

Securing an Effective Consultant

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What is keeping you up at night? Where is your pain?

In complex organizations there often comes a time when the people running the organization hit roadblocks to productivity or they just can't look objectively at their employees and systems to figure out where their problems lie. Intelligent leaders and managers typically are open to engaging outside consultants but they aren't clear what to look for or how much they should expect to invest.

In almost every case, companies have devoted much time and money trying to resolve the problems themselves. When they finally begin to explore outside resources they start by talking about the services that they think they need. More often than not, the problem I was originally hired to address is not the true source of the organization's pain. It often takes deep questioning and exploration to locate and isolate that core issue in order to deal with it and move on.

The actual cost of not properly addressing the core issue can be huge. Think, for example, of the cost of a poor hiring decision. In addition to the effort and discomfort of going through a lengthy, well-documented separation process, there is also the opportunity cost of not having hired a good performer and the impact on the morale and performance levels of those whose work is impacted by the new hire. Most estimates I have seen are that the cost of a poor hire is in the range of 1.5 to 8 times that person's annual salary. How does that cost compare with the cost of hiring a really good consultant?

This white paper will discuss the attributes and track record to look for in a consultant qualified to solve problems in your industry, and how much you should expect to invest for their expertise.

What to look for

Start with training, experience and credentials. When you need problems solved it involves using highly practiced skills to engage people, a strong background in behavior and its causes, and a practiced ability to use the techniques that can help people understand the need for change and support them as they make the necessary changes. Consultants should have proper credentials along with experience working in responsible positions in organizations. Credentialing bodies (licensing boards, for example) enforce continued training and ethical standards. Look for advanced degrees in appropriate areas from strong schools, experience working with other strong consultants, and licenses and other credentials that certify proficiency.

The choice and use of assessment tools is one area in which training and experience is critical. Consultants may use a wide variety of assessment tools, surveys, feedback forms, interview questions, personality inventories, etc. All of these are just tools. Make sure that you are buying consulting expertise, not just a product line. An expert consultant will choose the most appropriate tools from a broad list of resources, rather than selling tools from a single publishing house. Most important, hire a consultant that is trying to solve your problem, not just sell a product.

Knowledge of the appropriate application of these tools is very important. People who are not experts often do not fully understand the nature of the task, its technical requirements or the ramifications of incorrect usage or interpretation of technical tools. For example, questions on a test or inventory often appear simple. It is easy to assume that anyone could write a useful test question. However, surveys, inventories and tests have value only when the items used have been adequately studied and the performance of the measurement tools themselves has been proven to deliver both consistency and validity.

Consistency is typically reflected in statistics such as internal consistency and test-retest stability. Validity may be expressed as construct, content, concurrent or predictive validity. Do you know what each of these is and the acceptable levels of reliability and validity for the solutions that your consultant proposes? Does your consultant?

There are lots of ways to get into trouble through the incorrect use of tools commonly used by consultants. Will your consultant warn you of these risks and help you choose solutions that safeguard you, your organization and your employees?

Questions to ask the consultant candidate

Whatever kind of organization you are running there are aspects of your organization that require adherence to business principles. Here are sample questions you can ask a consultant to gauge his/her understanding of these principles:

- Do you understand the strategic options to employ in our competitive environment?
- Do you understand our organizational objectives and goals and how to tie solutions to those goals?
- Do you understand the various ways in which our employees need to interact in a positive manner with others inside and outside of our organization?
- Do you understand value chains and how the work that you're proposing adds value to our end products and services?
- Do you have examples of how organizations in other industries have addressed similar situations?

Your relationship with a consultant requires trust and confidence. Any consultant who is serious about upholding the highest standards of conduct will adhere to a code of ethics. Ask the candidate:

- What is the code of ethics you follow?
- Does the code emanate from a professional organization that has the capacity to sanction members who violate the code?
- Does state law dictate ethical behavior in your field?

Having a strong ethical code designed to protect the client is important because it helps the consultant remember that his/her first priority must be on the client's needs. For example, it is common practice among some consultants to expect a fee or some other kind of compensation for making business referrals. The conflict of interest

inherent in this practice is obvious: is the referral in response to a genuine client need and has the referral source been chosen solely on the basis of appropriateness for the client's need, or is it a source of income for the referrer? The consultant's code of ethics should prohibit this practice.

The consultant should carry professional liability insurance sufficient to protect your organization, not just him or herself, in the event someone challenges the legality of the work or outcomes. Finally, the consultant will advise you against making choices that could run you afoul of the law, so check that the consultant understands the applicable laws that regulate the consultant's industry.

What questions should the consultant ask?

The consultant's job is to dig deep and to uncover core issues. The consultant should ask probing questions to learn about the context within which your problem exists. I typically start by asking, "What's going on here? What's causing you heartache?"

In addition to the actual source of the current pain, I ask a lot of questions about the company's systems, processes and procedures, such as:

- How are people doing things currently?
- What is the organization trying to get done?
- What are the goals?
- What is the culture like?
- How do you go about defining the different jobs that you have?
- How do you connect those jobs with the ultimate organizational goals?

I also look at other systems in the organization, such as hiring, development, performance management and succession planning:

- How do you know what your employees are doing?
- What is it that you measure?
- What gets rewarded?
- What gets punished?
- What gets developed if it's deficient?
- How do you go about doing that?
- How do you select new employees?
- How do you decide who gets promoted into the next job?
- What is your process for training and developing people?
- What kind of succession planning have you been doing?

This list is far from complete. These are sample questions intended to illustrate the need to understand the context within which decisions are being made and the existing organizational structures, processes and outcomes that will be affected by those decisions.

Consultants should add value beyond the initial solution

Consultants who do a good job of identifying and solving the core issues that contributed to a company's original problem should be able to provide tangible examples of how their solutions have added greater value for other clients. The best client-consultant relationships leverage the consultant's knowledge to contribute meaningfully to other initiatives.

Here is my favorite example of an organization that made full and effective use of my services as a consultant:

A company that manufactured and packaged consumer products including shampoo, deodorant and whiteout was experiencing morale and performance issues in its mixing department. I was hired to interview the mixers and find out what was going on. The interviews revealed a long list of concerns as well as a list of things that were working well. The primary issue turned out to be supervision, so we worked on that first.

The company had three supervisors. One was experienced, one was young but had potential and the third was not effective at all. The employees were most concerned about the supervisor who was not effective because it meant the work load was unevenly distributed. Some people were goofing off while others were working hard.

The company asked me to assess all three supervisors for their current level of skill, their potential to improve, and their developmental needs – what would it take for them to get better? The outcome was that the experienced supervisor was skilled and doing well. The young supervisor had potential but needed experience and specific guidance to help him grow, and the third supervisor had a problem. He was a pleaser, not an enforcer and he wouldn't stand up to employees. The company worked with him for a while and told him that he either had to get better or get out, and ultimately he stepped down into a non-supervisory role.

The knowledge I gained through these assessments was leveraged into developmental activities for the supervisors.

The most critical job in the plant was the chemical mixer. These are large-volume mixers, the size of a small house, which meant that a lot of money goes into each batch in terms of raw materials. If not done correctly the entire batch had to be disposed of. Not only was that a loss of expensive ingredients, it was a difficult task because you can't just dump a houseful of shampoo into the sewer. This was also a union shop and the mixing job was the premiere job on the plant floor – highest prestige, highest pay and greatest responsibility.

The company leveraged my knowledge and understanding of the mixing department into answering the question: "How can we get better people in those jobs?" The plant manager next asked me to incorporate pre-screening into their selection process. The unions were willing to support this because they understood two things:

1. If the person in the mixing job could not do the work, it placed added burden on everybody else because the mixer would need help or the work would need to be made up.
2. This was a high-volume low-margin enterprise and if they had too many screw-ups, the reputation of the plant would suffer and their very jobs would be on the line.

We developed a test battery to help screen for the characteristics that differentiated the more successful mixers from those who were less successful, and then a validation of that process. This involved understanding the job and then devising a standardized process for identifying the right people for the job. This led directly to new recruitment strategies for the mixing department.

When the company was sold I was retained to help the new owners and plant management through the process of change to the new ownership. I worked with the entire plant population to help identify sources of dissatisfaction among the employees. I then coached the plant management team to help them develop

approaches to address concerns and to help the plant employees adjust positively to the new ownership.

The moral of this story is that with each project, I learned more about the organization and subsequently was able to add greater value with each succeeding project. As an organization they made better use of me as a consultant than any other company I have worked with.

How much should you expect to invest?

When you hire a consultant, you are usually committing your time (and the time of other employees) to define the problem, devise a solution, and implement that solution. If the outcome is not optimal, the opportunity costs of not implementing the best solution may well exceed the cost of hiring a more expert consultant. If the solution is optimal, the benefits realized are likely to eclipse the expense of the consultant.

There are no industry standards with regard to cost. Here are some factors to consider:

Needs – How much impact does the problem have on your organization? If it's great you may need more experienced, higher-billing-rate experts and customized services. If the impact is relatively low and does not represent a great risk, off-the-shelf products may be all you need. An experienced consultant will help you understand your choices.

Value – What is the value of the work in terms of increased profitability or decreased risk to your organization? For example, a thorough assessment process can take as much as 40% of the risk out of the hiring process. To calculate the value, take 40% of a year and a half's salary. What is it worth to save a couple thousand dollars on the assessment process and expose yourself to twice the risk in hiring?

Projects – Different kinds of projects will incur different costs. For instance, assessment work supporting your hiring decision for a single position may involve one to five individual assessments. After that, the consultant can leverage the knowledge gained to provide guidance during on-boarding or for coaching. Costs for larger projects are typically broken down into shorter, more manageable projects that eventually coalesce into a larger system.

The bottom line is this: Look for a consultant with specific experience and a track record of success in your industry. Make sure the consultant is looking to solve your problem, not just sell product. Ask the consultant what code of ethics he or she follows. Verify the consultant's credentials and knowledge of the appropriate application of assessment tools.

If all these factors line up to your satisfaction, the prospect of solving your people and productivity problems will far outweigh the consulting fees.

To discuss how Talent Management Consulting can help your company resolve people problems and increase productivity, contact Dr. Bill Handschin at info@talentmci.com or 651-731-0211.