

STOP WASTING MONEY ON CONSULTANTS

How to maximise value from external experts

Hosted by **Sarsha Sivanantham**



**To Contract or
Not to Contract?**

**Commissioning
Projects**

**Contracting
and Scope
Management**

**Cost-Efficiency
Tactics**



When to use consultants:

- **Specialist skills or technical expertise**

E.g: business cases, IT builds, System design + change, Strategic planning.

- **Objective view or independence**

E.g: Evaluations, reviews, workshops.

- **Efficiency**

E.g: Secretariats, call centres, quality assurance.

- **Surge support**

E.g: Cyclone response, critical skills gaps while recruiting.



Tips for short-term cover:

- 1 Consider how you'll replace the consultant before you bring them in.
- 2 Have the consultant support the early stages of recruitment.
- 3 Get extra value – e.g. capability building for more junior team members.
- 4 Consider contractor versus consultant – contractors normally charge a day rate, consultants by the hour.
- 5 A team approach will save you money – combine senior and junior consultants.
- 6 They do not need to be part of your team – only include them in critical meetings and ta



A clear scope is critical

Options for when the scope is not clear:

1 Commission the work in stages

- building in stage-gates, including exit clauses and flexibility to go in a completely different direction.

1

2 Ask for free input

- most providers are happy to support scoping without cost or obligation.

2

Invite potential providers to a **round table discussion** to tighten up scope.

3

Directly request a provider propose a scope based on your challenge or job to do.

4





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WHAT TO LOOK FOR

Does the provider:

- **Understand what your problem is**
- **“Get” what working in your sector is like** – who the key players are, what the drivers are, risks, challenges.
- **Own your problem** and make it their own.
- Have the **right balance of innovation** (versus tried and tested approaches) that you are comfortable with.
- Have a really **good risk lens**.
- **Share your values**.
- Convey they will be a **pleasure to work with**.

HOW TO DO THIS:

- **If issuing an RFP** – offer the chance for potential providers to meet you before the response date.
- **Do not apply a solely desktop exercise** – always meet with the top two providers.
- **Check whether they challenge?**
Look for providers who put their chances at risk by challenging or suggesting improvements to the approach.
- Check referees, but also **ask the provider who they have worked with in your organisation** or industry and speak to them.
- **Apply a trust and verify approach** to delivery.



Avoiding “cookie-cutter” solutions

- **Look for a clear business needs section in the proposal.**
- **Is there flexibility of approach?**
- **Do they have appropriate Stakeholder engagement experience and capability?**
- **See examples of previous work (if possible).**

Look out for the bait and switch! – are those pitching really going to be doing the work?



Getting the outcome you want – ensure you have

- **A contract.**
- **A clear, agreed scope up front, in writing.**
- **A really good induction meeting.**
- **An agreed, detailed project plan.**
- **An agreed approach to managing scope discussions and any changes to scope/budget.**
- **Agreed performance measures and quality assurance plan.**
- **A risk register and mitigation plan.**
- **Regular reporting against the project plan, including risks, budget and team member hours.**
- **Face-to-face check-ins at appropriate times.**



Five Tips for Contracting and Scope Management



Stage gates	Budget tracking	Communication	Quality	Your Involvement
<ul style="list-style-type: none">• Build these in the contract: plan formal check-ins on whether things are working for you.• Be bold – if it's not working for you, don't hope it will get better	<ul style="list-style-type: none">• Demand reporting – even if it's a fixed price contract.• Include an individual level breakdown to ensure resourcing is what you expect.	<ul style="list-style-type: none">• Maintain open, clear and honest lines of communication – we're all in this together and we're on the same team.• Relationships are key – time spent at the beginning developing these, both between client and consultancy, and with key stakeholders, always makes things better.	<ul style="list-style-type: none">• Make sure there are sufficient quality assurance processes in play – at the consultants' end, yes, but also over the top of the project (e.g. peer review, external review, sense-making sessions, gateway reviews, advisory or steering groups, etc).	<ul style="list-style-type: none">• Save yourself time, energy (and \$) by avoiding lots of meetings – structured regular reporting and occasional catch-ups is best.• Don't be invisible – projects evolve, and if you're not involved, it may end up somewhere you're not happy with.• Set the tone at the project inception meeting: be firm with expectations, demand risk tracking and reporting, demand regular formal written reporting in a way that suits you, and informal catchups.

How budgets blow-out

- **Poorly designed and scoped projects (as discussed).**
- **Over-engagement – do engagement well, but don't over-do it.**
- **Data saturation – literature reviews, surveys, meetings (size right/stop if no additional insights are being generated).**
- **Too much time spent on internal project meetings.**
- **Poor engagement and reporting by consultant with client leading to a mismatch of expectations and a need to repeat work.**
- **Lack of engagement by client, delays in or lack of input/ feedback - OR too much or competing feedback from client-level stakeholders.**



Get More Value: Capability Building for your staff

Examples:

- **Developing a Strategic Plan? Pair a staff member with the consultancy lead for coaching so they can lead strategic planning in future.**
- **Doing a summary of submissions? Add some junior staff to the external team to learn and experience the tips + tricks.**
- **Undertaking an evaluation? Build in team member(s) into the external project team so they can observe how projects are planned, run and delivered, learn skills like stakeholder engagement, data analysis and sense-making.**
- **Running a design process, using human centred design? Learn how to do it (on a real problem for your organisation) so can do it yourselves on future problems / improvements.**



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Getting a Good Deal

- **Ask for best and final offers** from short-listed providers.
- **“Two envelope” tendering** – have providers submit their proposed approach and pricing separately.
- **Share what your budget is:**
 - It is seldom to the purchaser’s benefit to not share the budget for the work.
 - Not knowing an approximate price means providers may give wildly differing solutions, making it hard for you to compare and decide.
 - Providers know they need to be competitive so if the budget is known, competition is then focussed on what providers can deliver for the price, as well as importantly, any innovations or value-adds they can offer.
- **Additional budget** – split your budget into two unequal parts (e.g. 80% and 20%) and ask providers to submit a solution for 80% and explain what additional work they would do for the extra 20%.



Fee Setting

- **Most common:**

- Fixed fee.
- Hourly rate / time + materials

- **Other options:**

- Retainer agreement: fixed monthly fee so the consultants are available for a set level of services or hours.
- Value-based pricing: consultants charge the client based on the level of value delivered.
- Results-based fee: Consultants get paid when they deliver a specific result
- Commission-based payment: Consultants get a cut on the value the client delivers to someone (e.g. a sale).
- Equity-based payment: Consultants agree to receive equity, e.g. in a startup, as part of their payment.
- Profit-sharing arrangement: consultant receives a portion of the margin they helped the company generate.



More Options for Saving Money

- **Most common:**

- Tight negotiations around price.
- Scrutiny of hourly rates.

- **Other options:**

- Consider a **secondary panel** for specific expertise/tasks.
- Demand a **detailed budget**.
- Care with selecting type of expertise (specialist v generalist).
- **Go for a team** (senior + junior expertise).
- **Engage early on scope change:** doing it later will cost either explicitly through budget change, or through attempts to squeeze time from somewhere else.
- **Support consultants** by briefing them well, contributing resources to the project team, provide process stuff early - style guides, procedures for sign-offs/ approvals, organisational reporting lines, etc.
- **Pro bono support.**



Q+A





GET IN TOUCH IF YOU HAVE ANY QUESTIONS

JASON CARPENTER
jcarpenter@allenandclarke.co.nz

