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TAKING ACTION

Unlocking the value of management consultants

When a large national retailer was worried its spend on external consultants was getting out of control, it called in 'poacher turned gamekeeper' Nicola Davis, managing director of N2 (squared) Consulting to carry out a review. Ex-Deloitte consultant Nicola was perfectly placed to assess whether they were getting any real value out of their vast network of consultants - and the results were eye opening...

Nicola worked with the company's Head of Procurement to lead the review and explains that it's not unusual for many big companies to lose the grip on their consulting use.

Nicola said: "It happens a lot. People in fast-moving, pressurised businesses are under pressure to deliver, and they frantically buy-in skills to help them do it. Unfortunately far too many users of consultants don't have a clear vision of what they want the consultant to achieve, forget to sign a contract or agree clear timelines, and get too busy to own the change the consultant is helping to deliver. It's no wonder people spending millions of pounds on consultants still have to ask: "Are we getting value for our money?"

Nicola began the retailer's review by meeting with the Head of Procurement. "I started by understanding the make-up of the business, the key players, and where and how consultants were used. We also got a Board member to sponsor the review to give us some gravitas later on, when we wanted to gather momentum, get access to people and recommend changes."

Meeting the buyers, users and consultants

Nicola continues: "The Procurement Head introduced me to the key buyers, users and consultants in the business, who I interviewed on a one-to-one basis. The interviews were totally confidential, and covered why consultants were being used, what people felt was working and what wasn't in regards to using them, and their perception of how sensibly they were recruiting them. We complemented the interviews with our in-house diagnostic questionnaire too, to get a wider sample.

"The results were extremely enlightening. We asked what management and control processes were in place - what day rate people were on, what type of consultants they hired, what contracts were in place and what was their duration.

"The answers varied hugely and there were large gaps of information on how consultants were managed, which was worrying. It became obvious that there was no overall framework that defined what a management consultant was, and how a consultant should be bought and managed. It was also clear that the client gave up ownership of the work too easily - leaving the consultants to their own devices. Lastly, in many parts of the organisation consultants were not transferring their knowledge and new ways of working to the internal teams - so the business wasn't investing the skills it was buying back in its own people."

Nicola continues: "The main message we had to take back to the Board was that there was no definitive answer as to whether they were getting value. There was no policy that clearly determined what value and benefits looked like, and no consistent ways of procuring, deploying or measuring the performance and value from consultants."

It was a tough message to take back to the Board, which, to their credit, 'took it on the chin'. "I think they were relieved someone had confirmed their suspicions and was being honest with them at last," admits Nicola.

Taking action

Nicola recommended four key actions to transform the retailer's approach to using consultants in future:

- 1 Business owners to fully manage and own all change going forward - initiatives cannot be 'owned' by the consultants
- 2 Design and implement new processes that validate the need for consultants and clarify requirements

3 Once the need for a consultant is validated, check that the supplier matches the need. Check references; ask for case studies, and proof of experience. Design a suitable contract that includes clear objectives, timelines, and measurements to see if benefits are achieved

4 Put in place new processes that ensure skills transfer from consultant to internal teams is always considered and implemented if appropriate

Time to change

The retailer's project team, working with HR, quickly embraced and began acting on the recommendations. The Head of Procurement explains: "We agreed that getting contracts in place, setting day rates and learning how to choose the right consultants were our top priorities.

"This meant some significant changes in procedure across the business that needed designing and communicating. With HR fully on-board on the policy side, Nicola gave us some tips on how to best present the need for change to the different business owners. Following her advice we took the time to talk to the key business managers one-to-one, and presented our plans in a way that took their specific needs and concerns into account. Nicola explained we'd get a lot more buy-in across the group doing it this way. And she was right."

Nicola taught the team to develop a portfolio approach to buying consultancy, and suggested the business owners each agree four or five key business objectives, then the programmes and projects that would support them, and focus and prioritise their consulting spend around these areas.

The Head of Procurement continued: "We've drafted a new policy around the pre-engagement and engagement process, set up a succinct list of preferred suppliers to help people buy from pre-approved and quality consulting firms, and we are implementing a programme that 'tracks' all our consultants across the business - what they are working on, how it links to our strategy, when are they leaving us, etc - so that procurement and HR can also help manage them more effectively.

"We've also put a process in place that encourages buyers to involve procurement at the decision making stage of buying consultants - so that we can ensure the company's interests are protected and the right contract is drawn up before we commit to anything. Plus, at the start of every project, it is now standard to consider the skills transfer side. Is it appropriate? If so, is there a plan in place and who is managing it?"

"We're more consultant-savvy than we've ever been"

The Head of Procurement concludes: "Working with N2 (squared) Consulting gave us gravitas and momentum from the word 'go', which was vital when needing to access senior management time and attention to conduct a thorough review.

"The whole thing has been about common sense and protecting our own interests. If you are spending a significant amount on something, of course you would want to expect to get value from it, and keep that value in-house so your own staff can benefit from it.

"These days our management team is more savvy than ever, spending wisely and able to measure the benefits they are getting. Our users are smarter in how they engage with the consultants, and are getting more out of the whole experience. Everyone is a winner.

"Nicola's findings, recommendations and our resulting actions have saved the company £1M in just a few months, and we predict more savings in the future due to what we have learned and our more disciplined approach."

For more information on N² (squared) Consulting's services and how to get more out of your external consultants, please visit: www.n2-consulting.com or call 0845 3311314 for a no-commitment consultation.



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