

Working with Consultants***Suggestions for getting value for money.***

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In theory, consultants supply expert support and advice to help service providers and technology companies achieve their business plans. In reality, many clients are disappointed by high costs and poor results. When you really need help, is it possible to get cost-effective results from consultants? Here are some suggestions.

Given today's tight money markets, shareholder jitters, and intense focus on results, perhaps it is a good time to look at the role that consultants can play in helping to meet challenging objectives. Consultants are those folks that strive tirelessly to supply expert support and advice, to help service providers and technology companies achieve their business plans and get rich – aren't they?

For many of you, the answer would be “no”. We have been hearing more and more frequently that consultants and their fees represent big black holes for your money with few results. An informal survey of service providers and their investors revealed some clear trends, and we felt that it would be interesting to share some of that feedback with *Inside Out* readers.

Many of the people we talked to have had very positive experiences working with consultants. Others do not use the word “positive” in connection with consultants except to describe how certain they are that they don't want to use them again.

Overall, there is a strong feeling in the industry now that consulting companies simply can't be trusted to help businesses achieve their objectives. A few years ago, management teams and boards of directors could point to a decision to engage a consulting company as evidence that they were taking their fiduciary and management responsibilities seriously, today the exact opposite is likely: people may raise questions and eyebrows when consultants are brought in. Two big themes emerge:

- Controlling expenditure on a consulting project is like controlling a balloon under the carpet. Squeeze it down in one place and it will pop up somewhere else.
- The smart, knowledgeable and experienced people who sold you the deal may mutate over a few days into a crowd of schoolchildren with expense accounts.

Many people complained about scope creep, and extra work that somehow became necessary during the course of the project, creating substantial extra costs and delays. It seems to some clients that no matter how much effort they put into creating a comprehensive and detailed task list, the consultants will always find more things they can legitimately charge for. This applies whether the project is charged as a “fixed” price or on a “time and expenses” basis. Selecting a consulting company via an RFP (Request for Proposal) allows several competitors to be evaluated on exactly the same basis, and also sets clear expectations for the project outcome – a good idea. But if the RFP is not totally comprehensive, clients find that some consulting companies wait until the project is

under way before pointing out the gaps, and the extra work is always charged at premium rates. Alternatively, if the gaps are not filled, the project fails – and it's the client's fault for setting the project scope incorrectly.

The next most frequent complaint is the way in which consulting companies send in very talented and experienced people pre-sales, but then supply inexperienced people to execute the project. The executives who signed off on the contract are often unaware what is going on, but middle and first-line managers clearly resent having to work with people who are less knowledgeable and experienced than they are. Sometimes experience is over-rated, and being old doesn't necessarily bring wisdom. In some hot new technical areas, nobody has more than a few months of experience. But consulting engagements need people who realize the wider implications of the decisions being made; the understanding of context is extremely valuable and doesn't come overnight. It's also no bad thing to have been around long enough to have learned something from previous mistakes.

The oft-cited lack of trust and confidence in consulting companies has led to a situation where some companies simply decide that if they can't use employees to get the work done, then they can't do it, period. This is unfortunate because managers face many challenges requiring intense short-term effort, and the right consulting project can deliver cost-effective results. It is possible.

Just how can you, the busy manager or executive, manage your consultants and get those results? Here are some suggestions based on our experience, and our investigations.

1. **Manage by results.** Avoid micro-managing at the task level. The more you try to define how the project is to be completed, step by step, the more responsibility you take away from your contracted consultants, and the more loopholes you create for extra charges to be applied. Instead, define the tangible *deliverables* you expect to see. Define acceptance criteria for each deliverable. Your concern is for *what* is delivered, not *how* it's delivered. (Realistically, you do have a valid interest in the *how*, as well as the *what*. So when you ask a bidder to explain their approach and methodology, make sure everyone knows this is indicative and not prescriptive. Ask *how* it will be done only to establish credibility, not to help you micro-manage.)
2. **Buy the delivery team not the sales person.** Insist on the person who will lead the team being at sales presentations and at discussions of contract details. Get to know the team leader and make your judgments based on what you find out about that person. If assertions from consulting company partners and sales people are not backed up by a personal commitment from the delivery leader, then you will be right to feel uncomfortable. Having the team lead involved will also help him or her to really understand what you are trying to accomplish, and what was discussed, not just what gets written down.
3. **Get the working and mid-level managers who will have to deal with the consultants involved before signing the contract.** Listen to their feedback about their impressions of the consultants. Yes, they may appear to be part of the problem you want solved, but what executives hear, think and believe, is sometimes quite different from the reality of how the business actually works.

4. **Check qualifications.** You can't expect to hand pick all members of the team. But you can establish a benchmark in terms of experience, knowledge and skills by asking for profiles of typical team members. When the team turns up, if you have doubts about the abilities of any team member, ask for a change – immediately. It will not get any easier to make the change later, and it may jeopardize the project's success. In particular, reject anyone who hasn't done a similar project before. You are employing consultants because you want fast reliable results: paying people to learn on the job is just not consistent with that aim.
5. **Get to know the team leader.** Obtaining personal commitments from the on-site team leader is the most effective way of obtaining results. Manage through the team leader, not around – every time you direct individual team members you provide a potential excuse for failure, or a loophole for extra charging.

No consulting company is perfect. But no consulting company is totally imperfect either. The difference between a successful outcome and an unhappy, expensive experience is not necessarily that the consulting company was “good” rather than “bad”. In successful projects, the client was able to (a) communicate what they wanted accomplished, (b) select a consulting company with appropriate skills for the job and (c) develop a working relationship that made best use of the skills deployed while not abdicating control.

Buying the services of a consulting company is much like buying any high technology product: expert customers get better results and better value for money.

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