



# Management Support Unit (MSU)

## Information Sheet 9: Selecting a consultant

### What is a consultant?

A consultant is a person who gives professional or expert advice and assistance – 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 requirements. Consultants are engaged for a wide range of reasons including:

- When specialized skills are needed.
- When there is a temporary increase in the workload such as a short-term project to be completed.
- When independent advice is needed either internally or to enhance public credibility.
- When you want to bring fresh thinking to a situation such as diagnostic management advice.
- To act as a facilitator in conflict resolution or change management.
- To provide advice on how to best meet a new government or funding requirement.
- To advise the Board about growth and development opportunities for the organisation.
- To assist with a review of an agency or project 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 your needs?

- Assistance in identifying a problem, developing solutions or both.
- General advice and direction such as options for growth.
- Specific expertise such as information about funding sources or a fundraising strategy.
- A consultant to take responsibility for an entire, specific project.
- Service design – the model of service that would best fit the client population.

## **What consultants should not be expected to do!**

It is important to remember what consultants should not be engaged to do. Consultants are no substitute for effective management and governance and should not deal with matters that are the responsibility of managers (such as performance management) or the responsibilities of Board members. However, 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 to develop a strategy to resolve any issues that are identified.

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 to the organisation.

## **Key Issues in Selecting and Engaging a Consultant**

According to The National Learning Institute <sup>1</sup> there are three key questions to address when contracting a consultant:

### **1. *Can the consultant do the work?***

This may seem very 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 and use these criteria to assess the consultants who are capable of doing the work.
- Check references – it is essential to know who has used the consultant previously and their experience of the person/organisation. 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.
- 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.

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<sup>1</sup> National Learning Institute; Selecting a Consultant:

<http://www.nationallearning.com.au/management/how-to-select-a-consultant-the-three-imperatives.html>

## 2. ***Will the consultant fit into the organisation?***

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

- Is the consultant likely to gain the respect of key stakeholders?
- Do you believe that 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?

## 3. ***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. Therefore 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 staff?
- What knowledge and skills can be learned from this consultant?
- If you want 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**

(Based on Max's Isaacsons, 2006 <sup>2</sup> and the Management Development Network <sup>3</sup>)

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

### 1. ***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 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. Remember to include 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.
- Identify the Project Manager responsible for managing the project.
- Develop a strategy to evaluate both the project and the consultant.

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<sup>2</sup> Max Isaacsons; Selecting a Consultant <http://www.maxwideman.com/issacons/iac1028a/sld001.htm>

<sup>3</sup> Management and Development Institute; Selecting and Briefing a Consultant <http://www.mdn.org.uk/choosing.htm>

## 2. ***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.
- Distribute the brief as widely as possible.
- It is important to ensure that the selection process is conducted ethically, fairly and without discrimination.

## 3. ***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 will use – relevant experience, capacity, reputation, financial stability, availability and reliability. Make sure you have corroborating evidence about the consultants' work and qualifications.
- 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.

## 4. ***Check if consultants are interested/available***

- Inquire whether those on your short-list are interested and available.
- Rank your preferences
- Check out their qualifications, experience and their track record including reference checks with past clients, preferably speaking with past clients directly. It is recommended that you interview the short-listed candidates.
- While it may be tempting to select with the consultant with the lowest price, this may not be cost effective. Make sure that whoever you engage can do the job. It is poor economy if the end result is below standard.

## 5. ***Enter into contract negotiations<sup>4</sup>***

- You will already have clarified the budget and it is essential that the prospective consultant knows the resources available and can deliver outcomes within these resources.

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<sup>4</sup> A valid contract involves an intention to enter a contract, an offer and acceptance of contract terms, consideration of the contract terms, a legal capacity to enter a contract, no illegal conduct and a genuine consent by both parties to enter the contract.

- Develop a payment schedule – usually part of the contract is paid up front with the remainder payable on completion. For a larger project, interval payments are appropriate.
- Ensure that the contract makes it clear who has ownership of the intellectual property and the resources developed during the project.
- Ensure that evaluation measures are built into the contract.

When you have selected the consultant, remember that you are entering into a written contract. It is recommended that the contract between the organisation and the consultant includes the following information:

- The brief or what will be delivered
- The person(s) who will be delivering the work;
- The person or position who will be the lead contact in the organisation;
- A timeline that includes specific tasks, when project reviews will be held and the expected date of completion.
- The fees to be paid;
- What expenses will be charged for, and at what rate;
- Whether the trainer/consultant is registered for GST, and 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).

(Adapted from Management Development Network<sup>5</sup> )

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<sup>5</sup> Management Development Network, Choosing and Briefing a Management Consultant or Trainer, <http://www.mdn.org.uk/choosing.htm>

### **After the contract is signed, it is important that:**

1. Relevant people within the organisation are informed that a consultant has been contracted.
2. The consultant is provided with access to the people, information, resources and materials needed for the project.

### **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 both the project and the consultant can be assessed. This is important for any future consultancies.

### **Risk Management**

As with many aspects of managing a service, there are risks inherent in contracting a consultant, and managing these risks is an essential component of project management.

When you engage a consultant, it is vital to consider the risks your organisation may face and strategies to mitigate them are developed. Risks include:

- Having insufficient funds to complete the project.
- Setting unrealistic time frames to complete the work.
- 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.
- Staff members can be obstructive if they feel threatened – for example if they perceive that the consultant's work may lead to changes in their work.

### **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, direction and skills are infused into your organisation.

### **References**

Corke Co. Pty. Ltd; Need someone to help you think clearly through a tricky business issue? <http://corkeco.com/index.html>

Institute of Management Consultants: [http://www.imc.org.au/html/s01\\_home/home.asp](http://www.imc.org.au/html/s01_home/home.asp)

Max's Isaacs: March 2006, Project Management Consulting, Selecting a Consultant <http://www.maxwideman.com/issaacs/iac1028a/index.htm>

Management Development Network, United Kingdom, Choosing and Briefing a Management Consultant or Trainer: <http://www.mdn.org.uk/choosing.htm>  
(Specialist network in the not-for-profit sector)

NonProfit Risk Management Center ([www.nonprofitrisk.org](http://www.nonprofitrisk.org))

The National Learning Institute: How to select a consultant – the three imperatives <http://www.nationalllearning.com.au/management/how-to-select-a-consultant-the-three-imperatives.html>