

# CONSULTING SERVICES

## Can Be Very Useful and Cost Effective

By Gary Penrod

WEBSTER'S DICTIONARY DEFINES consultant as a person that provides professional and/or expert advice. Therefore, if you use the services of a lawyer or a CPA, you are already using consultants. Each, of course, provide cost-effective service that the individual entrepreneur growing a small company is not likely to be able to provide internally.



The building service industry—a highly fragmented entrepreneurial industry with an estimated annual gross revenue in North America of approximately \$95 billion—is especially well suited for consultants having a significant role in the development of individual companies.

The industry is dominated by small companies with annual sales under \$2 million. Many of these companies have the energy to grow and improve, but lack the internal staff or expertise to do what is necessary to grow and improve. While consultants can be used for great advantage in companies of all sizes, it is the developing small companies that have the most to gain by the selective use of qualified consultants (sales revenue of \$2 million through \$50 million).

Think about the complexity of managing and developing a company in the marketplace of 2008. Companies must compete in the fast-paced business world that is evolving almost daily. It wasn't too many years ago that the business term, information technology wasn't part of our lexicon. This aspect of business has experienced both evolution and revolution. So, we add information technology to legal and accounting. The list continues and each of these can be useful for a building service company:

- Legal
- Accounting
- Information Technology
- Human Resources
- Administrative Work Flow Analysis
- Production Labor Work Flow Analysis
- Strategic Plan Development
- Company Market Valuation
- Shareholder Exit Plan Development
- Merger and Acquisition Intermediary Service
- Company Image
- Workplace Safety
- Green Cleaning
- Advertising
- Market Plan Development

“CONSULTANTS COME IN A VARIETY OF STRIPES AND SIZES. MOST ARE TRUE PROFESSIONALS AND CAN PROVIDE SERVICES WITHIN THEIR FIELD OF EXPERTISE.”

It is virtually impossible or, at least, very difficult for a growing company to have within its ranks all of the information and skill necessary to not only prosper, but survive in the competitive business climate of 2008. Those groups that think strategically and want to differentiate their company from their competitors will likely benefit by engaging a consultant or a consulting group able to provide services covering a wide variety of disciplines.

#### CONSIDER COST

Sticker shock may be the initial reaction. However, when that cost is compared to the benefit provided and amortized over the life of that benefit, it is likely that engaging a consultant will prove to be cost effective. Whether or not it is cost effective or how cost effective the consulting is, can be attributed directly to how well the consulting project process is well thought out and managed. Ultimately, it is the responsibility of the person or group that engages the consultant to make the effort worthwhile.

Using consulting services requires thought, effort, planning, time and insight.

First, determine which projects require expertise that cannot be provided by the internal management group. Determine what needs to be accomplished, the expected results and the urgency level.

Secondly, develop a very specific list that will provide the prospective consultant with one's expectations and time parameters for the project's completion.

Third, establish a budget for the project. And, fourth, begin the selection process for the consultant or consulting group that will (1) be qualified to provide the services that are required; (2) be able to complete the project within the required time parameters and; (3) meet the budget requirement.

Consultants come in a variety of stripes and sizes. Most are true professionals and can provide services within their field of expertise. Others, for whatever reason, do

not meet that standard. The client must be able to sort through the plethora of those claiming to be an expert or consultant.

The individual consultant's expertise is often confined to a specific field. The field of expertise may be financial, human resources or another specific area. A consulting group, however, may offer a variety of disciplines among different individuals within that group. That specialization is probably seen more in legal, accounting and medical practices, but is certainly the case in many general consulting groups too.

Fifth, select the consultant or consulting group after having specified the expectations, specifications and the time parameters. Check references, but to a certain extent, rely on instincts. Request the consultant's fee rationale. Is it an hourly rate or simply based on the project's completion? Either can be acceptable, depending on the project. Understand and be prepared to meet the consultant's fee structure and payment schedule.

Sixth, develop a very specific engagement agreement in which all important matters are covered. Often, the consultant will provide the engagement agreement. Treat this as you would any other binding, legal agreement.

Seventh, require a non-disclosure agreement (NDA) or confidentiality agreement (CA). The consultant will be privy to very sensitive information about the client's business. The agreement should be as specific as necessary and be binding with appropriate penalty for breach.

Eighth, once selected, manage the process. Establish guidelines for fraternization between the consultant and company employees. Usually, professional distance is a good idea.

Provide the consultant with access to the information needed and space within the company's offices. The engagement agreement should specify certain periodic times for the consultant to report on the project's progress. These updates should

be formal written assessments that will serve as the basis of discussion between company management and the consultant. The engagement agreement will likely specify periodic fee payment and expense reimbursement to the consultant. Management should meet this obligation as specified.

Ninth, upon the project's completion, determine whether or not the completed project has met your expectations. If so, make use of information for your purpose. If not, examine why the project results are inconclusive or do not meet expectations and adjust as necessary, applying that knowledge for the next consulting engagement.

Consultants are people that possess information and can accomplish projects within a company that otherwise may be impossible to achieve internally. Their use is not necessarily a panacea, but is often a cost-effective way for a company or organization to advance in a very complicated business climate. Selection of the correct consultant for a company's special needs and diligent management of the process will very likely accomplish the goals sought.

The building service industry—a fragmented entrepreneurial industry—can be well served by qualified consultants that are quite capable. If properly engaged and managed, the consultant, in conjunction with management, can add significantly to the overall growth of a company and, in turn, the industry.

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