

The proposal , specifying what the consultant will do and how

This article follows on from our first instalment from December 2010, “*Tips for hiring a consultant*” and defines some essential elements of a good consulting proposal. The article is not legal advice and does not provide a detailed analysis of legal contracts. It does provide insight into why these elements are important to ensure you get value out of your external service provider. Some essential elements include:

1. **The Objectives**
2. **The Results**
3. **Project Milestones**
4. **Client Involvement**
5. **Client Liaison**
6. **Risk Reversal**
7. **Payments**

Note: If these elements are not in writing, they are not worth the paper they are written on!

The Objectives

A good proposal will clearly define the objectives of the engagement. These aspects should have been derived from your discussions with the consultant and will address the issues identified by the organisation. In addition, the consultants experience and qualifications will contribute to the objectives. After all, if they don't, then one of the key value adds of engaging external advice is lost, a new perspective.



The Results

Objectives without results or outcomes are of no value and you are unlikely to know what benefits will flow from your decision to engage the consultant. Outcomes can have two flavours, quantifiable and qualitative or preventative outcomes.

Quantifiable service results are tangible and will provide you with a definite thing, by a specific date, and performs a specific task. An example of this may be a new software system.

Qualitative or preventative results may include developing a set of human resources policies to guide staff behaviour, it may not solve a current problem but it will ensure you have documented conveying your expectations to staff for future actions.

Project Milestones

A good project will have milestones or specific outcomes to be completed on a specific date or a given time from project commencement. For example, the proposal might say, “the draft report will be completed 28 days from acceptance of this proposal”. These types of clauses allow the client to ensure the consultant is on track and provides the ability to assess the work quality during the project and make changes, recommendations or request further information as the project unfolds.

Client Involvement

The client involvement clause is important, it allows the client to determine how much time is required to assess and review the project outputs. It is of no value to the client or the consultant if staff are required to review draft but simply do not have the time to do so, if this occurs the project probably won't get implemented which wastes money and time.



Client liaison

Who will the consultant report to. Consider the old say “too many cooks spoil the broth” and you will get a feel for why this clause is useful.

Risk Reversal Clause

This clause is effectively sharing the risk and is particularly useful when the project will deliver a service outcome or something that is intangible prior to completion. For example a business plan can take many forms and must provide real benefits. If the client does not think the plan has any merit a risk reversal clause ensures the consultant either losses money is obliged to correct any deficiencies through negotiation with their client.

Payments

It is common for consultants to require a pre-payment. Whilst this may seem like money is being paid upfront for no result, it does solidify the project under contract. The consultant's proposal is an “offer” and the prepayment becomes “consideration” in contract. It also means that all parties have “skin in the game” as the saying goes.

Other payments prior to completion should be linked to specific milestones, that is, when the consultant does “x” the client will do “y”. There should always be a residual payment at the end which ensures everybody has skin in the game until the project has been completed.

I hope this article has given you some insight into the key elements of a good proposal. If you would like assistance with your next project, give Brian Dickson a call on 9331 5509 for a confidential no obligation discussion.