

# Gaining value from consultants

## Getting the most out of consultants

October saw the National Audit Office publish its report on "Central Governments use of Consultants and Interims." From 2009-10 the government spent £789 million on consultants, significantly more than any private sector is likely to spend on consulting. So what are the lessons you can learn and what conclusions can you draw from this vast expenditure? Well, for the most part it is common sense, and the recommendations would be heartily endorsed by any consultancy worth its salt.

## Clearly understand the outcome you seek and what constitutes success

Think carefully about the outcomes you seek and establish clearly what success will look like. To establish success you will need to measure the deliverables that you care about, otherwise how can you tell if anything has improved? Measures such as savings, sales growth, productivity improvements, cycle times, lower customer churn, waste reduction, improvement in staff morale and lower staff turnover are just some of the measures that you could choose to adopt. The measures you opt for, of course, depends on the nature of the programme and the outcomes you seek. If the outcome is confused and the measures are not agreed and in place, how can you evaluate success or

failure? How indeed can you select an appropriate consultancy with the particular expertise you need? That said, take care not to be too prescriptive in how the deliverables should be achieved, and assumptive in the likely root causes of failure. Achieving the outcomes you seek may prove to be more complex and far reaching than you expect.

## Think carefully about the team you assemble both internally and externally

How do the skills and personalities of your employees and the consultants complement each other? Take care to ensure that you have the best people for the project, not just those who are available or keen to take part. Have you allocated sufficient resources? In the short term you may need to allocate extra resources because your employees will presumably be doing their existing job and working on the project. In our experience failure to provide appropriate additional resources is a common mistake which normally results in one of four outcomes.

- The project succeeds but company performance takes a downturn.
- The project fails to achieve its objectives.
- The team maintain company performance whilst delivering the project but take longer to achieve the outcome and utilise more of the consultants' time and resources, leading to greater costs and longer return on investment.

- The team achieve both objectives on time and in full but the added stress damages employee morale and readiness to take part in future business improvement projects.

As companies are increasingly seeking a culture of continuous improvement the last outcome is potentially the most damaging over the long term.

## Transparency of communication and leadership

These are areas that are often overlooked or not considered in enough detail. Don't abdicate the responsibility for running and leading the project to the consultants. Mention the words 'change' and 'consultants' and employees can become fearful. They fear for their jobs, they fear they will fail, they fear uncertainty about the future. If senior managers are highly visible in clearly articulating and effectively executing the communication strategy, most of the rumours and unfounded fears are dispelled. This allows people to focus on achieving the desired outcomes. Effective leadership by both senior and middle management is a vital component. Use consultants to advise and support but it's the senior managers who need to set direction, clearly establish roles and responsibilities and paint a picture of the intended future so that employees can see their place in it. It's hard to work diligently for a future that you fear you may

not be part of. Managers need to show interest and attend all the relevant milestone and assessment meetings. Projects that are instigated by senior managers but then slip down or off their list of priorities rarely go well. The project team may get demoralised and start to let it slip in their priorities.

"If it is not important to my manager why should it be important to me?" Middle managers often feel most threatened and therefore need to work closely with the consultants to ensure key targets are met at each stage and that appropriate and sufficient resources are committed to the project to maximise success.

Senior management need to communicate the impact the project will have across the whole company and the impact it will have on the customer. Failure to do this leads to a risk of the message of positive change being replaced with one of uncertainty and resentment, where the rumour mill starts to determine the outcome. Regardless of how respected the consultants are by your team and the rest of the company, they can't effectively replace senior and middle management leadership responsibilities because the consultants do not have executive responsibility.

## Ensuring improvement is sustainable

Many managers take the decision to hire consultants because there is a lack of skills and/or resources internally. To avoid becoming overly dependent on the consultants, it is essential that the relevant skills and capabilities the consultants have, are transferred to your own people

and that resources are lined up to replace any shortfall caused by the consultants departure. It would also be wise to ensure that effective processes and measures are in place to enable you to monitor improvement, so you can see if the improvements are sustainable.

motivates the consultancy to go for stretch targets. The dilemma for consultancies in going for a risk and reward structure is that it requires a common understanding of what constitutes success, agreement on what measures are going to be used, the scale and quality of the resources the client is going to provide and most

important of all, that the scope and focus of the project is not going to change once it starts.

All of which are very difficult to accurately access before the project has started.

The National Audit Office concluded that "the use of management

consultancy by government can provide great benefit." It is nice to think that my consulting life stretching back almost 30 years hasn't therefore been a complete waste of time! Second they recommended more payments by results; which is something my consultancy, at least, welcomes and would urge more of provided it is fairly applied and transparent.

**“Effective leadership by both senior and middle management is a vital component. Use consultants to advise and support but senior managers need to set direction”**

## Remunerate consultancies fairly

Most consultants are happy to accommodate the structure of remuneration that the client wants. Some clients prefer a time and materials contract because it gives them certainty of expenditure, others prefer some element of risk and reward because it



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