Choosing a Consultant

Guidelines on Selecting a Consultant

Properly selecting a consultant is not an easy task. The payoff of taking the time required to make a good choice can be worthwhile, while the costs of poorly selected consultants can be high. For these reasons, the time and effort you spend choosing a consultant is a good investment.

When choosing a consultant, keep in mind that he or she must meet the following three criteria. The consultant must:

1. be a member in good standing of a recognized professional organization or have related post-secondary education, and have completed a course on ethics and professionalism. (An interactive, online Professional and Ethics Course is available through the Agricultural Institute of Canada (AIC) and can be accessed at http://www.aic.ca/learning/index.cf);
2. have experience in preparing business plans, succession plans, or financial analysis; and
3. provide a minimum of two references from previous clients (names and telephone numbers) who can endorse past work of a similar nature.

The consultant’s résumé, which you must attach to your application form, should include details and documentation on all of the above criteria.

The role of the consultant

Understanding the consultant’s role is critical in creating a good working relationship that achieves desired results. Remember that the role of a consultant is to supplement your knowledge so you can make sound, informed decisions. Although the consultant will guide you in decision making, you are responsible for making the final decision.
Defining the work

It is easier to select a consultant if you know what results and “deliverables” you want. Deliverables are the components of the finished product (the plan or analysis) that you expect the consultant to complete.

Clearly state what needs to be done.

Specify what you expect to be produced (e.g. a business plan), keeping in mind the elements of the various plans). This initial effort will save time.

Finding a consultant

- *Ask around.* Word of mouth is often the best way to find out which consultants have done good work in the past.
- *Use lists of qualified consultants.* Although we cannot recommend a particular consultant to you, you can obtain lists of qualified consultants from various professional organizations, colleges, universities, and government agencies.
- *Surf the Web.* You can find some excellent directories of consultants on the Internet.

Checking the consultant’s résumé and references

References are a valuable tool when selecting a consultant.
- *Ask for a résumé and references.* Ask for a résumé of the consultant’s qualifications and experience. Check with at least two references or clients. Specifically ask the reference what the consultant did. Ask yourself if the consultant’s work is similar to the work you want the consultant to do for you.
- *Ask the reference if they were satisfied with the consultant’s work.* If not, ask why.
- *Ask the reference in-depth questions about the consultant’s work.* This may trigger memories of problems or concerns they may have had with the consultant.

Disclaimer

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Interviewing the candidates

Once you have narrowed down your list of consultants, a discussion with each candidate is critical to making your final selection. Do not just rely on the proposal or quote from the consultant. During each discussion, look for individuals who recognize your needs and demonstrate sound knowledge of the industry and your situation.

Personally meet with the candidates

In some situations, a telephone call may be appropriate; however, a face-to-face meeting is preferred. To give structure to the meeting, following are a set of questions you may want to ask the consultant to help you determine his/her expertise:

Many consultants specialize in a particular area. Choosing a consultant with the exact area of expertise you want can increase the quality of the work and may reduce the cost.

- What is the consultant’s area of expertise?
- Has the consultant ever completed a business plan, a succession plan, or a financial analysis?
- Does the consultant’s area of expertise match what you want them to do for you?
- Has the consultant done similar work with business plans for other clients?

Many consultants involved with business planning will have education in accounting, business management, agriculture, commerce, finance or economics. Consultants specializing in succession planning may also have post-secondary education in family counseling, mediation, estate planning, financial planning, or law. In many cases, experience is the teacher.

- What is the consultant’s experience and education?
- How many years of experience does the consultant have?
- Is the consultant a member of a consulting or professional organization? If yes, which one and for how long? If no, does he or she have a level of education and experience that is necessary to get the job done?

Choosing a consultant who is knowledgeable about the industry will improve the quality of the result and decrease the amount of time needed to achieve the result.

- What is the consultant’s knowledge of the industry?
- Has the consultant worked in the industry?
- Does the consultant personally know the industry players?

Pick a consultant with whom you feel comfortable. Since you will be spending a lot of time with this person, a trusting and credible relationship is critical.
Choose a consultant with whom you can communicate. Both parties must be open and straightforward with each other to gain the maximum benefit.

Writing the contract

Normally, the service provider (the consultant) prepares the proposal or “letter of engagement” of services, not the client. It is important that you are familiar with what is in the proposal. A properly written contract clearly states who is responsible for what and helps prevent unpleasant surprises. When you and the consultant sign a contract or letter of engagement, you are both part of a legal agreement.

Ask specifically for everything you want from the consultant:
If you don’t ask for it, you may not get it. Specify everything you expect the consultant to deliver or produce. For a list of requirements to be included in your proposal, refer to the requirements listed in the element you are applying for (i.e., financial analysis, business plans, succession plans, or value-added plans).

Develop a specific action plan and time line:
Outline what you want the consultant to do, when it will start and end, and how much will it cost. These are the requirements for a proposal.

Define who will do the work:
Have the consultant identify who will work with the consultant and who will do the work, including associates, other companies, or other experts.

Specify who owns the work:
Identify who owns what the consultant produces, what level of confidentiality is expected, and how information is to be released, if at all.

Specify reporting requirements:
Specify when, how, and where reports will be delivered to you. You may want to receive interim reports as well as a final report.

Specify the payment arrangement:
The consultant may be paid either a flat fee or an hourly rate for services. The consultant may ask for a deposit up-front and progress payments. Ensure that the consultant’s duties are completed and invoices are paid in a manner as specified in the contract. While it is important that the consultant is paid in a timely fashion, be sure not to pay in full until the consultant’s duties are completed and approved by the Department of Agriculture, Aquaculture and Fisheries.
Include provisions for non-performance or unforeseen circumstances.
Identify in the contract what you would consider to be non-performance and the consequences of non-performance. It is important to reserve the right to terminate the contract in the event of non-performance or other unforeseen circumstances.

When to enter into a contract:
Avoid entering into a binding contract until your proposal has been approved by the Department of Agriculture, Aquaculture and Fisheries. The arrangements you make with the consultant should be subject to approval of your application.

Determining the cost of the consultant’s services
Cost is important when selecting a consultant.

Negotiate the price:
The price the consultant quotes may be negotiable. If possible, consider quotes from more than one consultant. You should expect all invoices and quotes to be itemized for easy identification and tracking. Note that consultants should not charge you for their costs before you enter into a contract with them (e.g., their time to prepare their proposal or to attend meetings to discuss their ideas with you).

Interim Payments:
The Department of Agriculture, Aquaculture and Fisheries may make interim payments, as outlined in the general program guidelines, for succession plans, feasibility studies, business plans and financial analysis, as long as you clearly explained the need for these payments in your proposal. The consultant should provide you with a schedule for payment. Any payments during the course of the work are interim payments. If interim payments are requested in the consultant’s proposal, you should make arrangements to allow for these payments.

Final Payment:
Ensure that the work is finalized as specified in the contract and has been approved by the Department of Agriculture, Aquaculture and Fisheries before a final payment is made. Trying to get someone to complete work on a contract after they are paid in full is more difficult.

Other considerations
Below are some additional items you should consider when selecting and hiring a consultant.

Does the consultant carry Errors & Omission Insurance?
Insurance protects you and the consultant. If he values his clients, and his business, E & O Insurance is highly recommended. The consultant should specify where this insurance is held and provide verification.
Does the consultant carry Commercial Liability Insurance?
This is to protect you and the consultant in the case where physical damage has been done to your business by the consultant. The consultant should specify where this insurance is held and provide verification.

Stay involved in the project.
Although you have hired a consultant, you are still responsible for the project.

Other Sources

- Dyck, Dean. Alberta Agriculture, Food and Rural Development. *Choosing a Consultant ... An Investment in Your Agricultural Business*