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Contingent Workforce strategies

TECH TRANSFUSION

Tuality Healthcare
fine-tunes its VMS to cut
costs and boost quality

HOW TO MANAGE CONSULTANTS

Communicate effectively
then let them do their jobs

PEEK UNDER THE HOOD

Focusing on the positive
helps resolve vendor issues

TRENDS

Military spouses make
great temps

BEST PRACTICES

Keep your contingent
workers safe

A CONTINGENT PERSPECTIVE

We're all in this together,
so let's talk



Getting the Most from Consultants

Smart management is key

By Subadhra R. Sriram

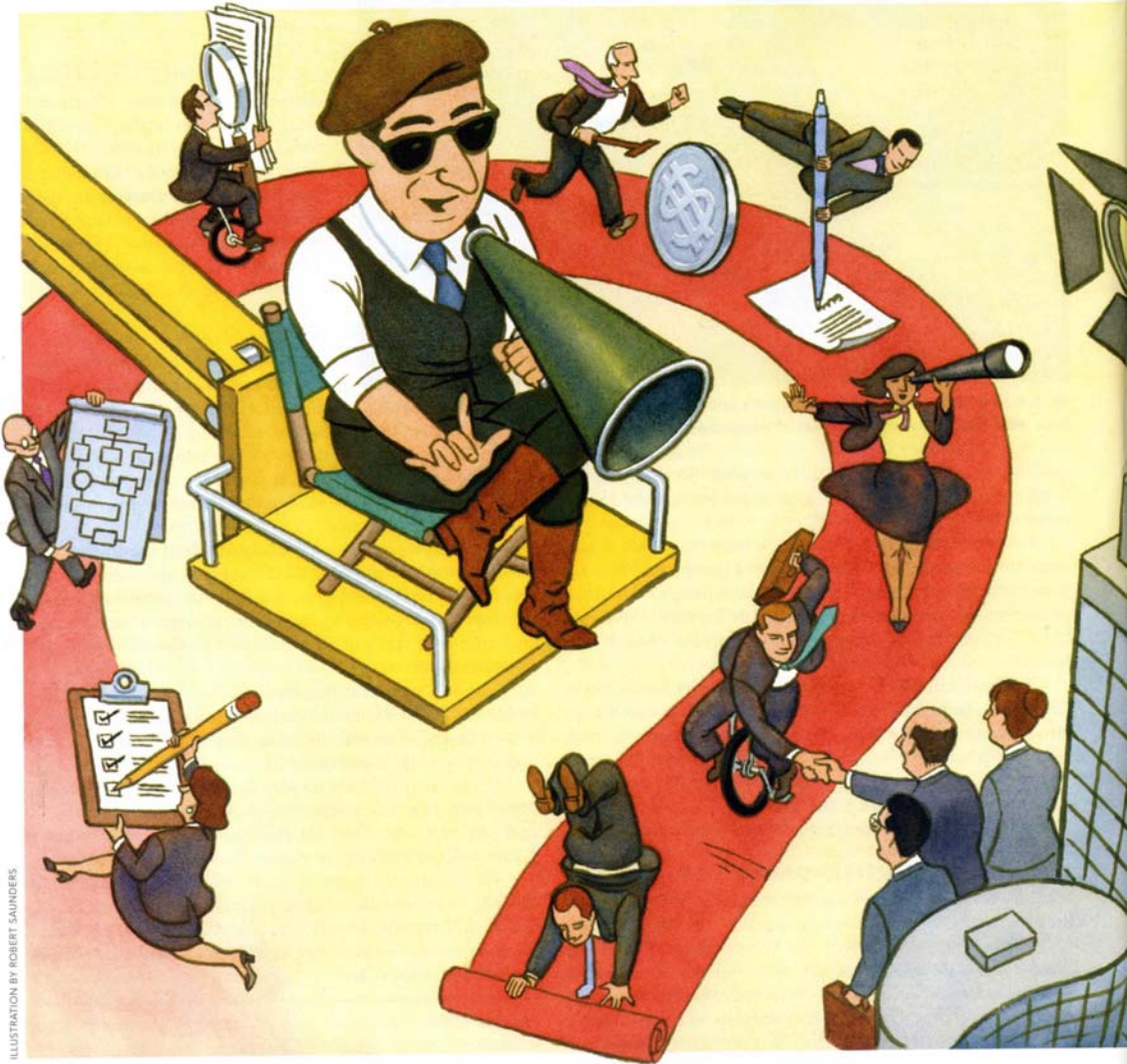


ILLUSTRATION BY ROBERT SAUNDERS

Lucia Murphy was hired as a consultant to analyze a company's profile in the marketplace. However, a crucial piece of information was withheld from her: the company was planning a reorganization.

Three months later Murphy presented her findings, which were irrelevant in light of the dramatic changes in how the company was run. Murphy's contract ensured she was paid, but the client had wasted thousands of dollars on what amounted to little more than "make-work."

the best ROI

It happens all too often. Companies hire high-end contingent workers but fail to work with them effectively, drastically reducing the return on their investment. And it's a problem that is growing as the use of consultants and contractors increases.

Consulting is a big, one-size-fits-all term applied to the business of advising others. A consultant might be an independent freelancer or part of a big management firm like McKinsey & Co. or IBM Global Services. They tackle a wide variety of business problems and provide solutions for their clients. Depending on the size and chosen strategy of the organization, these issues can be as straightforward as creating a new Web site or as complex as totally rethinking the client's organization.

IMPORTANT RESOURCES

No matter what the engagement, the clout that a consultant wields can be considerable. They bring their specific expertise to help solve business issues. For example, consultants often help companies get caught up to meet deadlines. They can help manage a business better. Some might advise a client on buying a related company worth hundreds of millions of dollars or reducing the size of its workforce by thousands of employees.

Conventional wisdom has it that these seasoned professionals require little hands-on supervision. After all, many of these high-end contingents have been CFOs or directors and come with a wealth of experience. Murphy, for instance, worked in Frito-Lay, Campbell's and Xerox as a senior sales and brand marketing manager.

"People in those positions have achieved a certain level of expertise and bring a much-focused approach," says Kaja Gam, who runs an interior design and construction company in Westchester County, N.Y., and uses consultants. "You don't need to manage them." Indeed, government tax and labor regulators use the absence of client supervision as a factor in determining whether someone is a consultant or contractor rather than an employee.

Regardless of the situation or tasks at hand, consultants can cost a great deal of money and have an important impact on their clients' businesses. While they may not require significant, hands-on management, they still require effective information and communication in order to do their jobs and be money well-spent.

FINDING THE RIGHT CONSULTANTS

Major corporations often have ongoing relationships with the biggest consulting firms. But most businesses only bring in outside advisers for projects or to resolve specific issues. Whether networking, researching on the Internet or going through more

traditional channels, the sources of quality talent are plentiful.

Howard Greenberg, a commercial real estate broker, found his talent differently. He attended a Business Council of Westchester presentation and heard Kristi Stangeland, an independent Web site designer, give a talk. He had been looking for somebody to design a new Web site for his business, and he liked what Stangeland had to say. "I felt that her ideas on the Web were well structured for a small shop like mine," he says. He interviewed Stangeland and hired her.

Kiwi Partners in New York uses consultants to deliver its product — helping not-for-profits with their accounting. The company relies on recommendations, but also advertises at Idealist.org, a site that lists more than 58,000 nonprofit and community organizations worldwide and includes job listings.

Meanwhile, some corporations use staffing companies to hire consultants because, depending on the size of the project, their use becomes easily scaleable. "It enables them to keep their best talent and flex their workforce as needed for projects on demand," says Howard Zimmerman, an SVP at Volt Technical Resources.

PROVIDE DETAILED FACTS

When working an event or finding the right talent for a job. Lisa Stokes of B.R.P. Entertainment requires specific details for everything that a performer or speaker may need. Starting from types of sound to lighting to hotel room and type of meals, everything needs to be documented.

"I need to have all the facts. I have to be very organized and my contingent — rock band, magician, or clown — has to be just as organized. The client asks me for all the information that I am asking the performer," she says. So Stokes uses a performance contract to get all the information upfront. But that's not all.

Stokes needs to make sure that the executive who has scheduled the event is passing on the correct information so she can fit the event in with the culture of the company. For example, young executives may want something trendy, like a hip rock band, which may not go down well with the senior management. Similar concerns about fit can affect other projects, such as the rollout of a new employee benefits program or even the announcement of important organizational changes.



Openness leads to success.
— Lucia Murphy



Well-written contracts are key. — Lisa Stokes

SET CLEAR OBJECTIVES

Once engaged, consultants need a set of goals based on time lines and pre-defined milestones. Regular meetings need to be scheduled in which a contingent can get feedback on progress made. This also gives company managers a chance to make sure that the project is on the right track.

"The single biggest problem between a client and the consultant is when consultants are brought in and the timeframe and objectives have not been thoroughly sorted out," says Tony Restell, director and co-founder of Top-Consultant.com, a Web site used by consultants to accelerate their career.

Stangeland agrees. After working for more than a decade at Wall Street giants like JP Morgan & Co. and Salomon Brothers, she now designs Web sites for companies of varying sizes. "Clients tell me they need this done yesterday and yet inevitably I am waiting for them to sign off on the design," she says. In order to minimize issues, Stangeland banks on tightly written contracts that cover what the client expects from the project and what the consultant will do. Even then, there are those who know exactly what they want and others who revise the contract 10 times.

GOOD INTERNAL RELATIONS

Setting the consultant off on the right path affects more than just the outcome of the project. A faulty outcome can foster resentment among internal staff. Say a consultant is brought in to work on a project. After two months, management concludes the work isn't what it wants, sending the consultant back to the drawing board. The full-time employees, therefore, must spend more time reviewing figures and providing new models to the consultant, which affects their own productivity. In such a scenario, the project can end up costing more than budgeted. But the cost in morale can be even greater, generating ill-will among the staff and making them resentful of the high-end contractor.

But that's not all. Employees can feel threatened by consultants. Take Murphy, a performance improvement specialist. One of her assignments was to help a company get more out of its employees. The company felt that it had all the right people but didn't know how to make them more productive as they were planning a rapid expansion. Murphy talked to employees, assessed their work environment, the company's incentive systems and then made recommendations.

People in the company were nervous and did not necessarily like what she did. "But I was very frank and I tried to talk to people one on one," says Murphy.



Consultants shouldn't need to be managed.

—Kaja Gam

That helps. Murphy also tries to make sure her personal style won't make people reluctant to share information.

In order to avoid such drastic outcomes, the project manager needs to provide a smooth path for the incoming consultant. The manager also should make sure all parties know that he is available and prepared to address any problems that may arise. Staffers who feel threatened also respond well when they know their cooperation is appreciated.

There are two sides to every project. At one end is the project manager and at the other are consultants who need certain things to be able to function efficiently and be well-utilized.

"Both sides need to be involved in the discussion and decision making, or else it's like me talking down to them," Murphy says. The solution has to come from detailed interaction between the two. A client cannot accept blindly a consultant's recommendations.

Consultants need to have the freedom to discuss the project with the customer on an as-needed basis. Depending on the culture of the client, this could mean formal meetings or informal phone calls. Regular communications enable a manager to make corrections at the intermediate stage.

A key factor in the consultant's — and therefore, the project's — success, especially within large corporations, is to have the CEO's backing. Often, consulting projects require cross-departmental support. If executives and teams of other departments are not on board or aren't made aware of the importance of their

Five Ways To Find a Consultant

Network: Look to friends and friends of friends for the right fit.

Advertise: Industry-specific Web sites and trade journals are a good place to look.

Brokers: Can provide a wide range of candidates quickly.

Local organizations: Chambers of commerce sometimes offer specialist listings.

Read: Many trade publications accept articles from consultants, which give prospective customers a glimpse of their thinking on issues.

participation, the project fails. If it's a high priority with the CEO, then other executives and managers generally get on board.

The message has to filter down from the top. Employees need to believe it is in their interest to work with the consultant or consulting team. They need to view work on the consultant's project as an opportunity. "If the CEO has broadcast to the whole company that there are certain capabilities not available in house that we need, employees are aware that it's in their career interest to be involved in the project," Restell says.



Be realistic about project timelines.
— Kristi Stangeland

IP TRANSFER

The consultant's work is not done when the project is completed successfully. It is in the company's interest to ensure that the consultant's knowledge as it pertains to that project is transferred internally once the project at hand is finished. Specialists can also coach qualified candidates so there is no further need to bring in consultants. The initial contract with such a consultant should include a clause that ensures that knowledge transfer takes place. To facilitate this knowledge transfer, companies need to allocate time and free employees up for training.

MONEY TALKS

All this expertise comes at a price. Individuals and corporate consultants have their own methods of negotiation. Stangeland has an hourly rate, but she will give quotes for defined work. For example, she may quote \$2,000 to define the design of the Web site or \$200 to set up a home page. "I don't negotiate on price," Stangeland says, "but I give my client a lot of details so they can decide not to do a section of the Web site or certain pages."

Knowing the price, and what you're willing to spend, up front is a primary requirement. Kathy Vasisko, who hires medical technologists through a staffing agency, knows what they cost. "If the price is too high, we don't consider it," says the laboratory administrative director at Lancaster General Hospital. She also uses speakers occasionally for hospital conferences. She shares her price range with speakers and asks whether they are willing to work within that amount.

There are consultant firms that like to commit to an overall price for delivering a set of objectives. For example, a consulting firm may like to charge \$3 million for a customer loyalty program. Sometimes CEOs give approval for a project on that basis.

But in bigger organizations, the procurement department gets involved and instead of accepting a specific price, it wants to break the number down into length of time, seniority of consultants, number of consultants and the day rate for the consultant. Once some consultant firms are in on a day-rate basis, they have no incentive to leave and all the client wants is for the project to finish. This is not a good environment for success.

WHY THEY WORK

Consultants bring in the vision and expertise that a company's staff may not have. Smaller firms often do not have enough work to hire someone full time. It is far more economical for companies in these positions to go with a consultant. An added advantage is that they don't need to be managed as closely as traditional employees and they can be counted on to manage any problems that crop up during the course of the contract.


Nancy Kelly agrees. As VP of development at Grayson Jockey Club Research Foundation, she used Stokes's company to organize a fund-raiser. "They made all the arrangements. They took care of everything. ... I didn't know about any problems until after they were handled. There was no management at all," she says.

Ken Swan of Kiwi Partners has a similar view. "Our consultants are seasoned, mature professionals and are very low maintenance," he says. And clients tend to accept their financial advice because they feel the consultants have specific expertise and are unbiased because they are from outside the client organization.

Consultants and contractors are often paid hourly, whereas regular employees are usually salaried. On their end, consultants put in the hard work and long hours because it enables them to enjoy a certain lifestyle. They also love what they do.

Take Stangeland for instance. She puts in a full day but works best between 4 a.m. and 7 a.m. The flexibility allows her to be productive and spend quality time with her family. Besides flexibility, there are those like Stokes who enjoy the variety and autonomy of the different assignments. "I am working the same way as before but I am doing it my way. It is a reflection of me, instead of a corporate message," Stokes says.

Tapping into that desire for autonomy and control can help managers get the highest return on their investment. By carefully designing the scope of the project, setting interim goals and instituting open communications, managers can give consultants the freedom to meet the goals their way.

Ultimately, the burden is on the manager to utilize resources wisely. It is the manager's responsibility to integrate the high-end consultant with the office team and make sure the bottom line is met. A well-utilized contingent worker can make all the difference between a project's success and failure. 

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