



# Getting best value from your consultants

**Sustainability Professionals  
Sustainable Government  
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# My perspective

- Personal view
- Consultant for most of the time since 1999
  - two large multinational engineering consultancies
  - four years at Blue Environment
- About 150 projects, mostly:
  - related to solid waste
  - strategic
  - for governments across Australia
  - \$10 - \$100k range

# Things I'll discuss

- How consultancy firms operate
- Establishing a project
- Attracting competitive bids
- Selecting the best
- Contracts
- Managing the project

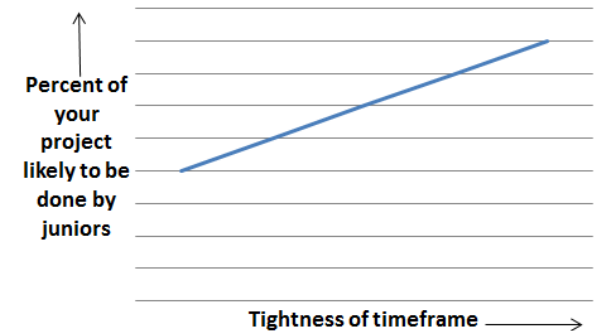
*Snippets - not enough time to be comprehensive*

# How consultancy firms operate

- Variety of firms in the environmental sector
  - engineering, accountancy, planning, specialists ...
- Common commercial arrangements
  - lump sum, hourly rate, mixtures of the two (e.g. capped hourly rate)
- Professional staff record time against projects
  - generally have targets for % time spent on projects
- Project management KPIs may be
  - $(\text{expected earnings to date} - \text{costs}) / \text{salaries}$  ; directors' hourly rate
- Most consultants are passionate, smart and want to produce work that delights you
  - operate within commercial constraints
  - pressure release valve is often their own personal time

# Establishing the project

- Focus on the outcomes for your organisation
  - not consultancy outputs
- Leave sufficient time
  - top experts are rarely immediately fully available
- Lump sum vs hourly rate

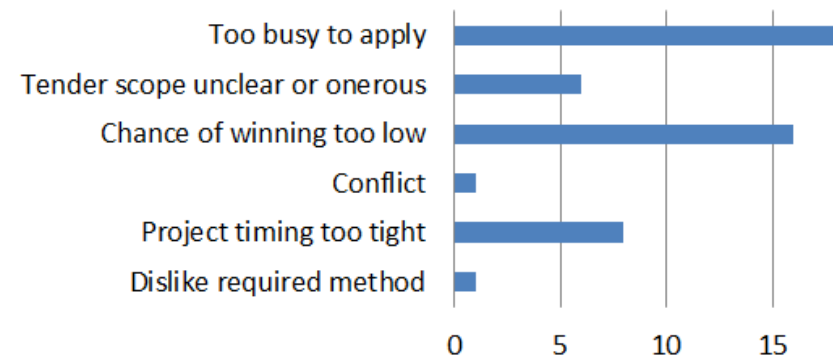


	Lump sum	Hourly rate
Tightness of project brief needed	High	Low
Ease by which you can change direction	Hard	Easy
Likely overall consultancy cost	Lower	Higher

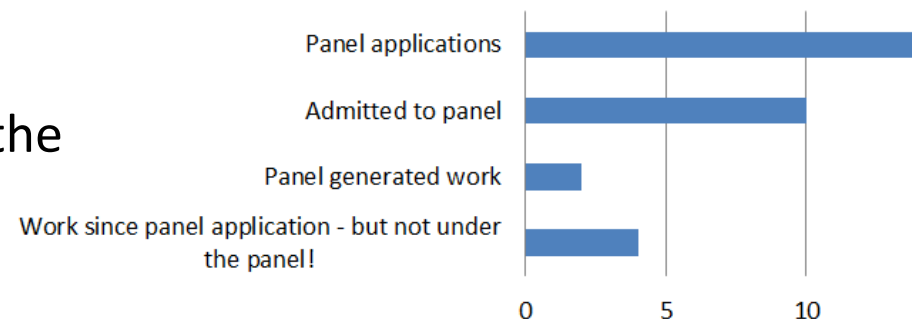
# Attracting competitive bids

- (It's quicker just to appoint someone)
- Attracting attention
  - consultants subscribe to tender listings
  - direct invitations often worthwhile
- Avoid 'tender fodder' perception
- Keep the brief as simple as possible
  - time is money
  - onerous briefs scare busy people away
- Should you reveal your budget?
  - often a good idea unless the scale of the project is very apparent
- Panels – can waste time

Reasons why Blue Environment did not apply for projects initially thought to be suitable

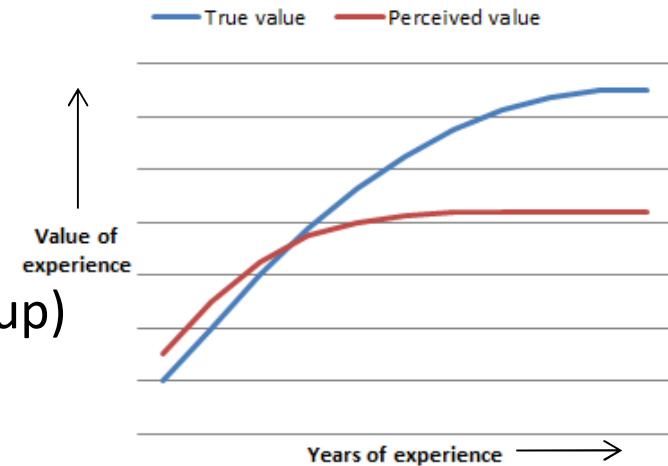


Blue Environment & panels, Aug 2009 - Aug 2013



# Selecting the best

- Recognising experience & capacity
  - project owners often poor at this  
(consultants practised at talking themselves up)
  - interviews good for big projects
- Estimated hours is a poor indicator
- Big vs. small organisations (typical)



	<b>Big</b>	<b>Small</b>	<b>Sole op.</b>
Cost	High	Lower	Lowest
Quality control	OK	OK	Low
Flexibility if things go wrong	Lowest	Higher	Highest
Chance of project falling over	Very low	Very low	Low
Third party comfort (credibility)	High	Lower	Lowest

# Contracts

- Can take lots of time
- Unreasonable clauses can invalidate insurance cover
- Contract disputes over consulting projects are
  - very rare
  - generally imprudent (i.e. expensive, outcomes hard to predict)
  - generally avoidable with good project management
- I have never been involved in a difficulty with a client in which the contract has been central to the resolution
  - a serious dispute with a client is high risk for a consultant's reputation
  - in the end, reasonableness rules
- Keep your lawyers on a leash
  - you and the consultant both want it to work



# Managing the project

- Generally good to 'embed' the results
  - don't just leave them to it
  - afterwards, your project manager should be able to describe and explain the project in detail

# Managing the project

Common problems	Ways to minimise this risk
Low quality work	Pay attention to reputation & experience of individuals Distinguish between acumen in selling & delivery Require firm commitments on the level of senior input Leave enough time
Bad surprises	Clear project scope Good communication throughout
Time overruns	Leave enough time Clear project scope
Black boxes	Insist on receiving all supporting calculations Aim for calculations done in software you possess
Calculation errors	Get upfront commitments on arrangements for checking Consider checking calculations in-house
Unanticipated claims for variations	Clear project scope Good communication throughout Thorough review of drafts Pay attention to reputation of individuals & company

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