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Understanding how consultants work

Some basics

Consultants are people with skills or expertise who provide advice that assists managers to make decisions. Contracts with consultants generally specify the purpose of the task, but not details or the manner in which it is to be performed. In general, one would expect a consultant to work independently, use their own equipment, be engaged in developing a new concept or approach or process by applying their own judgement or specific expertise, and be paid according to milestones achieved. Contractors, on the other hand, are usually engaged and paid by the hour to deliver defined goods or services or prescribed tasks as a result of decisions already taken by an agency. In some cases, a contractor may technically be considered to be an employee of an agency, even if engaged under a specific contract.

It may be difficult to distinguish between contractors, consultants and employees. The distinction can be important because Non-Corporate Commonwealth Entities are required to report the use of consultancy services on AusTender (see Chapter 3). Depending on the terms of engagement, there may also be inconspicuous legal implications concerning fees, taxation, superannuation or liability for workers' compensation. Before initiating a procurement process, it is worth

checking the prospective status with a relevant Human Resources or legal area, as well as the Accountable Authority Instructions (previously called Chief Executive Instructions) for the entity.

Understanding consultants and their ways

Unlike public service employees, consultants are engaged on a temporary basis to carry out specific projects. Establishing a collaborative relationship with consultants, therefore, requires some understanding of their working methods and environment.

Public service characterisations of consultants sometimes portray them as grossly overpaid, willing to take on any job, even at short notice, and being happy to work through the night or weekend to complete it, invariably late with reports, requiring a lot of teaching to be able to do the job, and seldom capable of producing the quality of work that could have been achieved in-house by a public servant.

Consultants are more circumspect about their public servant clients. Pressed, they often express concern about clients who have not entirely thought through their requirements for a job, or who leave things until the last minute and then expect a high quality proposal or solution to a problem overnight. However, most are also anxious that their reports not be left to simply gather dust on a bookshelf. Like public servants, they have a professional interest and pride in seeing their advice being implemented.

There is often some element of truth to stereotypes and popular images, even if they are exaggerated. But a productive relationship needs to be based on knowledge. If you are unsure about some aspect of a consultant's behaviour, then ask them. Consultants are human, despite some of the myths.

A number of points may also help clarify some of the more frequent misconceptions:

- The atmosphere in a consulting firm is usually more intense than in a public service office. Consultants' days are rather focused; they must fill in time sheets that distinguish between chargeable and non-chargeable use of their time. Meetings tend to be shorter and involve fewer people than those in the public service. The 'time is

money' philosophy applies. On the other hand, a good consultancy office also has a supportive culture that encourages the sharing of information and celebration of employees' successes.

- Don't be too surprised by consultants' apparent rates of remuneration. Their firm usually charges clients some multiple of their salary to cover administrative overheads, or to allow for expertise drawn upon elsewhere in the firm. Some independent consultants may earn seemingly large daily amounts, but, unlike wage and salary earners, they do not always have a steady income.
- Because of the need to compensate for lack of steady income, most consultants need to work on at least three or four projects at any one time. Only in the case of very large projects are they dedicated solely to one client, although they may still be expected to help colleagues in other areas. While you should always expect that a consultant will be responsive to your needs, you need to recognise that their time is not devoted entirely to you unless they are contractually obliged that it be so. But that should not matter, provided that the work is done on time and to an acceptable standard.
- Because of the uncertainty of obtaining work, consultants will often put forward bids for more work than they can actually handle. If too many bids are successful, 'bunching' of workloads can cause problems for them and their clients. As a result, a consultant may sometimes seek to delay work or to redefine the scope of the project.
- Consultants often have families. And they like to catch up on some relaxation over the weekend, even if (like many public servants) they also devote some of their leisure time to work.
- Experienced consultants may choose not to bid for work. Clients with reputations for bad project management (particularly lack of clarity in objectives) tend to be avoided. Even existing clients who offer additional work on a 'messy' project may find that they are politely refused, often with the excuse that the consultant is already committed elsewhere. However, it is more likely that a consultant will not put forward a bid because:
 - the client is not a major user of consultancy services and repeat work is unlikely;
 - the return calculated within the consulting firm's internal budgetary processes is too low; or,
 - the potential client is not among the consulting firm's strategic targets.

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- For example, the firm may be targeting clients who are likely to need the existing skills of its consultants for some time and servicing a new client would require investment of time to develop new capabilities.
- An occasional complaint is that it is often necessary to teach a consultant about an issue. True, but it also masks a misunderstanding about the role of a consultant. A consultant is hired for specific skills such as being able to manage organisational change, or ability to analyse data. Unless the consultant is used regularly by the client, he or she will initially need to rely on the client for information on the agency's business processes, legislation, or political considerations. If used in complementary ways, the respective skills of the consultant and the client will produce a better output.
- You may have noticed that some of your consultant contacts spend a lot of time in coffee shops. This is not an indication of attempts to overdose on caffeine, nor does it indicate an easy life. On the contrary, the pressure of 'billable' time may mean that it is more efficient to work in a coffee shop in between appointments with clients, rather than going back and forth to an office (if indeed the consultant has an office). And besides, one meets more business contacts in a coffee shop; something that has been well known for several hundred years.
- Consultancy firms tend to have flatter management structures than those in the public service. (The title on a business card may not be a good indicator of relative position in the firm because it may simply be used to impress clients.) Most large firms have structures something similar to that set out in Figure 2, although titles can differ between companies:

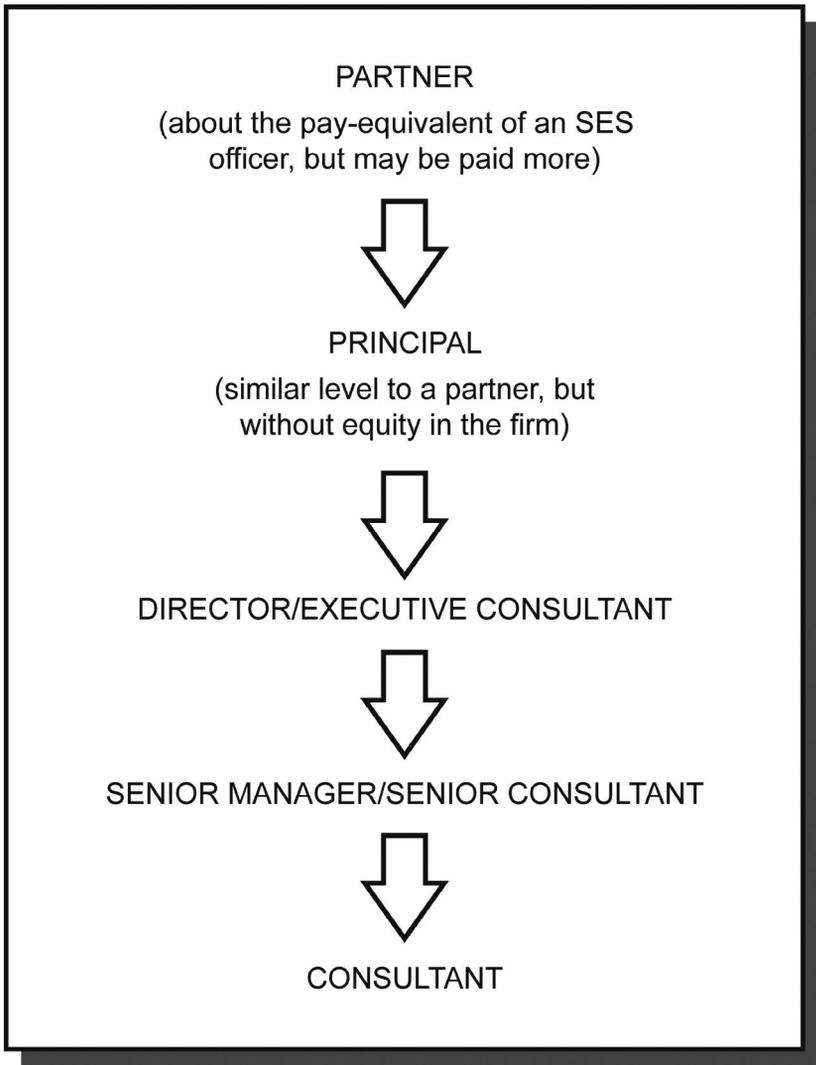


Figure 2. Illustrative hierarchy of a consulting firm

Exhibit 1.1. A day in the life of Mike, a senior consultant at a large firm

8:00 am Mike logs into the firm's network remotely at home, checking for emails received since last night. He responds to the urgent ones, as well as replying to a few from clients and colleagues. The main message is from a Department A client who wants to meet at 1.30 pm, prior to a steering committee meeting. The same message has been left on his mobile phone. Mike emails a confirmation.

8:30 am Like many people, Mike delivers the kids to school. Having dropped them off, he checks for messages on his (hands-free) mobile phone as he drives to work.

His first appointment for the day is at a coffee shop near a client's office: a fairly central site where he and some of his colleagues tend to meet. He especially needs to catch up with Jane, who has been working at a client's premises for a couple of weeks.

Following some quick pleasantries, Mike and his colleagues agree on responsibilities for putting together a major project proposal, which is due in five days (the tender documents were only obtained yesterday). Their biggest problem is in working out exactly what the client wants done. Katrina volunteers to call the contact officer to seek clarification.

9:30 am Mike drives to his office, checks for phone messages (he has only one) and his emails. He makes a call to a colleague to chase up a performance report he needs for a staff member's performance review and another to confirm attendance and arrangements for a presentation he will be giving in Melbourne on Thursday.

One of his emails is a bit worrying because he can't meet a request from client B for a meeting on Thursday. He calls to discuss this with the client and explains that he has another appointment (the presentation in Melbourne), but should be able to get back for an afternoon meeting. But client B is still unhappy.

Seeking out a colleague, Mike blows off a bit of steam, but the two agree that it is best to keep client B happy: there is good potential for follow-on work. They agree that if an afternoon meeting is not possible, Leonie will go instead of Mike.

Mike finds a 'quiet room'. His firm switched recently to an open plan, 'hot desking' layout and there are no workstations available at the moment. He begins editing a report due by the end of the day. He switches off his mobile and asks the personal assistant, whose services he shares with 12 colleagues, to tell callers that he is in a meeting and will call back soon.

Sandwiches with David, one of the firm's partners, in the ground-floor shop, partly to review progress on a number of jobs, partly to discuss forthcoming staff performance reviews and partly to just stay in touch. Mike is interrupted during lunch by a call on his mobile. As is often the case, David fields at least two calls in the same time.

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- 1:00 pm After responding to several new emails, Mike heads off to a steering committee meeting for one of the two projects he is currently working on at Department A. He starts to mentally prioritise next week's commitments when David calls. Mike is asked to drop in on another client to review a colleague's report with which the client is not happy.
- 1:30 pm A brief 'heads up' meeting with the Department A project director to discuss tactics before the steering committee meeting. The project is already falling behind schedule. If it is to be finished on time, they need to convince one of the more influential committee members to stop insisting on more work in an interesting, but essentially peripheral area. The extra work is not specified in the terms of reference for the project or in the contract.
- 2:00 pm The adrenaline flows as Mike presents a detailed progress report. He manages to have the additional work deferred until after the conclusion of this project, but timelines can't move: the draft report is due next Friday.
- 3:15 pm Mike and the project director hold a 'wash-up meeting' after the steering committee meeting and discuss a first draft of the report. Mike seeks the project director's feedback on the meeting as well as input on the suggested format, content and structure of the report.
- There is some pressure now from the project director to undertake at least some of the extra work before Friday to keep the steering committee happy. However, he understands that this is additional work and offers to draw up a variation to the contract for an extra three days work at a slightly higher fee in acknowledgment of the difficulties involved.
- 4:00 pm On his way back to the office, Mike assesses his commitments and begins a series of calls to try to push out other work by a few days to give himself the time he needs. Other clients are reluctant to change their expectations, but he does manage to gain some additional time into next week.
- 4:30 pm Checking his email and phone messages again in the office, Mike resolves a diary clash. He also adds the finishing touches to a draft report due this afternoon and emails it to client C with a covering note. He then calls the client to let him know that it has been sent and to arrange a meeting for next week to discuss it.
- 5:15 pm After catching up briefly with some of his colleagues who have also just returned, Mike updates his timesheet for the last few days (this is supposed to be done daily but he has been too busy). The end of the month is approaching, so he also starts going through the timesheet printouts to prepare client invoices for the month. He doesn't want the managing partner on his back again.
- Mike realises that today was not a good billable day. His 'utilisation' rate was only about 60 per cent, well below his budget target. Although yesterday was a high utilisation day, any surplus has been brought down by today's performance.

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6:10 pm Just before going home, Mike receives a call from Peter, a consultant with another firm. Peter has been thinking of going into consulting on his own and asks Mike, who used to run his own consulting business a few years ago, for advice.

Peter worries about whether he could support his current level of income, how he would get work and whether he has a good enough network of contacts to support himself as a single consultant on his own. He has heard of a colleague who struggled for the first 12 months because some clients took so long to pay their bills.

6:40 pm Driving home, Mike makes a mental note to check his travel arrangements for Thursday.

9:15 pm With dinner over, and the kids in bed, Mike settles in with his laptop for an hour's work on the draft report, and to check and send some emails. He also needs to review the reports emailed to him for the performance review that he has to conduct first thing tomorrow morning.

This text is taken from *Managing Consultants: A practical guide for busy public sector managers*, by Leo Dobes, published 2016 by ANU Press, The Australian National University, Canberra, Australia.