

AAUP 2016

Working Effectively with Consultants

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What's Inside

This presentation provides insights on the following questions related to working with consultants:

- When should you consider bringing in a consultant?
- How do you select the right consultant?
- What are key elements of a successful consulting project?



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When Do You Need a Consultant?



Types of Consultants

Some common types of consulting projects for university presses and other publishers:

- Management/business strategy
- Digital/content strategy
- Sales & marketing
- Product development
- Workflow optimization
- Technology selection, implementation
- Market research
- Training
- Executive recruitment
- Executive coaching
- and so on...

There are as many types of consultants as there are problems to solve.



When Should You Consider a Consultant?

- High value, **mission critical initiative** and you want to accelerate the speed to market
- Seek a **broad view of the market** and what similar organizations are doing—someone else might have already solved this same problem!
- Require **special expertise** currently not present on your team
- **Extra bandwidth** – just can't do it in house because not enough time
- Gather a **fresh perspective**
- Provide a non-partisan authority, objectivity, **impartial third party** (i.e., "politics" ...)



When Should You Consider a Consultant?

- Require a third party to conduct primary market research in order to gain more honest feedback
- To **counterbalance information asymmetry** when dealing with vendors, commercial publishers, or other organizations.



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Selecting the Right Consultant



The Project Brief

As a starting point for discussions with consultants, create a Project Brief.

- The Project Brief defines:
 - What do we think the situation/problem is and how does it impact our our company strategy
 - What are our desired outcomes and results
 - What is the value to us of taking on the project
 - How will we measure success in meeting our objectives
 - Parameters such as business-critical dates and budget that impact the project
- The Project Brief is not an RFP—it should not specify in detail how the consultant should achieve your objectives.
- If details of your situation/project are sensitive or of value to competitors, have consultants sign an NDA before sharing the brief with them.



How Do You Pick the Right Consultant?

- Reach out to your network—who have they worked with to solve similar problems?
- Look for a consultant who
 - Has a **good track record** with similar organizations
 - Has **repeat clients**
 - Understands the **nuances of your market**
 - Works with **wide variety of organizations** in your industry and thus brings different perspectives and potential solutions from other sectors of the industry (e.g., *consultants who work with societies and commercial publishers in addition to UPs might have run across your problem and potential solutions elsewhere in the industry*)



How Do You Pick the Right Consultant?

- Engage actively with consultants as part of the selection process
 - Does consultant understand your business? Your challenges? Does consultant solicit your input?
 - Engage in dialog about your questions, challenges—what is consultant's proposed approach? Does it resonate?
 - Is the consultant responsive?
 - Do you have good rapport with the consultant? Respect his/her input?
 - Look for a consultant who acts like a peer, or a partner—not a vendor.
- Consider whether consultants from outside your professional space will need extra time (and more of your money) to get up to speed in understanding your business.



How Do You Pick the Right Consultant?

- Unless schedule, budget, and scope are well defined up front, an RFP is likely to not be your best tool to select a consultant.
 - Proposals that result from RFPs can be difficult to compare as they may assume very different scope, approach, timeline, and budget.
- Don't hesitate to negotiate with a consultant if you like their approach—they may be able to adjust approach without loss of results if they have a better idea of your budget.
- Be on the lookout for bias—e.g., does the consultant have a vested interest in a particular vendor or software?



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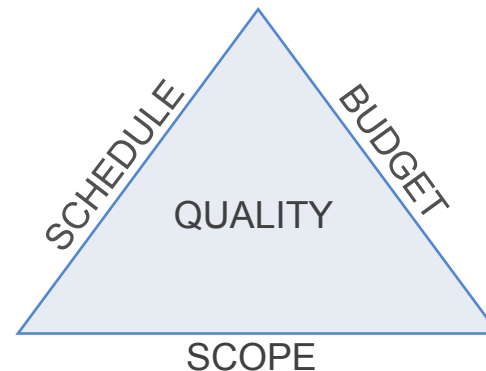
Key Elements



3 Key Elements of All Consulting Projects

All consulting projects require a balance of

- Schedule
- Budget
- Scope



Balancing these involves trade-offs—e.g., if speed to outcome (i.e., schedule) is critical, you may need to reduce scope and/or increase budget.



Schedule

- If your project has deliverable due dates that really matter (e.g., board meeting, budget planning), make sure consultant is aware of what is at stake and work with consultant to mitigate barriers.
- External dependencies put schedules at risk.
 - Client/stakeholder availability—vacations, annual meetings, other time-intensive activities
 - Other stakeholder availability—e.g., market research interviewees
- Arbitrary deadlines + lots of external dependencies can harm project results—if you can be flexible on schedule, it may be in your best interests.



Budget

- Have an idea of how much you are willing to spend—what is it worth to your organization? What is the **value** of the project? How critical is it to the organization?
- Most consulting projects can succeed with different potential approaches—work with the consultant to right-size the level of effort based on your goals and budget.
- Again—don't be afraid to negotiate around budget!
- Timing of cash flow—can sometimes help to split projects across multiple fiscal years.



Scope

- Focus scope on objectives and outcomes, not on specific activities.
- Allow the consultant flexibility on how they meet your objectives and deliver outcomes. Best not to micro-manage the consultant.
- Clear objectives and outcomes are also necessary to measure success.
- If you aren't sure about your desired objectives and outcomes, consider a phased approach—start with an introductory engagement with the consultant to help define your questions/problems. Subsequent projects can be planned from those results.



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What Else Matters?



Contracting

Four main ways to structure fees:

- **Fixed fee:** Statement of Work is agreed to that clearly describes objectives and outcomes and related deliverables. Consultant's motivation is to provide maximum return to client through carefully managed effort.
- **Retainer (or Stipend):** Consultant sets aside specific number of hours each month devoted to client's needs. Specific needs are generally not known in advance, but client and consultant have a good sense of how much time is needed. Placeholder for client's needs each month.



Contracting

Four main ways to structure fees:

- **Hourly:** Generally used when work to be completed and time needed from consultant are not known. Challenging for consultant because time needed each week/month is not known and it is difficult to balance with other projects; challenging for client because consultant may not set aside enough time to meet needs. Emphasizes tasks/activity over solutions. Can create disincentive for client to call on consultant for advice.
- **Success fee.** Some consultants use a success fee, also called a **contingency fee**. Such fees are based on the consultant achieving a particular outcome, like saving the company a certain amount of money or executing a transaction such as divesting a business unit. Such fees are usually structured as a percentage of the transaction. This structure aligns the client and consultants interests and emphasizes outcomes but is only feasible in certain types of well defined and measured engagements.



Contracting

Every consulting project has a lot of unknowns—when possible allow flexibility in budget, schedule, and scope.

- Allow for flexibility in approach and activities to be performed—having to renegotiate additional statements of work to accommodate small scope changes are time consuming and may be detrimental to the project.
- Remember: The consultant's bread and butter is referrals and testimonials—reputation is everything. A consultant is unlikely to cut corners that will negatively affect client outcomes, given the damage to the consultant's reputation.



Internal Prep

Lay the groundwork for success internally (*aka* get your ducks in a row):

- Executive sponsor / high-level project champion—to provide support from the top, free up resources, arbiter of conflicting priorities
- Appropriate internal resourcing—involves freeing up time and people
 - Competent team members with right company knowledge/expertise
 - Background documentation—gather in advance and be prepared to respond quickly for requests for additional supporting information
 - Discovery and other meetings
 - Feedback/approvals
 - Guidance/monitoring progress
- How much internal buy-in/inclusion is needed? (Be prepared for additional time if need is high.) The more the project will change how people work, the more buy-in is needed.



Managing Risk

- Set project milestones and track progress against them on a regular basis.
- Regular check-in meetings can be valuable for staying on track—maintaining momentum, reality check re: schedule, providing feedback on approach.
- Does the consultant engage with you from the start of the project, and on a regular basis? You know your organization and its business better than any consultant—if your input is not sought, you risk solutions that do not fit your problems or your organizational culture.
- Consultants who do not involve you and your team throughout the process can lead to impractical, un-implementable “solutions”—the *binder collecting dust on the shelf* problem.
- If things seem to be getting off track—ask first: have the problems/objectives changed?



Extending Value / Lasting Results

- Consultants can impart more than deliverables—they can teach you processes for analysis and decision making.
- Learn from the consultant through engagement—look for ways to transfer knowledge from the consultant to your team.

Examples:

- *Instead of a written report as a final deliverable, consider a workshop for key staff facilitated by the consultant*
- *Instead of a pricing/revenue grid, ask for an interactive model that lets you change variables (price, discount) and see the effects*
- Be prepared to implement behavior/process change.
- Build a review and fine-tuning phase into the project 6 months on. Are project outcomes sustainable? Are tweaks to related strategy needed?



To Sum Up

- Your objectives and outcomes should be clear, but allow flexibility in how the consultant gets the work done.
- Engage actively with consultants as part of the selection process.
- All consulting projects involve balance/trade-offs among schedule, budget, and scope—be aware which you can move on.
- Lay the groundwork for success internally—set aside appropriate resources (time, people, budget).
- Track milestones and engage in regular communication to monitor progress toward goals.
- Create lasting value from the engagement—learn from the consultant, embrace change.



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Who We Are



Who We Are



Clarke & Company is a management consulting firm working at the intersection of business, technology, and content. Specializing in scientific, technical, and medical (STM) and professional publishing, we focus in three interrelated areas:

DIGITAL / CONTENT STRATEGY +

PRODUCT DEVELOPMENT + MARKET RESEARCH

Our collective experience gives us a view that is both broad and deep in terms of understanding the landscape of professional publishing, its technologies, the evolving needs of the professionals it serves, and the dissemination and business strategies employed across the industry.

We believe that professional and scholarly information has the power to transform individuals, organizations, and societies. It provides the intellectual, scientific, and technological scaffolding that supports individual decisions, organizational strategies, and national policies.



Areas of focus



Digital Strategy



Product Development



Customer and Industry
Insight



Sales and Marketing
Strategy



Business Operations and
Analysis



Executive Recruitment



Mergers and Acquisitions