



## 5 Must-Take Steps | How to engage a Consultant that delivers for your business

Ever said, or heard someone say:

*“Our Consultants just fed back to us, things we already knew” OR “Why did we engage a consultant? They did didn’t tell us anything new?”*

If so, these are sure signs that at least one of the things below didn’t feature in the decision-making process that led up to the consultancy engagement.

Here we go:

1. **Decide what you need to do before you instruct the consultancy.** This important 1<sup>st</sup> step helps to keep the **timetable and costs under control**. Deciding in advance on the following four areas focuses the minds of the decision-makers and forces serious consideration to be given to *the what and why* around the consultancy appointment. Doing this ensures there are as few changes of direction as possible, in order to avoid increases in costs and time.

Clarify and document precisely

- i) what** it is you want to achieve - the outcome you believe you need. Sometimes this is very straightforward. However, the direction *“implement these new regulations”* may require detailed consideration of the impact of the changes on the overall strategy of your business, its culture and your people
- ii) your expectations** of the consultant and the role you want them to play
- iii) SMART objectives** (Specific | Measurable | Achievable | Realistic | Timed) for the consultant. It is important that both the business and the consultant are clear and agree about what needs to be done, by when and to what budget.
- iv) the type** of consultant you need. Legal consultants will have a very different approach from, say, accountants, economists or that of a funds-specialist consultant.

2. **Consider getting competitive quotes (“tendering”).** If it is a large project, repetitive, or one that can be broken down into phases, consider getting competitive quotes from up to, say, three consultancies. This can give you a better sense of whether the fees that are quoted are accurate, competitive, or too high (or too low). It’s important to **remember that fees are only part of the equation**. You will need to have a good working relationship, based on trust and respect, with the consultancy / individual consultant you engage (*and they will be looking at you in the same way*). If you don’t like their approach, don’t hire them.
3. **Be clear about the length of time you want the engagement to take and the fees that you are willing to pay.** While consultancies charge by the hour, many will also agree to fixed fees (provided they feel that your instructions are clear - see point 1); or a reduced rate for repetitive work (e.g. similar issues for several areas of your business). For the latter, the parameters will be closely defined, meaning that it is possible that even a narrow range of permitted deviations from an agreed process could make this more expensive than paying a prior agreed hourly rate.

Remember: the consultancy is just like your business and looking to make a profit so their rates are calculated based on their overheads. If you try to get the work for too little they will not accept you as a customer. And if they do take you on, if they feel they are being under-paid it is unlikely you will get more than the narrow range of information that fits within your parameters, missing out on the “value add”.

4. **Get regular up-dates on the progress of the project.** Most consultants have a standard means of reporting to their clients. This is often in the form of a dashboard with “traffic lights” to show where the project is on / off track. Make sure that the reporting meets your pre-agreed timeline, ensuring you do not run over time. The reporting process should cover all the elements of the project including costs and any dependencies as well as the key stages of the project. Be clear who is to receive the up-dates and make sure that you put in place a project governance process, including escalation to appropriate senior management. Also agree **what is to happen if the project goes off track**. This avoids busting your budget, your timeline and your stakeholders’ expectations and provides a level of control i.e. able to discuss the costs regularly and revise the work if it seems to be too expensive. It also enables the consultant to warn you if the project may be in danger of turning out differently (from that you and they envisaged). **Communication** is key to avoiding nasty surprises.
5. **Pay the consultant’s bills promptly.** Consultancies (like all businesses) can charge interest on their unpaid invoices. They often rigorously do this because they will be charged interest by HMRC on any VAT or corporation tax they have not paid because you have not paid them. On large bills this can quickly mount up as the interest rate will not be as low as that currently charged by banks. Also remember that if you do not pay interim bills promptly the consultant may conclude that you are not serious about your project and decide to terminate the engagement so that they can use their expertise for a more rewarding client.

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### **...Regulatory, Business and Cultural Change**

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What makes us stand out from the crowd of consultancies is our in-depth commercial experience gained from decades of working in private practice and in-house, both on the legal and business sides of banks and asset managers.

We're here to talk through any points arising from this document or indeed anything regulatory including within our 4 special areas of Regulation, ESG, Governance, Inclusion Diversity & Culture. Call or email me/us as below.



**Author:** Verena Charvet MBA | Managing Director at Merlys Consulting

**Connect:** [www.linkedin.com/in/verenacharvet/](https://www.linkedin.com/in/verenacharvet/)

**Email:** [verena.charvet@merlys.uk](mailto:verena.charvet@merlys.uk)

**Call us** +44 (0)20 7821 0191

**Follow us:** [www.linkedin.com/company/merlys/](https://www.linkedin.com/company/merlys/)

**Website:** [www.merlys.uk](http://www.merlys.uk)

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