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## EXTERNAL CONSULTANTS

One Size Doesn't Fit All



**change improve grow**

Website: [www.n2-consulting.com](http://www.n2-consulting.com) Telephone: 0845 3311314



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# EXTERNAL CONSULTANTS

## One size doesn't fit all

by Nicola Davis, managing director, N2 (squared) Consulting

Management consultants can have a fantastic impact on the growth of SME businesses. The right sort of consultant can bring the experience, objectivity and hard challenge that SMEs often need to move up a gear. But unless you take care, you may end up with consultants who don't fit the business or deliver value.

One of the most common mistakes is using HYPERLINK "<http://www.accountancyage.com/best-practice/features/2195299/external-consultants-size-doesn#>" consultants for the wrong reasons. You need to be clear about your drivers and what you expect as an end result.

Consultants bring energy, an outside perspective, and a focus on delivery and new ideas. They are (or should be) logical thinkers with disciplined ways of working. Are these the kind of skills you need to solve your particular business problem?

### Short-term hit

Consultants offer a fresh perspective and energy for a short-term hit, typically no more than three to six months per project. If you need someone to integrate themselves for a longer period, a skilled interim manager or full-time employee might suit you better.

Another common problem is not knowing how to find and choose the right consultants. A good starting point is to contact industry bodies such as the Institute of Business Consultancy and the Management Consultancy Association to find out who the credible practices are in your field. Talk to other businesses that use consultants and learn about their experiences.

And when you begin the first round of meetings, look for chemistry between you. Do the consultants get you talking? Do they appear to be on your wavelength? You'll be taking these people deep into the murky corners of your business, so trust your intuition and look for someone you get on with straightaway.

Once you have settled on a firm, it is essential to strike the right contractual arrangement. There are three kinds of deal: time and materials, fixed price, and risk and reward.

Time and materials means you pay by the day, however many days it takes, a good approach if time is a factor.

Fixed price works well if you have a set budget.

Risk and reward suits a HYPERLINK "<http://www.accountancyage.com/best-practice/features/2195299/external-consultants-size-doesn#>" consultant and client who want to build more of a partnership. If you are asset-rich but cash-poor, this might be an option for you because you can hire the consultant in return for a share in the business or profits when their work has proved its value and helped grow your business.

### Tangible success

If all goes well up to this point you should have a sound foundation for a productive relationship. However, people sometimes have

a sense that they have nothing tangible to show for money spent on consultants.

You must have, and be able to articulate, a clear understanding of what issues need addressing and what you expect the outcomes to be, and you must share this with your consultants. Meet regularly to get an update on progress and issues. Ensure your consultants have a process in place to involve your team fully and own what they are doing, so results and improvements continue to come long after the consultants have gone.

And ensure you give them the time and support to learn the new techniques. Never leave them just to get on with it. After all, one day they will leave, and you don't want them departing with all the value in their heads and laptops rather than yours.

Finally, ditch the 'them and us' culture. Communicate frequently and openly with your consultants. Build a team of consultants and internal employees who work closely. People should be responding to emails, picking up each other's phones, making coffee, etc. The more integrated the consultants feel, the more they will be able to help, and the more your team will look on them as trusted advisers.

Common pitfalls

### Unclear drivers

What is it in your business that needs fixing? You must be able to articulate clearly what a successful outcome will be for you.

### The wrong solution

Consultants work intensively for a short period and offer a structured approach, a delivery focus and new ways of doing things. Will this approach deliver your aims?

### Not knowing the market

Read industry websites to get a feel for the different size and types of consultancies, and which might best fit your project and business. Good sites include [consultantsunited.com](http://consultantsunited.com) and [mca.org.uk](http://mca.org.uk). Don't be dazzled by big names or expensive suits: do they know your industry and have they successfully tackled your kind of problems before?

### A them and us culture

Expect staff to feel threatened by the arrival of consultants and fail to buy into new ways of working or to share key information. Clear the air in advance so there are no unfounded fears, and share roles, responsibilities and objectives so consultants and staff work as a single team.

For more information on N<sup>2</sup> (squared) Consulting's services and how to get more out of your external consultants, please visit: [www.n2-consulting.com](http://www.n2-consulting.com) or call 0845 3311314 for a no-commitment consultation.



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