

Selecting a Consultant for Your Food or Agri-Business

This factsheet has been developed to assist you as an individual manager in the decision-making process when choosing a consultant for your business. There are many factors to consider, including whether the consultant is right for the business? Understanding the role of a consultant is important as well.

The word “consult” is defined: “to seek the opinion or advice of another person for making a decision.” As a business owner you may find yourself faced with the decision of whether or not to employ a consultant to assist with decision-making in your business. Business consultants can provide an objective, unbiased view of your business, which may result in improved viability and profitability in your business or opportunity.

There are many types of decisions that you may encounter in your business that would bring you to the point of considering to use a consultant. The following are some examples of activities where you may wish to employ the services of a consultant:

- planning an expansion
- diversification
- succession
- value-added opportunity
- conducting a feasibility or market study
- doing a financial analysis.

In the food and agricultural industry there are many types of consultants. You will find consultants specializing in areas of production, finance, operations management, human resources, communication, and marketing. It is important to choose someone suited to your situation. This factsheet will help you understand the role of the consultant and should help to improve your comfort level with the process of choosing a consultant.

Do you need a consultant?

The need for a consultant will depend on your particular business need(s). Understanding the role that a consultant can play in your business, coupled with how to select a suitable consultant, should make your decision easier concerning the need for a consultant.

What is the role of a consultant?

A consultant can play a number of roles for a client including:

- An expert advisor in a technical (e.g., technology, E-business) or non-technical area (e.g., business planning).

- A sounding board to help challenge previous analysis and decisions.
- A creative source when difficult issues arise which require fresh ideas and strategies.
- A researcher on technical or economic analysis.

Decision-making is not the role of a consultant; however, consultants can provide accurate and reliable information to improve your decision-making. When faced with a decision that requires considerable time to research, or requires in-depth analysis or recommendations you may find that using a consultant will save you both time and money and may reduce stress.

Choosing a Consultant:

The process of selecting a consultant should involve more than reading a list and making phone calls. The level of expertise varies greatly amongst consultants. To gain value from the selection process, time, effort and research is required.

It is easier to select a consultant if you know and understand the results you expect to achieve. The first step in the process should be to spend some time alone or with your team considering the following points and answering some questions.

Information to consider prior to hiring a consultant:

1. Background Information
 - Determine why you are doing this.
 - Business Background – prepare a brief outline of the history and current situation.
 - What events, circumstances, and issues led to requesting the consultation?
2. What is the goal of the consultation?
 - Write a brief statement outlining the results you would like to achieve from the consultation.
3. What objectives must be met?
 - Write three or four detailed items that you can take action on in the future.
4. What is the start and end date for the consultation?
5. What is the budget for the consultation?
 - Provide a maximum cost that you will pay.
6. What are the outcomes or deliverables of the consultation?
 - List the items you want to see come out of the consultation, e.g., a written final report and/or a presentation, recommendations.
7. How will the deliverables be assessed?

- Describe how you would like the consultant to keep you up to date, i.e., meetings and/or interim reports.
8. What process will be used to achieve the deliverables?
 - Ask for a preliminary work plan with activities, deliverables, time estimates, and a schedule.
 9. How will you select the consultant?
 - Describe how you will pick the consultant, e.g., the interview process, criteria, cost, etc.

The series of questions above can be formalized into a document “**Request for Proposals**” and sent to as many consultants as you wish, soliciting a proposal from them for your business. It is an excellent way of communicating your needs and it makes the comparison of consultant responses easier. It does not matter whether you send a formal request for proposals to consultants or if you just meet informally with a few. What is important is that you have a clear understanding of your expectation and can effectively communicate your needs.

As you go through the process of selecting a consultant, you need to be sure you have the answers to the following questions:

- What is the consultant’s area of expertise?
- What is the consultant’s knowledge of the industry?
- Will the consultant provide an independent perspective?
- What are the consultant’s specific strengths?
- What is the consultant’s track record?
- Does the consultant understand agriculture, and has the consultant worked with agri-businesses before?

The Selection Process:

1. Prepare for the process by developing a **Request for Proposals** or a summary of your business, project and expectations.
2. Personally **interview** the candidates.
3. Ask for a **sample** of the consultant’s work.
4. Ask for **references**.
5. Review **cost** information.
6. **Select** a candidate and **check** references. – The consultant you select should be someone with whom you feel comfortable and can communicate in an open and straightforward way.
7. The **contract** needs to be specific to your situation and tailored to fit your requirements. The contract should contain the following:
 - Stated deliverables – Ask for every thing you want from the consultant. If you do not ask you may not get it.

- Develop a specific action plan and timeline.
- Ask for transparency.
- State who will do the work.
- Specify the reporting requirements.
- Specify the compensation arrangement.
- State who owns the work product.
- Include provisions for non-performance.
- Liability for incorrect information.
- Create the proper relationship so the consultant is not considered an employee.

The Cost of Consulting Services

Cost is always an important consideration when selecting a consultant, however it is imperative that you measure the cost against what you are buying. The following are the aspects of cost to consider:

- **Negotiate** the price. Prices quoted by consultants are often negotiable and consultant fees often vary considerably. When negotiating, remember that being overly aggressive may result in consultants cutting corners in the analysis and services they provide.
- Consider the consultants **value to you**. Be careful not to simply choose the lowest cost consultant. Consider the value of the consultant's work to the project. Value is the amount and quality of the work done in relationship to the price you pay for the service.
- Consider **your value** to the consultant. Some projects and clients are important to a consultant's reputation and this could allow room for negotiation.

Conclusion

With all things considered, it is ultimately your decision whether to use a consultant and who to choose. If you choose to move forward with contracting the services of a consultant, it is important that you stay involved in the project to ensure that the requirements of the project are well understood. Although you have hired a consultant, **you** are responsible for the project.

Time and effort spent choosing a consultant is a good investment. Proper selection of a consultant is not easy and it does take some time; however, by doing your homework and following the steps above, the payoff can be enormous.

This adapted outline, created by Business Development and Economics, Nova Scotia Agriculture, is provided by Originz to support good decision making in Agri-Food.

Originz, LLC may be able to provide the consulting services you require or recommend other expert resources that can help you as a manager in your decision process. Contact us at www.originz.com, joe.colyn@originz.com, or at 616 581 1360.

File: 20130205 Selecting a Consultant