On June 9th, the Consultants Practice Specialty (CPS) held a Roundtable at the annual Society PDC in Orlando, Florida. The topic was expanding consulting opportunities through relationships and it was attended by over 20 CPS members representing a wide variety of consulting practices including solo practitioners, small offices with just a few consultants, large multi-office practices, free-lance consultants and loss control managers. The roundtable was facilitated by Carol Keyes of CHESS Inc. in Saint Paul, MN. Pam Walaski of Compliance Management International in Pittsburgh, PA was the recorder.

The program abstract for the Roundtable read: “Consultants often need assistance during peak work periods or with areas of expertise where they may be less experienced. These collaborations include subcontractors, two or more companies collectively responding to an RFP, and a variety of part-time and short-term employee contracts. These relationships create opportunities to expand a consulting practice with less upfront costs such as those associated with a salaried employee, but they are not without risk. This Roundtable will discuss the pitfalls of working with others, the advantages and disadvantages of different relationships, how to choose compatible partners, and the role of paperwork such as NDAs and contracts.”

Carol started off by asking attendees to brainstorm about the most significant issues they faced. The initial list generated the following:

- Trust between the parties has to be high enough for both to feel comfortable about engaging in a work relationship.
- Quality of the services that both parties would perform. Related issues raised included competency and expertise.
- Communication must be effective between all parties at all phases of the interaction.
- The potential loss of business either because one of the parties does not honor a non-compete type of agreement or because an existing client is not happy with the level of service being provided by the consultant’s contractors.
- The cost of developing the relationship on the front end and the cost of the time to manage it once services are being delivered, all of which has a significant impact on profitability.
- Developing a fee structure that works for both parties. Both desire some profit from the transaction and finding a way to make it happen can be challenging in terms of pricing to the client. This issue also speaks to client value.
- The party being engaged has to have sufficient expertise to be of use, reliable in terms of service delivery, and available. They have to understand regulatory issues as well as how to deliver valuable services.
- Finding these types of people and relationships can be a challenge. Having a good network can be critical.
- The liability has to be managed through some type of risk transfer – does the other party have insurance or are they expecting coverage by you.
• How to structure a contract to protect both parties can require some external assistance from a legal perspective. A related issue is making sure the scope is clear and avoiding “scope creep”.

Some of the key issues that were raised as fundamental to the process including:
• Flexibility of relationships
• The business skills set that is not taught is important to success. The technical skills are usually in place. It’s the former that creates problems for successful consulting businesses.
• If you are unable to or don’t match your potential partner’s skills to your needs the chances for success are limited.
• Knowing your market and what your profit margin is are two key components. If you are off the mark on either ones, the success of the relationship is seriously impacted.

During the discussion, several ideas were generated by the group:
• To help CPS members find partners for a variety of scenarios:
  o We would like to have the option to communicate with other Members in the ASSE Consultant’s Directory. We don’t want to search like a typical user would; we would like to post requests of assistance in a separate format. (Since the PDC, this request was passed along to Staff and is already being reviewed for future development.) LinkedIn was also offered as a means of finding potential partners.
  o Networking was unanimously agreed upon as the best way to find partners, either directly or by asking in the network for help in locating.
  o Colleges and universities were also suggested with the caveat of lack of expertise and experience.
• Many attendees use a rider on the Professional Liability policies to cover consultants rather than asking them to get their own coverage. Part-time consultants may not be able to afford it or willing to spend the money. You are also assured of the types of coverage. Not all carriers offer a rider so you would need to check.
• When bringing new consultants into your organization in any capacity, the use of mentors is a strategy that many in attendance used in some fashion. The downside is that you invest time/money into growing a consultant’s expertise and they leave.
• A variety of methods were discussed for keeping outsiders from “poaching” your clients. The most common one is through contracts, but they can be difficult and expensive to enforce and in some states like California, they are not valid. Several attendees use a variation of a finder’s fee, typically paid by the client. They have found it preserves good client relationships and helps compensate for the loss of the person.