

Have you hired a consultant and didn't get the gains in revenue or efficiency you expected?

This can be a reality all too often and can lead to uncertainty as to how to improve business performance and create growth. To solve this problem determine whether the project has merit and whether you need external help by answering two questions:

1. **What value will this project offer us?**
2. **Do we really need a consultant?**

Define the project?

To define the project concisely, start by write a short overview, half a page is enough, if you decide to progress, it becomes the project scope. Your overview will describe the general objectives, why you need to take action and the non-financial benefits.



Can you quantify the value add to your business?

Now that you have a scope, quantify your project in revenue, profit and investment costs. Write a preliminary budget and create outcome scenarios such as, best case, worst case and expected average outcomes, often called a sensitivity analysis.

How long will it take to breakeven?

When assigning a breakeven for your investment, be realistic. Efficiency improvement projects can deliver profitable returns within 12 months. Capital investment projects on the other hand can take 3 years or more, depending on the initial outlay and type of investment.

Do we really need a consultant?

Now that you have a scope and financial data and you wish to proceed, determine whether you actually need a consultant. The following situations are some reasons why you may consider external help.



We don't have the time to do it ourselves.

This situation is really opportunity cost versus external fees. If you don't have the time because everybody is busy that is good for the company and external help can work well.

We don't have the expertise to do the job.

Businesses hire people for specific positions and if they are the right person for that job they are generally very good at what they were hired for. If the right consultant can fill the gap it is worth considering, since you now have information to control the project.

We don't seem to ever get around to it.

This is usually a commitment issue; staff cannot see the benefits or need for the project and feel uncomfortable about change. To resolve this issue take a step back and determine whether commitment can be created by communicating the benefits. This is much easier when you have done the quantifying work in the first instance. When you overcome the resistance, consider time and expertise constraints again.



We hope this article has given you some insight into evaluating a project and whether you need a consultant.

If you would like assistance with your next project, give Brian Dickson a call on 9331 5509 for a confidential no obligation discussion.