

TITLE: "MANAGING CONSULTANTS"

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Since 1971: *"Software for the finest computer - the Mind"*

*"An expert is someone who lives more than 50 miles out of town and wears a tie to work."
- Bryce's Law*

INTRODUCTION

The need for outside contract services is nothing new. IT-related consultants have been around since the computer was first introduced for commercial purposes. Today, all of the Fortune 1000 companies have consultants playing different roles in IT, either on-site or offshore. Many companies are satisfied with the work produced by their consultants, others are not. Some consultants are considered a necessary evil who tackle assignments in an unbridled manner and charge exorbitant rates. For this type of consultant, it is not uncommon for the customer to be left in the dark in terms of what the consultant has done, where they are going, and if and when they will ever complete their assignment. Understand this, the chaos brought on by such consultants are your own doing.

IT consultants offer three types of services:

1. Special expertise - representing skills and proficiencies your company is currently without, be it the knowledge of a particular product, industry, software, management techniques, special programming techniques and languages, computer hardware, etc.
2. Extra resources - for those assignments where in-house resource allocations are either unavailable or in short supply, it is often better to tap outside resources to perform the work.
3. Offer advice - to get a fresh perspective on a problem, it is sometimes beneficial to bring in an outsider to give an objective opinion on how to proceed. A different set of eyes can often see something we may have overlooked.

Whatever purpose we wish to use a consultant for, it is important to manage them even before they are hired. This means a company should know precisely what it wants before hiring a consultant.

ASSIGNMENT DEFINITION

Before we contact a consultant, let's begin by defining the assignment as concisely and accurately as possible; frankly, it shouldn't be much different than writing a job description for in-house employees. It should include:

1. Scope - specifying the boundaries of the work assignment and detailing what is to be produced. This should also include where the work is to be performed (on-site, off-site, both) and time frame for performing the work.
2. Duties and Responsibilities - specifying the types of work to be performed.
3. Required Skills and Proficiencies - specifying the knowledge or experience required to perform the work.
4. Administrative Relationships - specifying who the consultant is to report to and who they will work with (internal employees and other external consultants).
5. Methodology considerations - specifying the methodology, techniques and tools to be used, along with the deliverables to be produced and review points. This is a critical consideration in managing the consultant. However, if the consultant is to use his/her own methodology, the customer should understand how it works and the deliverables produced.
6. Miscellaneous in-house standards - depending on the company, it may be necessary to review applicable corporate policies, e.g., travel expenses, dress code, attendance, behavior, drug test, etc.

Many would say such an Assignment Definition is over-kill. Far from it. How can we manage anyone if we do not establish the rules of the game first? Doing your homework now will pay dividends later when trying to manage the consultant. Assignment clarity benefits both the customer and the consultant alike. Such specificity eliminates vague areas and materially assists the consultant in quoting a price.

(continued on page 2)

(continued from page 1)

SELECTING A CONSULTANT

Armed with an Assignment Definition, we can now begin the process of selecting a consultant in essentially the same manner as selecting an in-house employee. Choosing the right consultant is as important a task as the work to be performed. As such, candidates must be able to demonstrate their expertise for the assignment. Certification and/or in-house testing are good ways for checking required skills and proficiencies. Also, reviewing prior consulting assignments (and checking references) is very helpful. Examining credentials is imperative in an industry lacking standards. For example, many consultants may have a fancy title and profess to be noted experts in their field but, in reality, may be nothing more than contract programmers. In other words, beware of wolves in sheep's clothing.

Ideally, a consultant should have both a business and technical background. True, technical expertise is needed to perform IT assignments, but a basic understanding of business (particularly your business) is also important for the consultant to adapt to your environment. This is needed even if you are using nothing more than contract programmers.

In terms of remuneration, you normally have two options: an hourly rate or a fixed price. For the former, be sure the work hours are specified, including on-site and off-site. Many clients are uncomfortable paying an hourly wage for an off-site consultant. Under this scenario, routine status reports should be required to itemize the work performed and the time spent. However, the lion's share of consulting services are based on a fixed price contract. Here, the role of the methodology becomes rather important. Whether you are using "PRIDE" or another Brand X methodology, it is important the consultant and client both have a clear understanding of the project's work breakdown structure, the deliverables to be produced, and the review points. From this, an effective dialog can be communicated in terms of managing the project. Further, the methodology becomes the basis for the preparation of estimates and schedules.

After examining your candidates, it now becomes necessary to balance the level of expertise against price. Sure, a senior person can probably get the job done in less time, but perhaps the costs may be too high for your budget. "Expertise" versus "expense" becomes a serious consideration at this point.

Whomever is selected, it is important that a written agreement be prepared and signed. The agreement should

reference the Assignment Definition mentioned above and any other pertinent corporate verbiage. Very important: make sure it is clear that the work produced by the consultant becomes your exclusive property (not the consultant's). Further, the consultant shouldn't use misappropriated work from other assignments. Finally, add a clause pertaining to workmanship; that the consultant will correct at his/her expense any defects found; e.g., defective software, data base designs, etc.

MANAGING THE CONSULTANT

The two most obvious ways to manage consultants is by having them prepare routine status reports and project time reports. Such reports should be produced on a weekly basis and detail what the consultant has produced for the past week and detail his/her plans for the coming week. You, the client, should review and approve all such reports and file accordingly.

A methodology materially assists in tracking a consultant's progress. As a roadmap for a project, the methodology takes the guesswork out of what is to be produced and when. Without such a roadmap, you are at the mercy of the consultant. Along these lines, I am reminded of a story of a large manufacturing company in the UK who used one of the large CPA firms to tackle a major system development assignment. The system was very important to the client, but lacking the necessary in-house resources to develop it, they turned to the CPA firm to design and develop it. Regrettably, the client didn't take the time to define the methodology for the project and left it to the discretion of the CPA firm. The project began and the CPA firm brought on-site many junior staff members to perform the systems and programming work. So far, so good. However, considerable time went by before the client asked the senior partner about the status of the project (after several monthly invoices). The senior partner assured the client that all was well and the project was progressing smoothly. More time past (and more invoices paid) with still nothing to show for it. Becoming quite anxious, the client began to badger the consultant as to when the project would be completed. Finally, after several months of stalling, the consultant proudly proclaimed "*Today we finished Phase 1....but now we have to move on to Phase 2.*" And, as you can imagine, there were many more succeeding phases with no end in sight.

What is the lesson from this story? Without a methodology roadmap, it is next to impossible to effectively manage a consultant. The project will lose direction almost immediately and the project will go into a tailspin. The

(continued on page 3)

(continued from page 2)

only person who wins in this regard is the consultant who is being paid regardless of what work is produced. Instead of vague generalities, you, the client, have to learn to manage by deliverables.

CONCLUSION

My single most important recommendation to anyone considering the use of outside consultants is simple: Get everything in writing! Clearly define the work assignment, get a signed agreement spelling out the terms of the assignment, and demand regular status reports.

I am always amazed how companies give consulting firms carte blanche to perform project work as they see fit. Abdicating total control to a consultant is not only irresponsible, it is highly suspicious and may represent collusion and kickbacks.

There is nothing magical in managing consultants. It requires nothing more than simple planning, organization, and control. If you are not willing to do this, then do not be surprised with the results produced. Failure to manage a consultant properly or to adequately inspect work in progress will produce inadequate results. So, do yourself (and your company) a favor, do your homework and create a win-win scenario for both the consultant and yourself.

END

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