

Knowledge based article

# When To Hire A Consultant



Consultants are usually hired for one of the following reasons:

1. To work on specific project with a planned start and end date and a clearly defined deliverable.
2. To work as an Interim executive, often for a specified period, on either a full or part time basis, with the objective of helping the business achieve a specific milestone(s) or inflexion point in its development. This is often a pre-cursor to replacing the interim position with a permanent employee.
3. To provide resource when a full-time headcount has not, or cannot, be approved.
4. To fill a sudden or planned absence of a full-time worker.

Let's look at some of the specific reasons why you might consider hiring a consultant to work on project or as an interim:

## 1. To provide an independent, experienced view.

A consultant can provide a fresh perspective and alternative solutions to a business issue or opportunity. An experienced consultant is likely to have worked for companies of all shapes and sizes and seen the same business issues from many different perspectives – and solutions that have and have not worked. A consultant is well placed to help each of their customers identify the solution that best meets their needs.

## 2. To reach a major milestone/inflexion point (transition or crisis)

Hiring a consultant to undertake either a specific project or to act as an interim can be the sensible, and most cost effective, thing to do when you are trying to reach a major milestone/inflexion point in your business. Such milestone/inflexion points can include a funding round, launching a new product, entering a new market, etc. All cases where there is an element of risk and lack of certainty about the outcome. In these circumstances hiring the right consultant can mitigate the risk of hiring a full -time employee which can come later down the line. Subsequently you may also be able to focus your requirements for the full-time employee role thereby lowering your committed costs and enlarging your choice of candidates.

Unfortunately, businesses can find themselves needing to resort to crisis management. Interims are often the best solution, they can be hired relatively quickly, removed quickly and they can provide a company with the skills, knowledge and expertise that may not exist within the business. Hiring an interim might be the difference between the business surviving or continuing to struggle.

### **3. To provide help in planning a project**

Because of their experience a consultant can help make sure that your project plan is complete, logical and the timescales are sensible. Many projects are doomed to fail before they even start due to inadequate, incomplete, and over-optimistic plans put together by well-meaning staff inexperienced in the project subject matter or not possessing the right project management skills and know-how.

### **4. The need for additional bandwidth**

You may have an important one-off project to complete but without the necessary bandwidth within your existing organisation, even though you do have the necessary skills in-house. You have to focus on day-to-day operations, and you cannot afford to reprioritise or dilute your staff's core responsibilities.

### **5. Specialised Skills**

You require specialised skills that you not have in-house and which would not be cost effective to hire in on a full-time basis. Using external resource to apply for non-dilutive funding would be a typical example.

### **6. Their Network**

Experienced consultants can open the door for collaborative work environments within their targeted segment to advance external cooperation and speed-to-market.

This is particularly valuable business expansion projects in new markets with new products, players and target audiences.

### **7. Somebody to do the Dirty Work**

Whilst this may be an uncomfortable truth there are occasions, often those that involve significant change to the business, where it can be hard to make decisions or take the necessary actions without getting wrapped up in the emotion or politics. The consultant can drive this process objectively and dispassionately to optimise outcomes.

## **8. To Mentor**

Wherever possible a consultant should leave the business in a better place than when they arrived. This includes mentoring their customers' employees.

## **9. Cost-effective organisational development**

Creating a dynamic mix of permanent employees and skilled consultants allows businesses the ability to increase or decrease staffing numbers based on current demands, giving you more control over labour costs – and morale. You can rapidly staff up or down in response to customer demand while at the same time lightening the load for employees who are stretched too thinly.

## **10. Flexibility**

As businesses vie for a competitive advantage and with competition for resources, hiring consultants can enable you to respond quickly and strategically. Consultants, particularly in an Interim capacity, offer flexibility as they bring in the right skills at the right time and for as long as needed.

## **11. Quick to Get Up To Speed**

Whatever their role consultants are quick to get up to speed and can hit the ground running. Except for those circumstances where there is a mandatory induction programme, consultants should be up to speed almost immediately and in a position to start on their work and begin making a meaningful contributing to the business.

## **Section 2 Aren't Consultants Expensive?**

So, there are many reasons why it might be a good idea to hire a consultant but, I hear you say, aren't they expensive?

Hiring a consultant should be based on value for money and not simply on cost. Hiring a consultant is an

investment and should be based on a cost v benefits analysis.

We have already highlighted above some of the ways that hiring a consultant, either to work on a project or as an interim executive, can add value to your business.

When hiring a consultant to work on a project as well as bringing their subject matter expertise, they will use their experience to help you plan your project appropriately and avoid common project delays, like scope creep, unclear requirements, and environment issues. Hiring the right consultant can be the difference between getting the project done right and getting the project done.

As an independent, external resource, a consultant operating as an interim executive will bring a fresh perspective to an organisation. They will give an objective view on what is best for a business and are able to contribute honestly without being a threat to incumbent management teams. In the majority of cases staff welcome interim managers into the business, especially when it is understood that that they do not pose a long term threat but are in post to assist in achieving specific goals.

Interims are talented, results-driven individuals dedicated to driving change and making a difference. Generally employed to bring niche skills not existing in the business, instructed and positioned at board level or key decision-making level, they have the credibility and capacity to affect change rapidly and deliver results.

So, when hired and utilised appropriately, far from being expensive, the consultant can provide excellent value for money to the organisation.

### **Section 3** Commitment to the customer and Skin in the Game

It is also worth remembering that for independent consultants their success and future work relies heavily on referrals and successful track record of delivery. They are only as good as their last project. Independent consultants have skin in the game and are fully committed to their customers. They have a huge influence in the success of the assignments they undertake and will go all out to deliver.

### **Section 4** Utilisation

Consultants charge only for the days worked with no additional NI payments, employee tax, holidays, pension payments or any other employee benefits that might be applicable. Consultants operating in an Interim capacity can be hired to work part-time or on a project basis, usually for three, six or nine months, which can be vital in helping manage costs. You get 100% utilisation when you hire a consultant.

The speed in hiring an interim manager is days as opposed to weeks or months, which is essential when time constraints are paramount in an organisation that requires change. As a highly experienced management resource, interim managers can grasp business challenges quickly and can add value immediately.

## Section 5 Crisis Management

In those circumstances where an Interim consultant is required to manage a crisis the RoI can be substantial. When a company is in crisis, often the cost of failure to deliver change far outweighs the cost of hiring an interim manager. The use of interim managers can be a way for companies to achieve their business objectives and obtain highly specialised leadership skills at crucial times. An Interim can often be brought on board quickly when compared with finding a full-time permanent recruit which can be particularly important when time is of the essence. Furthermore, at times of crisis a company may not be in a position to attract a permanent high calibre employee as the role is seen as too high risk.

## Section 6 Flexible & Creative Contractual Terms

There are many ways to engage a consultant including Fixed Price terms, Time and Materials and Retainers. Good consultants are sensitive to their customers' needs and can be creative in the way contracts are constructed, often breaking large/long term engagements into multiple phases with break points at defined milestones. For some engagement's success fees can also make up part of the consultant's total remuneration – thereby reducing your initial outlay. In general, the contract will also include a clear breach of contract and termination clauses making it far easier to terminate an underperforming consultant when compared to a full-time employee.

## Section 7 Some Do's and Don'ts of the Hiring Process

1. Do not get seduced by the consultants' personality when you first met and then forget to do the basics - get references and make sure the contract outlines the responsibilities, deliverables, and timelines.
2. Be fair to the consultant – if you nickel and dime them or ignore their recommendations for the sake of expediency or your own impatience, don't be surprised if you end up wasting your money and time.
3. Observe to see if the consultant listens. When you first meet your potential consultant check them out to see if they are a good listener
4. Do they ask good, insightful questions - have they challenged you?
5. Provide a clear brief, explanation of the problem/challenge/opportunity and what success looks like for you – do not hold back key information – consultants are not mind readers
6. Get multiple proposals – not just so that you can compare value for money but so that you can compare their approaches and how they will work with you and your business – fit is important.
7. Make sure the proposal accurately reflects
  - a. Their perspective on the issue you face
  - b. What they will be responsible for doing / providing

**c.** What you must provide them

**d.** Realistic timelines

**e.** References

**f.** Their fee structures

**g.** The identity of the person or persons who will do the work

**8.** Be available and stay in regular communication with the consultant during the assignment. Just because you have a signed contract do not assume that your solution is in hand. Ask questions and get answers. Let them ask questions of you; and give honest answers.

**9.** Watch out for both active and passive resistance to the consultant's work from your colleagues and staff. Be sure to introduce and position your consultant well to all involved team members / stakeholders.

**10.** Do not let stubborn managers scoff or discount your consultant's work. They will set a tone that everyone on their team will follow, and it is hard to kill the negativity that follows. Such attitudes are equivalent to sabotage. Make it your firm policy that you hired a consultant for a reason, and that you expect all managers to support the effort.

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