

INTRODUCTION

“In 1997, operations and IT masters Andersen Consulting [now Accenture] and Deloitte Consulting showed, respectively, 21 percent and 30 percent growth in revenues, while strategy shops McKinsey and the Boston Consulting Group reported growth of 10 and nine percent in that year.”¹

Today we are in what is being called a “golden age of consulting.”² And while there are two sides to every consulting relationship, it seems that the consultant side of the equation has most, if not all, of the tools needed to create and control that relationship.

For those seeking to enter the consulting business or to grow a consulting practice, the literature is vast and growing rapidly:

- A quick search at a site such as Amazon.com produces more than one hundred titles in print for the consultant (or would-be consultant).

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- The magazine literature on opportunities in consulting continues to grow as the hiring by consultant firms continues to grow.³
- Consultants have publications of their own, including *Consultants News*, *Consulting*, and *What's Working in Consulting*.
- Consultants are using the Internet for assistance in developing and conducting their practices. For example, more and more web sites are aimed at helping consultants in their practice, helping them land assignments, and helping them do their business better. They include:

Guru.com (<http://www.guru.com/>).

Onvia Business Services

(<http://www.onvia.com/usa/services/>).

Starbelly.com (<http://www.starbelly.com/>).

The Vault (<http://www.vault.com>).

On the other hand, the businesses (the consultants' clients) seeking to hire and effectively use consultants have very little such help. In fact, they often face a double challenge: finding the right consultants *and* getting the most out of them.⁴

We have written this book for both the manager and the executive who customarily use consultants or may be thinking of hiring one.

In our experience, which encompasses both sides of the consulting relationship, the success of every consulting relationship depends on the extent and depth of the mutual understanding and agreement between the consultant and his or her client. That understanding must eventually be incorporated into a written agreement that serves as the statement of retention as well as a management guide for both parties.

Because the relationship is contained in a document—the consulting agreement or contract—many on both sides of the client-consultant relationship believe that they need

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to pay little attention to the contractual issues. They assume that once the parties agree that the retention is to begin, the rest of the process involves standard terms and conditions.

One of the first concepts both clients and consultants must accept is that there is no such thing as a standard consulting relationship, and therefore there is no standard consulting agreement. That is not only because each project is unique, but also because the relationship between the consultant and client is highly malleable; it can be worked into virtually any form the parties may choose.

Unfortunately, if the two sides are not careful, that relationship can evolve or devolve into a form that neither has chosen but that both sides are still responsible for having created. So when business executives and managers are presented with a situation of such variety and complexity, it is very useful to have help, suggestions, and guidelines.

To satisfy that need, *How to Use a Consultant in Your Company: A Managers' and Executives' Guide* is several books in one:

- It defines consulting, the client-consultant relationship, and the duties of the parties. It explains the roles that corporate policies, contracts, and agreements play in directing the consultant's work. In addition, it focuses on and clarifies the duties and obligations of corporate personnel at each executive and management level with respect to the consulting relationship.
- It deals with how to manage that relationship, once it has been created, by giving the business executive and manager clear, experienced guidance. We hope this will compensate for all the advice available to consultants!
- *How to Use a Consultant in Your Company: A Managers' and Executives' Guide* has a considerable how-to-do-it aspect. Because the contract between client and consultant ought to be a key element in creating, defining, and controlling the client-consultant

relationship, we have included language and forms that can be used by the manager or executive as models. We explain how to adapt these clauses and forms to fit your own situation, and we show the advantages (and in some cases, disadvantages) of each alternate clause or paragraph. Other materials provide help in developing formal company policies on hiring consultants, billing procedures, and ways of evaluating the consultant's work.

Nonprofits and government bodies have operational concerns and problems different from those of private businesses. But when they are consumers of consulting services, they face many of the same issues as do their private sector counterparts. Thus, while we do not specifically mention it in the text, the principles and even some of the contract language presented in this book are often appropriate for use by such organizations.

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Throughout the book, we have used a variety of forms, contract language samples, extracts from policy documents, and so on.⁵ The contract language and company policy samples are set in their own distinctive typefaces so that you can easily find them in the text.

For ease of discussion, the institution hiring a consultant will generally be called the *client*, by which we mean a business, although individuals and governments also hire consultants. The term *consultant* will be used whether the consultant is a partnership, an individual, a corporation, or even a university.

Where we can, we quote real clients and real consultants to emphasize our point. These remarks are usually boxed and are put into a newspaper-style font so that you know we are quoting a real, identifiable source.

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In a few instances, we found it necessary to use an actual or fictitious example to illustrate a point. If the former, we direct you to where you can read more about that very case; if the latter, we clearly indicate that it is a fictitious case. In some examples, we found that the hints we have for you or the issues you will face may vary due to the identity of the consulting firm. For that reason, we have created two entirely fictional consulting firms for use in our examples:

- The first, CMV & Associates, is a small firm, with fewer than five full-time consultants. Like many such firms, it is newer, and run by its founder(s).
- The second, McGonagle & Company, is a multicity, international, long-established firm. It is being run by partners/owners who are one or more generations removed from the founder(s).

The book is designed to be read and to be used. By that, we mean the manager should feel free to dip into it to look for help. Because the consulting relationship is a complex one, some concepts, such as the way in which the work being done by the consultant is described, are touched on in several places. We have tried to strike the proper balance between redirecting the manager and repeating our comments. The order in which information is presented in the book reflects the way the relationship should develop. Because the most effective relationships are ones where all key issues are handled at the beginning, the final consulting agreement will be affected by concepts and issues raised in every chapter.

NOTES

1. "Companies Fall out of Love with Consultants," 1999, <http://www.vault.com> (December 14, 1999).

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2. Executive from consulting firm, IBM Global Services, quoted in Edward Wakin, "Getting the Most out of Consultants," *Beyond Computing*, June 1999, 54-55.

3. See Brian Palmer, "Is It Time to Join the Consultants?" *Fortune*, August 3, 1998, 251 et seq.

4. Fordham University communications professor, quoted in Wakin, "Getting the Most out of Consultants," 54.

5. Some of the suggested contract and policy language first appeared in John McGonagle's earlier book *Managing the Consultant: A Corporate Guide* (Radnor, PA: Chilton Books, 1980).

<http://www.pbookshop.com>