach. Small firms tend to focus on custom work where more flexibility and innovation is required.
- **Background:** It is not unusual for top management consultants to have 15+ years experience as a vice president, general manager or plant manager prior to becoming a consultant. In addition, many senior management consultants will have had 10+ years consulting in their field and / or an advanced degree such as a Master in Business Administration (MBA).
- **Experience:** Do they have the required experience for your project? What does firm specialize in? Who are the principals, what do they specialize in? What is their track record at doing this type of project? Who will be assigned to your project? Review their web page, advertising literature and samples of their work.

- Capacity: Do they have the resources and the available capacity to meet your completion date? What is their past track record at meeting deadlines?
- Costs: How do they charge: by the hour, day or project or cost not to exceed. Some will charge a contingency fee based on results. Will their fees be within your budget?

References: You will want to check references on the top candidate firms. This should include both current clients and past clients of the consultant who would be working on your project. Would they use them again? Did they get the desired results? Was the work performed capably? Did they demonstrate good leadership qualities?

Interview / presentation: Prior to the interview meeting contact the final candidates and give them the full details of your project. They should come to the meeting with a written proposal, presentation and pricing. Develop a list of questions. Discuss their proposed method on this project. Is their industry experience sufficient? Did they demonstrate sound knowledge? Do you like and trust them? Was there good rapport? Did they clearly recognize your needs?

Debriefing: Some consultants may request a debriefing as why they were not selected. They want to know how to improve their presentation and sell their services. Be brutally honest and let them know where they were lacking. Keep good notes through the evaluation process. Keep the conversation concise and to the point. Time spent here will keep consultants coming back to make proposals on other projects.

Get A Written Agreement

Set up a meeting with your selected consultant. Formalize your agreements. The basic elements should include:

- Short description of the project.
- Timeline with a completion date.
- List of deliverables.
- Fees: by the project or hourly, how much and how payments will be made.
- Which expenses are reimbursable?
- Who owns the copyright and reproduction rights?
- Cancellation clause.

The consultant should then prepare written contract or agreement. It may be a good idea to have your attorney pre-approve this agreement. Both parties need to sign the final written agreement.

Depending on the size of the project and how formal your company is, you may elect to follow all these steps, streamline the process or even make it more

comprehensive. The essence of this process should be followed to choose the right consultant for the job.

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